

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

REGISTRATION OF SECURITIES OF CERTAIN SUCCESSOR ISSUERS
FILED PURSUANT TO SECTION 12(b) OR (g)
OF THE SECURITIES EXCHANGE ACT OF 1934

ITT Industries, Inc.

(Exact name of registrant as specified in its charter)

Indiana

13-5158950

(State or other Jurisdiction
of incorporation or
organization)

(I.R.S. Employer
Identification No.)

Four West Red Oak Lane, White Plains, NY 10604

(Address of principal executive offices)

(Zip Code)

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

Title of each class to be so registered	Name of each exchange on which each class is to be registered
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Common Stock	New York Stock Exchange, Inc. (also on Pacific Stock Exchange)
8-7/8% Senior Debentures	New York Stock Exchange, Inc.

Securities to be registered pursuant to Section 12(g) of the Act: None.

Item 1. General Information.

(a) ITT Industries, Inc. ("ITT Industries") was organized as a corporation under the laws of the State of Indiana on September 5, 1995 under the name "ITT Indiana, Inc."

(b) The fiscal year of the ITT Industries ends on December 31.

Item 2. Transaction of Succession.

(a) ITT Corporation, a Delaware corporation, was the predecessor corporation which had securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934 at the time of succession.

(b) The transaction of succession is summarized under the captions "Proxy Statement Summary--The Distribution" and "Proxy Statement Summary--The Reincorporation of ITT" and described in greater detail under the captions "The Distribution" and "The Reincorporation of ITT" in the ITT Corporation Notice of Special Meeting and Proxy Statement dated August 30, 1995 included herewith as Exhibit B (the "Proxy Statement") and such sections are incorporated herein by reference.

Item 3. Securities to be Registered.

(a) As to the shares of common stock, par value \$1.00 per share, of ITT Industries ("ITT Industries Common Stock") being registered, as of December 14, 1995, there were (i) 200,000,000 shares authorized, (ii) 116,967,739 shares issued and (iii) 28,180,269 shares issued which were held by or for the account of ITT Industries.

(b) As to the 8-7/8% Senior Debentures due June 1, 2010 (the "Senior Debentures") being registered, as of December 14, 1995, there were (i) \$1,438,000 in aggregate principal amount of the debentures authorized and issued and (ii) \$0 in aggregate principal amount of the debentures issued which were held by or for the account of ITT Industries.

Item 4. Description of Registrant's Securities to Be Registered.

(a) The information required by this Item 4 in respect of the ITT Industries Common Stock is set forth under the caption "Description of ITT Industries Capital Stock" of the Proxy Statement and such section is incorporated herein by reference.

(b) The information required by this Item 4 in respect of the Senior Debentures is set forth under the captions "Description of the Debentures" of ITT Financial Corporation's ("ITT Financial") Prospectus Supplement dated May 24, 1990 and "Description of Debt Securities" of ITT Financial's Prospectus dated November 15, 1989, each contained in the Registration Statement of ITT Financial (Reg. No. 33-31957) and such sections are incorporated herein by reference.

Item 5. Financial Statements and Exhibits.

(a) Pursuant to Instruction (a), no financial statements are required to be filed as part of this registration statement.

(b) The following documents are filed as exhibits hereto:

Exhibits Required
by Form 8-B

Description

- A Agreement and Plan of Merger dated as of November 1, 1995 between ITT Corporation and ITT Indiana, Inc.
- B ITT Corporation Notice of Special Meeting and Proxy Statement dated August 30, 1995 (filed with the Securities and Exchange Commission on September 21, 1995 and incorporated herein by reference) (File No. 1-5627)

Exhibits Required
by Form 10

Description

- 3.1 Articles of Incorporation of ITT Indiana, Inc.
- 3.2 By-laws of ITT Indiana, Inc.

Exhibits Required
by Form 10

Description

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4.1	Specimen Common Share certificate
4.2	Articles of Incorporation of ITT Indiana, Inc. (filed as Exhibit 3.1 hereto)
4.3	By-laws of ITT Indiana, Inc. (filed as Exhibit 3.2 hereto)
4.4	Rights Agreement dated as of November 1, 1995 between ITT Indiana, Inc. and The Bank of New York, as Rights Agent
4.5	Form of Articles of Amendment Setting Forth the Designations, Voting Powers, Preferences and Relative, Participating, Optional and Other Special Rights and Qualifications, Limitations or Restrictions of Series A Participating Cumulative Preferred Stock of ITT Indiana, Inc. (attached as Exhibit A to the Rights Agreement filed as Exhibit 4.4 hereto)
4.6	Form of Right Certificate (attached as Exhibit B to the Rights Agreement filed as Exhibit 4.4 hereto)
4.7	Agreement to furnish instruments upon request by the Securities and Exchange Commission (incorporated by reference to ITT Corporation's Form 10-K for the fiscal year ended December 31, 1994) (File No. 1-5627)
10.1	Distribution Agreement among ITT Corporation, ITT Destinations, Inc. and ITT Hartford Group, Inc.
10.2	Intellectual Property License Agreement between and among ITT Corporation, ITT Destinations, Inc. and ITT Hartford Group, Inc.
10.3	Form of Tax Allocation Agreement among ITT Corporation, ITT Destinations, Inc. and ITT Hartford Group, Inc.
10.4	Trademark Assignment Agreement between ITT Corporation and ITT Destinations, Inc.

Exhibits Required
by Form 10
-----Description

- 10.5 License Assignment Agreement between ITT Corporation and ITT Destinations, Inc.
- 10.6 Trade Name and Service Mark License Agreement between ITT Corporation and ITT Hartford Group, Inc.
- 10.7 Employee Benefit Services and Liability Agreement among ITT Corporation, ITT Destinations, Inc. and ITT Hartford Group, Inc.
- 10.8 364-Day Competitive Advance and Revolving Credit Facility Agreement dated as of November 10, 1995 among ITT Industries, Inc., the Lenders named therein, and Chemical Bank, as Administrative Agent
- 10.9 Five-Year Competitive Advance and Revolving Credit Facility Agreement dated as of November 10, 1995 among ITT Industries, Inc., the Lenders named therein and Chemical Bank, as Administrative Agent
- 10.10 Form of 1996 ITT Corporation Restricted Stock Plan for Non-Employee Directors (attached as Annex G to the ITT Corporation Notice of Special Meeting and Proxy Statement filed as Exhibit B hereto)
- 10.11 Form of indemnification agreement with members of the Board of Directors (incorporated by reference to ITT Corporation's Form SE dated March 28, 1988 (CIK No. 216228) relating to ITT Corporation's Form 10-K for the fiscal year ended December 31, 1987) (File No. 1-5627)
- 10.12 ITT Corporation 1994 Incentive Stock Plan (incorporated by reference to ITT Corporation's Registration Statement on Form S-8) (Reg. No. 33-53771)

Exhibits Required
by Form 10

Description

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10.13	ITT Corporation 1986 Incentive Stock Plan (incorporated by reference to ITT Corporation's Registration Statement on Form S-8) (Reg. No. 33-5412)
10.14	ITT Corporation 1977 Stock Option Incentive Plan (incorporated by reference to ITT Corporation's Registration Statement on Form S-8) (Reg. No. 33-5412)
10.15	ITT Industries, Inc. Senior Executive Severance Pay Plan
10.16	Form of D. Travis Engen employment agreement
21	Subsidiaries of ITT Industries, Inc.

SIGNATURE

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereto duly authorized.

ITT INDUSTRIES, INC.

By: /s/ Robert W. Beicke

Name: Robert W. Beicke
Title: Vice President

Dated: December 20, 1995

Exhibits Required
by Form 8-B

Description

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AGREEMENT AND PLAN OF MERGER dated as of November 1, 1995, between ITT CORPORATION, a Delaware corporation ("ITT"), and ITT INDIANA, INC., an Indiana corporation and a wholly owned subsidiary of ITT ("ITT Indiana").

WHEREAS ITT has authorized capital stock consisting of (a) 200,000,000 shares of Common Stock, par value \$1 per share ("ITT Common Stock"), of which 116,641,417 shares were issued and outstanding and 28,506,591 shares were held in the treasury of ITT as of October 23, 1995, and (b) 50,000,000 shares of Preferred Stock, without par value, of which none are issued and outstanding;

WHEREAS ITT Indiana has authorized capital stock consisting of (a) 200,000,000 shares of Common Stock, par value \$1 per share ("ITT Indiana Common Stock" and after the Effective Time of the Merger, as defined below, "Surviving Corporation Common Stock"), of which 100 shares are issued and outstanding and held by ITT, and (b) 50,000,000 shares of Preferred Stock, without par value, of which none are issued and outstanding; and

WHEREAS ITT and ITT Indiana desire that ITT merge with and into ITT Indiana and that ITT Indiana shall continue as the surviving corporation in such merger, upon the terms and subject to the conditions herein set forth and in accordance with the laws of the State of Delaware and the laws of the State of Indiana.

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I

MERGER

SECTION 1.01. Merger. Subject to the terms and conditions of this Agreement, ITT shall be merged (the "Merger") with and into ITT Indiana in accordance with the General Corporation Law of the State of Delaware (the "DGCL") and the Business Corporation Law of the State of Indiana (the "IBCL"), the separate existence of ITT shall cease and ITT Indiana shall be the surviving corporation (hereinafter sometimes referred to as the "Surviving Corporation") and continue its corporate existence under the laws of the State of Indiana. The Surviving Corporation shall succeed, insofar as permitted by law, to all the rights, assets, liabilities and obligations of ITT (including, without limitation, as contemplated by Article IV).

SECTION 1.02. Effective Time of the Merger. The Merger shall become effective as of the date and time (the "Effective Time of the Merger") the following actions are completed: (a) this Agreement or an appropriate certificate of merger is filed with the Secretary of State of the State of Delaware in accordance with the DGCL and (b) appropriate articles of merger are filed with the Secretary of State of the State of Indiana in accordance with the IBCL.

SECTION 1.03. Further Assurances. From time to time, as and when required by the Surviving Corporation or by its successors or assigns, there shall be executed and delivered on behalf of ITT such deeds and other instruments, and there shall be taken or caused to be taken by it all such further and other action, as shall be appropriate, advisable or necessary in order to vest, perfect or confirm, of record or otherwise, in the Surviving Corporation the title to and possession of all property, interests, assets, rights, privileges, immunities, powers, franchises and authority of ITT, and otherwise to carry out the purpose of this Agreement, and the officers and directors of the Surviving Corporation are fully authorized in the name and on behalf of ITT or otherwise, to take any and all such action and to execute and deliver any and all such deeds and other instruments.

ARTICLE II

NAME, ARTICLES OF INCORPORATION,
BY-LAWS, DIRECTORS AND
OFFICERS OF THE SURVIVING CORPORATION

SECTION 2.01. Name of Surviving Corporation. The name of the Surviving Corporation shall be ITT Industries, Inc.

SECTION 2.02. Articles of Incorporation. At the Effective Time of the Merger, Article First of the Articles of Incorporation of ITT Indiana shall be amended to read in its entirety as follows:

The name of the corporation is ITT Industries, Inc.

The Articles of Incorporation of ITT Indiana in effect immediately prior to the Effective Time of the Merger, as so amended, shall be the Articles of Incorporation of the Surviving Corporation after the Effective Time of the Merger until further amended thereafter as provided therein or by law.

SECTION 2.03. By-laws. The By-laws of ITT Indiana in effect at the Effective Time of the Merger shall be the By-laws of the Surviving Corporation after the Effective Time of the Merger until amended thereafter as provided therein or by law.

SECTION 2.04. Directors and Officers. The directors and officers of ITT at the Effective Time of the Merger shall continue to be the directors and officers, respectively, of the Surviving Corporation after the Effective Time of the Merger until expiration of their current terms as such, or prior resignation, removal or death, subject to the Articles of Incorporation and By-laws of the Surviving Corporation.

ARTICLE III

CONVERSION AND EXCHANGE OF STOCK

SECTION 3.01. Conversion. At the Effective Time of the Merger, each of the following transactions shall be deemed to occur simultaneously:

(a) Each share of ITT Common Stock issued and outstanding or held in the treasury of ITT immediately prior to the Effective Time of the Merger shall, by virtue of the Merger and without any action on the part of the holder thereof, be converted into and become one validly issued, fully paid and nonassessable share of Surviving Corporation Common Stock.

(b) Each share of ITT Indiana Common Stock issued and outstanding immediately prior to the Effective Time of the Merger and held by ITT shall be cancelled without any consideration being issued or paid therefor.

SECTION 3.02. Exchange. (a) After the Effective Time of the Merger, each certificate theretofore representing issued and outstanding shares of ITT Common Stock shall represent the same number of shares of Surviving Corporation Common Stock.

(b) At any time on or after the Effective Time of the Merger, any holder of certificates theretofore evidencing ownership of shares of ITT Common Stock will be entitled, upon surrender of such certificates to the transfer agent of the Surviving Corporation, to receive in exchange therefor one or more new stock certificates evidencing ownership of the number of shares of Surviving Corporation Common Stock into which the ITT Common Stock shall have been converted in the Merger. If any certificate representing shares of Surviving Corporation Common Stock is to be issued in a name other than that in which the certificate surrendered in exchange therefor is registered, it shall be a condition of the issuance therefor that the certificate so surrendered shall be properly endorsed and otherwise in proper form for transfer and that the person requesting such exchange shall pay to the transfer agent any transfer or other taxes required by reason of the issuance of a certificate representing shares of Surviving Corporation Common Stock in any name other than that of the registered holder of the certificate surrendered, or otherwise

required, or shall establish to the satisfaction of the transfer agent that such tax has been paid or is not payable.

(c) As soon as reasonably practicable after the Effective Time of the Merger, the transfer agent for the Surviving Corporation or other designee shall mail to each holder of record of a certificate or certificates of Surviving Corporation Common Stock (i) a letter of transmittal (which shall be in such form as Surviving Corporation may specify) and (ii) instructions for use in effecting an exchange of certificates contemplated by paragraph (b) of this Section 3.02 and the distribution of certificates contemplated by the distribution by ITT of shares of common stock of ITT Destinations, Inc. and ITT Hartford Group, Inc. to shareholders of ITT.

ARTICLE IV

EMPLOYEE STOCK, EMPLOYEE BENEFIT, INCENTIVE COMPENSATION AND DIVIDEND REINVESTMENT PLANS

At the Effective Time of the Merger, each employee stock plan, employee benefit plan, incentive compensation plan and dividend reinvestment plan to which ITT is then a party shall be assumed by, and continue to be the plan of, the Surviving Corporation. To the extent any employee stock plan, employee benefit plan, incentive compensation plan or dividend reinvestment plan of ITT or any of its subsidiaries provides for the issuance or purchase of, or otherwise relates to, ITT Common Stock, after the Effective Time of the Merger such plan shall be deemed to provide for the issuance or purchase of, or otherwise relate to, Surviving Corporation Common Stock.

ARTICLE V

CONDITIONS

Consummation of the Merger is subject to the satisfaction at or prior to the Effective Time of the Merger of the following conditions:

SECTION 5.01. Stockholder Approval. This Agreement and the Merger shall have been adopted and approved by the vote of the majority of the shares of ITT Common Stock outstanding on the record date fixed for determining the stockholders of ITT entitled to vote thereon. This Agreement and the Merger shall also have been adopted and approved by ITT as the holder of all the outstanding shares of ITT Indiana Common Stock prior to the Effective Time of the Merger.

SECTION 5.02. Listing. The shares of Surviving Corporation Common Stock to be issued in the Merger, or reserved for issuance immediately after the Effective Time of the Merger, shall have been approved for listing, subject to official notice of issuance, by the NYSE.

SECTION 5.03. Distribution. The distribution by ITT of all the outstanding shares of common stock of (a) ITT Destinations, Inc., and (b) ITT Hartford Group, Inc., each wholly owned subsidiaries of ITT, shall have occurred.

SECTION 5.04. Tax Opinion. ITT shall have received an opinion from its legal counsel, with respect to the tax consequences of the Merger, in form and substance satisfactory to ITT.

ARTICLE VI

APPOINTMENT OF AGENT FOR SERVICE OF PROCESS

Pursuant to Section 252(d) of the DGCL, the Surviving Corporation irrevocably appoints the Secretary of State of Delaware to accept service of process in any proceeding for enforcement of any obligation of ITT, as well as for enforcement of any obligation of the Surviving Corporation arising from the Merger. The Delaware Secretary of State shall mail a copy of such process to ITT Industries, Four West Red Oak Lane, White Plains, New York 10528.

ARTICLE VII

GENERAL

SECTION 7.01. Termination and Abandonment. At any time prior to the consummation of the Merger, this Agreement may be terminated and the Merger abandoned by the Board of Directors of ITT.

SECTION 7.02. Amendment. This Agreement may be amended at any time prior to the Effective Time of the Merger with the mutual consent of the Boards of Directors of ITT and ITT Indiana; provided, however, that this Agreement may not be amended after it has been adopted by the stockholders of ITT in any manner not permitted under applicable law.

SECTION 7.03. Headings. The headings set forth herein are inserted for convenience of reference only and are not intended to be part of, or to affect the meaning or interpretation of, this Agreement.

SECTION 7.04. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original, and all of which, when taken together, shall constitute one and the same instrument.

SECTION 7.05. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, except to the extent the laws of the State of Indiana shall mandatorily apply to the Merger.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed on its behalf and attested by its officers hereunto duly authorized, all as of the day and year first above written.

ITT CORPORATION,

by /s/ Walter F. Diehl, Jr.

Name: Walter F. Diehl, Jr.
Title: Vice President

Attest:

/s/ Robert W. Beicke

Name: Robert W. Beicke
Title: Assistant Secretary

ITT INDIANA, INC.,

by /s/ Robert W. Beicke

Name: Robert W. Beicke
Title: Vice President

Attest:

/s/ Walter F. Diehl, Jr.

Name: Walter F. Diehl, Jr.
Title: Assistant Secretary

CERTIFICATES

The undersigned, Assistant Secretary of ITT CORPORATION, a Delaware corporation, hereby certifies, pursuant to Section 252(c) of the General Corporation Law of the State of Delaware, that the foregoing Agreement and Plan of Merger to which this Certificate is attached, which has been duly signed on behalf of ITT CORPORATION by its Vice President and attested to by its Assistant Secretary, was duly submitted to the stockholders of ITT CORPORATION at a meeting thereof called for the purpose of considering and acting upon said Agreement and Plan of Merger, held after due notice on September 21, 1995, and at said meeting said Agreement and Plan of Merger was adopted by the stockholders of ITT CORPORATION in accordance with the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the undersigned has executed this Certificate on the 27th day of November, 1995.

/s/ Robert W. Beicke

Assistant Secretary

The undersigned, Assistant Secretary of ITT INDIANA, INC., an Indiana corporation, hereby certifies, pursuant to Section 252(c) of the General Corporation Law of the State of Delaware, that the foregoing Agreement and Plan of Merger to which this Certificate is attached, which has been duly signed on behalf of ITT INDIANA, INC. by its Vice President and attested to by its Assistant Secretary, was duly submitted to the sole stockholder of ITT INDIANA, INC. at a meeting thereof called for the purpose of considering and acting upon said Agreement and Plan of Merger, held on October 10, 1995, and that at said meeting said Agreement and Plan of Merger was adopted by the sole stockholder of ITT INDIANA, INC. in accordance with the Business Corporation Law of the State of Indiana.

IN WITNESS WHEREOF, the undersigned has executed this Certificate on the 27th day of November, 1995.

/s/ Walter F. Diehl, Jr.

Assistant Secretary

ARTICLES OF INCORPORATION

of

ITT INDIANA, INC.

The undersigned, for the purpose of forming a corporation, pursuant to and by virtue of the Indiana Business Corporation Law, hereby adopts and acknowledges the following Articles of Incorporation.

ARTICLE FIRST

The name of the corporation is ITT Indiana, Inc. (the "Corporation").

ARTICLE SECOND

The address of the registered office of the Corporation in the State of Indiana is One North Capitol Avenue, Suite 1180, Indianapolis, Indiana 46204. The name of the registered agent of the Corporation at such address is The Corporation Trust Company.

ARTICLE THIRD

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the Indiana Business Corporation Law.

ARTICLE FOURTH

(a) The aggregate number of shares of stock that the Corporation shall have authority to issue is 250,000,000 shares, consisting of 200,000,000 shares designated "Common Stock" and 50,000,000 shares designated "Preferred Stock". The shares of Common Stock shall have a par value of \$1 per share, and the shares of Preferred Stock shall not have any par or stated value, except that, solely for the purpose of any statute or regulation imposing any fee or tax based upon the capitalization of the Corporation, the shares of Preferred Stock shall be deemed to have a par value of \$.01 per share.

(b) The Board of Directors of the Corporation shall have the full authority permitted by law, at any time and from time to time, to divide the authorized and unissued shares of Preferred Stock into classes or series, or both, and to determine the following provisions, designations, powers, preferences and relative, participating, optional and other special rights and the qualifications, limitations or restrictions thereof for shares of any such class or series of Preferred Stock:

(1) the designation of such class or series, the number of shares to constitute such class or series and the stated or liquidation value thereof;

(2) whether the shares of such class or series shall have voting rights, in addition to any voting rights provided by law, and, if so, the terms of such voting rights;

(3) the dividends, if any, payable on such class or series, whether any such dividends shall be cumulative, and, if so, from what dates, the conditions and dates upon which such dividends shall be payable, the preference or relation which such dividends shall bear to the dividends payable on any shares of stock of any other class or any other series of the same class;

(4) whether the shares of such class or series shall be subject to redemption at the election of the Corporation and/or the holders of such class or series and, if so, the times, price and other conditions of such redemption, including securities or other property payable upon any such redemption, if any;

(5) the amount or amounts, if any, payable upon shares of such class or series upon, and the rights of the holders of such class or series in, the voluntary or involuntary liquidation, dissolution or winding up, or any distribution of the assets, of the Corporation; provided that in no event shall the amount or amounts, if any, exceed \$100 per share plus accrued dividends in the case of involuntary liquidation, dissolution or winding up;

(6) whether the shares of such class or series shall be subject to the operation of a retirement or sinking fund and, if so, the extent to and manner in which any such retirement or sinking fund shall be

applied to the purchase or redemption of the shares of such class or series for retirement or other corporate purposes and the terms and provisions relative to the operation thereof;

(7) whether the shares of such class or series shall be convertible into, or exchangeable for, shares of stock of any other class or any other series of the same class or any securities, whether or not issued by the Corporation, and, if so, the price or prices or the rate or rates of conversion or exchange and the method, if any, of adjusting the same, and any other terms and conditions of conversion or exchange;

(8) the limitations and restrictions, if any, to be effective while any shares of such class or series are outstanding upon the payment of dividends or the making of other distributions on, and upon the purchase, redemption or other acquisition by the Corporation of, the Common Stock or shares of stock of any other class or any other series of the same class;

(9) the conditions or restrictions, if any, upon the creation of indebtedness of the Corporation or upon the issuance of any additional shares of stock, including additional shares of such class or series or of any other series of the same class or of any other class;

(10) the ranking (be it *pari passu*, junior or senior) of each class or series vis-a-vis any other class or series of any class of Preferred Stock as to the payment of dividends, the distribution of assets and all other matters; and

(11) any other powers, preferences and relative, participating, optional and other special rights and any qualifications, limitations or restrictions thereof, insofar as they are not inconsistent with the provisions of these Articles of Incorporation, to the full extent permitted in accordance with the laws of the State of Indiana.

(c) Such divisions and determinations may be accomplished by an amendment to this ARTICLE FOURTH, which amendment may be made solely by action of the Board of Directors, which shall have the full authority permitted by law to make such divisions and determinations.

(d) The powers, preferences and relative, participating, optional and other special rights of each class or series of Preferred Stock and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other classes or series at any time outstanding; provided that each series of a class is given a distinguishing designation and that all shares of a series have powers, preferences and relative, participating, optional and other special rights and the qualifications, limitations or restrictions thereof identical with those of other shares of the same series and, except to the extent otherwise provided in the description of the series, with those other series of the same class.

(e) Holders of shares of Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors, out of funds legally available for the payment thereof, dividends at the rates fixed by the Board of Directors for the respective series before any dividends shall be declared and paid, or set aside for payment, on shares of Common Stock with respect to the same dividend period. Nothing in this ARTICLE FOURTH shall limit the power of the Board of Directors to create a series of Preferred Stock with dividends the rate of which is calculated by reference to, and the payment of which is concurrent with, dividends on shares of Common Stock.

(f) In the event of the voluntary or involuntary liquidation, dissolution or winding up of the Corporation, holders of shares of each series of Preferred Stock will be entitled to receive the amount fixed for such series upon any such event (not in excess of \$100 per share in the case of involuntary liquidation, dissolution or winding up) plus, in the case of any series on which dividends will have been determined by the Board of Directors to be cumulative, an amount equal to all dividends accumulated and unpaid thereon to the date of final distribution whether or not earned or declared before any distribution shall be paid, or set aside for payment, to holders of Common Stock. If the assets of the Corporation are not sufficient to pay such amounts in full, holders of all shares of Preferred Stock will participate in the distribution of assets ratably in proportion to the full amounts to which they are entitled or in such order or priority, if any, as will have been fixed in the resolution or resolutions providing for the issue of the series of Preferred Stock. Neither the merger nor consolidation of the Corporation into or with any other corporation, nor a sale, transfer or lease of all or part of

its assets, will be deemed a liquidation, dissolution or winding up of the Corporation within the meaning of this paragraph except to the extent specifically provided for herein. Nothing in this ARTICLE FOURTH shall limit the power of the Board of Directors to create a series of Preferred Stock for which the amount to be distributed upon any liquidation, dissolution or winding up of the Corporation is calculated by reference to, and the payment of which is concurrent with, the amount to be distributed to the holders of shares of Common Stock.

(g) The Corporation, at the option of the Board of Directors, may redeem all or part of the shares of any series of Preferred Stock on the terms and conditions fixed for such series.

(h) Except as otherwise required by law, as otherwise provided herein or as otherwise determined by the Board of Directors as to the shares of any series of Preferred Stock prior to the issuance of any such shares, the holders of Preferred Stock shall have no voting rights and shall not be entitled to any notice of meetings of shareholders.

(i) Each holder of shares of Common Stock shall be entitled to one vote for each share of Common Stock held of record on all matters on which the holders of shares of Common Stock are entitled to vote. Subject to the provisions of applicable law and any certificate of designation providing for the issuance of any series of Preferred Stock, the holders of outstanding shares of Common Stock shall have and possess the exclusive right to notice of shareholders' meetings and the exclusive power to vote. No shareholder will be permitted to cumulate votes at any election of directors.

(j) Subject to all the rights of the Preferred Stock, the holders of the Common Stock shall be entitled to receive, when, as and if declared by the Board of Directors, out of funds legally available for the payment thereof, dividends payable in cash, stock or otherwise. Upon any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, and after the holders of the Preferred Stock of each series shall have been paid in full in cash the amounts to which they respectively shall be entitled or a sum sufficient for such payment in full shall have been set aside, the remaining net assets of the Corporation shall be distributed pro rata to the holders of

the Common Stock in accordance with their respective rights and interests, to the exclusion of the holders of the Preferred Stock.

ARTICLE FIFTH

(a) Special meetings of shareholders of the Corporation may be called by the Chairman of the Board of Directors or by a majority vote of the entire Board of Directors.

(b) Shareholders of the Corporation shall not have any preemptive rights to subscribe for additional issues of stock of the Corporation except as may be agreed from time to time by the Corporation and any such shareholder.

(c) Notwithstanding the foregoing, whenever the holders of any one or more classes or series of Preferred Stock issued by the Corporation, if any, shall have the right, voting separately by class or series, to elect directors at an annual or special meeting of shareholders, an election, term of office, filling of vacancies and other features of such directorships shall be governed by the terms of the applicable resolution or resolutions of the Board of Directors adopted pursuant to ARTICLE FOURTH of these Articles of Incorporation.

ARTICLE SIXTH

To the fullest extent permitted by applicable law as then in effect, no director or officer shall be personally liable to the Corporation or any of its shareholders for damages for breach of fiduciary duty as a director or officer, except for liability (a) for breach of duty if such breach constitutes wilful misconduct or recklessness or (b) for the payment of distributions to shareholders in violation of Section 23-1-28-3 of the Indiana Business Corporation Law. Any repeal or modification of this ARTICLE SIXTH by the shareholders of the Corporation shall not adversely affect any right or protection of a director or officer of the Corporation existing at the time of such repeal or modification with respect to acts or omissions occurring prior to such repeal or modification.

ARTICLE SEVENTH

The holders of the capital stock of the Corporation shall not be personally liable for the payment of the Corporation's debts and the private property of the holders of the capital stock of the Corporation shall not be subject to the payment of debts of the Corporation to any extent whatsoever.

ARTICLE EIGHTH

Subject to any express provision of the laws of the State of Indiana, these Articles of Incorporation or the By-laws of the Corporation, the By-laws of the Corporation may from time to time be supplemented, amended or repealed, or new By-laws may be adopted, by the Board of Directors at any regular or special meeting of the Board of Directors, if such supplement, amendment, repeal or adoption is approved by a majority of the entire Board of Directors. Subject to any express provision of the laws of the State of Indiana, these Articles of Incorporation or the By-laws of the Corporation, the By-laws of the Corporation may from time to time be supplemented, amended or repealed, or new By-laws may be adopted, by the shareholders at any regular or special meeting of the shareholders at which a quorum is present, if such supplement, amendment, repeal or adoption is approved by the affirmative vote of the holders of at least a majority of the voting power of all outstanding shares of stock of the Corporation entitled to vote generally in an election of directors.

ARTICLE NINTH

The Corporation reserves the right to supplement, amend or repeal any provision contained in these Articles of Incorporation, in the manner now or hereafter prescribed by the laws of the State of Indiana and all rights conferred on shareholders herein are granted subject to this reservation.

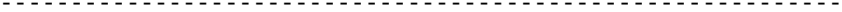
ARTICLE TENTH

The name and address of the incorporator signing these Articles of Incorporation is:

Name	Address
----	-----
George W. Bilicic, Jr.	825 Eighth Avenue New York, New York 10019

IN WITNESS WHEREOF, the undersigned, being the sole incorporator of said Corporation, executes these Articles of Incorporation and verifies, subject to penalties of perjury, that the statements contained herein are true on this 1st day of September 1995.

Name: George W. Bilicic, Jr.
Title: Sole Incorporator



BY-LAWS
of
ITT INDIANA, INC.

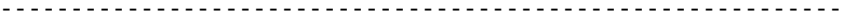


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BY-LAWS
OF
ITT INDIANA, INC.
(AN INDIANA CORPORATION, THE "CORPORATION")
(ADOPTED SEPTEMBER 6, 1995)

1. SHAREHOLDERS.

1.1 Place of Shareholders' Meetings. All meetings of the shareholders of the Corporation shall be held at such place or places, within or outside the state of Indiana, as may be fixed by the Corporation's Board of Directors (the "Board", and each member thereof a "Director") from time to time or as shall be specified in the respective notices thereof.

1.2 Day and Time of Annual Meetings of Shareholders. An annual meeting of shareholders shall be held at such place (within or outside the state of Indiana), date and hour as shall be determined by the Board and designated in the notice thereof. Failure to hold an annual meeting of shareholders at such designated time shall not affect otherwise valid corporate acts or work a forfeiture or dissolution of the Corporation.

1.3 Purposes of Annual Meetings. (a) At each annual meeting, the shareholders shall elect the members of the Board for the succeeding year. At any such annual meeting any business properly brought before the meeting may be transacted.

(b) To be properly brought before an annual meeting, business must be (i) specified in the notice of the meeting (or any supplement thereto) given by or at the direction of the Board, (ii) otherwise properly brought before the meeting by or at the direction of the Board or (iii) otherwise properly brought before the meeting by a shareholder. For business to be properly brought before an annual meeting by a shareholder, the shareholder must have given written notice thereof, either by personal delivery or by United States mail, postage prepaid, to the Secretary, not later than 90 days in advance of the anniversary date of the immediately preceding annual meeting (or not more than

ten days after the first public disclosure, which may include any public filing with the Securities and Exchange Commission, of the Originally Scheduled Date of the annual meeting, whichever is earlier). Any such notice shall set forth as to each matter the shareholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the meeting and the reasons for conducting such business at the meeting and in the event that such business includes a proposal to amend either the Articles of Incorporation or By-laws of the Corporation, the language of the proposed amendment, (ii) the name and address of the shareholder proposing such business, (iii) a representation that the shareholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business, and (iv) any material interest of the shareholder in such business. No business shall be conducted at an annual meeting of shareholders except in accordance with this Section 1.3(b), and the chairman of any annual meeting of shareholders may refuse to permit any business to be brought before an annual meeting without compliance with the foregoing procedures. For purposes of this Section 1.3(b), the "Originally Scheduled Date" of any meeting of shareholders shall be the date first publicly disclosed on which such meeting is scheduled to occur regardless of whether such meeting is continued or adjourned and regardless of whether any subsequent notice is given for such meeting or the record date of such meeting is changed.

1.4 Special Meetings of Shareholders. Except as otherwise expressly required by applicable law, special meetings of the shareholders or of any class or series entitled to vote may be called for any purpose or purposes by the Chairman or by a majority vote of the entire Board, to be held at such place (within or outside the state of Indiana), date and hour as shall be determined by the Board and designated in the notice thereof. Only such business as is specified in the notice of any special meeting of the shareholders shall come before such meeting.

1.5 Notice of Meetings of Shareholders. Except as otherwise expressly required or permitted by applicable law, not less than ten days nor more than sixty days before the date of every shareholders' meeting the Secretary shall give to each shareholder of record entitled to vote at such meeting written notice stating the place, day and time of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Except

as provided in Section 1.6(d) or as otherwise expressly required by applicable law, notice of any adjourned meeting of shareholders need not be given if the time and place thereof are announced at the meeting at which the adjournment is taken. Any notice, if mailed, shall be deemed to be given when deposited in the United States mail, postage prepaid, addressed to the shareholder at the address for notices to such shareholder as it appears on the records of the Corporation.

1.6 Quorum of Shareholders. (a) Unless otherwise expressly required by applicable law, at any meeting of the shareholders, the presence in person or by proxy of shareholders entitled to cast a majority of votes thereat shall constitute a quorum. Shares of the Corporation's stock belonging to the Corporation or to another corporation, if a majority of the shares entitled to vote in an election of the directors of such other corporation is held by the Corporation, shall neither be counted for the purpose of determining the presence of a quorum nor entitled to vote at any meeting of the shareholders.

(b) At any meeting of the shareholders at which a quorum shall be present, a majority of those present in person or by proxy may adjourn the meeting from time to time without notice other than announcement at the meeting. In the absence of a quorum, the officer presiding thereat shall have power to adjourn the meeting from time to time until a quorum shall be present. Notice of any adjourned meeting other than announcement at the meeting shall not be required to be given, except as provided in Section 1.6(d) below and except where expressly required by applicable law.

(c) At any adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting originally called, but only those shareholders entitled to vote at the meeting as originally noticed shall be entitled to vote at any adjournment or adjournments thereof unless a new record date is fixed by the Board.

(d) If an adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given in the manner specified in Section 1.5(a) to each shareholder of record entitled to vote at the meeting.

1.7 Chairman and Secretary of Meeting. The Chairman or, in his or her absence, another officer of the Corporation designated by the Chairman, shall preside at meetings of the shareholders. The Secretary shall act as secretary of the meeting, or in the absence of the Secretary, an Assistant Secretary shall so act, or if neither is present, then the presiding officer may appoint a person to act as secretary of the meeting.

1.8 Voting by Shareholders. (a) Except as otherwise expressly required by applicable law, at every meeting of the shareholders each shareholder shall be entitled to the number of votes specified in the Articles of Incorporation, in person or by proxy, for each share of stock standing in his or her name on the books of the Corporation on the date fixed pursuant to the provisions of Section 5.6 of these By-laws as the record date for the determination of the shareholders who shall be entitled to receive notice of and to vote at such meeting.

(b) When a quorum is present at any meeting of the shareholders, all questions shall be decided by the vote of a majority in voting power of the shareholders present in person or by proxy and entitled to vote at such meeting, unless a question is one upon which by express provision of law, the Articles of Incorporation or these By-laws, a different vote is required, in which case such express provision shall govern and control the decision of such question.

(c) Except as required by applicable law, the vote at any meeting of shareholders on any question need not be by ballot, unless so directed by the chairman of the meeting. On a vote by ballot, each ballot shall be signed by the shareholder voting, or by his or her proxy, if there be such proxy, and shall state the number of shares voted.

1.9 Proxies. Any shareholder entitled to vote at any meeting of shareholders may vote either in person or by his or her attorney-in-fact. Every proxy shall be in writing and shall be subscribed by the shareholder or his or her duly authorized attorney-in-fact, but need not be sealed, witnessed or acknowledged.

1.10 Inspectors. (a) The election of Directors and any other vote by ballot at any meeting of the shareholders shall be supervised by at least two inspectors. Such inspectors may be appointed by the Chairman before or at the meeting. If the Chairman shall not have so appointed such

inspectors or if one or both inspectors so appointed shall refuse to serve or shall not be present, such appointment shall be made by the officer presiding at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability.

(b) The inspectors shall (i) ascertain the number of shares of the Corporation outstanding and the voting power of each, (ii) determine the shares represented at any meeting of shareholders and the validity of the proxies and ballots, (iii) count all proxies and ballots, (iv) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors, and (v) certify their determination of the number of shares represented at the meeting, and their count of all proxies and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors.

1.11 List of Shareholders. (a) At least ten days before every meeting of shareholders, the Treasurer shall cause to be prepared and made a complete list of the shareholders entitled to vote at the meeting, arranged in alphabetical order by voting group, if any, and showing the address of each shareholder and the number of shares registered in the name of each shareholder.

(b) During ordinary business hours for a period of at least ten days prior to the meeting, such list shall be open to examination by any shareholder for any purpose germane to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or if not so specified, at the Corporation's principal office.

(c) The list shall also be produced and kept at the time and place of the meeting during the whole time of the meeting, and it may be inspected by any shareholder who is present.

(d) The stock ledger shall be the only evidence as to who are the shareholders entitled to examine the stock ledger, the list required by this Section 1.11 or the books of the Corporation, or to vote in person or by proxy at any meeting of shareholders.

1.12 Confidential Voting. (a) Proxies and ballots that identify the votes of specific shareholders shall be kept in confidence by the tabulators and the inspectors of election unless (i) there is an opposing solicitation with respect to the election or removal of Directors, (ii) disclosure is required by applicable law, (iii) a shareholder expressly requests or otherwise authorizes disclosure, or (iv) the Corporation concludes in good faith that a bona fide dispute exists as to the authenticity of one or more proxies, ballots or votes, or as to the accuracy of any tabulation of such proxies, ballots or votes.

(b) The tabulators and inspectors of election and any authorized agents or other persons engaged in the receipt, count and tabulation of proxies and ballots shall be advised of this By-law and instructed to comply herewith.

(c) The inspectors of election shall certify, to the best of their knowledge based on due inquiry, that proxies and ballots have been kept in confidence as required by this Section 1.12.

2. DIRECTORS.

2.1 Powers of Directors. The business and affairs of the Corporation shall be managed by or under the direction of the Board, which may exercise all the powers of the Corporation except such as are by applicable law, the Articles of Incorporation or these By-laws required to be exercised or performed by the shareholders.

2.2 Number, Method of Election, Terms of Office of Directors. The number of Directors which shall constitute the whole Board shall be such as from time to time shall be determined by resolution adopted by a majority of the entire Board, but the number shall not be less than three nor more than twenty-five, provided that the tenure of a Director shall not be affected by any decrease in the number of Directors so made by the Board. Each Director shall hold office until the next annual meeting of shareholders and until his or her successor is elected and qualified or until his or her earlier death, retirement, resignation or removal. Directors need not be shareholders of the Corporation or citizens of the United States of America.

Nominations of persons for election as Directors may be made by the Board or by any shareholder entitled to vote for the election of Directors. Any shareholder entitled to vote for the election of Directors may nominate a person or

persons for election as Directors only if written notice of such shareholder's intent to make such nomination is given in accordance with the procedures for bringing business before the meeting set forth in Section 1.3(b) of these By-laws, either by personal delivery or by United States mail, postage prepaid, to the Secretary not later than (i) with respect to an election to be held at an annual meeting of shareholders, 90 days in advance of the anniversary date of the immediately preceding annual meeting (or not more than ten days after the first public disclosure, which may include any public filing with the Securities and Exchange Commission, of the Originally Scheduled Date of the annual meeting, whichever is earlier) and (ii) with respect to an election to be held at a special meeting of shareholders for the election of Directors, the close of business on the seventh day following the date on which notice of such meeting is first given to shareholders. Each such notice shall set forth: (a) the name and address of the shareholder who intends to make the nomination and of the person or persons to be nominated; (b) a representation that the shareholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (c) a description of all arrangements or understandings between the shareholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder; (d) such other information regarding each nominee proposed by such shareholder as would have been required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission had each nominee been nominated, or intended to be nominated, by the Board; and (e) the consent of each nominee to serve as a Director if so elected. The chairman of any meeting of shareholders to elect Directors and the Board may refuse to acknowledge the nomination of any person not made in compliance with the foregoing procedure. For purposes of this Section 2.2, the "Originally Scheduled Date" of any meeting of shareholders shall be the date first publicly disclosed on which such meeting is scheduled to occur regardless of whether such meeting is continued or adjourned and regardless of whether any subsequent notice is given for such meeting or the record date of such meeting is changed.

At each meeting of the shareholders for the election of Directors at which a quorum is present, the persons receiving the greatest number of votes, up to the number of Directors to be elected, shall be the Directors.

2.3 Vacancies on Board. (a) Any Director may resign from office at any time by delivering a written resignation to the Chairman or the Secretary. The resignation will take effect at the time specified therein, or, if no time is specified, at the time of its receipt by the Corporation. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

(b) Any vacancy and any newly created Directorship resulting from any increase in the authorized number of Directors may be filled by vote of a majority of the Directors then in office, though less than a quorum, and any Director so chosen shall hold office until the next annual election of Directors by the shareholders and until a successor is duly elected and qualified or until his or her earlier death, retirement, resignation or removal. If there are no Directors in office, then an election of Directors may be held in the manner provided by applicable law.

2.4 Meetings of the Board. (a) The Board may hold its meetings, both regular and special, either within or outside the state of Indiana, at such places as from time to time may be determined by the Board or as may be designated in the respective notices or waivers of notice thereof.

(b) Regular meetings of the Board shall be held at such times and at such places as from time to time shall be determined by the Board.

(c) The first meeting of each newly elected Board shall be held as soon as practicable after the annual meeting of the shareholders and shall be for the election of officers and the transaction of such other business as may come before it.

(d) Special meetings of the Board shall be held whenever called by direction of the Chairman or at the request of Directors constituting one-third of the number of Directors then in office.

(e) Members of the Board or any Committee of the Board may participate in a meeting of the Board or Committee, as the case may be, by means of conference telephone or similar

communications equipment by means of which all persons participating in the meeting can hear each other, and such participation shall constitute presence in person at such meeting.

(f) The Secretary shall give notice to each Director of any meeting of the Board by mailing the same at least two days before the meeting or by telegraphing or delivering the same not later than the day before the meeting. Such notice need not include a statement of the business to be transacted at, or the purpose of, any such meeting. Any and all business may be transacted at any meeting of the Board. No notice of any adjourned meeting need be given. No notice to or waiver by any Director shall be required with respect to any meeting at which the Director is present.

2.5 Quorum and Action. Except as otherwise expressly required by applicable law, the Articles of Incorporation or these By-laws, at any meeting of the Board, the presence of at least one-third of the entire Board shall constitute a quorum for the transaction of business; but if there shall be less than a quorum at any meeting of the Board, a majority of those present may adjourn the meeting from time to time. Unless otherwise provided by applicable law, the Articles of Incorporation or these By-laws, the vote of a majority of the Directors present (and not abstaining) at any meeting at which a quorum is present shall be necessary for the approval and adoption of any resolution or the approval of any act of the Board.

2.6 Presiding Officer and Secretary of Meeting. The Chairman or, in the absence of the Chairman, a member of the Board selected by the members present, shall preside at meetings of the Board. The Secretary shall act as secretary of the meeting, but in the Secretary's absence the presiding officer may appoint a secretary of the meeting.

2.7 Action by Consent without Meeting. Any action required or permitted to be taken at any meeting of the Board or of any Committee thereof may be taken without a meeting if all members of the Board or Committee, as the case may be, consent thereto in writing and the writing or writings are filed with the minutes of proceedings of the Board or Committee.

2.8 Standing Committees. By resolution adopted by a majority of the entire Board, the Board shall elect, from among its members, individuals to serve on the Standing Committees established by this Section 2.8. Each Standing

Committee shall be comprised of such number of Directors, not less than three, as shall be elected to such Committee, provided that no officer or employee of the Corporation shall be eligible to serve on the Audit, Compensation and Personnel or Nominating Committees. Each Committee shall keep a record of all its proceedings and report the same to the Board. One-third of the members of a Committee, but not less than two, shall constitute a quorum, and the act of a majority of the members of a Committee present at any meeting at which a quorum is present shall be the act of the Committee. Each Standing Committee shall meet at the call of its chairman or any two of its members. The chairmen of the various Committees shall preside, when present, at all meetings of such Committees, and shall have such powers and perform such duties as the Board may from time to time prescribe. The Standing Committees of the Board, and functions of each, are as follows:

(a) Compensation and Personnel Committee. The Compensation and Personnel Committee shall exercise the power of oversight of the compensation and benefits of the employees of the Corporation, and shall be charged with evaluating management performance, and establishing executive compensation. This Committee shall have access to its own independent outside compensation counsel and shall consist of a majority of independent directors. For purposes of this Section 2.8(a), "independent director" shall mean a Director who: (i) has not been employed by the Corporation in an executive capacity within the past five years; (ii) is not, and is not affiliated with a company or firm that is, an advisor or consultant to the Corporation; (iii) is not affiliated with a significant customer or supplier of the Corporation; (iv) has no personal services contract(s) with the Corporation; (v) is not affiliated with a tax-exempt entity that receives significant contributions from the Corporation; and (vi) is not a familial relative of any person described by Clauses (i) through (v). This By-law shall not be amended or repealed except by a majority of the voting power of the shareholders present in person or by proxy and entitled to vote at any meeting at which a quorum is present.

(b) Audit Committee. The Audit Committee shall recommend the selection of independent auditors for the Corporation, confirm the scope of audits to be performed by such auditors, review audit results and internal accounting and control procedures and policies, review the fees paid to the Corporation's independent auditors, and review and recommend approval of the audited financial statements of

the Corporation and the annual reports to shareholders. The Audit Committee shall also review expense accounts of senior executives.

(c) Capital Committee. The Capital Committee shall have the responsibility for maximizing the effective use of the assets of the Corporation and its subsidiaries and reviewing capital expenditures and appropriations.

(d) Corporate Responsibility Committee. The Corporate Responsibility Committee shall review and define social responsibilities and shall review and consider major claims and litigation and legal, regulatory, intellectual property and related governmental policy matters affecting the Corporation and its subsidiaries. The Corporate Responsibility Committee shall also review and approve management policies and programs relating to compliance with legal and regulatory requirements and business ethics.

(e) Nominating Committee. The Nominating Committee shall make recommendations as to the organization, size and composition of the Board and Committees thereof, propose nominees for election to the Board and the Committees thereof, and consider the qualifications, compensation and retirement of Directors.

2.9 Other Committees. By resolution passed by a majority of the entire Board, the Board may also appoint from among its members such other Committees, Standing or otherwise, as it may from time to time deem desirable and may delegate to such Committees such powers of the Board as it may consider appropriate, consistent with applicable law, the Articles of Incorporation and these By-laws.

2.10 Compensation of Directors. Unless otherwise restricted by the Articles of Incorporation or these By-laws, Directors shall receive for their services on the Board or any Committee thereof such compensation and benefits, including the granting of options, together with expenses, if any, as the Board may from time to time determine. The Directors may be paid a fixed sum for attendance at each meeting of the Board or Committee thereof and/or a stated annual sum as a Director, together with expenses, if any, of attendance at each meeting of the Board or Committee thereof. Nothing herein contained shall be construed to preclude any Director from serving the Corporation in any other capacity and receiving compensation therefor.

2.11 Independent Directors. (a) Independence of Nominees for Election as Directors at the Annual Meeting. The persons nominated by the Board for election as Directors at any annual meeting of the shareholders of the Corporation shall include a sufficient number of persons who have been, on the date of their nomination, determined by the Board to be eligible to be classified as independent directors such that if all such nominees are elected, the majority of all Directors holding office would be independent directors.

(b) Directors Elected to Fill Vacancies on the Board. If the Board elects Directors between annual meetings of shareholders to fill vacancies or newly created Directorships, the majority of all Directors holding office immediately after such elections shall be independent directors.

(c) Definition of Independent Director. For purposes of this Section 2.11, "independent director" shall mean a Director who: (i) has not been employed by the Corporation in an executive capacity within the past five years; (ii) is not, and is not affiliated with a company or a firm that is, an adviser or consultant to the Corporation; (iii) is not affiliated with a significant customer or supplier of the Corporation; (iv) has no personal services contract(s) with the Corporation; (v) is not affiliated with a tax-exempt entity that receives significant contributions from the Corporation; (vi) is not a familial relative of any person described by Clauses (i) through (v); and (vii) is free of any other relationship which would interfere with the exercise of independent judgment by such Director.

3. OFFICERS.

3.1 Officers, Titles, Elections, Terms. (a) The Board may from time to time elect a Chairman, a Vice Chairman, a President, one or more Executive Vice Presidents, one or more Senior Vice Presidents, one or more Vice Presidents, a Chief Financial Officer, a Controller, a Treasurer, a Secretary, a General Counsel, one or more Assistant Controllers, one or more Assistant Treasurers, one or more Assistant Secretaries, and one or more Associate or Assistant General Counsels, to serve at the pleasure of the Board or otherwise as shall be specified by the Board at the time of such election and until their successors are elected and qualified or until their earlier death, retirement, resignation or removal.

(b) The Board may elect or appoint at any time such other officers or agents with such duties as it may deem necessary or desirable. Such other officers or agents shall serve at the pleasure of the Board or otherwise as shall be specified by the Board at the time of such election or appointment and, in the case of such other officers, until their successors are elected and qualified or until their earlier death, retirement, resignation or removal. Each such officer or agent shall have such authority and shall perform such duties as may be provided herein or as the Board may prescribe. The Board may from time to time authorize any officer or agent to appoint and remove any other such officer or agent and to prescribe such person's authority and duties.

(c) No person may be elected or appointed an officer who is not a citizen of the United States of America if such election or appointment is prohibited by applicable law or regulation.

(d) Any vacancy in any office may be filled for the unexpired portion of the term by the Board. Each officer elected or appointed during the year shall hold office until the next annual meeting of the Board at which officers are regularly elected or appointed and until his or her successor is elected or appointed and qualified or until his or her earlier death, retirement, resignation or removal.

(e) Any officer or agent elected or appointed by the Board may be removed at any time by the affirmative vote of a majority of the entire Board.

(f) Any officer may resign from office at any time. Such resignation shall be made in writing and given to the President or the Secretary. Any such resignation shall take effect at the time specified therein, or, if no time is specified, at the time of its receipt by the Corporation. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

3.2 General Powers of Officers. Except as may be otherwise provided by applicable law or in Article 6 or Article 7 of these By-laws, the Chairman, any Vice Chairman, the President, any Executive Vice President, any Senior Vice President, any Vice President, any Chief Financial Officer, the General Counsel, the Controller, the Treasurer and the Secretary, or any of them, may (i) execute and deliver in the name of the Corporation, in the name of any Division of

the Corporation or in both names any agreement, contract, instrument, power of attorney or other document pertaining to the business or affairs of the Corporation or any Division of the Corporation, including without limitation agreements or contracts with any government or governmental department, agency or instrumentality, and (ii) delegate to any employee or agent the power to execute and deliver any such agreement, contract, instrument, power of attorney or other document.

3.3 Powers and Duties of the Chairman. The Chairman shall be the Chief Executive of the Corporation and shall report directly to the Board. Except in such instances as the Board may confer powers in particular transactions upon any other officer, and subject to the control and direction of the Board, the Chairman shall manage and direct the business and affairs of the Corporation and shall communicate to the Board and any Committee thereof reports, proposals and recommendations for their respective consideration or action. He or she may do and perform all acts on behalf of the Corporation and shall preside at meetings of the Board and the shareholders.

3.4 Powers and Duties of a Vice Chairman. A Vice Chairman shall have such powers and perform such duties as the Board or the Chairman may from time to time prescribe or as may be prescribed in these By-laws, and in the event of the absence, incapacity or inability to act of the Chairman, then any Vice Chairman shall perform the duties and exercise the powers of the Chairman.

3.5 Powers and Duties of the President. The President shall have such powers and perform such duties as the Board or the Chairman may from time to time prescribe or as may be prescribed in these By-laws.

3.6 Powers and Duties of Executive Vice Presidents, Senior Vice Presidents and Vice Presidents. Executive Vice Presidents, Senior Vice Presidents and Vice Presidents shall have such powers and perform such duties as the Board or the Chairman may from time to time prescribe or as may be prescribed in these By-laws.

3.7 Powers and Duties of a Chief Financial Officer. A Chief Financial Officer shall have such powers and perform such duties as the Board, the Chairman or any Vice Chairman may from time to time prescribe or as may be prescribed in these By-laws.

3.8 Powers and Duties of the Controller and Assistant Controllers. (a) The Controller shall be responsible for the maintenance of adequate accounting records of all assets, liabilities, capital and transactions of the Corporation. The Controller shall prepare and render such balance sheets, income statements, budgets and other financial statements and reports as the Board or the Chairman may require, and shall perform such other duties as may be prescribed or assigned pursuant to these By-laws and all other acts incident to the position of Controller.

(b) Each Assistant Controller shall perform such duties as from time to time may be assigned by the Controller or by the Board. In the event of the absence, incapacity or inability to act of the Controller, then any Assistant Controller may perform any of the duties and may exercise any of the powers of the Controller.

3.9 Powers and Duties of the Treasurer and Assistant Treasurers. (a) The Treasurer shall have the care and custody of all the funds and securities of the Corporation except as may be otherwise ordered by the Board, and shall cause such funds (i) to be invested or reinvested from time to time for the benefit of the Corporation as may be designated by the Board, the Chairman, any Vice Chairman, the President, any Chief Financial Officer or the Treasurer or (ii) to be deposited to the credit of the Corporation in such banks or depositories as may be designated by the Board, the Chairman, any Vice Chairman, the President, any Chief Financial Officer or the Treasurer, and shall cause such securities to be placed in safekeeping in such manner as may be designated by the Board, the Chairman, any Vice Chairman, the President, any Chief Financial Officer or the Treasurer.

(b) The Treasurer shall cause to be prepared and maintained (i) at the office of the Corporation, a stock ledger containing the names and addresses of all shareholders and the number of shares of each class and series held by each and (ii) the list of shareholders for each meeting of the shareholders as required by Section 1.11 of these By-laws. The Treasurer shall be responsible for the custody of all stock books and of all unissued stock certificates.

(c) The Treasurer, any Assistant Treasurer or such other person or persons as may be designated for such purpose by the Board, the Chairman, any Vice Chairman, the President, any Chief Financial Officer or the Treasurer may

endorse in the name and on behalf of the Corporation all instruments for the payment of money, bills of lading, warehouse receipts, insurance policies and other commercial documents requiring such endorsement.

(d) The Treasurer, any Assistant Treasurer or such other person or persons as may be designated for such purpose by the Board, the Chairman, any Vice Chairman, the President, any Chief Financial Officer or the Treasurer (i) may sign all receipts and vouchers for payments made to the Corporation, (ii) shall render a statement of the cash account of the Corporation to the Board as often as it shall require the same; and (iii) shall enter regularly in books to be kept for that purpose full and accurate account of all moneys received and paid on account of the Corporation and of all securities received and delivered by the Corporation.

(e) The Treasurer shall perform such other duties as may be prescribed or assigned pursuant to these By-laws and all other acts incident to the position of Treasurer. Each Assistant Treasurer shall perform such duties as may from time to time be assigned by the Treasurer or by the Board. In the event of the absence, incapacity or inability to act of the Treasurer, then any Assistant Treasurer may perform any of the duties and may exercise any of the powers of the Treasurer.

3.10 Powers and Duties of the Secretary and Assistant Secretaries. (a) The Secretary shall keep the minutes of all proceedings of the shareholders, the Board and the Committees of the Board. The Secretary shall attend to the giving and serving of all notices of the Corporation, in accordance with the provisions of these By-laws and as required by applicable law. The Secretary shall be the custodian of the seal of the Corporation. The Secretary shall affix or cause to be affixed the seal of the Corporation to such contracts, instruments and other documents requiring the seal of the Corporation, and when so affixed may attest the same and shall perform such other duties as may be prescribed or assigned pursuant to these By-laws and all other acts incident to the position of Secretary.

(b) Each Assistant Secretary shall perform such duties as may from time to time be assigned by the Secretary or by the Board. In the event of the absence, incapacity or inability to act of the Secretary, then any Assistant Secretary may perform any of the duties and may exercise any of the powers of the Secretary.

4. INDEMNIFICATION.

4.1(a) Right to Indemnification. The Corporation, to the fullest extent permitted by applicable law as then in effect, shall indemnify any person who is or was a Director or officer of the Corporation and who is or was involved in any manner (including, without limitation, as a party or a witness) or is threatened to be made so involved in any threatened, pending or completed investigation, claim, action, suit or proceeding, whether civil, criminal, administrative or investigative (including, without limitation, any action, suit or proceeding by or in the right of the Corporation to procure a judgment in its favor) (a "Proceeding") by reason of the fact that such person is or was a Director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee, fiduciary or agent of another corporation, partnership, joint venture, trust or other enterprise (including, without limitation, any employee benefit plan) (a "Covered Entity"), against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such Proceeding; provided, however, that the foregoing shall not apply to a Director or officer of the Corporation with respect to a Proceeding that was commenced by such Director or officer prior to a Change in Control (as defined in Section 4.4(e)(i) of this Article 4). Any Director or officer of the Corporation entitled to indemnification as provided in this Section 4.1(a) is hereinafter called an "Indemnitee". Any right of an Indemnitee to indemnification shall be a contract right and shall include the right to receive, prior to the conclusion of any Proceeding, payment of any expenses incurred by the Indemnitee in connection with such Proceeding, consistent with the provisions of applicable law as then in effect and the other provisions of this Article 4.

(b) Effect of Amendments. Neither the amendment or repeal of, nor the adoption of a provision inconsistent with, any provision of this Article 4 (including, without limitation, this Section 4.1(b)) shall adversely affect the rights of any Director or officer under this Article 4 (i) with respect to any Proceeding commenced or threatened prior to such amendment, repeal or adoption of an inconsistent provision or (ii) after the occurrence of a Change in Control, with respect to any Proceeding arising out of any action or omission occurring prior to such amendment, repeal or adoption of an inconsistent provision,

in either case without the written consent of such Director or officer.

4.2 Insurance, Contracts and Funding. The Corporation may purchase and maintain insurance to protect itself and any indemnified person against any expenses, judgments, fines and amounts paid in settlement as specified in Section 4.1(a) or Section 4.5 of this Article 4 or incurred by any indemnified person in connection with any Proceeding referred to in such Sections, to the fullest extent permitted by applicable law as then in effect. The Corporation may enter into contracts with any Director, officer, employee or agent of the Corporation or any director, officer, employee, fiduciary or agent of any Covered Entity in furtherance of the provisions of this Article 4 and may create a trust fund or use other means (including, without limitation, a letter of credit) to ensure the payment of such amounts as may be necessary to effect indemnification as provided in this Article 4.

4.3 Indemnification; Not Exclusive Right. The right of indemnification provided in this Article 4 shall not be exclusive of any other rights to which any indemnified person may otherwise be entitled, and the provisions of this Article 4 shall inure to the benefit of the heirs and legal representatives of any indemnified person under this Article 4 and shall be applicable to Proceedings commenced or continuing after the adoption of this Article 4, whether arising from acts or omissions occurring before or after such adoption.

4.4 Advancement of Expenses; Procedures; Presumptions and Effect of Certain Proceedings; Remedies. In furtherance, but not in limitation, of the foregoing provisions, the following procedures, presumptions and remedies shall apply with respect to the advancement of expenses and the right to indemnification under this Article 4:

(a) Advancement of Expenses. All reasonable expenses incurred by or on behalf of the Indemnitee in connection with any Proceeding shall be advanced to the Indemnitee by the Corporation within 20 days after the receipt by the Corporation of a statement or statements from the Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Any such statement or statements shall reasonably evidence the expenses incurred by the Indemnitee and shall include any written affirmation or undertaking

required by applicable law in effect at the time of such advance.

(b) Procedures for Determination of Entitlement to Indemnification. (i) To obtain indemnification under this Article 4, an Indemnitee shall submit to the Secretary of the Corporation a written request, including such documentation and information as is reasonably available to the Indemnitee and reasonably necessary to determine whether and to what extent the Indemnitee is entitled to indemnification (the "Supporting Documentation"). The determination of the Indemnitee's entitlement to indemnification shall be made not later than 60 days after receipt by the Corporation of the written request for indemnification together with the Supporting Documentation. The Secretary of the Corporation shall, promptly upon receipt of such a request for indemnification, advise the Board in writing that the Indemnitee has requested indemnification.

(ii) The Indemnitee's entitlement to indemnification under this Article 4 shall be determined in one of the following ways: (A) by a majority vote of the Disinterested Directors (as hereinafter defined), if they constitute a quorum of the Board; (B) by a written opinion of Independent Counsel as hereinafter defined) if (x) a Change in Control (as hereinafter defined) shall have occurred and the Indemnitee so requests or (y) a quorum of the Board consisting of Disinterested Directors is not obtainable or, even if obtainable, a majority of such Disinterested Directors so directs; (C) by the shareholders of the Corporation (but only if a majority of the Disinterested Directors, if they constitute a quorum of the Board, presents the issue of entitlement to indemnification to the shareholders for their determination); or (D) as provided in Section 4.4(c) of this Article 4.

(iii) In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 4.4(b)(ii), a majority of the Disinterested Directors shall select the Independent Counsel, but only an Independent Counsel to which the Indemnitee does not reasonably object; provided, however, that if a Change in Control shall have occurred, the Indemnitee shall select such Independent Counsel, but only an Independent Counsel to which a majority of the Disinterested Directors does not reasonably object.

(c) Presumptions and Effect of Certain Proceedings. Except as otherwise expressly provided in this Article 4, if a Change in Control shall have occurred, the Indemnitee shall be presumed to be entitled to indemnification under this Article 4 (with respect to actions or failures to act occurring prior to such Change in Control) upon submission of a request for indemnification together with the Supporting Documentation in accordance with Section 4.4(b) of this Article 4, and thereafter the Corporation shall have the burden of proof to overcome that presumption in reaching a contrary determination. In any event, if the person or persons empowered under Section 4.4(b) of this Article 4 to determine entitlement to indemnification shall not have been appointed or shall not have made a determination within 60 days after receipt by the Corporation of the request therefor together with the Supporting Documentation, the Indemnitee shall be deemed to be, and shall be, entitled to indemnification unless (A) the Indemnitee misrepresented or failed to disclose a material fact in making the request for indemnification or in the Supporting Documentation or (B) such indemnification is prohibited by law. The termination of any Proceeding described in Section 4.1 of this Article 4, or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, adversely affect the right of the Indemnitee to indemnification or create a presumption that the Indemnitee did not act in good faith and in a manner which the Indemnitee reasonably believed to be in or not opposed to the best interests of the Corporation or, with respect to any criminal Proceeding, that the Indemnitee had reasonable cause to believe that his or her conduct was unlawful.

(d) Remedies of Indemnitee. (i) In the event that a determination is made pursuant to Section 4.4(b) of this Article 4 that the Indemnitee is not entitled to indemnification under this Article 4, (A) the Indemnitee shall be entitled to seek an adjudication of his or her entitlement to such indemnification either, at the Indemnitee's sole option, in (x) an appropriate court of the state of Indiana or any other court of competent jurisdiction or (y) an arbitration to be conducted by a single arbitrator pursuant to the rules of the American Arbitration Association; (B) any such judicial proceeding or arbitration shall be de novo and the Indemnitee shall not be prejudiced by reason of such adverse determination; and (C) if a Change in Control shall have occurred, in any such judicial proceeding or arbitration the Corporation shall have the burden of proving that the Indemnitee is not

entitled to indemnification under this Article 4 (with respect to actions or failures to act occurring prior to such Change in Control).

(ii) If a determination shall have been made or deemed to have been made, pursuant to Section 4.4(b) or (c) of this Article 4, that the Indemnitee is entitled to indemnification, the Corporation shall be obligated to pay the amounts constituting such indemnification within five days after such determination has been made or deemed to have been made and shall be conclusively bound by such determination unless (A) the Indemnitee misrepresented or failed to disclose a material fact in making the request for indemnification or in the Supporting Documentation or (B) such indemnification is prohibited by law. In the event that (x) advancement of expenses is not timely made pursuant to Section 4.4(a) of this Article 4 or (y) payment of indemnification is not made within five days after a determination of entitlement to indemnification has been made or deemed to have been made pursuant to Section 4.4(b) or (c) of this Article 4, the Indemnitee shall be entitled to seek judicial enforcement of the Corporation's obligation to pay to the Indemnitee such advancement of expenses or indemnification. Notwithstanding the foregoing, the Corporation may bring an action, in an appropriate court in the state of Indiana or any other court of competent jurisdiction, contesting the right of the Indemnitee to receive indemnification hereunder due to the occurrence of an event described in Subclause (A) or (B) of this Clause (ii) (a "Disqualifying Event"); provided, however, that in any such action the Corporation shall have the burden of proving the occurrence of such Disqualifying Event.

(iii) The Corporation shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 4.4(d) that the procedures and presumptions of this Article 4 are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Corporation is bound by all the provisions of this Article 4.

(iv) In the event that the Indemnitee, pursuant to this Section 4.4(d), seeks a judicial adjudication of or an award in arbitration to enforce his or her rights under, or to recover damages for breach of, this Article 4, the Indemnitee shall be entitled to recover from the Corporation, and shall be indemnified by the Corporation against, any expenses actually and reasonably incurred by

the Indemnatee if the Indemnatee prevails in such judicial adjudication or arbitration. If it shall be determined in such judicial adjudication or arbitration that the Indemnatee is entitled to receive part but not all of the indemnification or advancement of expenses sought, the expenses incurred by the Indemnatee in connection with such judicial adjudication or arbitration shall be prorated accordingly.

(e) Definitions. For purposes of this Article 4:

(i) "Change in Control" means a change in control of the Corporation of a nature that would be required to be reported in response to Item 6(e) (or any successor provision) of Schedule 14A of Regulation 14A (or any amendment or successor provision thereto) promulgated under the Securities Exchange Act of 1934 (the "Act"), whether or not the Corporation is then subject to such reporting requirement; provided that, without limitation, such a change in control shall be deemed to have occurred if (A) any "person" (as such term is used in Sections 13(d) and 14(d) of the Act) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Corporation representing 20% or more of the voting power of all outstanding shares of stock of the Corporation entitled to vote generally in an election of Directors without the prior approval of at least two-thirds of the members of the Board in office immediately prior to such acquisition; (B) the Corporation is a party to any merger or consolidation in which the Corporation is not the continuing or surviving corporation or pursuant to which shares of the Corporation's common stock would be converted into cash, securities or other property, other than a merger of the Corporation in which the holders of the Corporation's common stock immediately prior to the merger have the same proportionate ownership of common stock of the surviving corporation immediately after the merger, (C) there is a sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, the assets of the Corporation, or liquidation or dissolution of the Corporation; (D) the Corporation is a party to a merger, consolidation, sale of assets or other reorganization, or a proxy contest, as a consequence of which members of the Board in office immediately prior to such transaction or event constitute less than a majority of the Board thereafter; or (E) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board (including for this purpose any new Director whose election or

nomination for election by the shareholders was approved by a vote of at least two-thirds of the Directors then still in office who were Directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board.

(ii) "Disinterested Director" means a Director who is not or was not a party to the proceeding in respect of which indemnification is sought by the Indemnitee.

(iii) "Independent Counsel" means a law firm or a member of a law firm that neither presently is, nor in the past five years has been, retained to represent: (a) the Corporation or the Indemnitee in any matter material to either such party or (b) any other party to the Proceeding giving rise to a claim for indemnification under this Article 4. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under applicable standards of professional conduct, would have a conflict of interest in representing either the Corporation or the Indemnitee in an action to determine the Indemnitee's rights under this Article 4.

4.5 Indemnification of Employees and Agents. Notwithstanding any other provision of this Article 4, the Corporation, to the fullest extent permitted by applicable law as then in effect, may indemnify any person other than a Director or officer of the Corporation who is or was an employee or agent of the Corporation and who is or was involved in any manner (including, without limitation, as a party or a witness) or is threatened to be made so involved in any threatened, pending or completed Proceeding by reasons of the fact that such person is or was an employee or agent of the Corporation or, at the request of the Corporation, a director, officer, employee, fiduciary or agent of a Covered Entity against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such Proceeding. The Corporation may also advance expenses incurred by such employee, fiduciary or agent in connection with any such Proceeding, consistent with the provisions of applicable law as then in effect.

4.6 Severability. If any of this Article 4 shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (i) the validity, legality and enforceability of the remaining provisions of this Article 4 (including, without limitation, all portions of any Section of this Article 4 containing any such provision held to be invalid,

illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (ii) to the fullest extent possible, the provisions of this Article 4 (including, without limitation, all portions of any Section of this Article 4 containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

5. CAPITAL STOCK

5.1 Stock Certificates. (a) Every holder of stock in the Corporation shall be entitled to have a certificate certifying the number of shares owned by him or her in the Corporation and designating the class and series of stock to which such shares belong, which certificate shall otherwise be in such form as the Board shall prescribe and as provided in Section 5.1(d). Each such certificate shall be signed by, or in the name of, the Corporation by the Chairman or any Vice Chairman or the President or any Vice President, and by the Treasurer or any Assistant Treasurer or the Secretary or any Assistant Secretary.

(b) If such certificate is countersigned by a transfer agent other than the Corporation or its employee, or by a registrar other than the Corporation or its employee, the signatures of the officers of the Corporation may be facsimiles, and, if permitted by applicable law, any other signature on the certificate may be a facsimile.

(c) In case any officer who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were such officer at the date of issue.

(d) Certificates of stock shall be issued in such form not inconsistent with the Articles of Incorporation. They shall be numbered and registered in the order in which they are issued. No certificate shall be issued until fully paid.

(e) All certificates surrendered to the Corporation shall be cancelled (other than treasury shares) with the date of cancellation and shall be retained by the Treasurer, together with the powers of attorney to transfer and the

assignments of the shares represented by such certificates, for such period of time as such officer shall designate.

5.2 Record Ownership. A record of the name of the person, firm or corporation and address of such holder of each certificate, the number of shares of each class and series represented thereby and the date of issue thereof shall be made on the Corporation's books. The Corporation shall be entitled to treat the holder of record of any share of stock as the holder in fact thereof, and accordingly shall not be bound to recognize any equitable or other claim to or interest in any share on the part of any person, whether or not it shall have express or other notice thereof, except as required by applicable law.

5.3 Transfer of Record Ownership. Transfers of stock shall be made on the books of the Corporation only by direction of the person named in the certificate or such person's attorney, lawfully constituted in writing, and only upon the surrender of the certificate therefor and a written assignment of the shares evidenced thereby. Whenever any transfer of stock shall be made for collateral security, and not absolutely, it shall be so expressed in the entry of the transfer if, when the certificates are presented to the Corporation for transfer, both the transferor and transferee request the Corporation to do so.

5.4 Lost, Stolen or Destroyed Certificates. Certificates representing shares of the stock of the Corporation shall be issued in place of any certificate alleged to have been lost, stolen or destroyed in such manner and on such terms and conditions as the Board from time to time may authorize in accordance with applicable law.

5.5 Transfer Agent; Registrar; Rules Respecting Certificates. The Corporation shall maintain one or more transfer offices or agencies where stock of the Corporation shall be transferable. The Corporation shall also maintain one or more registry offices where such stock shall be registered. The Board may make such rules and regulations as it may deem expedient concerning the issue, transfer and registration of stock certificates in accordance with applicable law.

5.6 Fixing Record Date for Determination of Shareholders of Record. (a) The Board may fix, in advance, a date as the record date for the purpose of determining the shareholders entitled to notice of, or to vote at, any

meeting of the shareholders or any adjournment thereof, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which record date shall not be more than sixty days nor less than ten days before the date of a meeting of the shareholders. If no record date is fixed by the Board, the record date for determining the shareholders entitled to notice of or to vote at a shareholders' meeting shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of shareholders of record entitled to notice of or to vote at a meeting of shareholders shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for the adjourned meeting and shall fix a new record date if such adjourned meeting is more than 120 days after the date of the original meeting.

(b) The Board may fix, in advance, a date as the record date for the purpose of determining the shareholders entitled to receive payment of any dividend or other distribution or the allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock, or in order to make a determination of the shareholders for the purpose of any other lawful action, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which record date shall not be more than sixty calendar days prior to such action. If no record date is fixed by the Board, the record date for determining the shareholders for any such purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

6. SECURITIES HELD BY THE CORPORATION.

6.1 Voting. Unless the Board shall otherwise order, the Chairman, any Vice Chairman, the President, any Executive Vice President, any Senior Vice President, any Vice President, any Chief Financial Officer, the Controller, the Treasurer or the Secretary shall have full power and authority, on behalf of the Corporation, to attend, act and vote at any meeting of the shareholders of any corporation in which the Corporation may hold stock and at such meeting to exercise any or all rights and powers incident to the ownership of such stock, and to execute on behalf of the Corporation a proxy or proxies empowering another or others

to act as aforesaid. The Board from time to time may confer like powers upon any other person or persons.

6.2 General Authorization to Transfer Securities Held by the Corporation. (a) Any of the following officers, to wit: the Chairman, any Vice Chairman, the President, any Executive Vice President, any Senior Vice President, any Vice President, any Chief Financial Officer, the Controller, the Treasurer, any Assistant Controller, any Assistant Treasurer, and each of them, hereby is authorized and empowered to transfer, convert, endorse, sell, assign, set over and deliver any and all shares of stock, bonds, debentures, notes, subscription warrants, stock purchase warrants, evidences of indebtedness, or other securities now or hereafter standing in the name of or owned by the Corporation, and to make, execute and deliver any and all written instruments of assignment and transfer necessary or proper to effectuate the authority hereby conferred.

(b) Whenever there shall be annexed to any instrument of assignment and transfer executed pursuant to and in accordance with the foregoing Section 6.2(a), a certificate of the Secretary or any Assistant Secretary in office at the date of such certificate setting forth the provisions hereof and stating that they are in full force and effect and setting forth the names of persons who are then officers of the corporation, all persons to whom such instrument and annexed certificate shall thereafter come shall be entitled, without further inquiry or investigation and regardless of the date of such certificate, to assume and to act in reliance upon the assumption that (i) the shares of stock or other securities named in such instrument were theretofore duly and properly transferred, endorsed, sold, assigned, set over and delivered by the Corporation, and (ii) with respect to such securities, the authority of these provisions of these By-laws and of such officers is still in full force and effect.

7. DEPOSITARIES AND SIGNATORIES.

7.1 Depositaries. The Chairman, any Vice Chairman, the President, any Chief Financial Officer, and the Treasurer are each authorized to designate depositaries for the funds of the Corporation deposited in its name or that of a Division of the Corporation, or both, and the signatories with respect thereto in each case, and from time to time, to change such depositaries and signatories, with the same force and effect as if each such depositary and the signatories with respect thereto and changes therein had

been specifically designated or authorized by the Board; and each depositary designated by the Board or by the Chairman, any Vice Chairman, the President, any Chief Financial Officer, or the Treasurer shall be entitled to rely upon the certificate of the Secretary or any Assistant Secretary of the Corporation or of a Division of the Corporation setting forth the fact of such designation and of the appointment of the officers of the Corporation or of the Division or of both or of other persons who are to be signatories with respect to the withdrawal of funds deposited with such depositary, or from time to time the fact of any change in any depositary or in the signatories with respect thereto.

7.2 Signatories. Unless otherwise designated by the Board or by the Chairman, any Vice Chairman, the President, any Chief Financial Officer or the Treasurer, all notes, drafts, checks, acceptances, orders for the payment of money and all other negotiable instruments obligating the Corporation for the payment of money shall be (a) signed by the Treasurer or any Assistant Treasurer and (b) countersigned by the Controller or any Assistant Controller, or (c) either signed or countersigned by the Chairman, any Vice Chairman, the President, any Executive Vice President, any Senior Vice President or any Vice President in lieu of either the officers designated in Clause (a) or the officers designated in Clause (b) of this Section 7.2.

8. SEAL.

The seal of the Corporation shall be in such form and shall have such content as the Board shall from time to time determine.

9. FISCAL YEAR.

The fiscal year of the Corporation shall end on December 31 in each year, or on such other date as the Board shall determine.

10. WAIVER OF OR DISPENSING WITH NOTICE.

(a) Whenever any notice of the time, place or purpose of any meeting of the shareholders is required to be given by applicable law, the Articles of Incorporation or these By-laws, a written waiver of notice, signed by a shareholder entitled to notice of a shareholders' meeting, whether by telegraph, cable or other form of recorded communication, whether signed before or after the time set for a given meeting, shall be deemed equivalent to notice of such

meeting. Attendance of a shareholder in person or by proxy at a shareholders' meeting shall constitute a waiver of notice to such shareholder of such meeting, except when the shareholder attends the meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting was not lawfully called or convened.

(b) Whenever any notice of the time or place of any meeting of the Board or Committee of the Board is required to be given by applicable law, the Articles of Incorporation or these By-laws, a written waiver of notice signed by a Director, whether by telegraph, cable or other form of recorded communication, whether signed before or after the time set for a given meeting, shall be deemed equivalent to notice of such meeting. Attendance of a Director at a meeting shall constitute a waiver of notice to such Director of such meeting.

(c) No notice need be given to any person with whom communication is made unlawful by any law of the United States or any rule, regulation, proclamation or executive order issued under any such law.

11. POLITICAL NONPARTISANSHIP OF THE CORPORATION.

The Corporation shall not make, directly or indirectly, any contributions or expenditures in connection with the election of any candidate for federal, state or local political office, or any committee campaigning for such a candidate, except to the extent necessary to permit in the United States the expenditure of corporate assets for the payment of expenses for establishing, registering and administering any political action committee and of soliciting contributions thereto, all as may be authorized by federal or state laws.

12. AMENDMENT OF BY-LAWS.

Except as otherwise provided in Section 2.8(a) of these By-laws, these By-laws, or any of them, may from time to time be supplemented, amended or repealed, or new By-laws may be adopted, by the Board at any regular or special meeting of the Board, if such supplement, amendment, repeal or adoption is approved by a majority of the entire Board. These By-laws, or any of them, may from time to time be supplemented, amended or repealed, or new By-laws may be adopted, by the shareholders at any regular or special meeting of the shareholders at which a quorum is present, if

such supplement, amendment, repeal or adoption is approved by the affirmative vote of the holders of at least a majority of the voting power of all outstanding shares of stock of the Corporation entitled to vote generally in an election of directors.

13. OFFICES AND AGENT

(a) Registered Office and Agent. The registered office of the Corporation in the State of Indiana shall be One North Capitol Avenue, Suite 1180, Indianapolis, Indiana 46204. The name of the registered agent is The Corporation Trust Company. Such registered agent has a business office identical with such registered office.

(b) Other Offices. The Corporation may also have offices at other places, either within or outside the State of Indiana, as the Board of Directors may from time to time determine or as the business of the Corporation may require.

COMMON STOCK

COMMON STOCK

INCORPORATED UNDER THE LAWS
OF INDIANA

NUMBER [LOGO] SHARES
IIN

CUSIP 450911 10 2
SEE LEGEND ON REVERSE

ITT INDUSTRIES, INC.

This Certifies that

SPECIMEN

IIN is the owner of IIN

CERTIFICATE OF STOCK

FULLY PAID AND NON-ASSESSABLE SHARES OF THE COMMON STOCK OF

ITT Industries, Inc. transferable on the books of the Corporation by the holder hereof in person or by duly authorized attorney, upon surrender of this certificate properly endorsed. This certificate and the shares represented hereby are issued and shall be held subject to all the provisions of the Certificate of Incorporation and the amendments thereto (copies of which are on file with the Transfer Agent), to all of which provisions the holder by acceptance hereof, assents. This certificate is not valid unless countersigned by the Transfer Agent and registered by the Registrar.

Witness the signatures of the duly authorized officers.

DATED:

/s/ Gwenn L. Carr

COUNTERSIGNED AND REGISTERED:

VICE PRESIDENT AND CORPORATE
SECRETARY

THE BANK OF NEW YORK

BY TRANSFER AGENT
AND REGISTRAR

/s/ William J. Skinner

/s/ D. Travis Engen

AUTHORIZED SIGNATURE

CHAIRMAN, PRESIDENT AND CHIEF
EXECUTIVE OFFICER

This certificate also evidences and entitles the holder hereof to certain Rights as set forth in a Rights Agreement dated as of November 1, 1995, as it may be amended from time to time (the "Rights Agreement"), between ITT Indiana, Inc., to be renamed ITT Industries, Inc. (the "Company"), and The Bank of New York, as Rights Agent (the "Rights Agent"), the terms of which are hereby incorporated herein by reference and a copy of which is on file at the principal executive offices of the Company. Under certain circumstances, as set forth in the Rights Agreement, such Rights will be evidenced by separate certificates and will no longer be evidenced by this certificate. The Rights Agent will mail to the holder of this certificate a copy of the Rights Agreement without charge after receipt of a written request therefor. Rights beneficially owned by Acquiring Persons or their Affiliates or Associates (as such terms are defined in the Rights Agreement) and by any subsequent holder of such Rights are null and void and nontransferable.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -- as tenants in common	GIFT MIN ACT -- _____ Custodian _____ Under
TEN ENT -- as tenants by the	(Cust) (Minor)
entireties	the _____ Transfers to Minors Act
JT TEN -- as joint tenants with	(State)
right of survivorship	
and not as tenants	
in common	

Additional abbreviations may also be used though not in the above list.

For value received, _____ hereby will, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE

| _____ |

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE OF ASSIGNEE)

_____ common shares

represented by the within Certificate, and do hereby irrevocably constitute
and appoint

_____ Attorney

to transfer the said stock on the books of the within named Corporation
with full power of substitution in the premises.

Dated _____

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the certificate in every particular without alteration or enlargement or any change whatever. The signature of the person executing this power must be guaranteed by an Eligible Guarantor Institution such as a Commercial Bank, Trust Company, Securities Broker/Dealer, Credit Union, or a Savings Association participating in a Medallion program Approved by the Securities Transfer Association, Inc.

RIGHTS AGREEMENT

Dated as of November 1, 1995

between

ITT INDIANA, INC.

and

THE BANK OF NEW YORK,
as Rights Agent

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Exhibits

A	Certificate of Designation
B	Form of Right Certificate

RIGHTS AGREEMENT dated as of November 1, 1995, between ITT Indiana, Inc., the name of which is to be changed to ITT Industries, Inc., an Indiana corporation (the "Company"), and The Bank of New York, a New York banking corporation, as Rights Agent (the "Rights Agent").

The Board of Directors of the Company has authorized and declared a dividend of one Right (as hereinafter defined) for each share of Common Stock, \$1.00 par value per share, of the Company (the "Common Stock") outstanding at the Close of Business (as hereinafter defined) on the day immediately following the effectiveness of the merger of ITT Corporation, a Delaware corporation, with and into the Company (the "Record Date") and has authorized the issuance of one Right (as such number may hereafter be adjusted pursuant to the provisions of this Rights Agreement) with respect to each share of Common Stock that shall become outstanding between the Record Date and the earliest of the Distribution Date, the Redemption Date or the Expiration Date (as such terms are hereinafter defined); provided, however, that Rights may be issued with respect to shares of Common Stock that shall become outstanding after the Distribution Date and prior to the earlier of the Redemption Date or the Expiration Date in accordance with the provisions of Section 23. Each Right shall initially represent the right to purchase one one-thousandths (1/1,000ths) of a share of Series A Participating Cumulative Preferred Stock, without par value, of the Company (the "Preferred Shares"), having the powers, rights and preferences set forth in the Certificate of Designation attached as Exhibit A.

Accordingly, in consideration of the premises and the mutual agreements herein set forth, the parties hereby agree as follows:

SECTION 1. Certain Definitions. For purposes of this Rights Agreement, the following terms have the meanings indicated:

"Acquiring Person" shall mean any Person who or which, alone or together with all Affiliates and Associates of such Person, shall be the Beneficial Owner of more than 15% of the Common Shares then outstanding but shall not include (a) the Company, any Subsidiary of the Company, any

employee benefit or compensation plan of the Company or of any of its Subsidiaries, or any Person holding Common Shares for or pursuant to the terms of any such employee benefit or compensation plan or (b) any such Person who has become and is such a Beneficial Owner solely because (i) of a change in the aggregate number of Common Shares outstanding since the last date on which such Person acquired Beneficial Ownership of any Common Shares or (ii) it acquired such Beneficial Ownership in the good faith belief that such acquisition would not (x) cause such Beneficial Ownership to exceed 15% of the Common Shares then outstanding and such Person relied in good faith in computing the percentage of its Beneficial Ownership on publicly filed reports or documents of the Company which are inaccurate or out-of-date or (y) otherwise cause a Distribution Date or the adjustment provided for in Section 11(a) to occur. Notwithstanding clause (b)(ii) of the prior sentence, if any Person that is not an Acquiring Person due to such clause (b)(ii) does not reduce its percentage of Beneficial Ownership of Common Shares to 15% or less by the Close of Business on the fifth Business Day after notice from the Company (the date of notice being the first day) that such Person's Beneficial Ownership of Common Shares so exceeds 15%, such Person shall, at the end of such five Business Day period, become an Acquiring Person (and such clause (b)(ii) shall no longer apply to such Person). For purposes of this definition, the determination whether any Person acted in "good faith" shall be conclusively determined by the Board of Directors of the Company, acting by a vote of those directors of the Company whose approval would be required to redeem the Rights under Section 24.

"Affiliate" and "Associate", when used with reference to any Person, shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Exchange Act, as in effect on the date of this Rights Agreement.

A Person shall be deemed the "Beneficial Owner" of, and shall be deemed to "beneficially own", and shall be deemed to have "Beneficial Ownership" of, any securities:

(i) which such Person or any of such Person's Affiliates or Associates is deemed to "beneficially own" within the meaning of Rule 13d-3 of the General Rules and Regulations under the Exchange Act, as in effect on the date of this Rights Agreement;

(ii) which such Person or any of such Person's Affiliates or Associates has (A) the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding (written or oral), or upon the exercise of conversion rights, exchange rights, rights (other than the Rights), warrants or options, or otherwise; provided, however, that a Person shall not be deemed the Beneficial Owner of, or to beneficially own, or to have Beneficial Ownership of, securities tendered pursuant to a tender or exchange offer made by or on behalf of such Person or any of such Person's Affiliates or Associates until such tendered securities are accepted for purchase or exchange thereunder or cease to be subject to withdrawal by the tendering security holder, or (B) the right to vote pursuant to any agreement, arrangement or understanding (written or oral); provided, however, that a Person shall not be deemed the Beneficial Owner of, or to beneficially own, any security if (1) the agreement, arrangement or understanding (written or oral) to vote such security arises solely from a revocable proxy or consent given to such Person in response to a public proxy or consent solicitation made generally to all holders of Common Stock pursuant to, and in accordance with, the applicable rules and regulations under the Exchange Act and (2) the beneficial ownership of such security is not also then reportable on Schedule 13D under the Exchange Act (or any comparable or successor report);

(iii) which are beneficially owned, directly or indirectly, by any other Person with which such Person or any of such Person's Affiliates or Associates has any agreement, arrangement or understanding (written or oral) for the purpose of acquiring, holding, voting (except pursuant to a revocable proxy as described in clause (ii)(B) of this definition) or disposing of any securities of the Company; or

(iv) which would be beneficially owned by such Person but for the application of the provisions of the Indiana Business Corporation Law pertaining to Control Share Acquisitions or any comparable or successor provisions.

Notwithstanding the foregoing, nothing contained in this definition shall cause a Person ordinarily engaged in business as an underwriter of securities to be the "Beneficial Owner" of, or to "beneficially own", any

securities acquired in a bona fide firm commitment underwriting pursuant to an underwriting agreement with the Company.

"Book Value", when used with reference to Common Shares issued by any Person, shall mean the amount of equity of such Person applicable to each Common Share, determined (i) in accordance with generally accepted accounting principles in effect on the date as of which such Book Value is to be determined, (ii) using all the consolidated assets and all the consolidated liabilities of such Person on the date as of which such Book Value is to be determined, except that no value shall be included in such assets for goodwill arising from consummation of a business combination, and (iii) after giving effect to (A) the exercise of all rights, options and warrants to purchase such Common Shares (other than the Rights), and the conversion of all securities convertible into such Common Shares, at an exercise or conversion price, per Common Share, which is less than such Book Value before giving effect to such exercise or conversion (whether or not exercisability or convertibility is conditioned upon occurrence of a future event), (B) all dividends and other distributions on the capital stock of such Person declared prior to the date as of which such Book Value is to be determined and to be paid or made after such date, and (C) any other agreement, arrangement or understanding (written or oral), or transaction or other action contemplated prior to the date as of which such Book Value is to be determined which would have the effect of thereafter reducing such Book Value.

"Business Combination" shall have the meaning set forth in Section 11(c)(I).

"Business Day" shall mean each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in the Borough of Manhattan, The City of New York, are authorized or obligated by law or executive order to close.

"Certificate of Designation" shall mean the Certificate of Designation of Series A Participating Cumulative Preferred Stock setting forth the powers, preferences, rights, qualifications, limitations and restrictions of such series of Preferred Stock of the Company, a copy of which is attached as Exhibit A.

"Close of Business" on any given date shall mean 5:00 p.m., New York City time, on such date; provided, however, that, if such date is not a Business Day, "Close of Business" shall mean 5:00 p.m., New York City time, on the next succeeding Business Day.

"Common Shares", when used with reference to the Company prior to a Business Combination, shall mean the shares of Common Stock of the Company or any other shares of capital stock of the Company into which the Common Stock shall be reclassified or changed. "Common Shares", when used with reference to any Person (other than the Company prior to a Business Combination), shall mean shares of capital stock of such Person (if such Person is a corporation) of any class or series, or units of equity interests in such Person (if such Person is not a corporation) of any class or series, the terms of which do not limit (as a maximum amount and not merely in proportional terms) the amount of dividends or income payable or distributable on such class or series or the amount of assets distributable on such class or series upon any voluntary or involuntary liquidation, dissolution or winding up of such Person and do not provide that such class or series is subject to redemption at the option of such Person, or any shares of capital stock or units of equity interests into which the foregoing shall be reclassified or changed; provided, however, that, if at any time there shall be more than one such class or series of capital stock or equity interests of such Person, "Common Shares" of such Person shall include all such classes and series substantially in the proportion of the total number of shares or other units of each such class or series outstanding at such time unless any such class or series is identical to another such class except for voting power, in which case "Common Shares" shall include such higher voting class in place of such lower voting class.

"Common Stock" shall have the meaning set forth in the introductory paragraph of this Rights Agreement.

"Company" shall have the meaning set forth in the heading of this Rights Agreement; provided, however, that if there is a Business Combination, "Company" shall have the meaning set forth in Section 11(c)(III).

The term "control" with respect to any Person shall mean the power to direct the management and policies of such Person, directly or indirectly, by or through stock ownership, agency or otherwise, or pursuant to or in

connection with an agreement, arrangement or understanding (written or oral) with one or more other Persons by or through stock ownership, agency or otherwise; and the terms "controlling" and "controlled" shall have meanings correlative to the foregoing.

"Distribution Date" shall have the meaning set forth in Section 3(b).

"Exchange Act" shall mean the Securities Exchange Act of 1934, as in effect on the date in question, unless otherwise specifically provided.

"Exchange Consideration" shall have the meaning set forth in Section 11(b)(I).

"Expiration Date" shall have the meaning set forth in Section 7(a).

"Major Part", when used with reference to the assets of the Company and its Subsidiaries as of any date, shall mean assets (i) having a fair market value aggregating 50% or more of the total fair market value of all the assets of the Company and its Subsidiaries (taken as a whole) as of the date in question, (ii) accounting for 50% or more of the total value (net of depreciation and amortization) of all the assets of the Company and its Subsidiaries (taken as a whole) as would be shown on a consolidated or combined balance sheet of the Company and its Subsidiaries as of the date in question, prepared in accordance with generally accepted accounting principles then in effect, or (iii) accounting for 50% or more of the total amount of earnings before interest, taxes, depreciation and amortization or of the revenues of the Company and its Subsidiaries (taken as a whole) as would be shown on, or derived from, a consolidated or combined statement of income or operations of the Company and its Subsidiaries for the period of 12 months ending on the last day of the Company's monthly accounting period next preceding the date in question, prepared in accordance with generally accepted accounting principles then in effect.

"Market Value", when used with reference to Common Shares on any date, shall be deemed to be the average of the daily closing prices, per share, of such Common Shares for the period which is the shorter of (1) 30 consecutive Trading Days immediately prior to the date in question or (2) the number of consecutive Trading Days beginning on the Trading Day immediately after the date of the first public

announcement of the event requiring a determination of the Market Value and ending on the Trading Day immediately prior to the record date of such event; provided, however, that, in the event that the Market Value of such Common Shares is to be determined in whole or in part during a period following the announcement by the issuer of such Common Shares of any action of the type described in Section 12(a) that would require an adjustment thereunder, then, and in each such case, the Market Value of such Common Shares shall be appropriately adjusted to reflect the effect of such action on the market price of such Common Shares. The closing price for each Trading Day shall be the closing price quoted on the principal United States securities exchange registered under the Exchange Act (or any recognized foreign stock exchange) on which such securities are listed, or, if such securities are not listed on any such exchange, the closing price quoted on The Nasdaq Stock Market or, if such securities are not so quoted, the average of the closing bid and asked quotations with respect to a share of such securities on any National Association of Securities Dealers, Inc. quotations system, or if no such quotations are available, the average of the closing bid and asked prices as furnished by a professional market maker making a market in such securities selected by the Board of Directors of the Company. If on any such Trading Day no market maker is making a market in such securities, the closing price of such securities on such Trading Day shall be deemed to be the fair value of such securities as determined in good faith by the Board of Directors of the Company acting by a vote of those directors whose approval would be required to redeem the Rights under Section 24 (whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent, the holders of Rights and all other Persons); provided, however, that for the purpose of determining the closing price of the Preferred Shares for any Trading Day on which there is no such market maker for the Preferred Shares the closing price on such Trading Day shall be deemed to be the Formula Number (as defined in the Certificate of Designation) times the closing price of the Common Shares of the Company on such Trading Day.

"Person" shall mean an individual, corporation, partnership, joint venture, association, trust, unincorporated organization or other entity.

"Preferred Shares" shall have the meaning set forth in the introductory paragraph of this Rights Agreement. Any reference in this Rights Agreement to

Preferred Shares shall be deemed to include any authorized fraction of a Preferred Share, unless the context otherwise requires.

"Principal Party" shall mean the Surviving Person in a Business Combination; provided, however, that, if such Surviving Person is a direct or indirect Subsidiary of any other Person, "Principal Party" shall mean the Person which is the ultimate parent of such Surviving Person and which is not itself a Subsidiary of another Person. In the event ultimate control of such Surviving Person is shared by two or more Persons, "Principal Party" shall mean that Person that is immediately controlled by such two or more Persons.

"Purchase Price" with respect to each Right shall mean \$108, as such amount may from time to time be adjusted as provided herein, and shall be payable in lawful money of the United States of America. All references herein to the Purchase Price shall mean the Purchase Price as in effect at the time in question.

"Record Date" shall have the meaning set forth in the introductory paragraph of this Rights Agreement.

"Redemption Date" shall have the meaning set forth in Section 24(a).

"Redemption Price" with respect to each Right shall mean \$.01, as such amount may from time to time be adjusted in accordance with Section 12. All references herein to the Redemption Price shall mean the Redemption Price as in effect at the time in question.

"Registered Common Shares" shall mean Common Shares which are, as of the date of consummation of a Business Combination, and have continuously been for the 12 months immediately preceding such date, registered under Section 12 of the Exchange Act.

"Right Certificate" shall mean a certificate evidencing a Right in substantially the form attached as Exhibit B.

"Rights" shall mean the rights to purchase Preferred Shares (or other securities) as provided in this Rights Agreement.

"Securities Act" shall mean the Securities Act of 1933, as in effect on the date in question, unless otherwise specifically provided.

"Subsidiary" shall mean a Person, at least a majority of the total outstanding voting power (being the power under ordinary circumstances (and not merely upon the happening of a contingency) to vote in the election of directors of such Person (if such Person is a corporation) or to participate in the management and control of such Person (if such Person is not a corporation)) of which is owned, directly or indirectly, by another Person or by one or more other Subsidiaries of such other Person or by such other Person and one or more other Subsidiaries of such other Person.

"Surviving Person" shall mean (1) the Person which is the continuing or surviving Person in a consolidation or merger specified in Section 11(c)(I)(i) or 11(c)(I)(ii) or (2) the Person to which the Major Part of the assets of the Company and its Subsidiaries is sold, leased, exchanged or otherwise transferred or disposed of in a transaction specified in Section 11(c)(I)(iii); provided, however, that, if the Major Part of the assets of the Company and its Subsidiaries is sold, leased, exchanged or otherwise transferred or disposed of in one or more related transactions specified in Section 11(c)(I)(iii) to more than one Person, the "Surviving Person" in such case shall mean the Person that acquired assets of the Company and/or its Subsidiaries with the greatest fair market value in such transaction or transactions.

"Trading Day" shall mean a day on which the principal national securities exchange (or principal recognized foreign stock exchange, as the case may be) on which any securities or Rights, as the case may be, are listed or admitted to trading is open for the transaction of business or, if the securities or Rights in question are not listed or admitted to trading on any national securities exchange (or recognized foreign stock exchange, as the case may be), a Business Day.

SECTION 2. Appointment of Rights Agent. The Company hereby appoints the Rights Agent to act as agent for the Company in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Company may from time to time appoint one or more co-Rights Agents as it may deem necessary or desirable upon notice to the Rights Agent (the term "Rights

Agent" being used herein to refer, collectively, to the Rights Agent together with any such co-Rights Agents). In the event the Company appoints one or more co-Rights Agents, the respective duties of the Rights Agent and any co-Rights Agents shall be as the Company shall determine.

SECTION 3. Issue of Rights and Right Certificates. (a) One Right shall be associated with each Common Share outstanding on the Record Date, each additional Common Share that shall become outstanding between the Record Date and the earliest of the Distribution Date, the Redemption Date or the Expiration Date and each additional Common Share with which Rights are issued after the Distribution Date but prior to the earlier of the Redemption Date or the Expiration Date as provided in Section 23; provided, however, that, if the number of outstanding Rights are combined into a smaller number of outstanding Rights pursuant to Section 12(a), the appropriate fractional Right determined pursuant to such Section shall thereafter be associated with each such Common Share.

(b) Until the earlier of (i) such time as the Company learns that a Person has become an Acquiring Person or (ii) the Close of Business on such date, if any, as may be designated by the Board of Directors of the Company following the commencement of, or first public disclosure of an intent to commence, a tender or exchange offer by any Person (other than the Company, any Subsidiary of the Company, any employee benefit or compensation plan of the Company or of any of its Subsidiaries, or any Person holding Common Shares for or pursuant to the terms of any such employee benefit or compensation plan) for outstanding Common Shares, if upon consummation of such tender or exchange offer such Person could be the Beneficial Owner of more than 15% of the outstanding Common Shares (the Close of Business on the earlier of such dates being the "Distribution Date"), (x) the Rights will be evidenced by the certificates for Common Shares registered in the names of the holders thereof and not by separate Right Certificates and (y) the Rights, including the right to receive Right Certificates, will be transferable only in connection with the transfer of Common Shares. As soon as practicable after the Distribution Date, the Rights Agent will send, by first-class, postage-prepaid mail, to each record holder of Common Shares as of the Distribution Date, at the address of such holder shown on the records of the Company, a Right Certificate evidencing one whole Right for each Common Share (or for the number of Common Shares with which one whole Right is then associated if the number of

Rights per Common Share held by such record holder has been adjusted in accordance with the proviso in Section 3(a)). If the number of Rights associated with each Common Share has been adjusted in accordance with the proviso in Section 3(a), at the time of distribution of the Right Certificates the Company may make any necessary and appropriate rounding adjustments so that Right Certificates representing only whole numbers of Rights are distributed and cash is paid in lieu of any fractional Right in accordance with Section 15(a). As of and after the Distribution Date, the Rights will be evidenced solely by such Right Certificates.

(c) With respect to any certificate for Common Shares, until the earliest of the Distribution Date, the Redemption Date or the Expiration Date, the Rights associated with the Common Shares represented by any such certificate shall be evidenced by such certificate alone, the registered holders of the Common Shares shall also be the registered holders of the associated Rights and the surrender for transfer of any such certificate shall also constitute the transfer of the Rights associated with the Common Shares represented thereby.

(d) Certificates issued for Common Shares after the Record Date (including, without limitation, upon transfer or exchange of outstanding Common Shares), but prior to the earliest of the Distribution Date, the Redemption Date or the Expiration Date, shall have printed on, written on or otherwise affixed to them the following legend:

This certificate also evidences and entitles the holder hereof to certain Rights as set forth in a Rights Agreement dated as of November 1, 1995, as it may be amended from time to time (the "Rights Agreement"), between ITT Indiana, Inc., to be renamed ITT Industries, Inc. (the "Company") and The Bank of New York, as Rights Agent (the "Rights Agent"), the terms of which are hereby incorporated herein by reference and a copy of which is on file at the principal executive offices of the Company. Under certain circumstances, as set forth in the Rights Agreement, such Rights will be evidenced by separate certificates and will no longer be evidenced by this certificate. The Rights Agent will mail to the holder of this certificate a copy of the Rights Agreement without charge after receipt of a written request therefor. Rights beneficially owned by Acquiring

Persons or their Affiliates or Associates (as such terms are defined in the Rights Agreement) and by any subsequent holder of such Rights are null and void and nontransferable.

Notwithstanding this paragraph (d), the omission of a legend shall not affect the enforceability of any part of this Rights Agreement or the rights of any holder of Rights.

SECTION 4. Form of Right Certificates. The Right Certificates (and the form of election to purchase and form of assignment to be printed on the reverse side thereof) shall be in substantially the form set forth as Exhibit B and may have such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Company may deem appropriate and as are not inconsistent with the provisions of this Rights Agreement, or as may be required to comply with any applicable law or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange on which the Rights may from time to time be listed, or to conform to usage. Subject to the provisions of Sections 7, 11 and 23, the Right Certificates, whenever issued, shall be dated as of the Distribution Date, and on their face shall entitle the holders thereof to purchase such number of Preferred Shares as shall be set forth therein for the Purchase Price set forth therein, subject to adjustment from time to time as herein provided.

SECTION 5. Execution, Countersignature and Registration. (a) The Right Certificates shall be executed on behalf of the Company by the Chairman of the Board, the Chief Executive Officer, the President, the Chief Operating Officer, the Treasurer or a Vice President (whether preceded by any additional title) of the Company, either manually or by facsimile signature, and have affixed thereto the Company's seal or a facsimile thereof which shall be attested by the Secretary, an Assistant Secretary or a Vice President (whether preceded by any additional title, provided that such Vice President shall not have also executed the Right Certificates) of the Company, either manually or by facsimile signature. The Right Certificates shall be manually countersigned by the Rights Agent and shall not be valid or obligatory for any purpose unless so countersigned. In case any officer of the Company who shall have signed any of the Right Certificates shall cease to be such an officer of the Company before countersignature by the Rights Agent and issuance and delivery by the Company,

such Right Certificates may nevertheless be countersigned by the Rights Agent and issued and delivered by the Company with the same force and effect as though the person who signed such Right Certificates had not ceased to be such an officer of the Company; and any Right Certificate may be signed on behalf of the Company by any person who, at the actual date of execution of such Right Certificate, shall be a proper officer of the Company to sign such Right Certificate, although at the date of execution of this Rights Agreement any such person was not such an officer of the Company.

(b) Following the Distribution Date, the Rights Agent will keep or cause to be kept, at its designated office in New York, New York, books for registration and transfer of the Right Certificates issued hereunder. Such books shall show the names and addresses of the respective holders of the Right Certificates, the number of Rights evidenced by each of the Right Certificates, the certificate number of each of the Right Certificates and the date of each of the Right Certificates.

SECTION 6. Transfer, Split-Up, Combination and Exchange of Right Certificates; Mutilated, Destroyed, Lost or Stolen Right Certificates; Uncertificated Rights. (a) Subject to the provisions of Sections 7(e) and 15, at any time after the Distribution Date, and at or prior to the Close of Business on the earlier of the Redemption Date or the Expiration Date, any Right Certificate or Right Certificates may be transferred, split-up, combined or exchanged for another Right Certificate or Right Certificates representing, in the aggregate, the same number of Rights as the Right Certificate or Right Certificates surrendered then represented. Any registered holder desiring to transfer, split-up, combine or exchange any Right Certificate shall make such request in writing delivered to the Rights Agent and shall surrender the Right Certificate or Right Certificates to be transferred, split-up, combined or exchanged at the designated office of the Rights Agent; provided, however, that neither the Rights Agent nor the Company shall be obligated to take any action whatsoever with respect to the transfer of any Right Certificate surrendered for transfer until the registered holder shall have completed and signed the certification contained in the form of assignment on the reverse side of such Right Certificate and shall have provided such additional evidence of the identity of the Beneficial Owner (or former Beneficial Owner) or Affiliates or Associates thereof as the Company shall reasonably request. Thereupon

the Rights Agent shall, subject to Sections 7(e) and 15, countersign and deliver to the Person entitled thereto a Right Certificate or Right Certificates, as the case may be, as so requested. The Company may require payment by the holders of Rights of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any transfer, split-up, combination or exchange of Right Certificates.

(b) Upon receipt by the Company or the Rights Agent of evidence reasonably satisfactory to them of the loss, theft, destruction or mutilation of a valid Right Certificate, and, in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to them, and, at the Company's request, reimbursement to the Company and the Rights Agent of all reasonable expenses incidental thereto, and upon surrender to the Rights Agent and cancellation of the Right Certificate if mutilated, the Company will make a new Right Certificate of like tenor and deliver such new Right Certificate to the Rights Agent for delivery to the registered owner in lieu of the Right Certificate so lost, stolen, destroyed or mutilated.

(c) Notwithstanding any other provision hereof, the Company and the Rights Agent may amend this Rights Agreement to provide for uncertificated Rights in addition to or in place of Rights evidenced by Right Certificates.

SECTION 7. Exercise of Rights; Expiration Date of Rights.

(a) Subject to Section 7(e) and except as otherwise provided herein (including Section 11), each Right shall entitle the registered holder thereof, upon exercise thereof as provided herein, to purchase for the Purchase Price, at any time after the Distribution Date and at or prior to the earlier of (i) the Close of Business on the 10th anniversary of the date of this Rights Agreement (the Close of Business on such date being the "Expiration Date"), or (ii) the Redemption Date, one one-thousandths (1/1,000ths) of a Preferred Share, subject to adjustment from time to time as provided in Sections 11 and 12.

(b) The registered holder of any Right Certificate may exercise the Rights evidenced thereby (except as otherwise provided herein) in whole or in part at any time after the Distribution Date, upon surrender of the Right Certificate, with the form of election to purchase on the reverse side thereof duly executed, to the Rights Agent at the designated office of the Rights Agent in New York, New York, together with payment of the Purchase Price for

each one one-thousandths (1/1,000ths) of a Preferred Share as to which the Rights are exercised, at or prior to the earlier of (i) the Expiration Date or (ii) the Redemption Date.

(c) Upon receipt of a Right Certificate representing exercisable Rights, with the form of election to purchase duly executed, accompanied by payment of the Purchase Price for the Preferred Shares to be purchased together with an amount equal to any applicable transfer tax, in lawful money of the United States of America, in cash or by certified check or money order payable to the order of the Company, the Rights Agent shall thereupon (i) either (A) promptly requisition from any transfer agent of the Preferred Shares (or make available, if the Rights Agent is the transfer agent) certificates for the number of Preferred Shares to be purchased and the Company hereby irrevocably authorizes its transfer agent to comply with all such requests or (B) if the Company shall have elected to deposit the Preferred Shares with a depository agent under a depository arrangement, promptly requisition from the depository agent depository receipts representing the number of one one-thousandths (1/1,000ths) of a Preferred Share to be purchased (in which case certificates for the Preferred Shares to be represented by such receipts shall be deposited by the transfer agent with the depository agent) and the Company will direct the depository agent to comply with all such requests, (ii) when appropriate, promptly requisition from the Company the amount of cash to be paid in lieu of issuance of fractional shares in accordance with Section 15, (iii) promptly after receipt of such certificates or depository receipts, cause the same to be delivered to or upon the order of the registered holder of such Right Certificate, registered in such name or names as may be designated by such holder and (iv) when appropriate, after receipt promptly deliver such cash to or upon the order of the registered holder of such Right Certificate.

(d) In case the registered holder of any Right Certificate shall exercise fewer than all the Rights evidenced thereby, a new Right Certificate evidencing Rights equivalent to the Rights remaining unexercised shall be issued by the Rights Agent and delivered to the registered holder of such Right Certificate or to his duly authorized assigns, subject to the provisions of Section 15.

(e) Notwithstanding anything in this Rights Agreement to the contrary, any Rights that are at any time beneficially owned by an Acquiring Person or any Affiliate

or Associate of an Acquiring Person shall be null and void and nontransferable, and any holder of any such Right (including any purported transferee or subsequent holder) shall not have any right to exercise or transfer any such Right.

(f) Notwithstanding anything in this Rights Agreement to the contrary, neither the Rights Agent nor the Company shall be obligated to undertake any action with respect to a registered holder of any Right Certificates upon the occurrence of any purported exercise as set forth in this Section 7 unless such registered holder shall have (i) completed and signed the certificate contained in the form of election to purchase set forth on the reverse side of the Right Certificate surrendered for such exercise and (ii) provided such additional evidence of the identity of the Beneficial Owner (or former Beneficial Owner) or Affiliates or Associates thereof as the Company shall reasonably request.

(g) The Company may temporarily suspend, for a period of time not to exceed 90 calendar days after the Distribution Date, the exercisability of the Rights in order to prepare and file a registration statement under the Securities Act, on appropriate form, with respect to the Preferred Shares purchasable upon exercise of the Rights and permit such registration statement to become effective; provided, however, that no such suspension shall remain effective after, and the Rights shall without any further action by the Company or any other Person become exercisable immediately upon, the effectiveness of such registration statement. Upon any such suspension, the Company shall issue a public announcement stating that the exercisability of the Rights has been temporarily suspended and shall issue a further public announcement at such time as the suspension is no longer in effect. Notwithstanding any provision herein to the contrary, the Rights shall not be exercisable in any jurisdiction if the requisite qualification under the blue sky or securities laws of such jurisdiction shall not have been obtained or the exercise of the Rights shall not be permitted under applicable law.

SECTION 8. Cancellation and Destruction of Right Certificates. All Right Certificates surrendered or presented for the purpose of exercise, transfer, split-up, combination or exchange shall, and any Right Certificate representing Rights that have become null and void and nontransferable pursuant to Section 7(e) surrendered or presented for any purpose shall, if surrendered or presented

to the Company or to any of its agents, be delivered to the Rights Agent for cancellation or in canceled form, or, if surrendered or presented to the Rights Agent, shall be canceled by it, and no Right Certificates shall be issued in lieu thereof except as expressly permitted by this Rights Agreement. The Company shall deliver to the Rights Agent for cancellation and retirement, and the Rights Agent shall so cancel and retire, any Right Certificate purchased or acquired by the Company. The Rights Agent shall deliver all canceled Right Certificates to the Company.

SECTION 9. Reservation and Availability of Preferred Shares.

(a) The Company covenants and agrees that it will cause to be reserved and kept available out of its authorized and unissued Preferred Shares or any authorized and issued Preferred Shares held in its treasury, free from preemptive rights or any right of first refusal, a number of Preferred Shares sufficient to permit the exercise in full of all outstanding Rights.

(b) In the event that there shall not be sufficient Preferred Shares issued but not outstanding or authorized but unissued to permit the exercise or exchange of Rights in accordance with Section 11, the Company covenants and agrees that it will take all such action as may be necessary to authorize additional Preferred Shares for issuance upon the exercise or exchange of Rights pursuant to Section 11; provided, however, that if the Company is unable to cause the authorization of additional Preferred Shares, then the Company shall, or in lieu of seeking any such authorization, the Company may, to the extent necessary and permitted by applicable law and any agreements or instruments in effect prior to the Distribution Date to which it is a party, (A) upon surrender of a Right, pay cash equal to the Purchase Price in lieu of issuing Preferred Shares and requiring payment therefor, (B) upon due exercise of a Right and payment of the Purchase Price for each Preferred Share as to which such Right is exercised, issue equity securities having a value equal to the value of the Preferred Shares which otherwise would have been issuable pursuant to Section 11, which value shall be determined by a nationally recognized investment banking firm selected by the Board of Directors of the Company or (C) upon due exercise of a Right and payment of the Purchase Price for each Preferred Share as to which such Right is exercised, distribute a combination of Preferred Shares, cash and/or other equity and/or debt securities having an aggregate value equal to the value of the Preferred Shares which otherwise would have been issuable pursuant to

Section 11, which value shall be determined by a nationally recognized investment banking firm selected by the Board of Directors of the Company. To the extent that any legal or contractual restrictions (pursuant to agreements or instruments in effect prior to the Distribution Date to which it is party) prevent the Company from paying the full amount payable in accordance with the foregoing sentence, the Company shall pay to holders of the Rights as to which such payments are being made all amounts which are not then restricted on a pro rata basis as such payments become permissible under such legal or contractual restrictions until such payments have been paid in full.

(c) The Company covenants and agrees that it will take all such action as may be necessary to ensure that all Preferred Shares delivered upon exercise or exchange of Rights shall, at the time of delivery of the certificates for such Preferred Shares (subject to payment of the Purchase Price), be duly and validly authorized and issued and fully paid and nonassessable shares.

(d) So long as the Preferred Shares issuable upon the exercise or exchange of Rights are to be listed on any national securities exchange, the Company covenants and agrees to use its best efforts to cause, from and after such time as the Rights become exercisable or exchangeable, all Preferred Shares reserved for such issuance to be listed on such securities exchange upon official notice of issuance upon such exercise or exchange.

(e) The Company further covenants and agrees that it will pay when due and payable any and all Federal and state transfer taxes and charges which may be payable in respect of the issuance or delivery of Right Certificates or of any Preferred Shares or Common Shares or other securities upon the exercise or exchange of the Rights. The Company shall not, however, be required to pay any transfer tax which may be payable in respect of any transfer or delivery of Right Certificates to a Person other than, or in respect of the issuance or delivery of certificates for the Preferred Shares or Common Shares or other securities, as the case may be, in a name other than that of, the registered holder of the Right Certificate evidencing Rights surrendered for exercise or exchange or to issue or deliver any certificates for Preferred Shares or Common Shares or other securities, as the case may be, upon the exercise or exchange of any Rights until any such tax shall have been paid (any such tax being payable by the holder of such Right Certificate at the time of surrender) or until it has been

established to the Company's satisfaction that no such tax is due.

SECTION 10. Preferred Shares Record Date. Each Person in whose name any certificate for Preferred Shares or Common Shares or other securities is issued upon the exercise or exchange of Rights shall for all purposes be deemed to have become the holder of record of the Preferred Shares or Common Shares or other securities, as the case may be, represented thereby on, and such certificate shall be dated, the date upon which the Right Certificate evidencing such Rights was duly surrendered and payment of any Purchase Price (and any applicable transfer taxes) was made; provided, however, that, if the date of such surrender and payment is a date upon which the transfer books of the Company for the Preferred Shares or Common Shares or other securities, as the case may be, are closed, such Person shall be deemed to have become the record holder of such Preferred Shares or Common Shares or other securities, as the case may be, on, and such certificate shall be dated, the next succeeding Business Day on which the transfer books of the Company for the Preferred Shares or Common Shares or other securities, as the case may be, are open.

SECTION 11. Adjustments in Rights After There Is an Acquiring Person; Exchange of Rights for Shares; Business Combinations. (a) Upon a Person becoming an Acquiring Person, proper provision shall be made so that each holder of a Right, except as provided in Section 7(e), shall thereafter have a right to receive, upon exercise thereof for the Purchase Price in accordance with the terms of this Rights Agreement, such number of one one-thousandths ($1/1,000$ ths) of a Preferred Share as shall equal the result obtained by multiplying the Purchase Price by a fraction, the numerator of which is the number of one one-thousandths ($1/1,000$ ths) of a Preferred Share for which a Right is then exercisable and the denominator of which is 50% of the Market Value of the Common Shares on the date on which a Person becomes an Acquiring Person. As soon as practicable after a Person becomes an Acquiring Person (provided the Company shall not have elected to make the exchange permitted by Section 11(b)(I) for all outstanding Rights), the Company covenants and agrees to use its best efforts to:

(I) prepare and file a registration statement under the Securities Act, on an appropriate form, with respect to the Preferred Shares purchasable upon exercise of the Rights;

(II) cause such registration statement to become effective as soon as practicable after such filing;

(III) cause such registration statement to remain effective (with a prospectus at all times meeting the requirements of the Securities Act) until the Expiration Date; and

(IV) qualify or register the Preferred Shares purchasable upon exercise of the Rights under the blue sky or securities laws of such jurisdictions as may be necessary or appropriate.

(b)(I) The Board of Directors of the Company may, at its option, at any time after a Person becomes an Acquiring Person, mandatorily exchange all or part of the then outstanding and exercisable Rights (which shall not include Rights that shall have become null and void and nontransferable pursuant to the provisions of Section 7(e)) for consideration per Right consisting of either one-half of the securities that would be issuable at such time upon the exercise of one Right in accordance with Section 11(a) or, if applicable, Section 9(b)(B) or (C) or, if applicable the cash consideration specified in Section 9(b)(A) (the consideration issuable per Right pursuant to this Section 11(b)(I) being the "Exchange Consideration"). The Board of Directors of the Company may, at its option, issue, in substitution for Preferred Shares, Common Shares in an amount per Preferred Share equal to the Formula Number (as defined in the Certificate of Designation) if there are sufficient Common Shares issued but not outstanding or authorized but unissued. If the Board of Directors of the Company elects to exchange all the Rights for Exchange Consideration pursuant to this Section 11(b)(I) prior to the physical distribution of the Rights Certificates, the Corporation may distribute the Exchange Consideration in lieu of distributing Right Certificates, in which case for purposes of this Rights Agreement holders of Rights shall be deemed to have simultaneously received and surrendered for exchange Right Certificates on the date of such distribution.

(II) Any action of the Board of Directors of the Company ordering the exchange of any Rights pursuant to Section 11(b)(I) shall be irrevocable and, immediately upon the taking of such action and without any further action and without any notice, the right to exercise any such Right pursuant to Section 11(a) shall terminate and the only right thereafter of a holder of such Right shall be to receive the

Exchange Consideration in exchange for each such Right held by such holder or, if the Exchange Consideration shall not have been paid or issued, to exercise any such Right pursuant to Section 11(c)(I). The Company shall promptly give public notice of any such exchange; provided, however, that the failure to give, or any defect in, such notice shall not affect the validity of such exchange. The Company promptly shall mail a notice of any such exchange to all holders of such Rights at their last addresses as they appear upon the registry books of the Rights Agent. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of exchange will state the method by which the exchange of the Rights for the Exchange Consideration will be effected and, in the event of any partial exchange, the number of Rights which will be exchanged. Any partial exchange shall be effected pro rata based on the number of Rights (other than Rights which shall have become null and void and nontransferable pursuant to the provisions of Section 7(e)) held by each holder of Rights.

(c)(I) In the event that, following a Distribution Date, directly or indirectly, any transactions specified in the following clause (i), (ii) or (iii) of this Section 11(c) (each such transaction being a "Business Combination") shall be consummated:

(i) the Company shall consolidate with, or merge with and into, any Acquiring Person or any Affiliate or Associate of an Acquiring Person;

(ii) any Acquiring Person or any Affiliate or Associate of an Acquiring Person shall merge with and into the Company and, in connection with such merger, all or part of the Common Shares shall be changed into or exchanged for capital stock or other securities of the Company or of any Acquiring Person or Affiliate or Associate of an Acquiring Person or cash or any other property; or

(iii) the Company shall sell, lease, exchange or otherwise transfer or dispose of (or one or more of its Subsidiaries shall sell, lease, exchange or otherwise transfer or dispose of), in one or more transactions, the Major Part of the assets of the Company and its Subsidiaries (taken as a whole) to any Acquiring Person or any Affiliate or Associate of an Acquiring Person,

then, in each such case, proper provision shall be made so that each holder of a Right, except as provided in Section 7(e), shall thereafter have the right to receive, upon the exercise thereof for the Purchase Price in accordance with the terms of this Rights Agreement, the securities specified below (or, at such holder's option, the securities specified in Section 11(a)):

(A) If the Principal Party in such Business Combination has Registered Common Shares outstanding, each Right shall thereafter represent the right to receive, upon the exercise thereof for the Purchase Price in accordance with the terms of this Rights Agreement, such number of Registered Common Shares of such Principal Party, free and clear of all liens, encumbrances or other adverse claims, as shall have an aggregate Market Value equal to the result obtained by multiplying the Purchase Price by two;

(B) If the Principal Party involved in such Business Combination does not have Registered Common Shares outstanding, each Right shall thereafter represent the right to receive, upon the exercise thereof for the Purchase Price in accordance with the terms of this Rights Agreement, at the election of the holder of such Right at the time of the exercise thereof, any of:

(1) such number of Common Shares of the Surviving Person in such Business Combination as shall have an aggregate Book Value immediately after giving effect to such Business Combination equal to the result obtained by multiplying the Purchase Price by two;

(2) such number of Common Shares of the Principal Party in such Business Combination (if the Principal Party is not also the Surviving Person in such Business Combination) as shall have an aggregate Book Value immediately after giving effect to such Business Combination equal to the result obtained by multiplying the Purchase Price by two; or

(3) if the Principal Party in such Business Combination is an Affiliate of one or more Persons which has Registered Common Shares outstanding, such number of Registered Common Shares of whichever of such Affiliates of the Principal

Party has Registered Common Shares with the greatest aggregate Market Value on the date of consummation of such Business Combination as shall have an aggregate Market Value on the date of such Business Combination equal to the result obtained by multiplying the Purchase Price by two.

(II) The Company shall not consummate any Business Combination unless each issuer of Common Shares for which Rights may be exercised, as set forth in this Section 11(c), shall have sufficient authorized Common Shares that have not been issued or reserved for issuance (and which shall, when issued upon exercise thereof in accordance with this Rights Agreement, be validly issued, fully paid and nonassessable and free of preemptive rights, rights of first refusal or any other restrictions or limitations on the transfer or ownership thereof) to permit the exercise in full of the Rights in accordance with this Section 11(c) and unless prior thereto:

(i) a registration statement under the Securities Act on an appropriate form, with respect to the Rights and the Common Shares of such issuer purchasable upon exercise of the Rights, shall be effective under the Securities Act; and

(ii) the Company and each such issuer shall have:

(A) executed and delivered to the Rights Agent a supplemental agreement providing for the assumption by such issuer of the obligations set forth in this Section 11(c) (including the obligation of such issuer to issue Common Shares upon the exercise of Rights in accordance with the terms set forth in Sections 11(c)(I) and 11(c)(III)) and further providing that such issuer, at its own expense, will use its best efforts to:

(1) cause a registration statement under the Securities Act on an appropriate form, with respect to the Rights and the Common Shares of such issuer purchasable upon exercise of the Rights, to remain effective (with a prospectus at all times meeting the requirements of the Securities Act) until the Expiration Date;

(2) qualify or register the Rights and the Common Shares of such issuer purchasable upon exercise of the Rights under the blue sky or securities laws of such jurisdictions as may be necessary or appropriate; and

(3) list the Rights and the Common Shares of such issuer purchasable upon exercise of the Rights on each national securities exchange on which the Common Shares were listed prior to the consummation of the Business Combination or, if the Common Shares were not listed on a national securities exchange prior to the consummation of the Business Combination, on a national securities exchange;

(B) furnished to the Rights Agent a written opinion of independent counsel stating that such supplemental agreement is a valid, binding and enforceable agreement of such issuer; and

(C) filed with the Rights Agent a certificate of a nationally recognized firm of independent accountants setting forth the number of Common Shares of such issuer which may be purchased upon the exercise of each Right after the consummation of such Business Combination.

(III) After consummation of any Business Combination and subject to the provisions of Section 11(c)(II), (i) each issuer of Common Shares for which Rights may be exercised as set forth in this Section 11(c) shall be liable for, and shall assume, by virtue of such Business Combination, all the obligations and duties of the Company pursuant to this Rights Agreement, (ii) the term "Company" shall thereafter be deemed to refer to such issuer, (iii) each such issuer shall take such steps in connection with such consummation as may be necessary to assure that the provisions hereof (including the provisions of Sections 11(a) and 11(c)) shall thereafter be applicable, as nearly as reasonably may be, in relation to its Common Shares thereafter deliverable upon the exercise of the Rights, and (iv) the number of Common Shares of each such issuer thereafter receivable upon exercise of any Right shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions of Sections 11 and 12 and the provisions of Section 7, 9 and 10 with respect to the Preferred Shares

shall apply, as nearly as reasonably may be, on like terms to any such Common Shares.

SECTION 12. Certain Adjustments. (a) To preserve the actual or potential economic value of the Rights, if at any time after the date of this Rights Agreement there shall be any change in the Common Shares or the Preferred Shares, whether by reason of stock dividends, stock splits, recapitalizations, mergers, consolidations, combinations or exchanges of securities, split-ups, split-offs, spin-offs, liquidations, other similar changes in capitalization, any distribution or issuance of cash, assets, evidences of indebtedness or subscription rights, options or warrants to holders of Common Shares or Preferred Shares, as the case may be (other than distribution of the Rights or regular quarterly cash dividends) or otherwise, then, in each such event the Board of Directors of the Company shall make such appropriate adjustments in the number of Preferred Shares (or the number and kind of other securities) issuable upon exercise of each Right, the Purchase Price and Redemption Price in effect at such time and the number of Rights outstanding at such time (including the number of Rights or fractional Rights associated with each Common Share) such that following such adjustment such event shall not have had the effect of reducing or limiting the benefits the holders of the Rights would have had absent such event.

(b) If, as a result of an adjustment made pursuant to Section 12(a), the holder of any Right thereafter exercised shall become entitled to receive any securities other than Preferred Shares, thereafter the number of such securities so receivable upon exercise of any Right shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions of Sections 11 and 12 and the provisions of Sections 7, 9 and 10 with respect to the Preferred Shares shall apply, as nearly as reasonably may be, on like terms to any such other securities.

(c) All Rights originally issued by the Company subsequent to any adjustment made to the amount of Preferred Shares or other securities relating to a Right shall evidence the right to purchase, for the Purchase Price, the adjusted number and kind of securities purchasable from time to time hereunder upon exercise of the Rights, all subject to further adjustment as provided herein.

(d) Irrespective of any adjustment or change in the Purchase Price or the number of Preferred Shares or number or kind of other securities issuable upon the exercise of the Rights, the Right Certificates theretofore and thereafter issued may continue to express the terms which were expressed in the initial Right Certificates issued hereunder.

(e) In any case in which action taken pursuant to Section 12(a) requires that an adjustment be made effective as of a record date for a specified event, the Company may elect to defer until the occurrence of such event the issuing to the holder of any Right exercised after such record date the Preferred Shares and/or other securities, if any, issuable upon such exercise over and above the Preferred Shares and/or other securities, if any, issuable before giving effect to such adjustment; provided, however, that the Company shall deliver to such holder a due bill or other appropriate instrument evidencing such holder's right to receive such additional securities upon the occurrence of the event requiring such adjustment.

SECTION 13. Certificate of Adjustment. Whenever an adjustment is made as provided in Section 11 or 12, the Company shall (a) promptly prepare a certificate setting forth such adjustment and a brief statement of the facts accounting for such adjustment, (b) promptly file with the Rights Agent and with each transfer agent for the Preferred Shares a copy of such certificate and (c) mail a brief summary thereof to each holder of a Right Certificate (or, prior to the Distribution Date, of the Common Shares) in accordance with Section 25. The Rights Agent shall be fully protected in relying on any such certificate and on any adjustment therein contained.

SECTION 14. Additional Covenants. (a) Notwithstanding any other provision of this Rights Agreement, no adjustment to the number of Preferred Shares (or fractions of a share) or other securities for which a Right is exercisable or the number of Rights outstanding or associated with each Common Share or any similar or other adjustment shall be made or be effective if such adjustment would have the effect of reducing or limiting the benefits the holders of the Rights would have had absent such adjustment, including, without limitation, the benefits under Sections 11 and 12, unless the terms of this Rights Agreement are amended so as to preserve such benefits.

(b) The Company covenants and agrees that, after the Distribution Date, except as permitted by Section 26, it will not take (or permit any Subsidiary of the Company to take) any action if at the time such action is taken it is intended or reasonably foreseeable that such action will reduce or otherwise limit the benefits the holders of the Rights would have had absent such action, including, without limitation, the benefits under Sections 11 and 12. Any action taken by the Company during any period after any Person becomes an Acquiring Person but prior to the Distribution Date shall be null and void unless such action could be taken under this Section 14(b) from and after the Distribution Date. The Company shall not consummate any Business Combination if any issuer of Common Shares for which Rights may be exercised after such Business Combination in accordance with Section 11(c) shall have taken or contemplated taking any action that reduces or otherwise limits the benefits the holders of the Rights would have had absent such action, including, without limitation, the benefits under Sections 11 and 12.

SECTION 15. Fractional Rights and Fractional Shares. (a) The Company may, but shall not be required to, issue fractions of Rights or distribute Right Certificates which evidence fractional Rights. In lieu of such fractional Rights, the Company may pay to the registered holders of the Right Certificates with regard to which such fractional Rights would otherwise be issuable an amount in cash equal to the same fraction of the current market value of a whole Right. For purposes of this Section 15(a), the current market value of a whole Right shall be the closing price of the Rights (as determined pursuant to the second and third sentences of the definition of Market Value contained in Section 1) for the Trading Day immediately prior to the date on which such fractional Rights would have been otherwise issuable.

(b) The Company may, but shall not be required to, issue fractions of Preferred Shares upon exercise of the Rights or distribute certificates which evidence fractional Preferred Shares. In lieu of fractional Preferred Shares, the Company may elect to (i) utilize a depository arrangement as provided by the terms of the Preferred Shares or (ii) in the case of a fraction of a Preferred Share (other than one one-thousandths (1/1,000ths) of a Preferred Share or any integral multiple thereof), pay to the registered holders of Right Certificates at the time such Rights are exercised as herein provided an amount in cash equal to the same fraction of the current market value of

one Preferred Share, if any are outstanding and publicly traded (or the Formula Number times the current market value of one Common Share if the Preferred Shares are not outstanding and publicly traded). For purposes of this Section 15(b), the current market value of a Preferred Share (or Common Share) shall be the closing price of a Preferred Share (or Common Share) (as determined pursuant to the second and third sentences of the definition of Market Value contained in Section 1) for the Trading Day immediately prior to the date of such exercise. If, as a result of an adjustment made pursuant to Section 12(a), the holder of any Right thereafter exercised shall become entitled to receive any securities other than Preferred Shares, the provisions of this Section 15(b) shall apply, as nearly as reasonably may be, on like terms to such other securities.

(c) The Company may, but shall not be required to, issue fractions of Common Shares upon exchange of Rights pursuant to Section 11(b), or to distribute certificates which evidence fractional Common Shares. In lieu of such fractional Common Shares, the Company may pay to the registered holders of the Right Certificates with regard to which such fractional Common Shares would otherwise be issuable an amount in cash equal to the same fraction of the current Market Value of one Common Share as of the date on which a Person became an Acquiring Person.

(d) The holder of Rights by the acceptance of the Rights expressly waives his right to receive any fractional Rights or any fractional shares upon exercise of a Right except as provided in this Section 15.

SECTION 16. Rights of Action. (a) All rights of action in respect of this Rights Agreement are vested in the respective registered holders of the Right Certificates (and, prior to the Distribution Date, the registered holders of the Common Shares); and any registered holder of any Right Certificate (or, prior to the Distribution Date, of the Common Shares), without the consent of the Rights Agent or of the holder of any other Right Certificate (or, prior to the Distribution Date, of the Common Shares) may, in his own behalf and for his own benefit, enforce, and may institute and maintain any suit, action or proceeding against the Company to enforce, or otherwise act in respect of, his right to exercise the Rights evidenced by such Right Certificate in the manner provided in such Right Certificate and in this Rights Agreement. Without limiting the foregoing or any remedies available to the holders of Rights, it is specifically acknowledged that the holders of

Rights would not have an adequate remedy at law for any breach of this Rights Agreement and shall be entitled to specific performance of the obligations of any Person under, and injunctive relief against actual or threatened violations of the obligations of any Person subject to, this Rights Agreement.

(b) Any holder of Rights who prevails in an action to enforce the provisions of this Rights Agreement shall be entitled to recover the reasonable costs and expenses, including attorneys' fees, incurred in such action.

SECTION 17. Transfer and Ownership of Rights and Right Certificates. (a) Prior to the Distribution Date, the Rights will be transferable only in connection with the transfer of the Common Shares and the Rights associated with the Common Shares shall be automatically transferred upon the transfer of the Common Shares.

(b) After the Distribution Date, the Right Certificates will be transferable, subject to Section 7(e), only on the registry books of the Rights Agent if surrendered at the principal office of the Rights Agent, duly endorsed or accompanied by a proper instrument of transfer.

(c) The Company and the Rights Agent may deem and treat the Person in whose name a Right Certificate (or, prior to the Distribution Date, the associated Common Shares certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on the Right Certificates or the associated certificate for Common Shares made by anyone other than the Company or the Rights Agent) for all purposes whatsoever, and neither the Company nor the Rights Agent shall be affected by any notice to the contrary.

SECTION 18. Right Certificate Holder Not Deemed a Shareholder. No holder, as such, of any Right Certificate shall be entitled to vote or receive dividends or be deemed, for any purpose, the holder of the Preferred Shares or of any other securities of the Company which may at any time be issuable on the exercise of the Rights represented thereby, nor shall anything contained herein or in any Right Certificate be construed to confer upon the holder of any Right Certificate, as such, any of the rights of a shareholder of the Company, including, without limitation, any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to give

or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting shareholders, or to receive dividends or other distributions or subscription rights, or otherwise, until the Right or Rights evidenced by such Right Certificate shall have been exercised in accordance with the provisions hereof.

SECTION 19. Concerning the Rights Agent. (a) The Company agrees to pay to the Rights Agent, as shall be agreed to in writing between the Company and the Rights Agent, compensation for all services rendered by it hereunder from time to time and its reasonable expenses and counsel fees and expenses and other disbursements incurred in the administration and execution of this Rights Agreement and the exercise and performance of its duties hereunder. The provisions of this Section 19(a) shall survive the expiration of the Rights and the termination of this Agreement.

(b) The Rights Agent shall be protected and shall incur no liability for or in respect of any action taken, suffered or omitted by it in connection with its administration of this Rights Agreement in reliance upon any Right Certificate or certificate for the Common Shares or for other securities of the Company, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, opinion, instruction, direction, consent, certificate, statement, or other paper or document believed by it to be genuine and to be signed and executed by the proper Person or Persons.

SECTION 20. Merger or Consolidation or Change of Rights Agent. (a) Any corporation into which the Rights Agent or any successor Rights Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Rights Agent or any successor Rights Agent shall be a party, or any corporation succeeding to the stock transfer or corporate trust business of the Rights Agent or any successor Rights Agent, shall be the successor to the Rights Agent under this Rights Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto; provided that such corporation would be eligible for appointment as a successor Rights Agent under the provisions of Section 22. In case, at the time such successor Rights Agent shall succeed to the agency created by this Rights Agreement, any of the Right Certificates shall have been countersigned but not delivered, any such successor Rights Agent may adopt the countersignature of the predecessor

Rights Agent and deliver such Right Certificates so countersigned; and, in case at that time any of the Right Certificates shall not have been countersigned, any successor Rights Agent may countersign such Right Certificates either in the name of the predecessor Rights Agent or in the name of the successor Rights Agent; and in all such cases such Right Certificates shall have the full force provided in the Right Certificates and in this Rights Agreement.

(b) In case at any time the name of the Rights Agent shall be changed and at such time any of the Right Certificates shall have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its prior name and deliver Right Certificates so countersigned; and, in case at that time any of the Right Certificates shall not have been countersigned, the Rights Agent may countersign such Right Certificates either in its prior name or in its changed name; and in all such cases such Right Certificates shall have the full force provided in the Right Certificates and in this Rights Agreement.

SECTION 21. Duties of Rights Agent. The Rights Agent undertakes the duties and obligations imposed by this Rights Agreement upon the following terms and conditions, by all of which the Company and the holders of Right Certificates (or, prior to the Distribution Date, of the Common Shares), by their acceptance thereof, shall be bound:

(a) The Rights Agent may consult with legal counsel satisfactory to it (who may be legal counsel for the Company), and the opinion of such counsel shall be full and complete authorization and protection to the Rights Agent as to any action taken, suffered or omitted by it in good faith and in accordance with such opinion.

(b) Whenever in the performance of its duties under this Rights Agreement the Rights Agent shall deem it necessary or desirable that any fact or matter (including, without limitation, the identity of any Acquiring Person) be proved or established by the Company prior to taking, refraining from taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by any one of the Chairman of the Board, the Chief Executive Officer, the President, the Chief Operating Officer, the Chief Financial Officer, a Vice President (whether preceded by any additional title), the Treasurer or the Secretary of the Company and delivered to the Rights

Agent or by the directors of the Company whose vote would be sufficient to redeem the Rights under Section 24. Such certificate shall be full authorization to the Rights Agent for any action taken or suffered in good faith by it under the provisions of this Rights Agreement in reliance upon such certificate. In the event any such certificate signed by such directors is inconsistent with any other such certificate, the certificate signed by such directors shall control.

(c) The Rights Agent shall be liable hereunder only for its own gross negligence, bad faith or wilful misconduct.

(d) The Rights Agent shall not be liable for or by reason of any of the statements of fact or recitals contained in this Rights Agreement or in the Right Certificates (except as to its countersignature thereof) or be required to verify the same, but all such statements and recitals are and shall be deemed to have been made by the Company only.

(e) The Rights Agent shall not be under any responsibility in respect of the validity of this Rights Agreement or the execution and delivery hereof (except the due execution hereof by the Rights Agent) or in respect of the validity or execution of any Right Certificate (except its countersignature thereof); nor shall it be responsible for any breach by the Company of any covenant or condition contained in this Rights Agreement or in any Right Certificate; nor shall it be responsible for any adjustment required under the provisions of Section 11 or 12 or responsible for the manner, method or amount of any such adjustment or the ascertaining of the existence of facts that would require any such adjustment (except with respect to the exercise of Rights evidenced by Right Certificates after actual notice of any such adjustment); nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any Preferred Shares or Common Shares to be issued pursuant to this Rights Agreement or any Right Certificate or as to whether any Preferred Shares or Common Shares will, when so issued, be validly authorized and issued, fully paid and nonassessable.

(f) The Company agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be

required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Rights Agreement.

(g) The Rights Agent is hereby authorized and directed to accept instructions with respect to the performance of its duties hereunder from any one of the Chairman of the Board, the Chief Executive Officer, the President, the Chief Operating Officer, a Vice President (whether preceded by any additional title), the Secretary or the Treasurer of the Company or from the directors of the Company whose vote would be sufficient to redeem the Rights under Section 24, and to apply to such officers or directors for advice and instructions in connection with its duties and it shall not be liable for any action taken or suffered to be taken by it in good faith in accordance with instructions of any such officers or directors or for any delay in acting while waiting for those instructions. Any application by the Rights Agent for written instructions from the Company may, at the option of the Rights Agent, set forth in writing any action proposed to be taken or omitted by the Rights Agent under this Agreement and the date on and/or after which such action shall be taken or such omission shall be effective. The Rights Agent shall not be liable for any action taken by, or omission of, the Rights Agent in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than three Business Days after the date any officer of the Company actually receives such application, unless any such officer shall have consented in writing to any earlier date) unless, prior to taking any such action (or the effective date in the case of an omission), the Rights Agent shall have received written instructions in response to such application specifying the action to be taken or omitted.

(h) The Rights Agent and any shareholder, director, officer, employee or affiliate of the Rights Agent may buy, sell or deal in any of the Rights or other securities of the Company or become pecuniarily interested in any transaction in which the Company may be interested, or contract with or lend money to the Company or otherwise act as fully and freely as though it were not the Rights Agent under this Rights Agreement. Nothing herein shall preclude the Rights Agent from acting in any other capacity for the Company or for any other legal entity.

(i) The Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any

duty hereunder either itself or by or through its attorneys or agents, and the Rights Agent shall not be answerable or accountable for any act, default, neglect or misconduct of any such attorneys or agents or for any loss to the Company resulting from any such act, default, neglect or misconduct provided reasonable care was exercised in the selection thereof.

(j) The Company agrees to indemnify and to hold the Rights Agent harmless against any loss, liability, damage or expense (including reasonable fees and expenses of legal counsel) which the Rights Agent may incur in connection with this Rights Agreement; provided, however, that the Rights Agent shall not be indemnified or held harmless with respect to any such loss, liability, damage or expense incurred by the Rights Agent as a result of, or arising out of, its own gross negligence, bad faith or wilful misconduct. If any action, proceeding (including, but not limited to, any governmental investigation), claim or dispute (collectively, a "Proceeding") in respect of which indemnity may be sought is brought or asserted against the Rights Agent, the Rights Agent shall promptly (and in no event more than ten (10) days after receipt of written notice of such Proceeding) notify the Company of such Proceeding. The failure of the Rights Agent to so notify the Company shall not impair the Rights Agent's ability to seek indemnification from the Company (but only for costs, expenses and liabilities incurred after such notice) unless such failure adversely affects the Company's ability to adequately oppose or defend such Proceeding. Upon receipt of such notice from the Rights Agent, the Company shall be entitled to participate in such Proceeding and, to the extent that it shall so desire and provided no conflict of interest exists as specified in (b) below or there are no other defenses available to the Rights Agent as specified in (d) below, to assume the defense thereof with counsel reasonably satisfactory to the Rights Agent (in which case all attorney's fees and expenses shall be borne by the Company and the Company shall in good faith defend the Rights Agent). The Rights Agent shall have the right to employ separate counsel in any such Proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be borne by the Rights Agent unless (a) the Company agrees in writing to pay such fees and expenses, (b) the Rights Agent shall have reasonably and in good faith concluded that there is a conflict of interest between the Company and the Rights Agent in the conduct of the defense of such action, (c) the Company fails, within ten (10) days prior to the date the first response or

appearance is required to be made in such Proceeding, to assume the defense of such Proceeding with counsel reasonably satisfactory to the Rights Agent or (d) there are legal defenses available to the Rights Agent that are different from or are in addition to those available to the Company. No compromise or settlement of such Proceeding may be effected by either party without the other party's consent unless (i) there is no finding or admission of any violation of law and no effect on any other claims that may be made against such other party and (ii) the sole relief provided is monetary damages that are paid in full by the party seeking the settlement. Neither party shall have any liability with respect to any compromise or settlement effected without its consent, which consent shall not be unreasonably withheld. The Company shall have no obligation to indemnify and hold harmless the Rights Agent from any loss, expense or liability incurred by the Rights Agent as a result of a default judgment entered against the Rights Agent unless such judgment was entered after the Company agreed, in writing, to assume the defense of such Proceeding.

The provisions of this Section 21(j) shall survive expiration of the Rights and the termination of this Agreement.

(k) The Rights Agent shall be under no obligation to institute any action, suit or legal proceeding or to take any other action likely to involve expense unless the Company or one or more registered holders of Right Certificates shall furnish the Rights Agent with security and indemnity to its satisfaction for any costs and expenses which may be incurred.

(l) The Rights Agent shall not be liable for failure to perform any duties except as specifically set forth herein and no implied covenants or obligations shall be read into this Agreement against the Rights Agent, whose duties and obligations are ministerial and shall be determined solely by the express provisions hereof.

SECTION 22. Change of Rights Agent. The Rights Agent or any successor Rights Agent may resign and be discharged from its duties under this Rights Agreement upon 30 days' notice in writing mailed to the Company and to each transfer agent of the Common Shares and the Preferred Shares by registered or certified mail. The Company may remove the Rights Agent or any successor Rights Agent upon 30 days' notice in writing, mailed to the Rights Agent or successor

Rights Agent, as the case may be, and to each transfer agent of the Common Shares and the Preferred Shares by registered or certified mail. If the Rights Agent shall resign or be removed or shall otherwise become incapable of acting, the Company shall appoint a successor to the Rights Agent. If the Company shall fail to make such appointment within a period of 30 days after giving notice of such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent or by the holder of a Right Certificate (or, prior to the Distribution Date, of the Common Shares) (who shall, with such notice, submit his Right Certificate or, prior to the Distribution Date, the certificate representing his Common Shares, for inspection by the Company), then the Rights Agent or the registered holder of any Right Certificate (or, prior to the Distribution Date, of the Common Shares) may apply to any court of competent jurisdiction for the appointment of a new Rights Agent. Any successor Rights Agent, whether appointed by the Company or by such a court, shall be a corporation organized and doing business under the laws of the United States or of the State of New York (or of any other state of the United States so long as such corporation is authorized to conduct a stock transfer or corporate trust business in the State of New York), in good standing, having a principal office in the State of New York, which is authorized under such laws to exercise stock transfer or corporate trust powers and is subject to supervision or examination by Federal or state authority and which has at the time of its appointment as Rights Agent a combined capital and surplus of at least \$50,000,000; provided that the principal transfer agent for the Common Shares shall in any event be qualified to be the Rights Agent. After appointment, the successor Rights Agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent shall deliver and transfer to the successor Rights Agent any property at the time held by it hereunder, and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment, the Company shall file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Common Shares and the Preferred Shares, and mail a notice thereof in writing to the registered holders of the Right Certificates (or, prior to the Distribution Date, of the Common Shares). Failure to give any notice provided for in this Section 22, however, or any defect therein shall not affect the legality or validity of the resignation or removal of the Rights Agent or the

appointment of the successor Rights Agent, as the case may be.

SECTION 23. Issuance of Additional Rights and Right Certificates. Notwithstanding any of the provisions of this Rights Agreement or of the Rights to the contrary, the Company may, at its option, issue new Right Certificates evidencing Rights in such form as may be approved by its Board of Directors to reflect any adjustment or change made in accordance with the provisions of this Rights Agreement. In addition, in connection with the issuance or sale of Common Shares following the Distribution Date and prior to the earlier of the Redemption Date and the Expiration Date, the Company (a) shall, with respect to Common Shares so issued or sold pursuant to the exercise of stock options or under any employee plan or arrangement, or upon the exercise, conversion or exchange of securities, notes or debentures issued by the Company, and (b) may, in any other case, if deemed necessary or appropriate by the Board of Directors of the Company, issue Right Certificates representing the appropriate number of Rights in connection with such issuance or sale; provided, however, that (i) no such Right Certificate shall be issued if, and to the extent that, the Company shall be advised by counsel that such issuance would create a significant risk of material adverse tax consequences to the Company or the Person to whom such Right Certificate would be issued, and (ii) no such Right Certificate shall be issued if, and to the extent that, appropriate adjustment shall otherwise have been made in lieu of the issuance thereof.

SECTION 24. Redemption and Termination. (a) The Board of Directors of the Company may, at its option, at any time prior to the earlier of (i) such time as a Person becomes an Acquiring Person and (ii) the Expiration Date, order the redemption of all, but not fewer than all, the then outstanding Rights at the Redemption Price (the date of such redemption being the "Redemption Date"), and the Company, at its option, may pay the Redemption Price either in cash or Common Shares or other securities of the Company deemed by the Board of Directors of the Company, in the exercise of its sole discretion, to be at least equivalent in value to the Redemption Price.

(b) Immediately upon the action of the Board of Directors of the Company ordering the redemption of the Rights, and without any further action and without any notice, the right to exercise the Rights will terminate and the only right thereafter of the holders of Rights shall be

to receive the Redemption Price. Within 10 Business Days after the action of the Board of Directors of the Company ordering the redemption of the Rights, the Company shall give notice of such redemption to the holders of the then outstanding Rights by mailing such notice to all such holders at their last addresses as they appear upon the registry books of the Rights Agent or, prior to the Distribution Date, on the registry books of the transfer agent for the Common Shares. Each such notice of redemption will state the method by which payment of the Redemption Price will be made. The notice, if mailed in the manner herein provided, shall be conclusively presumed to have been duly given, whether or not the holder of Rights receives such notice. In any case, failure to give such notice by mail, or any defect in the notice, to any particular holder of Rights shall not affect the sufficiency of the notice to other holders of Rights.

SECTION 25. Notices. Notices or demands authorized by this Agreement to be given or made by the Rights Agent or by the holder of a Right Certificate (or, prior to the Distribution Date, of the Common Shares) to or on the Company shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Rights Agent) as follows:

ITT Industries, Inc.
4 West Red Oak Lane
White Plains, NY 10604

Attn: Senior Vice President and
General Counsel

Subject to the provisions of Section 22, any notice or demand authorized by this Rights Agreement to be given or made by the Company or by the holder of a Right Certificate (or, prior to the Distribution Date, of the Common Shares) to or on the Rights Agent shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Company) as follows:

The Bank of New York
101 Barclay Street, 12W
New York, NY 10286

Attn: Stock Transfer Administration

Notices or demands authorized by this Rights Agreement to be given or made by the Company or the Rights Agent to any holder of a Right Certificate (or, prior to the Distribution Date, of the Common Shares) shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed to such holder at the address of such holder as shown on the registry books of the Rights Agent or, prior to the Distribution Date, on the registry books of the transfer agent for the Common Shares.

SECTION 26. Supplements and Amendments. At any time prior to the Distribution Date and subject to the last sentence of this Section 26, the Company may, and the Rights Agent shall if the Company so directs, supplement or amend any provision of this Rights Agreement (including, without limitation, the date on which the Distribution Date shall occur, the definition of "Acquiring Person", the time during which the Rights may be redeemed pursuant to Section 24 or any provision of the Certificate of Designation) without the approval of any holder of the Rights. From and after the Distribution Date and subject to applicable law, the Company may, and the Rights Agent shall if the Company so directs, amend this Rights Agreement without the approval of any holders of Right Certificates (i) to cure any ambiguity or to correct or supplement any provision contained herein which may be defective or inconsistent with any other provision of this Rights Agreement or (ii) to make any other provisions in regard to matters or questions arising hereunder which the Company may deem necessary or desirable and which shall not adversely affect the interests of the holders of Right Certificates (other than an Acquiring Person or an Affiliate or Associate of an Acquiring Person). Any supplement or amendment adopted during any period after any Person has become an Acquiring Person but prior to the Distribution Date shall be null and void unless such supplement or amendment could have been adopted under the prior sentence from and after the Distribution Date. Any supplement or amendment to this Rights Agreement duly approved by the Company that does not amend Sections 19, 20, 21 or 22 in a manner adverse to the Rights Agent shall become effective immediately upon execution by the Company, whether or not also executed by the Rights Agent. The Rights Agent shall receive prompt written notice from the Company of any amendment hereunder. In addition, notwithstanding anything to the contrary contained in this Rights Agreement, no supplement or amendment to this Rights Agreement shall be made which (a) reduces the Redemption Price (except as required by Section 12(a)) or (b) provides for an earlier Expiration Date. Upon the delivery of a

certificate from an appropriate officer of the Company which states that the proposed supplement or amendment is in compliance with the terms of this Section, the Rights Agent shall execute such supplement or amendment. Notwithstanding any other provision hereof, the Rights Agent's consent must be obtained regarding any amendment or supplement pursuant to this Section 26 which alters the Rights Agent's rights or duties.

SECTION 27. Successors. All the covenants and provisions of this Rights Agreement by or for the benefit of the Company or the Rights Agent shall bind and inure to the benefit of their respective successors and assigns hereunder.

SECTION 28. Benefits of Rights Agreement; Determinations and Actions by the Board of Directors, etc. (a) Nothing in this Rights Agreement shall be construed to give to any Person other than the Company, the Rights Agent and the registered holders of the Right Certificates (and, prior to the Distribution Date, of the Common Shares) any legal or equitable right, remedy or claim under this Rights Agreement; but this Rights Agreement shall be for the sole and exclusive benefit of the Company, the Rights Agent and the registered holders of the Right Certificates (and, prior to the Distribution Date, of the Common Shares).

(b) Except as explicitly otherwise provided in this Rights Agreement, the Board of Directors of the Company shall have the exclusive power and authority to administer this Rights Agreement and to exercise all rights and powers specifically granted to the Board of Directors of the Company or to the Company, or as may be necessary or advisable in the administration of this Rights Agreement, including, without limitation, the right and power to (i) interpret the provisions of this Rights Agreement and (ii) make all determinations deemed necessary or advisable for the administration of this Rights Agreement (including, without limitation, a determination to redeem or not redeem the Rights or to amend this Rights Agreement and whether there is an Acquiring Person).

(c) Nothing contained in this Rights Agreement shall be deemed to be in derogation of the obligation of the Board of Directors of the Company to exercise its fiduciary duty. Without limiting the foregoing, nothing contained herein shall be construed to suggest or imply that the Board of Directors shall not be entitled to reject any tender offer, or to recommend that holders of Common Shares reject any tender offer or other acquisition proposal, or to take any other action (including, without limitation, the commencement, prosecution, defense or settlement of any litigation and the submission of additional or alternative offers or other proposals) with respect to any tender offer or other acquisition proposal that the Board of Directors believes is necessary or appropriate in the exercise of such fiduciary duty.

SECTION 29. Severability. If any term, provision, covenant or restriction of this Rights Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Rights Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

SECTION 30. GOVERNING LAW. THIS RIGHTS AGREEMENT AND EACH RIGHT CERTIFICATE ISSUED HEREUNDER SHALL BE DEEMED TO BE A CONTRACT MADE UNDER THE LAW OF THE STATE OF INDIANA AND FOR ALL PURPOSES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF SUCH STATE APPLICABLE TO CONTRACTS TO BE MADE AND PERFORMED ENTIRELY WITHIN SUCH STATE, PROVIDED, HOWEVER, THAT THE RIGHTS AND OBLIGATIONS OF THE RIGHTS AGENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

SECTION 31. Counterparts; Effectiveness. This Rights Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument. This Rights Agreement shall be effective as of the Close of Business on the date hereof.

SECTION 32. Descriptive Headings. Descriptive headings of the several Sections of this Rights Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions of this Rights Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Rights Agreement to be duly executed as of the day and year first above written.

ITT Indiana, Inc.

by

Name:

Title:

The Bank of New York,
as Rights Agent,

by

Name:

Title:

ARTICLES OF AMENDMENT SETTING FORTH
THE DESIGNATIONS, VOTING POWERS, PREFERENCES AND
RELATIVE, PARTICIPATING, OPTIONAL AND OTHER SPECIAL RIGHTS
AND QUALIFICATIONS, LIMITATIONS OR RESTRICTIONS OF
SERIES A PARTICIPATING CUMULATIVE PREFERRED STOCK
OF ITT INDIANA, INC.

Pursuant to Section 23-1-25-1 and Section 23-1-25-2 of the Business Corporation Law of the State of Indiana, ITT Indiana, Inc., to be renamed ITT Industries, Inc. (the "Corporation"), a corporation organized and existing under the Business Corporation Law of the State of Indiana, in accordance with the provisions of Section 23-1-18-1 and Section 23-1-38-6 thereof, DOES HEREBY CERTIFY:

That, pursuant to the authority conferred upon the Board of Directors of the Corporation by ARTICLE FOURTH of the Articles of Incorporation of the Corporation (the "Articles of Incorporation"), the Board of Directors of the Corporation on October 10, 1995, adopted the following resolution amending the Articles of Incorporation to create a series of Preferred Stock designated as Series A Participating Cumulative Preferred Stock:

RESOLVED that pursuant to the authority vested in the Board of Directors of the Corporation in ARTICLE FOURTH of the Articles of Incorporation, the designations, voting powers, preferences and relative, participating, optional and other special rights and qualifications, limitations or restrictions of a series of Preferred Stock be, and they hereby are, fixed as follows:

SECTION 1. Designation and Number of Shares. The shares of such series shall be designated as "Series A Participating Cumulative Preferred Stock" (the "Series A Preferred Stock"), without par value. The number of shares initially constituting the Series A Preferred Stock shall be 300,000; provided, however, that, if more than a total of 300,000 shares of Series A Preferred Stock shall be issuable upon the exercise of Rights (the "Rights") issued pursuant to that Rights Agreement between the Corporation and The Bank of New York, a New York banking corporation, as Rights Agent (the "Rights Agreement"), the Board of Directors of the Corporation, pursuant to Section 23-1-25-2(d) of the Business Corporation Law of the State of Indiana, shall direct by resolution or resolutions that articles of amendment be properly executed and delivered to the

Secretary of State for the State of Indiana for filing in accordance with the provisions of Section 23-1-18-1 and Section 23-1-38-6 thereof, providing for the total number of shares of Series A Preferred Stock authorized to be issued to be increased (to the extent that the Articles of Incorporation then permit) to the largest number of whole shares (rounded up to the nearest whole number) issuable upon exercise of such Rights.

SECTION 2. Dividends or Distributions. (a) Subject to the prior and superior rights of the holders of shares of any other series of Preferred Stock or other class of capital stock of the Corporation ranking prior and superior to the shares of Series A Preferred Stock with respect to dividends, the holders of shares of the Series A Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors, out of the assets of the Corporation legally available therefor, (1) quarterly dividends payable in cash on the last day of each fiscal quarter in each year, or such other dates as the Board of Directors of the Corporation shall approve (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or a fraction of a share of Series A Preferred Stock, in the amount of \$.01 per whole share (rounded to the nearest cent) less the amount of all cash dividends declared on the Series A Preferred Stock pursuant to the following clause (2) since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Preferred Stock (the total of which shall not, in any event, be less than zero) and (2) dividends payable in cash on the payment date for each cash dividend declared on the Common Stock in an amount per whole share (rounded to the nearest cent) equal to the Formula Number (as hereinafter defined) then in effect times the cash dividends then to be paid on each share of Common Stock. In addition, if the Corporation shall pay any dividend or make any distribution on the Common Stock payable in assets, securities or other forms of noncash consideration (other than dividends or distributions solely in shares of Common Stock), then, in each such case, the Corporation shall simultaneously pay or make on each outstanding whole share of Series A Preferred Stock a dividend or distribution in like kind equal to the Formula Number then in effect times such dividend or distribution on each share of the Common Stock. As used herein, the "Formula Number" shall be 1,000; provided, however, that, if at any time after the Distribution Record

Date (as defined in that Notice of Special Meeting and Proxy Statement, dated August 30, 1995, filed with the Securities and Exchange Commission by ITT Corporation), the Corporation shall (i) declare or pay any dividend on the Common Stock payable in shares of Common Stock or make any distribution on the Common Stock in shares of Common Stock, (ii) subdivide (by a stock split or otherwise) the outstanding shares of Common Stock into a larger number of shares of Common Stock or (iii) combine (by a reverse stock split or otherwise) the outstanding shares of Common Stock into a smaller number of shares of Common Stock, then in each such event the Formula Number shall be adjusted to a number determined by multiplying the Formula Number in effect immediately prior to such event by a fraction, the numerator of which is the number of shares of Common Stock that are outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that are outstanding immediately prior to such event (and rounding the result to the nearest whole number); and provided further, that, if at any time after the Distribution Record Date, the Corporation shall issue any shares of its capital stock in a merger, reclassification, or change of the outstanding shares of Common Stock, then in each such event the Formula Number shall be appropriately adjusted to reflect such merger, reclassification or change so that each share of Preferred Stock continues to be the economic equivalent of a Formula Number of shares of Common Stock prior to such merger, reclassification or change.

(b) The Corporation shall declare a dividend or distribution on the Series A Preferred Stock as provided in Section 2(a) immediately prior to or at the same time it declares a dividend or distribution on the Common Stock (other than a dividend or distribution solely in shares of Common Stock); provided, however, that, in the event no dividend or distribution (other than a dividend or distribution in shares of Common Stock) shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of \$.01 per share on the Series A Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date. The Board of Directors may fix a record date for the determination of holders of shares of Series A Preferred Stock entitled to receive a dividend or distribution declared thereon, which record date shall be the same as the record date for any corresponding dividend or distribution on the Common Stock.

(c) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Preferred Stock from and after the Quarterly Dividend Payment Date next preceding the date of original issue of such shares of Series A Preferred Stock; provided, however, that dividends on such shares which are originally issued after the record date for the determination of holders of shares of Series A Preferred Stock entitled to receive a quarterly dividend and on or prior to the next succeeding Quarterly Dividend Payment Date shall begin to accrue and be cumulative from and after such Quarterly Dividend Payment Date. Notwithstanding the foregoing, dividends on shares of Series A Preferred Stock which are originally issued prior to the record date for the determination of holders of shares of Series A Preferred Stock entitled to receive a quarterly dividend on the first Quarterly Dividend Payment Date shall be calculated as if cumulative from and after the last day of the fiscal quarter next preceding the date of original issuance of such shares. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series A Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding.

(d) So long as any shares of the Series A Preferred Stock are outstanding, no dividends or other distributions shall be declared, paid or distributed, or set aside for payment or distribution, on the Common Stock unless, in each case, the dividend required by this Section 2 to be declared on the Series A Preferred Stock shall have been declared.

(e) The holders of the shares of Series A Preferred Stock shall not be entitled to receive any dividends or other distributions except as provided herein.

SECTION 3. Voting Rights. The holders of shares of Series A Preferred Stock shall have the following voting rights:

(a) Each holder of Series A Preferred Stock shall be entitled to a number of votes equal to the Formula Number then in effect, for each share of Series A Preferred Stock held of record on each matter on which holders of the Common Stock or shareholders generally are entitled to vote, multiplied by the maximum number of votes per share which any holder of the Common Stock or shareholders generally then have with respect to such matter (assuming any holding

period or other requirement to vote a greater number of shares is satisfied).

(b) Except as otherwise provided herein or by applicable law, the holders of shares of Series A Preferred Stock and the holders of shares of Common Stock shall vote together as one class for the election of directors of the Corporation and on all other matters submitted to a vote of shareholders of the Corporation.

(c) If, at the time of any annual meeting of shareholders for the election of directors, the equivalent of six quarterly dividends (whether or not consecutive) payable on any share or shares of Series A Preferred Stock are in default, the number of directors constituting the Board of Directors of the Corporation shall be increased by two. In addition to voting together with the holders of Common Stock for the election of other directors of the Corporation, the holders of record of the Series A Preferred Stock, voting separately as a class to the exclusion of the holders of Common Stock, shall be entitled at said meeting of shareholders (and at each subsequent annual meeting of shareholders), unless all dividends in arrears have been paid or declared and set apart for payment prior thereto, to vote for the election of two directors of the Corporation, the holders of any Series A Preferred Stock being entitled to cast a number of votes per share of Series A Preferred Stock equal to the Formula Number. Until the default in payments of all dividends which permitted the election of said directors shall cease to exist, any director who shall have been so elected pursuant to the next preceding sentence may be removed at any time, either with or without cause, only by the affirmative vote of the holders of the shares of Series A Preferred Stock at the time entitled to cast a majority of the votes entitled to be cast for the election of any such director at a special meeting of such holders called for that purpose, and any vacancy thereby created may be filled by the vote of such holders. If and when such default shall cease to exist, the holders of the Series A Preferred Stock shall be divested of the foregoing special voting rights, subject to reversion in the event of each and every subsequent like default in payments of dividends. Upon the termination of the foregoing special voting rights, the terms of office of all persons who may have been elected directors pursuant to said special voting rights shall forthwith terminate, and the number of directors constituting the Board of Directors shall be reduced by two. The voting rights granted by this Section 3(c) shall be in

addition to any other voting rights granted to the holders of the Series A Preferred Stock in this Section 3.

(d) Except as provided herein, in Section 11 or by applicable law, holders of Series A Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for authorizing or taking any corporate action.

SECTION 4. Certain Restrictions. (a) Whenever quarterly dividends or other dividends or distributions payable on the Series A Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series A Preferred Stock outstanding shall have been paid in full, the Corporation shall not

(i) declare or pay dividends on, make any other distributions on, or redeem or purchase or otherwise acquire for consideration any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock;

(ii) declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except dividends paid ratably on the Series A Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock; provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such parity stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock; or

(iv) purchase or otherwise acquire for consideration any shares of Series A Preferred Stock, or any shares of stock ranking on a parity with the Series A

Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(b) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (a) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

SECTION 5. Liquidation Rights. Upon the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, no distribution shall be made (1) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock unless, prior thereto, the holders of shares of Series A Preferred Stock shall have received an amount equal to the accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, plus an amount equal to the greater of (x) \$.01 per whole share or (y) an aggregate amount per share equal to the Formula Number then in effect times the aggregate amount to be distributed per share to holders of Common Stock or (2) to the holders of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except distributions made ratably on the Series A Preferred Stock and all other such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up; provided that in no event shall the amount or amounts, if any, exceed \$100 per share plus accrued dividends in the case of involuntary liquidation, dissolution or winding up of the Corporation.

SECTION 6. Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash or any other property, then in any such case the then outstanding shares of Series A Preferred Stock shall at the same time be similarly exchanged or changed

into an amount per share equal to the Formula Number then in effect times the aggregate amount of stock, securities, cash or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is exchanged or changed. In the event both this Section 6 and Section 2 appear to apply to a transaction, this Section 6 will control.

SECTION 7. No Redemption; No Sinking Fund. (a) The shares of Series A Preferred Stock shall not be subject to redemption by the Corporation or at the option of any holder of Series A Preferred Stock; provided, however, that the Corporation may purchase or otherwise acquire outstanding shares of Series A Preferred Stock in the open market or by offer to any holder or holders of shares of Series A Preferred Stock.

(b) The shares of Series A Preferred Stock shall not be subject to or entitled to the operation of a retirement or sinking fund.

SECTION 8. Ranking. The Series A Preferred Stock shall rank junior to all other series of Preferred Stock of the Corporation, unless the Board of Directors shall specifically determine otherwise in fixing the powers, preferences and relative, participating, optional and other special rights of the shares of such series and the qualifications, limitations or restrictions thereof.

SECTION 9. Fractional Shares. The Series A Preferred Stock shall be issuable upon exercise of the Rights issued pursuant to the Rights Agreement in whole shares or in any fraction of a share that is one one-thousandths (1/1,000ths) of a share or any integral multiple of such fraction which shall entitle the holder, in proportion to such holder's fractional shares, to receive dividends, exercise voting rights, participate in distributions and to have the benefit of all other rights of holders of Series A Preferred Stock. In lieu of fractional shares, the Corporation, prior to the first issuance of a share or a fraction of a share of Series A Preferred Stock, may elect (1) to make a cash payment as provided in the Rights Agreement for fractions of a share other than one one-thousandths (1/1,000ths) of a share or any integral multiple thereof or (2) to issue depository receipts evidencing such authorized fraction of a share of Series A Preferred Stock pursuant to an appropriate agreement between the Corporation and a depository selected by the Corporation; provided that such agreement shall provide that

the holders of such depository receipts shall have all the rights, privileges and preferences to which they are entitled as holders of the Series A Preferred Stock.

SECTION 10. Reacquired Shares. Any shares of Series A Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof. All such shares shall upon their cancelation become authorized but unissued shares of Preferred Stock, without designation as to series until such shares are once more designated as part of a particular series by the Board of Directors pursuant to the provisions of ARTICLE FOURTH of the Articles of Incorporation.

SECTION 11. Amendment. None of the powers, preferences and relative, participating, optional and other special rights of the Series A Preferred Stock as provided herein or in the Articles of Incorporation shall be amended in any manner which would alter or change the powers, preferences, rights or privileges of the holders of Series A Preferred Stock so as to affect them adversely without the affirmative vote of the holders of at least 66-2/3% of the outstanding shares of Series A Preferred Stock, voting as a separate class; provided, however, that no such amendment approved by the holders of at least 66-2/3% of the outstanding shares of Series A Preferred Stock shall be deemed to apply to the powers, preferences, rights or privileges of any holder of shares of Series A Preferred Stock originally issued upon exercise of a Right after the time of such approval without the approval of such holder.

The foregoing amendment was duly adopted by the Board of Directors of the Corporation pursuant to Section 23-1-25-2(d) and Section 23-1-38-2(7) of the Business Corporation Law of the State of Indiana, and, accordingly, shareholder action was not required.

IN WITNESS WHEREOF, the Corporation has caused these Articles of Amendment to be duly executed in its corporate name on this day of November, 1995.

ITT INDIANA, INC.

by

Name:

Title:

Attest:

Name:

Title:

[Form of Right Certificate]

Certificate No. [R]-
_____ Rights

NOT EXERCISABLE AFTER NOVEMBER 1, 2005, OR EARLIER IF REDEEMED BY THE COMPANY. THE RIGHTS ARE SUBJECT TO REDEMPTION, AT THE OPTION OF THE COMPANY, AT \$.01 PER RIGHT, ON THE TERMS SET FORTH IN THE RIGHTS AGREEMENT. RIGHTS BENEFICIALLY OWNED BY AN ACQUIRING PERSON OR AN AFFILIATE OR ASSOCIATE OF AN ACQUIRING PERSON (AS SUCH TERMS ARE DEFINED IN THE RIGHTS AGREEMENT) AND BY ANY SUBSEQUENT HOLDER OF SUCH RIGHTS ARE NULL AND VOID AND NONTRANSFERABLE.

Right Certificate

ITT INDUSTRIES, INC.

This certifies that , or registered assigns, is the registered owner of the number of Rights set forth above, each of which entitles the owner thereof, subject to the terms, provisions and conditions of the Rights Agreement dated as of November 1, 1995 (the "Rights Agreement"), between ITT Indiana, Inc., to be renamed ITT Industries, Inc., an Indiana corporation (the "Company"), and The Bank of New York, a New York banking corporation, as Rights Agent (the "Rights Agent"), unless the Rights evidenced hereby shall have been previously redeemed by the Company, to purchase from the Company at any time after the Distribution Date (as defined in the Rights Agreement) and prior to 5:00 p.m., New York City time, on the 10th anniversary of the date of the Rights Agreement (the "Expiration Date"), at the designated office of the Rights Agent, or its successors as Rights Agent, in New York, New York, one one-thousandths (1/1,000ths) of a fully paid, nonassessable share of Series A Participating Cumulative Preferred Stock, without par value, of the Company (the "Preferred Shares"), at a purchase price per one one-thousandths (1/1,000ths) of a share equal to \$108 (the "Purchase Price") payable in cash, upon presentation and surrender of this Right Certificate with the Form of Election to Purchase duly executed.

The Purchase Price and the number and kind of shares which may be purchased upon exercise of each Right evidenced by this Right Certificate, as set forth above, are the Purchase Price and the number and kind of shares which may be so purchased as of . As provided in the Rights Agreement, the Purchase Price and the number and kind of shares which may be purchased upon the exercise of each Right evidenced by this Right Certificate are subject to modification and adjustment upon the happening of certain events.

If the Rights evidenced by this Right Certificate are at any time beneficially owned by an Acquiring Person or an Affiliate or Associate of an Acquiring Person (as such terms are defined in the Rights Agreement), such Rights shall be null and void and nontransferable and the holder of any such Right (including any purported transferee or subsequent holder) shall not have any right to exercise or transfer any such Right.

This Right Certificate is subject to all the terms, provisions and conditions of the Rights Agreement, which terms, provisions and conditions are hereby incorporated herein by reference and made a part hereof and to which reference to the Rights Agreement is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities hereunder of the Rights Agent, the Company and the holders of the Right Certificates. Copies of the Rights Agreement are on file at the above-mentioned office of the Rights Agent and are also available from the Company upon written request.

This Right Certificate, with or without other Right Certificates, upon surrender at the principal stock transfer or corporate trust office of the Rights Agent, may be exchanged for another Right Certificate or Right Certificates of like tenor and date evidencing Rights entitling the holder to purchase a like aggregate number and kind of shares as the Rights evidenced by the Right Certificate or Right Certificates surrendered shall have entitled such holder to purchase. If this Right Certificate shall be exercised in part, the holder shall be entitled to receive upon surrender hereof another Right Certificate or Right Certificates for the number of whole Rights not exercised.

Subject to the provisions of the Rights Agreement, the Rights evidenced by this Right Certificate may be redeemed by the Company at its option at a redemption price (in cash or shares of Common Stock or other securities of

the Company deemed by the Board of Directors to be at least equivalent in value) of \$.01 per Right (which amount shall be subject to adjustment as provided in the Rights Agreement) at any time prior to the earlier of (i) such time as a Person becomes an Acquiring Person and (ii) the Expiration Date.

The Company may, but shall not be required to, issue fractions of Preferred Shares or distribute certificates which evidence fractions of Preferred Shares upon the exercise of any Right or Rights evidenced hereby. In lieu of issuing fractional shares, the Company may elect to make a cash payment as provided in the Rights Agreement for fractions of a share other than one one-thousandths (1/1,000ths) of a share or any integral multiple thereof or to issue certificates or utilize a depository arrangement as provided in the terms of the Rights Agreement and the Preferred Shares.

No holder of this Right Certificate shall be entitled to vote or receive dividends or be deemed for any purpose the holder of the Preferred Shares or of any other securities of the Company which may at any time be issuable on the exercise hereof, nor shall anything contained in the Rights Agreement or herein be construed to confer upon the holder hereof, as such, any of the rights of a shareholder of the Company, including, without limitation, any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting shareholders (except as provided in the Rights Agreement), or to receive dividends or other distributions or subscription rights, or otherwise, until the Right or Rights evidenced by this Right Certificate shall have been exercised as provided in accordance with the provisions of the Rights Agreement.

This Right Certificate shall not be valid or obligatory for any purpose until it shall have been countersigned by an authorized signatory of the Rights Agent.

WITNESS the facsimile signature of the proper officers of the Company and its corporate seal.

Dated as of:

ITT INDUSTRIES, INC.,

by

Name:

Title:

Attest:

Name:

Title:

Date of countersignature:

Countersigned:

The Bank of New York,
as Rights Agent,

by

Authorized Signatory

[On Reverse Side of Right Certificate]

FORM OF ELECTION TO PURCHASE

(To be executed by the registered holder if such holder desires to exercise the Rights represented by this Right Certificate.)

To the Rights Agent:

The undersigned hereby irrevocably elects to exercise _____ Rights represented by this Right Certificate to purchase the Preferred Shares (or other shares) issuable upon the exercise of such Rights and requests that certificates for such shares be issued in the name of:

Please insert social security or other identifying number

(Please print name and address)

If such number of Rights shall not be all the Rights evidenced by this Right Certificate, a new Right Certificate for the balance remaining of such Rights shall be registered in the name of and delivered to:

Please insert social security or other identifying number

(Please print name and address)

Dated: _____, 19

Signature

Signature Guaranteed:

FORM OF ASSIGNMENT

(To be executed by the registered holder if such holder desires to transfer the Right Certificate.)

FOR VALUE RECEIVED _____ hereby sells, assigns and transfer unto _____

(Please print name and address of transferee)

this Right Certificate, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint _____ Attorney, to transfer the within Right Certificate on the books of the within-named Corporation, with full power of substitution.

Dated: _____, 19__

Signature

Signature Guaranteed:

The undersigned hereby certifies that (1) the Rights evidenced by this Right Certificate are not being sold, assigned or transferred by or on behalf of a Person who is or was an Acquiring Person or an Affiliate or Associate thereof (as such terms are defined in the Rights Agreement), (2) this Rights Certificate is not being sold, assigned or transferred to or on behalf of any such Acquiring Person, Affiliate or Associate and (3) after inquiry and to the best knowledge of the undersigned, the undersigned did not acquire the Rights evidenced by this Right Certificate from any Person who is or was an Acquiring Person or an Affiliate or Associate thereof (as such terms are defined in the Rights Agreement).

Signature

NOTICE

The signature on the foregoing Form of Election to Purchase or Form of Assignment must correspond to the name as written upon the face of this Right Certificate in every particular, without alteration or enlargement or any change whatsoever.

DISTRIBUTION AGREEMENT dated as of November 1, 1995, among ITT CORPORATION, a Delaware corporation ("ITT"), ITT DESTINATIONS, INC., a Nevada corporation ("ITT Destinations"), and ITT HARTFORD GROUP, INC., a Delaware corporation ("ITT Hartford").

WHEREAS, the Board of Directors of ITT has determined that it is appropriate and desirable to distribute to the holders of shares of Common Stock, par value \$1.00 per share, of ITT (the "ITT Common Stock") all the outstanding shares of common stock of ITT Destinations (the "ITT Destinations Common Shares") and all the outstanding shares of common stock of ITT Hartford (the "ITT Hartford Common Shares");

WHEREAS, each of ITT, ITT Destinations and ITT Hartford has determined that it is necessary and desirable to allocate and assign responsibility for those liabilities in respect of the activities of the businesses of such entities on the Distribution Date (as defined herein) and those liabilities in respect of other businesses and activities of ITT and its former subsidiaries and other matters; and

WHEREAS, each of ITT, ITT Destinations and ITT Hartford has determined that it is necessary and desirable to set forth the principal corporate transactions required to effect such distribution and to set forth other agreements that will govern certain other matters following the distribution.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, the parties hereby agree as follows:

ARTICLE I. DEFINITIONS

SECTION 1.01. General. As used in this Agreement, the following terms shall have the following meanings

(such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Action" shall mean any action, suit, arbitration, inquiry, proceeding or investigation by or before any court, any governmental or other regulatory or administrative agency, body or commission or any arbitration tribunal.

"Affiliate" shall mean, when used with respect to a specified person, another person that directly, or indirectly through one or more intermediaries, controls or is controlled by or is under common control with the person specified.

"Agent" shall have the meaning as defined in Section 2.01(b).

"Ancillary Agreements" shall mean all of the written agreements, instruments, understandings, assignments or other arrangements (other than this Agreement) entered into in connection with the transactions contemplated hereby, including, without limitation, the Conveyancing and Assumption Instruments, the Employee Benefits Services and Liability Agreement, the Tax Allocation Agreement and the Intellectual Property Agreements.

"Claims Administration" shall mean the processing of claims made under the Company Policies, including, without limitation, the reporting of losses or claims to insurance carriers (including, without limitation, as a result of reports provided to ITT Industries by ITT Destinations or ITT Hartford), management and defense of claims, the settlement of claims (except to the extent settlement authority remains with another party as contemplated by the second proviso to Section 7.03(a)) and providing for appropriate releases upon settlement of claims.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and the Treasury regulations promulgated thereunder, including any successor legislation.

"Commission" shall have the meaning as defined in Section 4.02(b).

"Company Policies" shall mean all Policies, current or past, which are or at any time were maintained by or on behalf of or for the benefit or protection of ITT or any

of its predecessors which relate to any Shared Liability, the ITT Industries Business, the ITT Destinations Business or the ITT Hartford Business, or current or past directors, officers, employees or agents of any of the foregoing Businesses, including, without limitation, the Policies identified on Schedule 7.01(a) hereto.

"Conveyancing and Assumption Instruments" shall mean, collectively, the various agreements, instruments and other documents to be entered into to effect the transfer of assets and the assumption of Liabilities in the manner contemplated by this Agreement.

"Distribution" shall mean the distribution on the Distribution Date to holders of record of shares of ITT Common Stock as of the Distribution Record Date of (i) the ITT Destinations Common Shares owned by ITT on the basis of one ITT Destinations Common Share for each outstanding share of ITT Common Stock and (ii) the ITT Hartford Common Shares owned by ITT on the basis of one ITT Hartford Common Share for each outstanding share of ITT Common Stock.

"Distribution Date" shall mean such date as may hereafter be determined by ITT's Board of Directors as the date as of which the Distribution shall be effected.

"Distribution Record Date" shall mean such date as may hereafter be determined by ITT's Board of Directors as the record date for the Distribution.

"Effective Time" shall mean 11:59 p.m., New York time, on the Distribution Date.

"Employee Benefits Services and Liability Agreement" shall mean the Employee Benefits Services and Liability Agreement dated as of November 1, 1995, among ITT, ITT Destinations and ITT Hartford.

"Indemnifiable Losses" shall mean any and all losses, liabilities, claims, damages, demands, costs or expenses (including, without limitation, reasonable attorneys' fees and any and all out-of-pocket expenses) whatsoever reasonably incurred in investigating, preparing for or defending against any Actions or potential Actions.

"Indemnifying Party" shall have the meaning as defined in Section 3.04.

"Indemnitee" shall have the meaning as defined in Section

3.04.

"Insurance Administration" shall mean, with respect to each Company Policy, the accounting for premiums, retrospectively-rated premiums, defense costs, indemnity payments, deductibles and retentions, as appropriate, under the terms and conditions of each of the Company Policies, and the distribution of Insurance Proceeds as contemplated by this Agreement.

"Insurance Proceeds" shall mean those monies (i) received by an insured from an insurance carrier or (ii) paid by an insurance carrier on behalf of an insured, in either case net of any applicable premium adjustment, retrospectively-rated premium, deductible, retention, or cost of reserve paid or held by or for the benefit of such insured.

"Insured Claims" shall mean those Liabilities that, individually or in the aggregate, are covered within the terms and conditions of any of the Company Policies, whether or not subject to deductibles, co-insurance, uncollectability or retrospectively-rated premium adjustments, but only to the extent that such Liabilities are within applicable Company Policy limits, including aggregates.

"Intellectual Property Agreements" shall mean the various intellectual property and licensing agreements entered into in connection with the Distribution.

"ITT" shall mean ITT Corporation, a Delaware corporation and its predecessor Maryland corporation.

"ITT Destinations" shall mean ITT Destinations, Inc., a Nevada corporation.

"ITT Destinations Assets" shall mean, collectively, all the rights and assets of ITT and its Subsidiaries relating to the ITT Destinations Business, including, without limitation, (i) the assets included on the consolidated balance sheet of ITT Destinations as of September 30, 1995, and any assets acquired by ITT or any of its Subsidiaries relating to the ITT Destinations Business from October 1, 1995, to the Distribution Date, (ii) all the outstanding capital stock or other interests of ITT

Destinations in Subsidiaries of ITT Destinations and (iii) rights to the Company Policies to the extent set forth in Article VII hereof.

"ITT Destinations Business" shall mean the businesses of (i) those business entities listed on Schedule 1.01(b) hereto, (ii) any other division, Subsidiary or investment of ITT managed or operated as of the date of this Agreement or any prior time by any such business entity unless such other division, Subsidiary or investment is listed on Schedule 1.01(a), Schedule 1.01(c) or Schedule 1.01(d) hereto and (iii) business entities acquired or established by or for ITT Destinations or any of its Subsidiaries after the date of this Agreement.

"ITT Destinations Indemnitees" shall mean ITT Destinations, each Affiliate of ITT Destinations, each of their respective directors, officers, employees and agents and each of the heirs, executors, successors and assigns of any of the foregoing.

"ITT Destinations Liabilities" shall mean, collectively, (i) all the Liabilities of ITT Destinations and its Subsidiaries under this Agreement and any of the Ancillary Agreements and (ii) all the Liabilities of the parties hereto or their respective Subsidiaries (whenever arising whether prior to, at or following the Effective Time) arising out of or in connection with or otherwise relating to the management or conduct before or after the Effective Time of the ITT Destinations Business (the Liabilities listed in clauses (i) and (ii) above being collectively referred to as the "True ITT Destinations Liabilities") and (iii) 33-1/3% of the amount of all Shared Liabilities.

"ITT Hartford" shall mean ITT Hartford Group, Inc., a Delaware corporation.

"ITT Hartford Assets" shall mean, collectively, all the rights and assets of ITT and its Subsidiaries relating to the ITT Hartford Business, including, without limitation, (i) the assets included on the consolidated balance sheet of ITT Hartford as of September 30, 1995, and any assets acquired by ITT or any of its Subsidiaries relating to the ITT Hartford Business from October 1, 1995, to the Distribution Date, (ii) all the outstanding capital stock or other interests of ITT Hartford in Subsidiaries of ITT Hartford and (iii) rights to the Company Policies to the extent set forth in Article VII hereof.

"ITT Hartford Business" shall mean the businesses of (i) those business entities listed on Schedule 1.01(c) hereto, (ii) any other division, Subsidiary or investment of ITT managed or operated as of the date of this Agreement or any prior time by any such business entity unless such other division, Subsidiary or investment is listed on Schedule 1.01(a), Schedule 1.01(b) or Schedule 1.01(d) hereto and (iii) business entities acquired or established by or for ITT Hartford or any of its Subsidiaries after the date of this Agreement.

"ITT Hartford Indemnitees" shall mean ITT Hartford, each Affiliate of ITT Hartford, each of their respective directors, officers, employees and agents and each of the heirs, executors, successors and assigns of any of the foregoing.

"ITT Hartford Liabilities" shall mean, collectively, (i) all the Liabilities of ITT Hartford and its Subsidiaries under this Agreement and any of the Ancillary Agreements and (ii) all the Liabilities of the parties hereto or their respective Subsidiaries (whenever arising whether prior to, at or following the Effective Time) arising out of or in connection with or otherwise relating to the management or conduct before or after the Effective Time of the ITT Hartford Business (the Liabilities listed in clauses (i) and (ii) above being collectively referred to as the "True ITT Hartford Liabilities") and (iii) 33-1/3% of the amount of all Shared Liabilities.

"ITT Industries" shall mean (i) ITT Industries, Inc., an Indiana corporation and the legal successor to ITT, or (ii) ITT, after giving effect to the transactions contemplated by Section 2.01 hereof or as if such transactions had occurred, in each case as the context requires.

"ITT Industries Assets" shall mean, collectively, all the rights and assets of ITT and its Subsidiaries relating to the ITT Industries Business, including, without limitation, (i) the assets included on the consolidated balance sheet of ITT Industries as of September 30, 1995, and any assets acquired by ITT or any of its Subsidiaries relating to the ITT Industries Business from October 1, 1995, to the Distribution Date, (ii) all the outstanding capital stock or other interests of ITT Industries in Subsidiaries of ITT Industries and (iii) rights to the Company Policies to the extent set forth in Article VII hereof.

"ITT Industries Business" shall mean the businesses of (i) those business entities listed on Schedule 1.01(a) hereto, (ii) any other division, Subsidiary or investment of ITT managed or operated as of the date of this Agreement or any prior time by any such business entity unless such other division, Subsidiary or investment is listed on Schedule 1.01(b), Schedule 1.01(c) or Schedule 1.01(d) hereto and (iii) business entities acquired or established by or for ITT Industries or any of its Subsidiaries after the date of this Agreement.

"ITT Industries Indemnitees" shall mean ITT Industries, each Affiliate of ITT Industries, each of their respective directors, officers, employees and agents and each of the heirs, executors, successors and assigns of any of the foregoing.

"ITT Industries Liabilities" shall mean collectively, (i) all the Liabilities of ITT Industries and its Subsidiaries under this Agreement and any of the Ancillary Agreements and (ii) all the Liabilities of the parties hereto or their respective Subsidiaries (whenever arising whether prior to, at or following the Effective Time) arising out of or in connection with or otherwise relating to the management or conduct before or after the Effective Time of the ITT Industries Business (the Liabilities listed in clauses (i) and (ii) above being collectively referred to as the "True ITT Industries Liabilities") and (iii) 33-1/3% of the amount of all Shared Liabilities.

"Liabilities" shall mean any and all debts, liabilities and obligations, absolute or contingent, matured or unmatured, liquidated or unliquidated, accrued or unaccrued, known or unknown, whenever arising, including, without limitation, those debts, liabilities and obligations arising under any law, rule, regulation, Action, threatened Action, order or consent decree of any court, any governmental or other regulatory or administrative agency or commission or any award of any arbitration tribunal, and those arising under any contract, guarantee, commitment or undertaking.

"person" shall mean any natural person, corporation, business trust, joint venture, association, company, partnership or government, or any agency or political subdivision thereof.

"Policies" shall mean insurance policies and insurance contracts of any kind (other than life and

benefits policies or contracts), including, without limitation, primary, excess and umbrella policies, commercial general liability policies, fiduciary liability, automobile, aircraft, property and casualty, workers' compensation and employee dishonesty insurance policies, bonds and self-insurance and captive insurance company arrangements, together with the rights, benefits and privileges thereunder.

"Provider" shall have the meaning as defined in Section 5.01.

"Proxy Statement" shall mean the Proxy Statement sent to the holders of shares of ITT Common Stock in connection with the Distribution, including any amendment or supplement thereto.

"Recipient" shall have the meaning as defined in Section 5.01.

"Shared Liability" means any Liability of the parties hereto or their respective Subsidiaries (whether arising prior to, at or following the Effective Time) which (i) arises out of or is in connection with or otherwise relates to the management or conduct prior to the Effective Time of the businesses of ITT and its Subsidiaries and (ii) is not a True ITT Industries Liability, True ITT Destinations Liability or True ITT Hartford Liability, including, without limitation, Shared Liabilities listed on Schedule 1.01(d) hereto.

"Subsidiary" shall mean any corporation, partnership or other entity of which another entity (i) owns, directly or indirectly, ownership interests sufficient to elect a majority of the Board of Directors (or persons performing similar functions) (irrespective of whether at the time any other class or classes of ownership interests of such corporation, partnership or other entity shall or might have such voting power upon the occurrence of any contingency) or (ii) is a general partner or an entity performing similar functions (e.g., a trustee). For purposes of this Agreement, Madison Square Garden, L.P., and ITT-Dow Jones Television and their respective Subsidiaries are Subsidiaries of ITT Destinations.

"Tax" shall mean all Federal, state, local and foreign taxes and assessments, including all interest,

penalties and additions imposed with respect to such amounts.

"Tax Allocation Agreement" shall mean the Tax Allocation Agreement dated as of November 1, 1995, among ITT, ITT Destinations and ITT Hartford.

"Third Party Claim" shall have the meaning as defined in Section 3.05.

"True ITT Destinations Liabilities" shall have the meaning as defined under "ITT Destinations Liabilities."

"True ITT Hartford Liabilities" shall have the meaning as defined under "ITT Hartford Liabilities."

"True ITT Industries Liabilities" shall have the meaning as defined under "ITT Industries Liabilities."

SECTION 1.02. References; Interpretation. References to an "Exhibit" or to a "Schedule" are, unless otherwise specified, to one of the Exhibits or Schedules attached to this Agreement, and references to a "Section" are, unless otherwise specified, to one of the Sections of this Agreement.

ARTICLE II. DISTRIBUTION AND OTHER TRANSACTIONS; CERTAIN COVENANTS

SECTION 2.01. The Distribution and Other Transactions.

(a) Certain Transactions. On or prior to the Distribution Date:

(i) ITT will contribute to ITT Destinations the business entities that are to comprise the ITT Destinations Business (to the extent they are not owned by ITT Destinations or any of its Subsidiaries).

(ii) ITT will contribute to ITT Hartford the business entities that are to comprise the ITT Hartford Business (to the extent they are not owned by ITT Hartford or any of its Subsidiaries).

(iii) ITT Industries shall, on behalf of itself and its Subsidiaries, transfer to ITT Destinations effective as of the Effective Time all of ITT Industries' and its

Subsidiaries' right, title and interest in the ITT Destinations Assets. ITT Industries shall, on behalf of itself and its Subsidiaries, transfer to ITT Hartford effective as of the Effective Time all of ITT Industries' and its Subsidiaries' right, title and interest in the ITT Hartford Assets.

(iv) ITT Destinations shall, on behalf of itself and its Subsidiaries, transfer to ITT Industries effective as of the Effective Time all of ITT Destinations' and its Subsidiaries' right, title and interest in the ITT Industries Assets. ITT Destinations shall, on behalf of itself and its Subsidiaries, transfer to ITT Hartford effective as of the Effective Time all of ITT Destinations' and its Subsidiaries' right, title and interest in the ITT Hartford Assets.

(v) ITT Hartford shall, on behalf of itself and its Subsidiaries, transfer to ITT Destinations effective as of the Effective Time all of ITT Hartford's and its Subsidiaries' right, title and interest in the ITT Destinations Assets. ITT Hartford shall, on behalf of itself and its Subsidiaries, transfer to ITT Industries effective as of the Effective Time all of ITT Hartford's and its Subsidiaries' right, title and interest in the ITT Industries Assets.

(b) Stock Dividends to ITT. On or prior to the Distribution Date:

(i) ITT Destinations shall issue to ITT as a stock dividend a number of ITT Destinations Common Shares as required to effect the Distribution, as certified by the ITT Corporate Stock Services Department (the "Agent"). In connection therewith ITT shall deliver to ITT Destinations for cancellation the share certificate (or certificates) currently held by it representing ITT Destinations Common Shares and shall receive a new certificate (or certificates) representing the total number of ITT Destinations Common Shares to be owned by ITT after giving effect to such stock dividend.

(ii) ITT Hartford shall issue to ITT as a stock dividend a number of ITT Hartford Common Shares as required to effect the Distribution, as certified by the Agent. In connection therewith ITT shall deliver to ITT Hartford for cancellation the share certificate currently held by it representing ITT Hartford Common Shares and shall receive a new certificate (or certificates) representing the total

number of ITT Hartford Common Shares to be owned by ITT after giving effect to such stock dividend.

(c) Charters; By-laws. On or prior to the Distribution Date:

(i) All necessary actions shall have been taken to provide for the adoption of the form of Articles of Incorporation and By-laws filed by ITT Destinations with the Commission.

(ii) All necessary actions shall have been taken to provide for the adoption of the form of Articles of Incorporation and By-laws filed by ITT Hartford with the Commission.

(iii) ITT Destinations shall have filed with the Secretary of State of Nevada an amendment to its Articles of Incorporation to change its name to "ITT Corporation".

(d) Directors. On or prior to the Distribution Date, ITT, as the sole shareholder of ITT Destinations and ITT Hartford, shall have taken all necessary action to elect, or cause to be elected, to the Board of Directors of ITT Destinations and the Board of Directors of ITT Hartford the individuals identified in the Proxy Statement as directors of New ITT (as defined in the Proxy Statement) and ITT Hartford, respectively.

(e) Certain Licenses and Permits. (i) On or prior to the Distribution Date or as soon as reasonably practicable thereafter, all transferrable licenses, permits and authorizations issued by governmental or regulatory entities which relate to the ITT Destinations Business or the ITT Hartford Business but which are held in the name of ITT or any of its Subsidiaries (other than ITT Destinations or ITT Hartford or any of their respective Subsidiaries), or any of their respective employees, officers, directors, stockholders, agents, or otherwise, on behalf of ITT Destinations (or its Subsidiaries) or ITT Hartford (or its Subsidiaries), as applicable, shall be duly and validly transferred by ITT to ITT Destinations (or its Subsidiaries) or ITT Hartford (or its Subsidiaries), as applicable.

(ii) On or prior to the Distribution Date or as soon as reasonably practicable thereafter, all transferrable licenses, permits and authorizations issued by governmental or regulatory entities which relate to the ITT Industries

Business or the ITT Hartford Business but which are held in the name of ITT Destinations or any of its Subsidiaries, or any of their respective employees, officers, directors, stockholders, agents, or otherwise, on behalf of ITT Industries (or its Subsidiaries) or ITT Hartford (or its Subsidiaries), as applicable, shall be duly and validly transferred by ITT Destinations to ITT Industries (or its Subsidiaries) or ITT Hartford (or its Subsidiaries), as applicable.

(iii) On or prior to the Distribution Date or as soon as reasonably practicable thereafter, all transferrable licenses, permits and authorizations issued by governmental or regulatory entities which relate to the ITT Destinations Business or the ITT Industries Business but which are held in the name of ITT Hartford or any of its Subsidiaries, or any of their respective employees, officers, directors, stockholders, agents, or otherwise, on behalf of ITT Destinations (or its Subsidiaries) or ITT Industries (or its Subsidiaries), as applicable, shall be duly and validly transferred by ITT Hartford to ITT Destinations (or its Subsidiaries) or ITT Industries (or its Subsidiaries), as applicable.

(f) Transfer of Agreements. (i) ITT hereby agrees that on or prior to the Distribution Date or as soon as reasonably practicable thereafter, subject to the limitations set forth in this Section 2.01(f), it will, and it will cause its Subsidiaries (other than ITT Destinations or ITT Hartford or any of their respective Subsidiaries) to, assign, transfer and convey to ITT Destinations or ITT Hartford, as applicable, all of ITT's or such Subsidiary's respective right, title and interest in and to any and all agreements that relate exclusively to the ITT Destinations Business or ITT Hartford Business, as applicable. ITT Destinations hereby agrees that on or prior to the Distribution Date or as soon as reasonably practicable thereafter, subject to the limitations set forth in this Section 2.01(f), it will, and it will cause its Subsidiaries to, assign, transfer and convey to ITT Industries or ITT Hartford, as applicable, all of ITT Destinations' or such Subsidiary's respective right, title and interest in and to any and all agreements that relate exclusively to the ITT Industries Business or ITT Hartford Business, as applicable. ITT Hartford hereby agrees that on or prior to the Distribution Date or as soon as reasonably practicable thereafter, subject to the limitations set forth in this Section 2.01(f), it will, and it will cause its Subsidiaries

to, assign, transfer and convey to ITT Industries or ITT Destinations, as applicable, all of ITT Hartford's or such Subsidiary's respective right, title and interest in and to any and all agreements that relate exclusively to the ITT Industries Business or ITT Destinations Business, as applicable.

(ii) Subject to the provisions of this Section 2.01(f), any agreement to which any of the parties hereto or any of their Subsidiaries is a party that inures to the benefit of more than one of the ITT Industries Business, ITT Destinations Business and ITT Hartford Business shall be assigned in part, on or prior to the Distribution Date or as soon as reasonably practicable thereafter, so that each party shall be entitled to the rights and benefits inuring to its business under such agreement.

(iii) The assignee of any agreement assigned, in whole or in part, hereunder (an "Assignee") shall assume and agree to pay, perform, and fully discharge all obligations of the assignor under such agreement or, in the case of a partial assignment under paragraph (f)(ii), such Assignee's related portion of such obligations as determined in accordance with the terms of the relevant agreement, where determinable on the face thereof, and otherwise as determined in accordance with the practice of the parties prior to the Distribution.

(iv) Notwithstanding anything in this Agreement to the contrary, this Agreement shall not constitute an agreement to assign any agreement, in whole or in part, or any rights thereunder if the agreement to assign or attempt to assign, without the consent of a third party, would constitute a breach thereof or in any way adversely affect the rights of the Assignee thereof. Until such consent is obtained, or if an attempted assignment thereof would be ineffective or would adversely affect the rights of any party hereto so that the Assignee would not, in fact, receive all such rights, the parties will cooperate with each other in any arrangement designed to provide for the Assignee the benefits of, and to permit the Assignee to assume liabilities under, any such agreement.

(g) Consents. The parties hereto shall use their commercially reasonable efforts to obtain required consents to assignment of agreements hereunder.

(h) Delivery of Shares to Agent. ITT shall deliver to the Agent the share certificates representing the ITT Destinations Common Shares and the ITT Hartford Common Shares issued to ITT by ITT Destinations and ITT Hartford, respectively, pursuant to Section 2.01(b) and shall instruct the Agent to distribute, on or as soon as practicable following the Distribution Date, such Common Shares to holders of record of shares of ITT Common Stock on the Distribution Record Date as further contemplated by, and subject to the conditions contained in, the Proxy Statement and this Agreement. ITT Destinations and ITT Hartford shall provide all share certificates that the Agent shall require in order to effect the Distribution.

(i) Other Transactions. On or prior to the Distribution Date, each of ITT, ITT Destinations and ITT Hartford shall have consummated those other transactions in connection with the Distribution that are contemplated by the Proxy Statement and the ruling request submission by ITT to the Internal Revenue Service dated June 22, 1995 (as subsequently supplemented), and not specifically referred to in subparagraphs (a)-(h) above.

SECTION 2.02. Certain Financial and Other Arrangements.

(a) Intercompany Accounts.

(i) Without limiting the terms of Section 2.03, all intercompany receivables, payables and loans (other than receivables, payables and loans otherwise specifically provided for in any of the Ancillary Agreements or hereunder), including, without limitation, in respect of any cash balances, any cash balances representing deposited checks or drafts for which only a provisional credit has been allowed or any cash held in any centralized cash management system, between ITT Destinations or any of its Subsidiaries, on the one hand, and ITT Industries or any of its Subsidiaries, on the other hand, shall, as of the Effective Time, be settled, capitalized or converted into ordinary trade accounts, in each case as may be agreed in writing prior to the Effective Time by duly authorized representatives of ITT Industries and ITT Destinations.

(ii) Without limiting the terms of Section 2.03, all intercompany receivables, payables and loans (other than receivables, payables and loans otherwise specifically provided for in any of the Ancillary Agreements or hereunder),

including, without limitation, in respect of any cash balances, any cash balances representing deposited checks or drafts for which only a provisional credit has been allowed or any cash held in any centralized cash management system, between ITT Hartford or any of its Subsidiaries, on the one hand, and ITT Industries or any of its Subsidiaries, on the other hand, shall, as of the Effective Time, be settled, capitalized or converted into ordinary trade accounts, in each case as may be agreed in writing prior to the Effective Time by duly authorized representatives of ITT Industries and ITT Hartford.

(iii) Without limiting the terms of Section 2.03, all intercompany receivables, payables and loans (other than receivables, payables and loans otherwise specifically provided for in any of the Ancillary Agreements or hereunder), including, without limitation, in respect of any cash balances, any cash balances representing deposited checks or drafts for which only a provisional credit has been allowed or any cash held in any centralized cash management system, between ITT Destinations or any of its Subsidiaries, on the one hand, and ITT Hartford or any of its Subsidiaries, on the other hand, shall, as of the Effective Time, be settled, capitalized or converted into ordinary trade accounts, in each case as may be agreed in writing prior to the Effective Time by duly authorized representatives of ITT Destinations and ITT Hartford.

(b) Operations in Ordinary Course. Each of ITT Industries, ITT Destinations and ITT Hartford covenants and agrees that, except as otherwise provided in any Ancillary Agreement, during the period from the date of this Agreement through the Distribution Date, it will, and will cause any entity that is a Subsidiary of such party at any time during such period to, conduct its business in a manner substantially consistent with current and past operating practices and in the ordinary course, including, without limitation, with respect to the payment and administration of accounts payable and the administration of accounts receivable, the purchase of capital assets and equipment and the management of inventories.

SECTION 2.03. Capital Structure. ITT, ITT Destinations and ITT Hartford each agrees to use its commercially reasonable efforts to achieve a capitalization at December 31, 1995 which is substantially the same as its respective forecasted capitalization under the heading "ITT Industries Forecasted Capitalization", "New ITT Forecasted

Capitalization" or "ITT Hartford Forecasted Capitalization" in ITT's Current Report on Form 8-K filed with the Commission on November 7, 1995.

SECTION 2.04. Assumption and Satisfaction of Liabilities; Management Responsibility for Shared Liabilities; Rights and Assets Relating to Shared Liabilities. (a) Except as otherwise specifically set forth in any Ancillary Agreement, from and after the Effective Time, (i) ITT Industries shall, and shall cause its Subsidiaries to, assume, pay, perform and discharge all ITT Industries Liabilities, (ii) ITT Destinations shall, and shall cause its Subsidiaries to, assume, pay, perform and discharge all ITT Destinations Liabilities, and (iii) ITT Hartford shall, and shall cause its Subsidiaries to, assume, pay, perform and discharge all ITT Hartford Liabilities.

(b) The parties acknowledge that various claims and administrative matters may arise from time to time in respect of Shared Liabilities and that it would be in the best interests of the parties hereto to designate responsibility for managing and administering Shared Liabilities, including, without limitation, as contemplated by Section 3.05(b) hereto. The parties accordingly agree that such responsibilities shall be allocated as provided in Schedule 1.01(d) hereto; such responsibilities for Shared Liabilities not covered by Schedule 1.01(d) shall be as mutually agreed upon among the parties. All costs and expenses (including, without limitation, reasonable attorneys' fees and all out-of-pocket expenses whatsoever reasonably incurred) incurred by or on behalf of the party with such management and administrative responsibility shall be shared among the parties equally.

(c) The parties hereto shall be entitled to share in any rights and assets (including, without limitation, recoveries, claims and proceeds of asset sales) that relate to Shared Liabilities (including, without limitation, Insurance Proceeds received under Company Policies) equally.

SECTION 2.05. Resignations. (a) ITT Industries shall cause all its employees to resign, effective as of the Effective Time, from all positions as officers of ITT Destinations or as officers or directors of any Subsidiary of ITT Destinations in which they serve. ITT Destinations shall cause all its employees to resign, effective as of the Effective Time, from all positions as officers of ITT

Industries or as officers or directors of any Subsidiary of ITT Industries in which they serve.

(b) ITT Industries shall cause all its employees to resign, effective as of the Effective Time, from all positions as officers of ITT Hartford or as officers or directors of any Subsidiary of ITT Hartford in which they serve. ITT Hartford shall cause all its employees to resign, effective as of the Effective Time, from all positions as officers of ITT Industries or as officers or directors of any Subsidiary of ITT Industries in which they serve.

(c) ITT Hartford shall cause all its employees to resign, effective as of the Effective Time, from all positions as officers of ITT Destinations or as officers or directors of any Subsidiary of ITT Destinations in which they serve. ITT Destinations shall cause all its employees to resign, effective as of the Effective Time, from all positions as officers of ITT Hartford or as officers or directors of any Subsidiary of ITT Hartford in which they serve.

SECTION 2.06. Further Assurances. In case at any time after the Effective Time any further action is reasonably necessary or desirable to carry out the purposes of this Agreement and the Ancillary Agreements, the proper officers of each party to this Agreement shall take all such necessary action. Without limiting the foregoing, ITT, ITT Destinations and ITT Hartford shall use their commercially reasonable efforts to obtain all consents and approvals, to enter into all amendatory agreements and to make all filings and applications that may be required for the consummation of the transactions contemplated by this Agreement and the Ancillary Agreements, including, without limitation, all applicable governmental and regulatory filings.

SECTION 2.07. No Representations or Warranties. Each of the parties hereto understands and agrees that, except as otherwise expressly provided, no party hereto is, in this Agreement or in any other agreement or document contemplated by this Agreement or otherwise, making any representation or warranty whatsoever, including, without limitation, as to title, value or legal sufficiency. It is also agreed and understood that all assets either transferred to or retained by the parties, as the case may be, shall be "as is, where is" and that (subject to Section 2.06) the party to which such assets are to be transferred hereunder shall

bear the economic and legal risk that any conveyances of such assets shall prove to be insufficient or that such party's or any of the Subsidiaries' title to any such assets shall be other than good and marketable and free from encumbrances. Similarly, each party hereto understands and agrees that no party hereto is, in this Agreement or in any other agreement or document contemplated by this Agreement or otherwise, representing or warranting in any way that the obtaining of any consents or approvals, the execution and delivery of any amendatory agreements and the making of any filings or applications contemplated by this Agreement will satisfy the provisions of any or all applicable agreements or the requirements of any or all applicable laws or judgments, it being agreed and understood that the party to which any assets are transferred shall bear the economic and legal risk that any necessary consents or approvals are not obtained or that any requirements of laws or judgments are not complied with.

SECTION 2.08. Guarantees. (a) Except as otherwise specified in any Ancillary Agreement, ITT Industries, ITT Destinations and ITT Hartford shall use their commercially reasonable efforts to have, on or prior to the Distribution Date, or as soon as practicable thereafter, ITT Industries and any of its Subsidiaries removed as guarantor of or obligor for any ITT Destinations Liability or ITT Hartford Liability, including, without limitation, in respect of those guarantees set forth on Schedule 2.08(a).

(b) Except as otherwise specified in any Ancillary Agreement, ITT Industries, ITT Destinations and ITT Hartford shall use their commercially reasonable efforts to have, on or prior to the Distribution Date, or as soon as practicable thereafter, ITT Destinations and any of its Subsidiaries removed as guarantor of or obligor for any ITT Industries Liability or ITT Hartford Liability, including, without limitation, in respect of those guarantees set forth on Schedule 2.08(b).

(c) Except as otherwise specified in any Ancillary Agreement, ITT Industries, ITT Destinations and ITT Hartford shall use their commercially reasonable efforts to have, on or prior to the Distribution Date, or as soon as practicable thereafter, ITT Hartford and any of its Subsidiaries removed as guarantor of or obligor for any ITT Industries Liability or ITT Destinations Liability, including, without limitation, in respect of those guarantees set forth on Schedule 2.08(c).

SECTION 2.09. Witness Services. At all times from and after the Distribution Date, each of ITT Industries, ITT Destinations and ITT Hartford shall use their commercially reasonable efforts to make available to each other party hereto, upon reasonable written request, its and its Subsidiaries' officers, directors, employees and agents as witnesses to the extent that (i) such persons may reasonably be required in connection with the prosecution or defense of any Action in which the requesting party may from time to time be involved and (ii) there is no conflict in the Action between the requesting party and ITT Industries, ITT Destinations or ITT Hartford, as applicable. A party providing witness services to the other party under this Section shall be entitled to receive from the recipient of such services, upon the presentation of invoices therefor, payments for such amounts, relating to supplies, disbursements and other out-of-pocket expenses and direct and indirect costs of employees who are witnesses, as may be reasonably incurred in providing such witness services.

SECTION 2.10. Certain Post-Distribution Transactions. (a)(i) ITT Industries shall comply with and otherwise not take action inconsistent with each representation and statement made, or to be made, to the Internal Revenue Service in connection with the request by ITT for a revenue ruling in respect of the Distribution or to ITT's outside tax counsel in connection with such firm's rendering an opinion to ITT, ITT Destinations and ITT Hartford as to certain tax aspects of the Distribution and (ii) until one year after the Distribution Date, ITT Industries will maintain its status as a company engaged in the active conduct of a trade or business, as defined in Section 355(b) of the Code.

(b)(i) ITT Destinations shall comply with and otherwise not take action inconsistent with each representation and statement made, or to be made, to the Internal Revenue Service in connection with the request by ITT for a revenue ruling in respect of the Distribution or to ITT's outside tax counsel in connection with such firm's rendering an opinion to ITT, ITT Destinations and ITT Hartford as to certain tax aspects of the Distribution and (ii) until one year after the Distribution Date, ITT Destinations will maintain its status as a company engaged in the active conduct of a trade or business, as defined in Section 355(b) of the Code.

(c)(i) ITT Hartford shall comply with and otherwise not take action inconsistent with each representation and statement made, or to be made, to the Internal Revenue Service in connection with the request by ITT for a revenue ruling in respect of the Distribution or to ITT's outside tax counsel in connection with such firm's rendering an opinion to ITT, ITT Destinations and ITT Hartford as to certain tax aspects of the Distribution and (ii) until one year after the Distribution Date, ITT Hartford will maintain its status as a company engaged in the active conduct of a trade or business, as defined in Section 355(b) of the Code.

SECTION 2.11. Directors and Officers Liability Insurance. ITT Industries agrees that, from and after the Effective Time to the seventh anniversary of the Distribution Date, it will maintain in full force and effect the Company Policy numbered 16 on Schedule 7.01(a) hereto (or, through the purchase of extended discovery, the full benefits and coverage of such Company Policy) and shall not amend the terms of such Policy in a manner adverse to any persons covered by such insurance. The provisions of this Section 2.11 are intended for the benefit of, and shall be enforceable by, each of the persons covered by the Company Policy numbered 16 on Schedule 7.01(a) hereto.

SECTION 2.12. Insurance. Except as contemplated by Article VII and Section 2.11 hereof, any and all coverage of ITT Destinations, ITT Hartford and their respective Subsidiaries under Company Policies has terminated or will terminate no later than the Effective Time (and will not be replaced by ITT).

SECTION 2.13. Transfers Not Effected Prior to the Distribution; Transfers Deemed Effective as of the Distribution Date. To the extent that any transfers contemplated by this Article II shall not have been consummated on or prior to the Distribution Date, the parties shall cooperate to effect such transfers as promptly following the Distribution Date as shall be practicable. Nothing herein shall be deemed to require the transfer of any assets or the assumption of any Liabilities which by their terms or operation of law cannot be transferred; provided, however, that the parties hereto and their respective Subsidiaries shall cooperate to seek to obtain any necessary consents or approvals for the transfer of all assets and Liabilities contemplated to be transferred pursuant to this Article II. In the event that any such transfer of assets or Liabilities has not been consummated, from and after the Distribution

Date the party retaining such asset or Liability shall hold such asset in trust for the use and benefit of the party entitled thereto (at the expense of the party entitled thereto) or retain such Liability for the account of the party by whom such Liability is to be assumed pursuant hereto, as the case may be, and take such other action as may be reasonably requested by the party to whom such asset is to be transferred, or by whom such Liability is to be assumed, as the case may be, in order to place such party, insofar as is reasonably possible, in the same position as would have existed had such asset or Liability been transferred as contemplated hereby. As and when any such asset or Liability becomes transferable, such transfer shall be effected forthwith. The parties agree that, as of the Distribution Date, each party hereto shall be deemed to have acquired complete and sole beneficial ownership over all of the assets, together with all rights, powers and privileges incident thereto, and shall be deemed to have assumed in accordance with the terms of this Agreement all of the Liabilities, and all duties, obligations and responsibilities incident thereto, which such party is entitled to acquire or required to assume pursuant to the terms of this Agreement.

SECTION 2.14. Ancillary Agreements. Prior to the Distribution Date, each of ITT Industries, ITT Destinations and ITT Hartford shall enter into, and/or (where applicable) shall cause their respective Subsidiaries to enter into, the Ancillary Agreements and any other agreements in respect of the Distribution reasonably necessary or appropriate in connection with the transactions contemplated hereby and thereby.

ARTICLE III. INDEMNIFICATION

SECTION 3.01. Indemnification by ITT Industries. Except as otherwise specifically set forth in any provision of this Agreement or of any Ancillary Agreement, ITT Industries shall indemnify, defend and hold harmless the ITT Destinations Indemnitees and the ITT Hartford Indemnitees from and against any and all Indemnifiable Losses of the ITT Destinations Indemnitees and the ITT Hartford Indemnitees, respectively, arising out of, by reason of or otherwise in connection with (i) the ITT Industries Liabilities or (ii) the breach by ITT Industries of any provision of this Agreement or any Ancillary Agreement.

SECTION 3.02. Indemnification by ITT Destinations. Except as otherwise specifically set forth in any provision of this Agreement or of any Ancillary Agreement, ITT Destinations shall indemnify, defend and hold harmless the ITT Industries Indemnitees and the ITT Hartford Indemnitees from and against any and all Indemnifiable Losses of the ITT Industries Indemnitees and the ITT Hartford Indemnitees, respectively, arising out of, by reason of or otherwise in connection with (i) the ITT Destinations Liabilities or (ii) the breach by ITT Destinations of any provision of this Agreement or any Ancillary Agreement.

SECTION 3.03. Indemnification by ITT Hartford. Except as otherwise specifically set forth in any provision of this Agreement or of any Ancillary Agreement, ITT Hartford shall indemnify, defend and hold harmless the ITT Industries Indemnitees and the ITT Destinations Indemnitees from and against any and all Indemnifiable Losses of the ITT Industries Indemnitees and the ITT Destinations Indemnitees, respectively, arising out of, by reason of or otherwise in connection with (i) the ITT Hartford Liabilities or (ii) the breach by ITT Hartford of any provision of this Agreement or any Ancillary Agreement.

SECTION 3.04. Limitations on Indemnification Obligations. The amount that any party (an "Indemnifying Party") is or may be required to pay to any other person (an "Indemnatee") pursuant to Section 3.01, Section 3.02 or Section 3.03, as applicable, shall be reduced (retroactively or prospectively) by any Insurance Proceeds or other amounts actually recovered by or on behalf of such Indemnatee in respect of the related Indemnifiable Loss. If an Indemnatee shall have received the payment required by this Agreement from an Indemnifying Party in respect of an Indemnifiable Loss and shall subsequently actually receive Insurance Proceeds or other amounts in respect of such Indemnifiable Loss, then such Indemnatee shall pay to such Indemnifying Party a sum equal to the amount of such Insurance Proceeds or other amounts actually received, up to the aggregate amount of any payments received from such Indemnifying Party pursuant to this Agreement in respect of such Indemnifiable Loss.

SECTION 3.05. Procedures for Indemnification. (a) Third Party Claims (other than in respect of Shared Liabilities). If a claim or demand is made against an Indemnatee by any person who is not a party to this Agree-

ment (a "Third Party Claim") as to which such Indemnatee is entitled to indemnification pursuant to this Agreement, such Indemnatee shall notify the Indemnifying Party in writing, and in reasonable detail, of the Third Party Claim promptly (and in any event within 15 business days) after receipt by such Indemnatee of written notice of the Third Party Claim; provided, however, that failure to give such notification shall not affect the indemnification provided hereunder except to the extent the Indemnifying Party shall have been actually prejudiced as a result of such failure (except that the Indemnifying Party shall not be liable for any expenses incurred during the period in which the Indemnatee failed to give such notice). Thereafter, the Indemnatee shall deliver to the Indemnifying Party, promptly (and in any event within 15 business days) after the Indemnatee's receipt thereof, copies of all notices and documents (including court papers) received by the Indemnatee relating to the Third Party Claim.

If a Third Party Claim is made against an Indemnatee, the Indemnifying Party shall be entitled to participate in the defense thereof and, if it so chooses and acknowledges in writing its obligation to indemnify the Indemnatee therefor, to assume the defense thereof with counsel selected by the Indemnifying Party; provided that such counsel is not reasonably objected to by the Indemnatee. Should the Indemnifying Party so elect to assume the defense of a Third Party Claim, the Indemnifying Party shall not be liable to the Indemnatee for legal or other expenses subsequently incurred by the Indemnatee in connection with the defense thereof. If the Indemnifying Party assumes such defense, the Indemnatee shall have the right to participate in the defense thereof and to employ counsel, at its own expense, separate from the counsel employed by the Indemnifying Party, it being understood that the Indemnifying Party shall control such defense. The Indemnifying Party shall be liable for the fees and expenses of counsel employed by the Indemnatee for any period during which the Indemnifying Party has failed to assume the defense thereof (other than during the period prior to the time the Indemnatee shall have given notice of the Third Party Claim as provided above). If the Indemnifying Party so elects to assume the defense of any Third Party Claim, all of the Indemnitees shall cooperate with the Indemnifying Party in the defense or prosecution thereof.

If the Indemnifying Party acknowledges in writing liability for a Third Party Claim, then in no event will the

Indemnitee admit any liability with respect to, or settle, compromise or discharge, any Third Party Claim without the Indemnifying Party's prior written consent; provided, however, that the Indemnitee shall have the right to settle, compromise or discharge such Third Party Claim without the consent of the Indemnifying Party if the Indemnitee releases the Indemnifying Party from its indemnification obligation hereunder with respect to such Third Party Claim and such settlement, compromise or discharge would not otherwise adversely affect the Indemnifying Party. If the Indemnifying Party acknowledges in writing liability for a Third Party Claim, the Indemnitee will agree to any settlement, compromise or discharge of a Third Party Claim that the Indemnifying Party may recommend and that by its terms obligates the Indemnifying Party to pay the full amount of the liability in connection with such Third Party Claim and releases the Indemnitee completely in connection with such Third Party Claim and that would not otherwise adversely affect the Indemnitee; provided, however, that the Indemnitee may refuse to agree to any such settlement, compromise or discharge if the Indemnitee agrees that the Indemnifying Party's indemnification obligation with respect to such Third Party Claim shall not exceed the amount that would be required to be paid by or on behalf of the Indemnifying Party in connection with such settlement, compromise or discharge.

Notwithstanding the foregoing, the Indemnifying Party shall not be entitled to assume the defense of any Third Party Claim (and shall be liable for the fees and expenses of counsel incurred by the Indemnitee in defending such Third Party Claim) if the Third Party Claim seeks an order, injunction or other equitable relief or relief for other than money damages against the Indemnitee which the Indemnitee reasonably determines, after conferring with its counsel, cannot be separated from any related claim for money damages. If such equitable relief or other relief portion of the Third Party Claim can be so separated from that for money damages, the Indemnifying Party shall be entitled to assume the defense of the portion relating to money damages.

This Section 3.05(a) shall govern all claims under this Article III for indemnification against Third Party Claims except Third Party Claims in respect of Shared Liabilities, as to which Section 3.05(b) shall govern.

(b) Third Party Claims in Respect of Shared Liabilities. If a Third Party Claim in respect of a Shared Liability is made against an Indemnitee, such Indemnitee shall notify the Indemnifying Parties in writing, and in reasonable detail, of the Third Party Claim promptly (and in any event within 15 business days) after receipt by such Indemnitee of written notice of the Third Party Claim; provided, however, that failure to give such notification shall not affect the indemnification provided hereunder except to the extent an Indemnifying Party shall have been actually prejudiced as a result of such failure (except that the Indemnifying Parties shall not be liable for any expenses incurred during the period in which the Indemnitee failed to give such notice). Thereafter, the Indemnitee shall deliver to the Indemnifying Parties, promptly (and in any event within 15 business days) after the Indemnitee's receipt thereof, copies of all notices and documents (including court papers) received by the Indemnitee relating to the Third Party Claim.

Each Indemnifying Party shall be entitled to participate in the defense of such Third Party Claim subject to the following provisions of this paragraph. Without limiting the terms of Section 3.01, Section 3.02 or Section 3.03 hereof, the Indemnitee and Indemnifying Parties shall use commercially reasonable efforts to agree as soon as reasonably practicable upon a party (the "Managing Party") which shall have management and administrative responsibility in respect of the Third Party Claim against the Indemnitee unless a party is designated on Schedule 1.01(d) to have management responsibility for the related Shared Liability (in which case the party so designated shall be the "Managing Party"). Such management and administrative responsibility shall entail the defense of such Third Party Claim, negotiation with claimants and potential claimants (subject to the limitations in the following paragraph) and other reasonably related activities. If the Indemnifying Parties acknowledge in writing their respective obligations to indemnify the Indemnitee for the Third Party Claim to the extent contemplated by this Agreement, and an Indemnifying Party is selected as the Managing Party, such Indemnifying Party may assume the defense thereof with counsel selected by such Indemnifying Party; provided that such counsel is not reasonably objected to by the Indemnitee or any other Indemnifying Party. If there is a Managing Party and such party conducts the defense of the Third Party Claim, the legal or other expenses in respect of such Third Party Claim incurred by or

on behalf of any person other than such Managing Party shall not be Indemnifiable Losses for purposes of this Agreement; provided, however, the Indemnifying Parties shall be liable for fees and expenses of counsel employed by the Indemnitee for any period during which an Indemnifying Party, in its capacity as Managing Party, has failed to assume the defense thereof (other than during the period prior to the time the Indemnitee shall have given notice of such Third Party Claim as provided above), but only to the extent contemplated by the final paragraph of this Section 3.05(b). If there is a Managing Party and such party conducts the defense of the Third Party Claim, the Managing Party shall control the defense of such Third Party Claim, although the Indemnitee (if not the Managing Party) shall have the right to participate in such defense and to employ counsel, at its own expense, separate from the counsel employed by the Managing Party. All of the Indemnitees and each Indemnifying Party shall cooperate with any Managing Party and each other in the defense or prosecution of such Third Party Claim.

If each of the Indemnifying Parties acknowledges in writing liability for such Third Party Claim to the extent contemplated by this Agreement, then in no event will the Indemnitee admit any liability with respect to, or settle, compromise or discharge, any such Third Party Claim without each of the Indemnifying Party's prior written consent; provided, however, that the Indemnitee shall have the right to settle, compromise or discharge such Third Party Claim without the consent of the Indemnifying Parties if the Indemnitee releases each of the Indemnifying Parties from their respective indemnification obligation hereunder with respect to such Third Party Claim and such settlement, compromise or discharge would not otherwise adversely affect the Indemnifying Parties. If the Indemnifying Parties acknowledge in writing liability for such Third Party Claim, an Indemnitee will agree to any settlement, compromise or discharge of such Third Party Claim that the Managing Party may recommend and that by its terms obligates the Indemnifying Parties to pay the full amount of the liability in connection with such Third Party Claim and releases the Indemnitee completely in connection with such Third Party Claim (or portion thereof, as applicable) and that would not otherwise adversely affect the Indemnitee; provided, however, that the Indemnitee may refuse to agree to any such settlement, compromise or discharge if the Indemnitee agrees that each of the Indemnifying Party's indemnification obligations with respect to such Third Party Claim shall not

exceed the amount that would be required to be paid by or on behalf of such Indemnifying Party in connection with such settlement, compromise or discharge.

Notwithstanding the foregoing, an Indemnifying Party shall not be entitled to assume the defense of such Third Party Claim (and shall be liable for the fees and expenses of counsel incurred by an Indemnitee in defending such Third Party Claim to the extent contemplated by this Agreement) if the Third Party Claim seeks an order, injunction or other equitable relief or relief for other than money damages against the Indemnitee which the Indemnitee reasonably determines, after conferring with its counsel, cannot be separated from any related claim for money damages. If such equitable relief or other relief portion of the Third Party Claim can be so separated from that for money damages, an Indemnifying Party shall be entitled to assume the defense of the portion relating to money damages as contemplated above.

Legal and other expenses incurred in connection with each such Third Party Claim which are Indemnifiable Losses shall be shared by the parties in the same proportions in which the related Shared Liability is shared.

SECTION 3.06. Indemnification Payments. Indemnification required by this Article III shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or loss, liability, claim, damage or expense is incurred.

SECTION 3.07. Other Adjustments. (i) The amount of any Indemnifiable Loss shall be (x) increased to take into account any net Tax cost actually incurred by the Indemnitee arising from any payments received from the Indemnifying Party (grossed up for such increase) and (y) reduced to take account of any net Tax benefit actually realized by the Indemnitee arising from the incurrence or payment of any such Indemnifiable Loss. In computing the amount of such Tax cost or Tax benefit, the Indemnitee shall be deemed to recognize all other items of income, gain, loss, deduction or credit before recognizing any item arising from the receipt of any payment with respect to an Indemnifiable Loss or the incurrence or payment of any Indemnifiable Loss.

(ii) In addition to any adjustments required pursuant to Section 3.04 hereof or clause (i) of this Section 3.07, if the amount of any Indemnifiable Loss shall, at any time subsequent to the payment required by this Agreement, be reduced by recovery, settlement or otherwise, the amount of such reduction, less any expenses incurred in connection therewith, shall promptly be repaid by the Indemnitee to the Indemnifying Party, up to the aggregate amount of any payments received from such Indemnifying Party pursuant to this Agreement in respect of such Indemnifiable Loss.

SECTION 3.08. Survival of Indemnities. The obligations of ITT Industries, ITT Destinations and ITT Hartford under this Article III shall survive the sale or other transfer by any of them of any assets or businesses or the assignment by any of them of any Liabilities, with respect to any Indemnifiable Loss of any Indemnitee related to such assets, businesses or Liabilities.

ARTICLE IV. ACCESS TO INFORMATION

SECTION 4.01. Provision of Corporate Records.

(a) Unless otherwise specified in the procedures set forth in Schedule 4.03(b) hereto, after the Distribution Date, upon the prior written request by ITT Destinations or ITT Hartford for specific and identified agreements, documents, books, records or files including, without limitation, computer files, microfiche, tape recordings and photographs (collectively, "Records"), relating to or affecting ITT Destinations or ITT Hartford, as applicable, ITT Industries shall arrange, as soon as reasonably practicable following the receipt of such request, for the provision of appropriate copies of such Records (or the originals thereof if the party making the request has a reasonable need for such originals) in the possession of ITT Industries or any of its Subsidiaries, but only to the extent such items are not already in the possession of the requesting party.

(b) Unless otherwise specified in the procedures set forth in Schedule 4.03(b) hereto, after the Distribution Date, upon the prior written request by ITT Industries or ITT Hartford for specific and identified Records relating to or affecting ITT Industries or ITT Hartford, as applicable, ITT Destinations shall arrange, as soon as reasonably prac-

licable following the receipt of such request, for the provision of appropriate copies of such Records (or the originals thereof if the party making the request has a reasonable need for such originals) in the possession of ITT Destinations or any of its Subsidiaries, but only to the extent such items are not already in the possession of the requesting party.

(c) Unless otherwise specified in the procedures set forth in Schedule 4.03(b) hereto, after the Distribution Date, upon the prior written request by ITT Industries or ITT Destinations for specific and identified Records relating to or affecting ITT Industries or ITT Destinations, as applicable, ITT Hartford shall arrange, as soon as reasonably practicable following the receipt of such request, for the provision of appropriate copies of such Records (or the originals thereof if the party making the request has a reasonable need for such originals) in the possession of ITT Hartford or any of its Subsidiaries, but only to the extent such items are not already in the possession of the requesting party.

SECTION 4.02. Access to Information. (a) Unless otherwise specified in the procedures set forth in Schedule 4.03(b) hereto, from and after the Distribution Date, each of ITT Industries, ITT Destinations and ITT Hartford shall afford to the other and its authorized accountants, counsel and other designated representatives reasonable access during normal business hours, subject to appropriate restrictions for classified, privileged or confidential information, to the personnel, properties, books and records of such party and its Subsidiaries insofar as such access is reasonably required by the other party.

(b) For a period of five years following the Distribution Date, each of ITT Industries, ITT Destinations and ITT Hartford shall provide to the other, promptly following such time at which such documents shall be filed with the Securities and Exchange Commission (the "Commission"), all documents that shall be filed by it and by any of its respective Subsidiaries with the Commission pursuant to the periodic and interim reporting requirements of the Securities Exchange Act of 1934, and the rules and regulations of the Commission promulgated thereunder.

SECTION 4.03. Reimbursement; Other Matters. (a) Except to the extent otherwise contemplated by any Ancillary Agreement, a party providing Records or access to

information to the other party under this Article IV shall be entitled to receive from the recipient, upon the presentation of invoices therefor, payments for such amounts, relating to supplies, disbursements and other out-of-pocket expenses, as may be reasonably incurred in providing such Records or access to information.

(b) The parties hereto shall comply with those document retention policies as shall be set forth in Schedule 4.03(b) hereto or established and agreed to in writing by their respective authorized officers on or prior to the Distribution Date in respect of Records and related matters.

SECTION 4.04. Confidentiality. Each of (i) ITT Industries and its Subsidiaries, (ii) ITT Destinations and its Subsidiaries and (iii) ITT Hartford and its Subsidiaries shall not use or permit the use of (without the prior written consent of the other) and shall hold, and shall cause its consultants and advisors to hold, in strict confidence, all information concerning the other parties in its possession, its custody or under its control (except to the extent that (A) such information has been in the public domain through no fault of such party or (B) such information has been later lawfully acquired from other sources by such party or (C) this Agreement or any other Ancillary Agreement or any other agreement entered into pursuant hereto permits the use or disclosure of such information) to the extent such information (x) relates to the period up to the Effective Time, (y) relates to any Ancillary Agreement or (z) is obtained in the course of performing services for the other party pursuant to any Ancillary Agreement, and each party shall not (without the prior written consent of the other) otherwise release or disclose such information to any other person, except such party's auditors and attorneys, unless compelled to disclose such information by judicial or administrative process or unless such disclosure is required by law and such party has used commercially reasonable efforts to consult with the other affected party or parties prior to such disclosure. To the extent that a party hereto is compelled by judicial or administrative process to disclose such information under circumstances in which any evidentiary privilege would be available, such party agrees to assert such privilege in good faith prior to making such disclosure. Each of the parties hereto agrees to consult with each relevant other party in connection with any such judicial or administrative process, including, without limitation, in determining whether any privilege is

available, and further agrees to allow each such relevant party and its counsel to participate in any hearing or other proceeding (including, without limitation, any appeal of an initial order to disclose) in respect of such disclosure and assertion of privilege.

ARTICLE V. ADMINISTRATIVE SERVICES

SECTION 5.01. Performance of Services. Beginning on the Distribution Date, each party will provide, or cause one or more of its Subsidiaries to provide, to the other party and its Subsidiaries such services on such terms as may be agreed upon between (i) ITT Industries (or any of its Subsidiaries) and ITT Destinations (or any of its Subsidiaries), (ii) ITT Industries (or any of its Subsidiaries) and ITT Hartford (or any of its Subsidiaries) or (iii) ITT Destinations (or any of its Subsidiaries) and ITT Hartford (or any of its Subsidiaries) from time to time in writing. The party that is to provide the services (the "Provider") will use (and will cause its Subsidiaries to use) its commercially reasonable efforts to provide such services to the other party (the "Recipient") and its Subsidiaries in a satisfactory and timely manner and as further specified in writing by the parties.

SECTION 5.02. Independence. All employees and representatives of the Provider providing the scheduled services to the Recipient will be deemed for purposes of all compensation and employee benefits matters to be employees or representatives of the Provider and not employees or representatives of the Recipient. In performing such services, such employees and representatives will be under the direction, control and supervision of the Provider (and not the Recipient) and the Provider will have the sole right to exercise all authority with respect to the employment (including, without limitation, termination of employment), assignment and compensation of such employees and representatives.

SECTION 5.03. Non-exclusivity. Nothing in this Agreement precludes any party from obtaining, in whole or in part, services of any nature that may be obtainable from the other parties from its own employees or from providers other than the other parties.

ARTICLE VI. DISPUTE RESOLUTION

In the event of a controversy, dispute or claim arising out of, in connection with, or in relation to the interpretation, performance, nonperformance, validity or breach of this Agreement or otherwise arising out of, or in any way related to this Agreement, including, without limitation, any claim based on contract, tort, statute or constitution (collectively, "Agreement Disputes"), the general counsels of the relevant parties shall negotiate in good faith for a reasonable period of time to settle such Agreement Dispute.

If after such reasonable period such general counsels are unable to settle such Agreement Dispute (and in any event after 60 days have elapsed from the time the relevant parties began such negotiations), such Agreement Dispute shall be determined, at the request of any relevant party, by arbitration conducted in New York City, before and in accordance with the then-existing Rules for Commercial Arbitration of the American Arbitration Association (the "Rules"), and any judgment or award rendered by the arbitrator shall be final, binding and nonappealable (except upon grounds specified in 9 U.S.C. Section 10(a) as in effect on the date hereof), and judgment may be entered by any state or Federal court having jurisdiction thereof in accordance with Section 8.19 hereof. Unless the arbitrator otherwise determines, the pre-trial discovery of the then-existing Federal Rules of Civil Procedure and the then-existing Rules 46 and 47 of the Civil Rules for the United States District Court for the Southern District of New York shall apply to any arbitration hereunder. Any controversy concerning whether an Agreement Dispute is an arbitrable Agreement Dispute, whether arbitration has been waived, whether an assignee of this Agreement is bound to arbitrate, or as to the interpretation of enforceability of this Article VI shall be determined by the arbitrator. The arbitrator shall be a retired or former judge of any United States District Court or Court of Appeals or such other qualified person as the relevant parties may agree to designate, provided such individual has had substantial professional experience with regard to settling sophisticated commercial disputes. The parties intend that the provisions to arbitrate set forth herein be valid, enforceable and irrevocable. The designation of a situs or a governing law for this Agreement or the arbitration shall not be deemed an election to preclude application of the Federal Arbitration Act, if it would be applicable. In his award the arbitrator shall allocate, in

his discretion, among the parties to the arbitration all costs of the arbitration, including, without limitation, the fees and expenses of the arbitrator and reasonable attorneys' fees, costs and expert witness expenses of the parties. The undersigned agree to comply with any award made in any such arbitration proceedings that has become final in accordance with the Rules and agree to the entry of a judgment in any jurisdiction upon any award rendered in such proceedings becoming final under the Rules. The arbitrator shall be entitled, if appropriate, to award any remedy in such proceedings, including, without limitation, monetary damages, specific performance and all other forms of legal and equitable relief; provided, however, the arbitrator shall not be entitled to award punitive damages.

ARTICLE VII. INSURANCE

SECTION 7.01. Policies and Rights Included Within Assets. (a)

The ITT Destinations Assets shall include any and all rights of an insured party under each of the Company Policies set forth on Schedule 7.01(a) hereto and all predecessor Policies thereto, subject to the terms of such Company Policies and any limitations or obligations of ITT Destinations contemplated by this Article VII or Schedule 7.01(a), specifically including rights of indemnity and the right to be defended by or at the expense of the insurer, with respect to all claims, suits, actions, proceedings, injuries, losses, liabilities, damages and expenses incurred or claimed to have been incurred prior to the Distribution Date by any party in or in connection with the conduct of the ITT Destinations Business or, to the extent any claim is made against ITT Destinations or any of its Subsidiaries, the conduct of the ITT Industries Business or the ITT Hartford Business, and which claims, suits, actions, proceedings, injuries, losses, liabilities, damages and expenses may arise out of an insured or insurable occurrence under one or more of such Company Policies; provided, however, that nothing in this clause shall be deemed to constitute (or to reflect) an assignment of such Company Policies, or any of them, to ITT Destinations.

(b) The ITT Hartford Assets shall include any and all rights of an insured party under the Company Policies numbered 16 and 17 on Schedule 7.01(a) hereto and all predecessor Policies thereto, subject to the terms of such Company Policies and any limitations or obligations of ITT Hartford contemplated by this Article VII or

Schedule 7.01(a), specifically including rights of indemnity and the right to be defended by or at the expense of the insurer, with respect to all claims, suits, actions, proceedings, injuries, losses, liabilities, damages and expenses incurred or claimed to have been incurred prior to the Distribution Date by any party in or in connection with the conduct of the ITT Hartford Business or, to the extent any claim is made against ITT Hartford or any of its Subsidiaries, the conduct of the ITT Industries Business or the ITT Destinations Business, and which claims, suits, actions, proceedings, injuries, losses, liabilities, damages and expenses may arise out of an insured or insurable occurrence under either such Company Policy; provided, however, that nothing in this clause shall be deemed to constitute (or to reflect) an assignment of either of such Company Policies to ITT Hartford.

(c) The ITT Industries Assets shall include any and all rights of a named additional insured party under Policies where ITT is a named additional insured party, subject to the terms of such Policies and any limitations or obligations of ITT contemplated by this Article VII, specifically including rights of indemnity and the right to be defended by or at the expense of the insurer, with respect to all claims, suits, actions, proceedings, injuries, losses, liabilities, damages and expenses incurred or claimed to have been incurred prior to the Distribution Date by any party in or in connection with the conduct of the ITT Industries Business or, to the extent any claim is made against ITT Industries or any of its Subsidiaries, the conduct of the ITT Destinations Business or the ITT Hartford Business, and which claims, suits, actions, proceedings, injuries, losses, liabilities, damages and expenses may arise out of an insured or insurable occurrence under either such Policy; provided, however, that nothing in this clause shall be deemed to constitute (or to reflect) an assignment of such Policies to ITT Industries.

SECTION 7.02. Post-Distribution Date Claims. (a) If, subsequent to the Distribution Date, any person shall assert a claim against ITT Destinations or any of its Subsidiaries (including, without limitation, where ITT Destinations or its Subsidiaries are joint defendants with other persons) with respect to any claim, suit, action, proceeding, injury, loss, liability, damage or expense incurred or claimed to have been incurred prior to the Distribution Date in or in connection with the conduct of the ITT Destinations Business or, to the extent any claim is made

against ITT Destinations or any of its Subsidiaries (including, without limitation, where ITT Destinations or its Subsidiaries are joint defendants with other persons), the conduct of the ITT Industries Business or the ITT Hartford Business, and which claim, suit, action, proceeding, injury, loss, liability, damage or expense may arise out of an insured or insurable occurrence under one or more of the Company Policies, ITT Industries shall, at the time such claim is asserted, to the extent any such Policy may require that Insurance Proceeds thereunder be collected directly by the party against whom the Insured Claim is asserted, be deemed to designate, without need of further documentation, ITT Destinations as the agent and attorney-in-fact to assert and to collect any related Insurance Proceeds under such Company Policy, and shall further be deemed to assign, without need of further documentation, to ITT Destinations any and all rights of an insured party under such Company Policy with respect to such asserted claim, specifically including rights of indemnity and the right to be defended by or at the expense of the insurer and the right to any applicable Insurance Proceeds thereunder; provided, however, that nothing in this Section 7.02(a) shall be deemed to constitute (or to reflect) an assignment of the Company Policies, or any of them, to ITT Destinations; provided further, however, that, with respect to those Company Policies set forth on Schedule 7.01(a) hereto for which ITT Destinations has payment obligations as reflected on such Schedule, ITT Destinations and its Subsidiaries shall only have the rights set forth under this Section 7.02(a) with respect to such Company Policies if such payment obligations have been satisfied by ITT Destinations at the relevant time as contemplated by Schedule 7.01(a).

(b) If, subsequent to the Distribution Date, any person shall assert a claim against ITT Hartford or any of its Subsidiaries (including, without limitation, where ITT Hartford or its Subsidiaries are joint defendants with other persons) with respect to any claim, suit, action, proceeding, injury, loss, liability, damage or expense incurred or claimed to have been incurred prior to the Distribution Date in or in connection with the conduct of the ITT Hartford Business or, to the extent any claim is made against ITT Hartford or any of its Subsidiaries (including, without limitation, where ITT Hartford or its Subsidiaries are joint defendants with other persons), the conduct of the ITT Industries Business or the ITT Destinations Business, and which claim, suit, action, pro-

ceeding, injury, loss, liability, damage or expense may arise out of an insured or insurable occurrence under the Company Policy numbered 16 or 17 on Schedule 7.01(a) hereto, ITT Industries shall, at the time such claim is asserted, to the extent such Policy may require that Insurance Proceeds thereunder be collected directly by the party against whom the Insured Claim is asserted, be deemed to designate, without need of further documentation, ITT Hartford as the agent and attorney-in-fact to assert and to collect any related Insurance Proceeds under such Company Policy, and shall further be deemed to assign, without need of further documentation, to ITT Hartford any and all rights of an insured party under such Company Policy with respect to such asserted claim, specifically including rights of indemnity and the right to be defended by or at the expense of the insurer and the right to any applicable Insurance Proceeds thereunder; provided, however, that nothing in this Section 7.02(b) shall be deemed to constitute (or to reflect) an assignment of either of such Company Policies to ITT Hartford; provided further, however, that, with respect to the Company Policy numbered 17 on Schedule 7.01(a) hereto, ITT Hartford and its Subsidiaries shall only have the rights set forth under this Section 7.02(b) with respect to such Company Policy if the payment obligations of ITT Hartford set forth in Schedule 7.01(a) with respect to such Policy have been satisfied by ITT Hartford at the relevant time as contemplated by Schedule 7.01(a).

SECTION 7.03. Administration; Other Matters. (a)

Administration. Except as otherwise provided in Section 7.02 hereof, from and after the Distribution Date ITT Industries shall be responsible for (i) Insurance Administration of the Company Policies and (ii) Claims Administration under such Company Policies with respect to ITT Industries Liabilities, ITT Destinations Liabilities and ITT Hartford Liabilities; provided that the retention of such responsibilities by ITT Industries is in no way intended to limit, inhibit or preclude any right to insurance coverage for any Insured Claim of a named insured under such Policies as contemplated by the terms of this Agreement; and provided further that ITT Industries' retention of the administrative responsibilities for the Company Policies shall not relieve the party submitting any Insured Claim of the primary responsibility for reporting such Insured Claim accurately, completely and in a timely manner (it being understood that, as specified in the definitions of "Claims Administration" and "Insurance Administration", ITT Destinations and ITT Hartford shall report Insured

Claims to the relevant carrier through ITT Industries) or of such party's authority to settle (within the periods specified in Schedule 7.01(a) in the cases of the Company Policies numbered 1, 3 and 4 on said Schedule) any such Insured Claim. ITT Industries may discharge its administrative responsibilities under this Section 7.03 by contracting for the provision of services by independent parties. Except as contemplated by Schedule 7.01(a) hereto or this Agreement, each of the parties hereto shall administer and pay any costs relating to defending its respective Insured Claims under Company Policies to the extent such defense costs are not covered under such Policies and shall be responsible for obtaining or reviewing the appropriateness of releases upon settlement of its respective Insured Claims under Company Policies. The disbursements, out-of-pocket expenses and direct and indirect costs of employees or agents of ITT Industries relating to Claims Administration and Insurance Administration contemplated by this Section 7.03(a) shall be the responsibility of ITT Industries, provided that, if such disbursements, out-of-pocket expenses and direct and indirect costs of employees or agents of ITT Industries shall be materially in excess of the comparable historical disbursements, out-of-pocket expenses and direct and indirect costs of employees or agents of ITT, the relevant parties hereto agree to negotiate in good faith an equitable allocation of responsibility for such disbursements, out-of-pocket expenses and direct and indirect costs of employees or agents of ITT Industries.

(b) Access to Specified Policies. Where ITT Destinations Liabilities or ITT Hartford Liabilities, as applicable, are specifically covered under the Company Policies set forth on Schedule 7.01(a) hereto numbered 16 or 17 for periods prior to the Distribution Date, or under either such Company Policy covering claims made after the Distribution Date with respect to an occurrence prior to the Distribution Date, then from and after the Distribution Date ITT Destinations and ITT Hartford may claim coverage for Insured Claims under such Company Policy as and to the extent that such insurance is available up to the full extent of the applicable limits of liability of such Company Policy (and may receive any Insurance Proceeds with respect thereto as contemplated by Section 7.02 or Section 7.03(d) hereof).

(c) Liability Limitation. Except as specifically contemplated by lettered items under Schedule 7.01(a), ITT

Industries, ITT Destinations and ITT Hartford shall not be liable to one another for claims not reimbursed by insurers for any reason not within the control of ITT Industries, ITT Destinations or ITT Hartford, as the case may be, including, without limitation, coinsurance provisions, deductibles, quota share deductibles, exhaustion of aggregates, self-insured retentions, bankruptcy or insolvency of an insurance carrier, Company Policy limitations or restrictions, any coverage disputes, any failure to timely claim by ITT Industries, ITT Destinations or ITT Hartford or any defect in such claim or its processing.

(d) Allocation of Insurance Proceeds. Except as otherwise provided in Section 7.02, Insurance Proceeds received with respect to claims, costs and expenses under the Company Policies shall be paid to ITT Industries in trust, which shall thereafter administer the Company Policies by paying the Insurance Proceeds, as appropriate, to ITT Industries with respect to ITT Industries Liabilities, to ITT Destinations with respect to ITT Destinations Liabilities, to ITT Hartford with respect to the ITT Hartford Liabilities and as provided in Section 2.04(c) with respect to Shared Liabilities. Payment of the allocable portions of indemnity costs of Insurance Proceeds resulting from such Policies will be made by ITT Industries to the appropriate party upon receipt from the insurance carrier. In the event that the aggregate limits on any Company Policies are exceeded by the aggregate of outstanding Insured Claims by two or more of the relevant parties hereto, such parties shall agree on an equitable allocation of Insurance Proceeds based upon their respective bona fide claims. The parties agree to use commercially reasonable efforts to maximize available coverage under those Company Policies applicable to it, and to take all commercially reasonable steps to recover from all other responsible parties in respect of an Insured Claim to the extent coverage limits under a Company Policy have been exceeded or would be exceeded as a result of such Insured Claim.

SECTION 7.04. Agreement for Waiver of Conflict and Shared Defense. In the event that Insured Claims of more than one of the parties hereto exist relating to the same occurrence, the relevant parties shall jointly defend and waive any conflict of interest necessary to the conduct of the joint defense. Nothing in this Section 7.04 shall be

construed to limit or otherwise alter in any way the obligations of the parties to this Agreement, including those created by this Agreement, by operation of law or otherwise.

SECTION 7.05. Cooperation. The parties agree to use their commercially reasonable efforts to cooperate with respect to the various insurance matters contemplated by this Agreement (including, without limitation, in connection with Policies where ITT is a named additional insured party).

ARTICLE VIII. MISCELLANEOUS

SECTION 8.01. Complete Agreement; Construction. This Agreement, including the Exhibits and Schedules, and the Ancillary Agreements shall constitute the entire agreement between the parties with respect to the subject matter hereof and shall supersede all previous negotiations, commitments and writings with respect to such subject matter. In the event of any inconsistency between this Agreement and any Schedule hereto, the Schedule shall prevail. Notwithstanding any other provisions in this Agreement to the contrary, in the event and to the extent that there shall be a conflict between the provisions of this Agreement and the provisions of any Ancillary Agreement, such Ancillary Agreement shall control.

SECTION 8.02. Ancillary Agreements. This Agreement is not intended to address, and should not be interpreted to address, the matters specifically and expressly covered by the Ancillary Agreements.

SECTION 8.03. Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more such counterparts have been signed by each of the parties and delivered to the other parties.

SECTION 8.04. Survival of Agreements. Except as otherwise contemplated by this Agreement, all covenants and agreements of the parties contained in this Agreement shall survive the Distribution Date.

SECTION 8.05. Expenses. Except as otherwise set forth in this Agreement or any Ancillary Agreement, all costs and expenses incurred on or prior to the Distribution

Date (whether or not paid on or prior to the Distribution Date) in connection with the preparation, execution, delivery and implementation of this Agreement and any Ancillary Agreement, the Proxy Statement and the Distribution and the consummation of the transactions contemplated thereby shall be charged to and paid by ITT, provided that ITT shall not be responsible for those costs or expenses incurred by ITT Hartford or ITT Destinations (including, without limitation, any attorney or financial advisor fees owing to attorneys or financial advisors retained by ITT Destinations or ITT Hartford). Except as otherwise set forth in this Agreement or any Ancillary Agreement, each party shall bear its own costs and expenses incurred after the Distribution Date.

SECTION 8.06. Notices. All notices and other communications hereunder shall be in writing and hand delivered or mailed by registered or certified mail (return receipt requested) or sent by any means of electronic message transmission with delivery confirmed (by voice or otherwise) to the parties at the following addresses (or at such other addresses for a party as shall be specified by like notice) and will be deemed given on the date on which such notice is received:

To ITT Corporation (ITT Industries, Inc.
after the Distribution):

4 West Red Oak Lane
White Plains, NY 10604

Attn: Senior Vice President and General Counsel

To ITT Destinations, Inc. (ITT Corporation
after the Distribution):

1330 Avenue of the Americas
New York, NY 10019

Attn: Executive Vice President
and General Counsel

To ITT Hartford Group, Inc.:

Hartford Plaza
Hartford, CT 06115

Attn: Senior Vice President and General Counsel

SECTION 8.07. Waivers. The failure of either party to require strict performance by the other party of any provision in this Agreement will not waive or diminish that party's right to demand strict performance thereafter of that or any other provision hereof.

SECTION 8.08. Amendments. Subject to the terms of Section 8.11 hereof, this Agreement may not be modified or amended except by an agreement in writing signed by the parties.

SECTION 8.09. Assignment. This Agreement shall be assignable in whole in connection with a merger or consolidation or the sale of all or substantially all the assets of a party hereto so long as the resulting, surviving or transferee entity assumes all the obligations of the relevant party hereto by operation of law or pursuant to an agreement in form and substance reasonably satisfactory to the other parties to this Agreement. Otherwise this Agreement shall not be assignable, in whole or in part, directly or indirectly, by any party hereto without the prior written consent of the others, and any attempt to assign any rights or obligations arising under this Agreement without such consent shall be void.

SECTION 8.10. Successors and Assigns. The provisions of this Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective permitted successors and permitted assigns.

SECTION 8.11. Termination. This Agreement (including, without limitation, Section 2.11 and Article III hereof) may be terminated and the Distribution may be amended, modified or abandoned at any time prior to the Distribution by and in the sole discretion of ITT without the approval of ITT Destinations or ITT Hartford or the shareholders of ITT. In the event of such termination, no party shall have any liability of any kind to any other party or any other person. After the Distribution, this Agreement may not be terminated except by an agreement in writing signed by the parties; provided, however, that Section 2.11 and Article III shall not be terminated or amended after the Distribution in respect of the third party beneficiaries thereto without the consent of such persons.

SECTION 8.12. Subsidiaries. Each of the parties hereto shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations

set forth herein to be performed by any Subsidiary of such party or by any entity that is contemplated to be a Subsidiary of such party on and after the Distribution Date.

SECTION 8.13. Third Party Beneficiaries. Except as provided in Section 2.11 relating to directors and officers liability insurance and in Article III relating to Indemnitees, this Agreement is solely for the benefit of the parties hereto and their respective Subsidiaries and Affiliates and should not be deemed to confer upon third parties any remedy, claim, liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement.

SECTION 8.14. Attorney Fees. Except as contemplated by the third to the last sentence of Article VI hereof, a party in breach of this Agreement shall, on demand, indemnify and hold harmless the other parties hereto for and against all out-of-pocket expenses, including, without limitation, legal fees, incurred by such other party by reason of the enforcement and protection of its rights under this Agreement. The payment of such expenses is in addition to any other relief to which such other party may be entitled hereunder or otherwise.

SECTION 8.15. Title and Headings. Titles and headings to sections herein are inserted for the convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

SECTION 8.16. Exhibits and Schedules. The Exhibits and Schedules shall be construed with and as an integral part of this Agreement to the same extent as if the same had been set forth verbatim herein.

SECTION 8.17. Specific Performance. Each of the parties hereto acknowledges that there is no adequate remedy at law for failure by such parties to comply with the provisions of this Agreement and that such failure would cause immediate harm that would not be adequately compensable in damages, and therefore agree that their agreements contained herein may be specifically enforced without the requirement of posting a bond or other security, in addition to all other remedies available to the parties hereto under this Agreement.

SECTION 8.18. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE

LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS EXECUTED IN AND TO BE PERFORMED IN THAT STATE.

SECTION 8.19. Consent to Jurisdiction. Without limiting the provisions of Article VI hereof, each of the parties irrevocably submits to the exclusive jurisdiction of (a) the Supreme Court of the State of New York, New York County, and (b) the United States District Court for the Southern District of New York, for the purposes of any suit, action or other proceeding arising out of this Agreement or any transaction contemplated hereby. Each of the parties agrees to commence any action, suit or proceeding relating hereto either in the United States District Court for the Southern District of New York or if such suit, action or other proceeding may not be brought in such court for jurisdictional reasons, in the Supreme Court of the State of New York, New York County. Each of the parties further agrees that service of any process, summons, notice or document by U.S. registered mail to such party's respective address set forth above shall be effective service of process for any action, suit or proceeding in New York with respect to any matters to which it has submitted to jurisdiction in this Section 8.19. Each of the parties irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the transactions contemplated hereby in (i) the Supreme Court of the State of New York, New York County, or (ii) the United States District Court for the Southern District of New York, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

SECTION 8.20. Severability. In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the day and year first above written.

ITT CORPORATION,

by

Name:
Title:

ITT DESTINATIONS, INC.,

by

Name:
Title:

ITT HARTFORD GROUP, INC.,

by

Name:
Title:

INTELLECTUAL PROPERTY
LICENSE AGREEMENT

INTELLECTUAL PROPERTY LICENSE AGREEMENT ("IP Agreement") dated as of November 1, 1995 between and among ITT CORPORATION, a Delaware corporation ("ITT Corporation"), ITT DESTINATIONS, INC., a Nevada corporation ("ITT Destinations"), and ITT HARTFORD GROUP, INC., a Delaware corporation ("ITT Hartford") (collectively the "Parties").

RECITALS

WHEREAS, in order to carry out the Distribution (as hereinafter defined) whereby the holders of the shares of common stock of ITT Corporation will receive all of the outstanding shares of common stock of ITT Destinations (as hereinafter defined) and all the outstanding shares of common stock of ITT Hartford (as hereinafter defined), it is necessary to license certain intellectual property assets and rights between and among the Parties to provide for the continued conduct of the Parties' respective businesses;

WHEREAS, a series of General Relations Agreements are in effect between and among ITT Corporation and its Subsidiaries, including ITT Destinations, ITT Hartford and their Subsidiaries, granting certain rights and licenses under intellectual property in connection with the conduct of their respective businesses; and

WHEREAS, the Parties desire that certain rights and licenses under such intellectual property enjoyed by the Parties and their Subsidiaries prior to the Distribution Date should continue after the Distribution Date as specified herein.

NOW, THEREFORE, in consideration of the mutual agreements, undertakings and covenants herein, the Parties hereby agree as follows:

ARTICLE I. DEFINITIONS

Section 1.01 General. As used in this IP Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Intellectual Property" shall mean and include inventions, invention disclosures, patents, patent applications, computer programs (including source code, object code and data), copyrights, copyright registrations, copyright registration applications, mask works, designs, technical information, proprietary information, trade secrets, manufacturing processes, formulas, algorithms, data, and all other kinds of intellectual property protected or protectable under state, federal or foreign law owned by a Party or its Subsidiaries as of the Distribution Date, except Trademarks (as hereinafter defined).

"Distribution Agreement" shall mean the Distribution Agreement to be entered into by ITT Corporation, ITT Destinations, and ITT Hartford relating to the distribution of the shares of ITT Destinations and ITT Hartford to the holders of ITT Corporation Common Stock.

"Distribution Date" shall mean such date as may hereafter be determined by ITT Corporation's Board of Directors as the date on which the Distribution shall be effected.

"Effective Time" shall mean 11:59 p.m., New York time, on the Distribution Date.

"Distribution" shall mean the distribution on the Distribution Date to holders of record of shares of ITT Corporation Common Stock as of the Distribution Record Date of (i) the ITT Destinations Common Shares owned by ITT Corporation on the basis of one ITT Destinations Common Share for each outstanding share of ITT Corporation Common Stock, and (ii) the ITT Hartford Common Shares owned by ITT Corporation on the basis of one ITT Hartford Common Share for each outstanding share of ITT Corporation Common Stock.

"Distribution Record Date" shall mean such date as may hereafter be determined by ITT Corporation 's Board of Directors as the record date for the Distribution.

"GRA" shall mean the General Relations Agreements in effect as of the Distribution Date between and among ITT Corporation and its Subsidiaries, including ITT Destinations, ITT Hartford and their Subsidiaries, pursuant to ITT Corporation Administrative Practice 60.3.

"ITT Corporation" shall mean ITT Corporation, a Delaware corporation and its predecessor Maryland corporation up to the Effective Time and at all times thereafter ITT Industries, Inc., an Indiana corporation and legal successor to ITT Corporation.

"ITT Destinations" shall mean ITT Destinations, Inc., a Nevada Corporation, to be renamed "ITT Corporation" in connection with the Distribution.

"ITT Destinations Business" shall mean the principal businesses and operations conducted by ITT Destinations and its Subsidiaries on the Distribution Date, such businesses being hospitality, entertainment, information and educational services as specifically described in Exhibit A1 annexed hereto and, in addition, shall also mean the Closely Related Businesses described in Exhibit A1, provided that ITT Destinations Business shall not include the ITT Industries Business or the ITT Hartford Business.

"ITT Hartford" means ITT Hartford Group, Inc., a Delaware corporation.

"ITT Hartford Business" shall mean the principal businesses and operations conducted by ITT Hartford and its Subsidiaries on the Distribution Date, such businesses being the insurance services in the fields of property, casualty, life and reinsurance as specifically described in Exhibit A2 annexed hereto and, in addition, shall also mean the Closely Related Businesses described in Exhibit A2, provided that ITT Hartford

Business shall not include the ITT Industries Business or the ITT Destinations Business.

"ITT Industries" shall mean (i) ITT Industries, Inc., an Indiana corporation and the legal successor to ITT Corporation, or (ii) ITT Corporation, after giving legal effect to the transactions contemplated by Section 2.01 of the Distribution Agreement or as if such transactions had occurred, in each case as the context requires.

"ITT Industries Business" shall mean the principal businesses and operations conducted by ITT Industries and its Subsidiaries on the Distribution Date, such businesses being the design, manufacture, sale, and servicing of automotive products, defense products, electronic component products, fluid handling products, and management services for military and space satellite launch facilities as specifically described in Exhibit A3 annexed hereto and, in addition, shall also mean the Closely Related Businesses described in Exhibit A3, provided that ITT Industries Business shall not include ITT Destinations Business or ITT Hartford Businesses.

"Proxy Statement" shall mean the Proxy Statement sent to the holders of shares of ITT Corporation Common Stock in connection with the Distribution, including any amendment or supplement thereto.

"Subsidiary", with respect to any Party, shall mean any corporation, partnership, joint venture or other entity of which such Party, directly or indirectly, owns an interest sufficient to elect a majority of the Board of Directors (or persons performing similar functions) (irrespective of whether at the time any other class or classes of ownership interests of such corporation, partnership or other entity shall or might have such voting power upon the occurrence of any contingency). Irrespective of this definition and for purposes of this IP Agreement, Madison Square Garden, L.P., and ITT-Dow Jones Television and their respective Subsidiaries are Subsidiaries of ITT Destinations.

"Trademarks" shall mean and include trademarks, trade names, company names, service marks, trade dress, the registrations thereof, the applications therefor and the goodwill associated therewith.

ARTICLE II. OWNERSHIP OF INTELLECTUAL PROPERTY ASSETS

Section 2.01 The Parties agree that ITT Hartford and the ITT Hartford Subsidiaries own all right, title, and interest, including the right to sue and collect past and future damages, in any Intellectual Property which: (i) originated with ITT Hartford or the ITT Hartford Subsidiaries in the conduct of ITT Hartford Business; (ii) was obtained by, or exclusively or primarily for, ITT Hartford or the ITT Hartford Subsidiaries for the conduct of ITT Hartford Business; (iii) was developed exclusively or primarily for ITT Hartford or the ITT Hartford Subsidiaries for the conduct of ITT Hartford Business; (iv) arose from funding by, or exclusively or primarily for the benefit of, ITT Hartford or the ITT Hartford Subsidiaries in the conduct of ITT Hartford Business; or, (v) as of the Distribution Date is used or held for use exclusively by ITT Hartford or the ITT Hartford Subsidiaries solely for the conduct of ITT Hartford Business. If a conflict exists between any of the subsections (i) through (iv) of this Section on the one hand and subsection (v) of this Section on the other hand, then subsection (v) shall prevail.

Section 2.02 The Parties agree that ITT Destinations and the ITT Destinations Subsidiaries own all right, title, and interest, including the right to sue and collect past and future damages, in any Intellectual Property which: (i) originated with ITT Destinations or the ITT Destinations Subsidiaries in the conduct of ITT Destinations Business; (ii) was obtained by, or exclusively or primarily for, ITT Destinations or the ITT Destinations Subsidiaries for the conduct of ITT Destinations Business; (iii) was developed exclusively or primarily for ITT Destinations or the ITT Destinations Subsidiaries for the conduct of ITT Destinations Business; (iv) arose from funding by, or exclusively or primarily for the benefit of, ITT Destinations or the ITT Destinations Subsidiaries in the conduct of ITT Destinations Business; or, (v) as of the Distribution Date is used or held for use exclusively by ITT Destinations or the ITT Destinations Subsidiaries solely for the conduct of ITT Destinations Business. If a conflict exists

between any of the subsections (i) through (iv) of this Section on the one hand and subsection (v) of this Section on the other hand, then subsection (v) shall prevail.

Section 2.03 The Parties agree that ITT Industries and the ITT Industries Subsidiaries own all right, title, and interest, including the right to sue and collect past and future damages, in any Intellectual Property which: (i) originated with ITT Industries or the ITT Industries Subsidiaries in the conduct of ITT Industries Business; (ii) was obtained by, or exclusively or primarily for, ITT Industries or the ITT Industries Subsidiaries for the conduct of ITT Industries Business; (iii) was developed exclusively or primarily for ITT Industries or the ITT Industries Subsidiaries for the conduct of ITT Industries Business; (iv) arose from funding by, or exclusively or primarily for the benefit of, ITT Industries or the ITT Industries Subsidiaries in the conduct of ITT Industries Business; or, (v) as of the Distribution Date is used or held for use exclusively by ITT Industries or the ITT Industries Subsidiaries solely for the conduct of ITT Industries Business. If a conflict exists between any of the subsections (i) through (iv) of this Section on the one hand and subsection (v) of this Section on the other hand, then subsection (v) shall prevail.

Section 2.04 Except as otherwise specifically provided for in this IP Agreement or the Distribution Agreement, the Parties agree that no Party shall be obligated to provide any technical assistance, or to transfer any technical information or documentation associated therewith.

Section 2.05 The confirmation of ownership of the Intellectual Property rights provided for under Sections 2.01-2.03 are subject to all pre-existing third party rights, obligations and restrictions as of the Distribution Date.

ARTICLE III. INTELLECTUAL PROPERTY LICENSES

Section 3.01 ITT Industries, on behalf of itself and the ITT Industries Subsidiaries, hereby grants as of the Distribution Date to ITT Hartford, ITT Destinations and their respective Subsidiaries a non-assignable, worldwide,

perpetual, paid up, royalty free, non-exclusive license, without right to grant sublicenses except to future Subsidiaries and except as provided in Section 3.06, under Intellectual Property owned by ITT Industries or the ITT Industries Subsidiaries as of the Distribution Date to manufacture, have manufactured, use, offer to sell, and sell any and all methods, processes, compositions, and products and offer and provide any services in connection with all fields of activity other than the fields of activity of the ITT Industries Business.

Section 3.02 ITT Destinations, on behalf of itself and the ITT Destinations Subsidiaries, hereby grants as of the Distribution Date to ITT Industries, ITT Hartford and their Subsidiaries a non-assignable, worldwide, perpetual, paid up, royalty free, non-exclusive license, without right to grant sublicenses except to future Subsidiaries and except as provided in Section 3.06, under Intellectual Property owned by ITT Destinations or the ITT Destinations Subsidiaries as of the Distribution Date to manufacture, have manufactured, use, offer to sell, and sell any and all methods, processes, compositions, and products and offer and provide any services in connection with all fields of activity other than the fields of activity of the ITT Destinations Business.

Section 3.03 ITT Hartford, on behalf of itself and the ITT Hartford Subsidiaries, hereby grants as of the Distribution Date to ITT Industries, ITT Destinations and their Subsidiaries a non-assignable, worldwide, perpetual, paid up, royalty free, non-exclusive license, without right to grant sublicenses except to future Subsidiaries and except as provided in Section 3.06, under Intellectual Property owned by ITT Hartford or the ITT Hartford Subsidiaries as of the Distribution Date to manufacture, have manufactured, use, offer to sell, and sell any and all methods, processes, compositions, and products and offer and provide any services in connection with all fields of activity other than the fields of activity of the ITT Hartford Business.

Section 3.04 The rights granted by the Parties under Sections 3.01-3.03 are subject to all pre-existing third party rights, obligations and restrictions as of the Distribution Date.

Section 3.05 Any GRA between a Party and its Subsidiaries on the one hand and any other Party and/or its Subsidiaries on the other hand will be terminated as of the Effective Time. To the extent that residual rights under Section 10.4 of the GRAs are in conflict with the rights and licenses granted under this Article III, then this IP Agreement controls.

Section 3.06 Each Party may sublicense the rights granted to such Party under Sections 3.01 - 3.03 hereof to third parties, provided, however, the scope of such sublicenses shall be in writing and shall be expressly limited to the scope of the license granted to such Party.

Section 3.07 Each of the Parties hereto understands and agrees that, except as otherwise expressly provided, no party hereto is, in this IP Agreement or in any other agreement or document contemplated by this IP Agreement or otherwise, making any representation or warranty whatsoever, including, without limitation, as to title, value or legal sufficiency. It is also agreed and understood that any and all assets either transferred or licensed to or retained or licensed by the Parties, as the case may be, shall be "as is, where is".

ARTICLE IV. UNDERTAKINGS

Section 4.01 To the extent that the grants of Intellectual Property rights and licenses under Articles II and III herein would violate or be prohibited by any agreement with a third party, and such Intellectual Property is actually used by the grantee Party, then the granting Party undertakes to use reasonable efforts to obtain the necessary consent(s) from such third party so as to be permitted to make such grants. However, each Party hereto understands and agrees that no Party hereto is, in this IP Agreement or in any other agreement or document contemplated by this IP Agreement or otherwise, representing or warranting in any way that the obtaining of any consents or approvals, the execution and delivery of any amendatory agreements and the making of any filings or applications, possibly contemplated by this IP Agreement will satisfy the provisions of any and all applicable agreements or the requirements of any or all applicable laws or judgments.

Section 4.02 To the extent a Party or its Subsidiaries shall require technical assistance in connection with technology, technical information or software transferred or licensed from another Party, then that technical assistance shall be provided pursuant to a separate agreement entered into by the Parties pursuant to terms agreed to by the Parties.

ARTICLE V. DISPUTE RESOLUTION

In the event of a controversy, dispute or claim arising out of, in connection with, or in relation to the interpretation, performance, nonperformance, validity or breach of this IP Agreement or otherwise arising out of, or in any way related to this IP Agreement, including, without limitation, any claim based on contract, tort, statute or constitution (collectively, "Agreement Disputes"), the general counsels of the relevant parties shall negotiate in good faith for a reasonable period of time to settle such Agreement Dispute.

If after such reasonable period such general counsels are unable to settle such Agreement Dispute (and in any event after 60 days have elapsed from the time the relevant parties began such negotiations), such Agreement Dispute shall be determined, at the request of any relevant party, by arbitration conducted in New York City, before and in accordance with the then-existing Rules for Commercial Arbitration of the American Arbitration Association (the "Rules"), and any judgment or award rendered by the arbitrator shall be final, binding and unappealable (except upon grounds specified in 9 U.S.C., Section 10(a) as in effect on the date hereof), and judgment may be entered by any state or Federal court having jurisdiction thereof in accordance with Section 6.16 hereof. Unless the arbitrator otherwise determines, the pre-trial discovery of the then-existing Federal Rules of Civil Procedure and the then-existing Federal Rules of Civil Procedure and the then-existing Rules 46 and 47 of the Civil Rules for the United States District Court for the Southern District of New York shall apply to any arbitration hereunder. Any controversy concerning whether an Agreement Dispute is an arbitrable Agreement Dispute, whether arbitration has been waived, whether an assignee of this IP Agreement is bound to

arbitrate, or as to the interpretation of enforceability of this Article shall be determined by the arbitrator. The arbitrator shall be a retired or former judge of any United States District Court or Court of Appeals or such other qualified person as the relevant parties may agree to designate, provided such individual has had substantial professional experience with regard to settling sophisticated commercial disputes. The parties intent that the provisions to arbitrate set forth herein be valid, enforceable and irrevocable. The designation of a situs or a governing law for this IP Agreement or the arbitration shall not be deemed an election to preclude application of the Federal Arbitration Act, if it would be applicable. In his award the arbitrator shall allocate, in his discretion, among the parties to the arbitration all costs of the arbitration, including, without limitation, the fees and expenses of the arbitrator and reasonable attorneys' fees, costs and expert witness expenses of the parties. The undersigned agree to comply with any award made in any such arbitration proceedings that has become final in accordance with the Rules and agree to the entry of a judgment in any jurisdiction upon any award rendered in such proceedings becoming final under the Rules. The arbitrator shall be entitled, if appropriate, to award any remedy in such proceedings, including, without limitation, monetary damages, specific performance and all other forms of legal and equitable relief; provided, however, the arbitrator shall not be entitled to award punitive damages.

ARTICLE VI. MISCELLANEOUS

Section 6.01 Complete Agreement; Construction. This IP Agreement, including the Exhibits, together with the Distribution Agreement and the other Ancillary Agreements (as defined in the Distribution Agreement), shall constitute the entire agreement between the Parties with respect to the subject matter hereof and shall supersede all previous negotiations, commitments and writings with respect to such subject matter. Notwithstanding any other provisions in this IP Agreement to the contrary, in the event and to the extent that there shall be a conflict between the provisions of this IP Agreement as it relates to Intellectual Property rights and obligations and the provisions of the Distribution Agreement or any other Ancillary Agreement, this IP Agreement shall control.

Section 6.02 Counterparts. This IP Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more such counterparts have been signed by each of the parties and delivered to the other parties.

Section 6.03 Survival of Agreements. Except as otherwise contemplated by this IP Agreement, all covenants and agreements of the Parties contained in this IP Agreement shall survive the Distribution Date.

Section 6.04 Notices. All notices and other communications hereunder shall be in writing and hand delivered or mailed by registered or certified mail (return receipt requested) or sent by any means of electronic message transmission with delivery confirmed (by voice or otherwise) to the Parties at the following addresses (or at such other addresses for a party as shall be specified by like notice) and will be deemed given on the date on which such notice is received:

To ITT Destinations, Inc. (ITT Corporation after the Distribution):

ITT Corporation
1330 Avenue of the Americas
New York, NY 10019

Attn: Vice President and
Associate General Counsel - Intellectual Property

To ITT Corporation (ITT Industries, Inc. after the Distribution):

ITT Industries, Inc.
4 West Red Oak Lane
White Plains, NY 10604

Attn: General Counsel

To ITT Hartford Group, Inc.:

ITT Hartford Group, Inc.
Hartford Plaza
Hartford, CT 06115

Attn: Senior Vice President and
General Counsel

Section 6.05 Waivers. The failure of any Party to require strict performance by any other Party of any provision in this IP Agreement will not waive or diminish the first Party's right to demand strict performance thereafter of that or any other provision hereof.

Section 6.06 Amendments. This IP Agreement may not be modified or amended except by an agreement in writing signed by the Parties.

Section 6.07 Assignment. This IP Agreement shall be assignable in whole in connection with a merger or consolidation or the sale of all or substantially all the assets of a Party hereto or in part in connection with a Party's sale or other divestiture of a Subsidiary whose field of activity is within the scope of rights granted to such Party by this IP Agreement. Otherwise this IP Agreement shall not be assignable, in whole or in part, directly or indirectly, by any Party hereto without the prior written consent of the others, and any attempt to assign any rights or obligations arising under this IP Agreement without such consent shall be void.

Section 6.08 Successors and Assigns. The provisions of this IP Agreement shall be binding upon, inure to the benefit of and be enforceable by the Parties and their respective successors and permitted assigns.

Section 6.09 Termination. This IP Agreement may be terminated at any time prior to the Distribution by and in the sole discretion of ITT Corporation without the approval of ITT Destinations or ITT Hartford or the shareholders of ITT Corporation. In the event of such termination, no party shall have any liability of any kind to any other party or any other person.

After the Distribution Date, this IP Agreement may not be terminated except by an agreement in writing signed by the Parties.

Section 6.10 Subsidiaries. Each of the Parties hereto shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth herein to be performed by any Subsidiary of such Party or by any entity that becomes a Subsidiary of such Party on and after the Distribution Date.

Section 6.11 Third Party Beneficiaries. This IP Agreement is solely for the benefit of the Parties hereto and their respective Subsidiaries and should not be deemed to confer upon third parties any remedy, claim, liability, reimbursement, claim of action or other right in excess of those existing without reference to this IP Agreement.

Section 6.12 Title and Headings. Titles and headings to sections herein are inserted for the convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

Section 6.13 Specific Performance. Each of the Parties hereto acknowledges that there is no adequate remedy at law for failure by such Parties to comply with the provisions of this Agreement and that such failure would cause immediate harm that would not be adequately compensable in damages, and therefore agree that their agreements contained herein may be specifically enforced without the requirement of posting a bond or other security, in addition to all other remedies available to the Parties hereto under this IP Agreement.

Section 6.14 Governing Law. This IP Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts executed in and to be performed in that State.

Section 6.15 Consent to Jurisdiction. Without limiting the provisions of Article V hereof, each of the Parties irrevocably submits to the exclusive jurisdiction of (a) the Supreme Court of the State of New York, New York

County, and (b) the United States District Court for the Southern District of New York, for the purposes of any suit, action or other proceeding arising out of this IP Agreement or any transaction contemplated hereby. Each of the Parties agrees to commence any action, suit or proceeding relating hereto either in the United States District Court for the Southern District of New York or if such suit, action or other proceeding may not be brought in such court for jurisdictional reasons, in the Supreme Court of the State of New York, New York County. Each of the Parties further agrees that service of any process, summons, notice or document by U.S. registered mail to such Party's respective address set forth above shall be effective service of process for any action, suit or proceeding in New York with respect to any matters to which it has submitted to jurisdiction in this Section 6.15. Each of the Parties irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this IP Agreement or the transactions contemplated hereby in (i) the Supreme Court of the State of New York, New York County, or (ii) or the United States District Court for the Southern District of New York, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

Section 6.16 Severability. In the event any one or more of the provisions contained in this IP Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. The Parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

IN WITNESS WHEREOF, the Parties have caused this IP Agreement to be duly executed as of the day and year first above written.

ITT CORPORATION

By: _____
Name:
Title:

ITT DESTINATIONS, INC.

By: _____
Name:
Title:

ITT HARTFORD GROUP, INC.

By _____
Name:
Title:

EXHIBIT A1

ITT DESTINATIONS BUSINESS

I. Hospitality, Entertainment and Gaming

A. Scope of Business:

Hospitality, entertainment and gaming services, facilities, and content of all types including, sports teams and franchises, television, theatrical studios, networks, broadcasting, arenas, theaters and other performance facilities, television programs, resort and destination facilities, hotels, gaming operations, lodging, transportation, and related marketing, distribution, promotion, advertising and licensing.

B. Major Businesses and Service Groupings

1. ITT Sheraton and Ciga S.p.A. Hotels

a. Hotel operations

- (1) reservation services
- (2) national marketing
- (3) promotional services

b. Hotel management

c. Hotel ownership

2. Caesars World, Inc.

a. resorts/hotels

b. casinos/gaming operations

- c. merchandising of Caesars branded products
(fragrances, clothing, accessories, gift items
w/Caesars' name)
- 3. Madison Square Garden
 - a. New York Knicks
 - (1) ticket revenues
 - (2) merchandising
 - b. New York Rangers
 - (1) ticket revenues
 - (2) merchandising
 - c. Madison Square Garden Arena
 - (1) sports events
 - (2) concerts
 - (3) family shows
 - (4) trade shows - conventions
 - d. The Paramount Theater
 - e. WNYC-TV (Nationally broadcast business and
sports TV station in a joint venture with Dow
Jones)
 - f. Supply and distribution of television
programming for cable
 - g. Rights to New York Yankees' games
 - h. MSG Network-Advertiser supported cable
television entertainment program service

II. Information Services

A. Scope of Business

Information services, facilities, and content, in connection with information training and educational services, electronic and print publication of informational and educational materials, collection, creation, production, compilation, storage and translation of informational and educational materials.

B. Major Businesses and Services Groupings

1. ITT World Directories, Inc.

- a. publishing traditional telephone directories internationally
- b. contracts for the publication of telephone directories with monopoly providers of telecommunications services

2. ITT Educational Services, Inc.

- a. ITT Technical Institutes

III. Closely Related Businesses:

A. Acquisition, management, ownership and operation of:

1. Entertainment services, facilities and content of all types, including, without limitation: sports teams and franchises, television, theatrical studios, networks, broadcasting, theme parks, arenas, theaters and other performance facilities, musical recordings, merchandizing, movies, television programs, magazines,

electronic entertainment, interactive media and related marketing, distribution, promotion, advertising and licensing;

2. Hospitality, tourism, recreation and gaming services, including, without limitation, resort and destination facilities, services, hotels, gaming operations, lodging and transportation; and
3. Information services facility and content, including, without limitation
 - (a) training and educational services, electronic and print publication of informational and educational materials;
 - (b) collection, creation, production, compilation, storage and transmission, including interactive services, of informational and educational materials;
 - (c) commercial communication equipment, services and facilities including, without limitation, telecommunications, satellites, cable and all other storage, access and transmission means.

EXHIBIT A2

ITT HARTFORD BUSINESS

A. ITT Hartford is engaged in:

1. All lines of property and casualty insurance
2. All lines of life company business, including without limitation all lines of life, disability, health, stop-loss and special risk (accidental death and dismemberment, blanket lines, and Medicare Supplements) insurance and annuities (the "Life Company Business")
3. Ceded and assumed reinsurance in all lines of property and casualty insurance and life Company Business
4. The following services related to property and casualty insurance and Life Company Business and reinsurance:
 - a. Underwriting
 - b. Loss control
 - c. Premium collection, audit and financing
 - d. Actuarial
 - e. Administrative (including without limitation, benefit plan administration and consulting)
 - f. Claim administration (including without limitation, processing)
 - g. Reinsurance consulting
 - h. Catastrophe evaluation
 - i. Reinsurance and insurance market research and assistance
 - j. Runoff of liabilities for discontinued insurance operations

k. Servicing or administration of voluntary and residual market plans, pools and other residual market mechanisms

l. Establishing and maintaining risk retention and purchasing group

m. Insurance-related information management

5. Surety and fidelity/burglary bonds including, but not limited to, contract, miscellaneous and financial guarantee bonds and credit insurance.

6. The providing of investment advisory services to mutual funds and/or the operation of mutual funds and/or any other pooled investment vehicles and/or the distribution of interests in such funds or other vehicles

B. Closely Related Businesses:

1. Any insurance-related business permitted to be conducted by a company under applicable regulatory authority and any other business which may only be conducted by companies regulated by the applicable insurance regulatory authorities

2. Investment banking activities, including but not limited to the underwriting of securities and stock brokerage activities

EXHIBIT A3

ITT INDUSTRIES BUSINESS

I. Automotive Group

- A. Scope of Business: Supplier of systems and components to automotive vehicle manufacturers worldwide and related automotive aftermarket products
- B. Major Automotive Product/Service Groupings:
 - 1. Brake and Chassis Systems
 - (a) antilock brake systems and components
 - (b) traction control system and components
 - (c) chassis systems and components
 - (d) foundation brake system and components
 - (e) fluid handling systems and components
 - (f) shock absorbers
 - (g) brake activation systems and components
 - (h) friction products
 - 2. Body and Electrical Systems
 - (a) electric motors and motor controllers
 - (b) wiper system and components
 - (c) activator systems and components
 - (d) switches and lamps
 - (e) body hardware
 - (f) seat sub-systems
 - (g) precision die cast products
 - (h) structural stampings
 - (i) door systems and components
 - (j) air management systems and components
 - (k) modular chassis systems

3. Front and Rear Corner Modules

- (a) brake sub-systems and components
- (b) suspension sub-systems and components
- (c) bearings
- (d) complete axle assemblies and sub-assemblies
- (e) vehicle stability management systems and components
- (f) steering systems and components

II. Defense & Electronics Group

- A. Scope of Business: Develop, manufacture and support high technology electronic systems and components specifically designed for military and defense application on a worldwide basis.
- B. Major Products/Service Groupings for Military and Defense Application:
 - 1. communications systems, equipment, and components:
 - (a) military communications equipment;
 - (b) tactical radios and components;
 - (c) air traffic control radio equipment;
 - (d) networking equipment;
 - (e) air traffic control radio equipment;
 - (f) switches;
 - (g) military Private Mobile Radio equipment;
 - (h) communications software;
 - (i) wireless LANS;
 - (j) tactical data systems and components;
 - (k) communications security devices and software;
 - (l) computer security products;
 - (m) INFOSEC products;

- (n) biometric authentication products;
 - (o) speech and speaker recognition, identification and verification systems and components;
 - (p) communication intelligence workstation components and subsystems;
 - (q) language and dialect identification products;
 - (r) Communications-Navigation-Identification systems and components;
 - (s) secure voice/data communications systems and components;
 - (t) command and control systems and components;
 - (u) communications and signal intelligence systems and components;
 - (v) satellite payload systems and components;
 - (w) military Personal Communications Services radios
2. electronic warfare systems including:
- (a) Advanced Threat Radar Jammer and components;
 - (b) Airborne Self-Protection Jammer and components;
 - (c) electronic countermeasures and counter-countermeasures systems and components;
 - (d) decoy systems and components;
 - (e) electro-optical and infrared systems and components;
3. night vision devices incorporating image intensifiers including:
- (a) infantrymen's night vision devices and components;
 - (b) aviator's night vision devices and components;
 - (c) image intensifier tubes;
 - (d) night vision weapon sights and components;
 - (e) special purpose photosensitive devices;

- (f) vehicle mounted night vision devices and components;
- 4. radar systems including:
 - (a) shipboard radars and components;
 - (b) air-traffic radars and components;
 - (c) coastal defense radars and components;
 - (d) transmit/receive modules;
 - (e) bistatic radar systems and components;
- 5. space payload products including:
 - (a) navigation payloads;
 - (b) meteorological instruments;
 - (c) suites of meteorological and navigation instruments;
 - (d) RF/microwave/millimeter wave sensor systems and components;
 - (e) control segment integration software;
- 6. navigation systems including:
 - (a) global positioning satellite systems and components;
 - (b) TACAN systems and components;
 - (c) tactical navigation systems and components;
- 7. semiconductor IC devices:
 - (a) Gallium Arsenide integrated circuits;
 - (b) MMIC products;
 - (c) RF products;
- 8. connectors and cable assemblies

C. Defense and Electronics Products for Commercial Application

1. night vision devices incorporating image intensifiers:
 - (a) personal image identifier night vision devices and components;
 - (b) commercial image intensifier tubes;
 - (c) vehicle-mounted image identifier night vision devices and components;
 - (d) Retinitis Pigmentosa image intensifier night vision devices and components;
2. Manufacture of Gallium Arsenide semiconductor IC devices and circuits
3. biometric authentication products
4. speech and speaker recognition, identification and verification systems and devices
5. language and dialect identification products
6. Security Access Control Systems for accessing computer systems having application in computer and financial networks
7. global positioning satellite products
8. connectors and cable assemblies
9. integrated circuit cards and components
10. switches

III. Fluid Technology Group

- A. Business: Engaged in the design, development, production, marketing and sale of products, systems and services used to move, handle, transfer, control and contain fluids. The principal markets are water and wastewater treatment, industrial and process, and construction. The other markets consist of chemical processing, pharmaceutical and biotech sectors, selected segments of oil and gas and mining markets, HVAC, commercial and leisure marine aerospace and power industry markets.
- B. Major Product/Service Products:
1. Pump products including drivers, controllers, accessories and components thereof for use in the markets specified in C.1 above.
 2. Mixer products including drivers, controllers, accessories and components thereof for use in the markets specified in C.1 above.
 3. Valve products including drivers, actuators and components thereof for use in the markets specified in C.1 above.
 4. Instrument and control products including drivers, actuators, sensors, microprocessors, accessories and components thereof for use in the markets specified in C.1 above.
 5. Regulators, transducers, seals including drivers, actuators, sensors, microprocessors, accessories and components thereof for use in the markets specified in C.1 above.

6. Boiler and condensate equipment and products including drivers, controllers, accessories and components thereof for use in the markets specified in C.1 above.
7. Switches including actuators, sensors, controllers, and components thereof for use in the markets specified in C.1 above.
8. Heat transfer products and components thereof for use in the markets specified in C.1 above.
9. Lighting and sanitary products and components thereof for use in markets specified in C.1 above.
10. Software programs for the selection and design of above specified products.

IV. Closely Related Businesses:

- A. Transportation Products: The design, manufacture, sale, marketing and servicing of OEM and aftermarket automotive, truck, train and other such transportation products.
- B. Fluid Products: The design, manufacture, sale, marketing and servicing of fluid handling products consisting of the major products/service products set out in III B above.
- C. Military and Defense Products/Services: The design, manufacture, sale, marketing and servicing of products and systems specially designed for the military and defense application.
- D. Components: The design, manufacture, sale, marketing and servicing of components consisting of connectors, cable assemblies, integrated circuit cards and components thereof, and switches.

TAX ALLOCATION AGREEMENT

TAX ALLOCATION AGREEMENT, dated as of November 1, 1995, among ITT Corporation, a Delaware corporation (which will be reincorporated in Indiana and renamed ITT Industries, Inc.; "ITT INDUSTRIES"), ITT Destinations, Inc., a Nevada corporation (which will be renamed ITT Corporation; "ITT DESTINATIONS"), and ITT Hartford Group, Inc., a Delaware corporation ("ITT HARTFORD"). ITT Industries, ITT Destinations and ITT Hartford are hereinafter jointly referred to as the "COMPANIES".

WHEREAS, as of the date hereof, ITT Industries is the common parent of an affiliated group of domestic corporations, including ITT Destinations and ITT Hartford, which has elected to file consolidated Federal income tax returns;

WHEREAS, ITT Industries proposes to distribute all of the outstanding common stock of ITT Destinations and ITT Hartford to its shareholders (the "DISTRIBUTION") and, as a result of the Distribution, ITT Destinations and ITT Hartford will not be included in the consolidated Federal income tax return of ITT Industries for the portion of the year following the Distribution or in future years;

WHEREAS, the Companies have entered into an agreement (the "DISTRIBUTION AGREEMENT") to, among other things, allocate and assign responsibility for certain liabilities of the present ITT Corporation and its former subsidiaries; and

WHEREAS, the Companies desire to allocate the tax burdens and benefits of transactions which occurred on or prior to the Distribution Date and to provide for certain other tax matters, including the assignment of responsibility for the preparation and filing of tax returns and the prosecution and defense of any tax controversies;

NOW, THEREFORE, in consideration of the mutual agreements contained herein, the Companies (each on its own behalf and on behalf of each of its subsidiaries as of the Distribution Date) hereby agree as follows:

1. Definitions. As used in this Agreement, the following terms shall have the following meaning:

"ADJUSTED ALLOCABLE FEDERAL INCOME TAX LIABILITY" shall mean the Allocable Federal Income Tax Liability, adjusted as provided in paragraphs 8(c) and 8(d) hereof.

"AGREEMENT" shall mean this Tax Allocation Agreement.

"ALLOCABLE FEDERAL INCOME TAX LIABILITY" shall mean the Separate Consolidated Federal Income Tax Liability, but including the AMT and adjusted as provided in paragraphs 8(a), 8(e) and 15(b) hereof.

"AMT" shall mean the alternative minimum tax imposed by Section 55 of the Code.

"CONSOLIDATED RETURN" shall mean the consolidated federal income tax return of ITT Industries for the period commencing on January 1, 1995; or, if the Distribution occurs after December 31, 1995, the consolidated federal income tax return of ITT Industries for the period commencing on January 1, 1996; and including the ITT Destinations Group and the ITT Hartford Group through the Distribution Date.

"CODE" shall mean the Internal Revenue Code of 1986, as amended, or any successor statute.

"DISTRIBUTION" shall have the meaning assigned to such term in the recitals to this Agreement.

"DISTRIBUTION AGREEMENT" shall have the meaning assigned to such term in the recitals to this Agreement.

"DISTRIBUTION DATE" shall mean the date on which ITT Industries distributes to its shareholders all of the outstanding common stock of ITT Destinations and ITT Hartford.

"FEDERAL TAX ADMINISTRATOR" shall mean James P. Whitson, the Director of Taxes of ITT Destinations, or such other person as ITT Destinations shall appoint with the consent of each of ITT Industries and ITT Hartford, which consent shall not be unreasonably withheld or delayed.

"FINAL DETERMINATION" shall mean the final resolution of liability for any tax for any taxable period, including any related interest or penalties, by or as a result of: (i) a final and unappealable decision, judgment, decree or other order of a court of competent jurisdiction; (ii) a closing agreement or accepted offer in compromise under Section 7121 or 7122 of the Code, or comparable agreement under the laws of other jurisdictions which resolves the entire tax liability for any tax period; (iii) any allowance of a refund or credit in respect of an overpayment of tax, but only after the expiration of all periods during which such refund may be recovered (including by way of offset) by the tax imposing jurisdiction; or (iv) any other final disposition, including by reason of the expiration of the applicable statute of limitations.

"FTC" shall mean the foreign tax credit pursuant to Section 27 of the Code.

"GROUP" shall mean the ITT Industries Group, the ITT Destinations Group and/or the ITT Hartford Group, as the context may require.

"IRS" shall mean the United States Internal Revenue Service.

"ITT DESTINATIONS" shall have the meaning assigned to such term in the preamble to this Agreement.

"ITT DESTINATIONS GROUP" shall mean ITT Destinations and each ITT Destinations Subsidiary.

"ITT DESTINATIONS SUBSIDIARY" shall mean all of the direct or indirect subsidiaries of ITT Destinations as of the Distribution Date which have joined or are eligible to join the Consolidated Return or any Prior Period Consolidated Return.

"ITT FINANCIAL OPERATIONS" shall have the meaning assigned to such term in paragraph 8(e).

"ITT HARTFORD" shall have the meaning assigned to such term in the preamble to this Agreement.

"ITT HARTFORD GROUP" shall mean ITT Hartford and each ITT Hartford Subsidiary.

"ITT HARTFORD SUBSIDIARY" shall mean all of the direct or indirect subsidiaries of ITT Hartford as of the Distribution Date which have joined or are eligible to join the Consolidated Return or any Prior Period Consolidated Return.

"ITT INDUSTRIES" shall have the meaning assigned to such term in the preamble to this Agreement.

"ITT INDUSTRIES GROUP" shall mean ITT Industries and each ITT Industries Subsidiary.

"ITT INDUSTRIES SUBSIDIARY" shall mean all of the direct or indirect subsidiaries of ITT Industries as of the Distribution Date which have joined or are eligible to join the Consolidated Return or any Prior Period Consolidated Return, other than subsidiaries which are members of the ITT Destinations Group or the ITT Hartford Group.

"NET REVERSAL BENEFIT" shall have the meaning assigned to such term in paragraph 8(a).

"PRIME RATE" shall mean the "prime rate" charged by Citibank, N.A., New York, New York, as such rate shall be changed from time to time, compounded daily on the basis of a year of 365/366 days and actual days elapsed.

"PRIOR PERIOD CONSOLIDATED RETURN" shall mean any consolidated tax return of the present ITT Corporation filed, or to be filed, for years prior to the Consolidated Return year.

"SEPARATE CONSOLIDATED FEDERAL INCOME TAX LIABILITY" shall mean, with respect to any year or portion thereof, the tax liability which a Group would have incurred if such Group, on a stand alone basis, had been an affiliated group eligible to file a consolidated return for any portion of such taxable year during which it is included in the Consolidated Return or any Prior Period Consolidated Return and had filed a return for such period, computed without regard to AMT.

"STATE TAX ADMINISTRATOR" shall mean Richard W. Powers, the Director of Taxes of ITT Industries, or such other person as ITT Industries shall appoint with the consent of

each of ITT Destinations and ITT Hartford, which consent shall not be unreasonably withheld or delayed.

"TAX CREDITS" shall include all credits against tax pursuant to Subtitle A, Chapter 1, Part IV of the Code.. "TAX ITEM" shall have the meaning specified in paragraph 8(a).

2. Consolidated Return to be Filed. Each of the Companies will join, and will cause each of their subsidiaries to join, in the Consolidated Return to the extent each is eligible to join in such return under the provisions of the Code and the regulations thereunder.

3. Documentation. The Companies hereby agree to execute and deliver all documentation reasonably required (including powers of attorney, if requested) to enable the Federal Tax Administrator to file, and to take all actions necessary or incidental to the filing of, the Consolidated Return (including, without limitation, the execution of Treasury Form 1122), or, with the consent of each of the Companies, which consent shall not be unreasonably withheld or delayed, any amendment of the Consolidated Return or any Prior Period Consolidated Return. No consent of any Company shall be required for the filing of an amended return pursuant to Section 905(c) of the Code.

4. Tax Return Preparation and Audits. (a) The Federal Tax Administrator will cause the Consolidated Return to be timely prepared and filed. The Federal Tax Administrator shall be responsible for the preparation and filing of any consents and requests for extension of time within which to file the Consolidated Return or any related information or similar returns. The Federal Tax Administrator shall make the Consolidated Return available to the Directors of Taxes of ITT Industries and ITT Hartford for their review prior to filing and shall furnish them a copy of the return promptly after it is filed.

(b) ITT Industries and ITT Hartford agree that each will cause their respective Director of Taxes to furnish to the Federal Tax Administrator on a timely basis such information, schedules, analyses and any other items as may be necessary to prepare the Consolidated Return. Such information, schedules, analyses and other items will be prepared in a manner consistent with existing practice and in accordance with a work plan and schedule to be agreed upon among the Directors of Taxes of each of the Companies, acting reasonably, no later than the Distribution Date.

(c) In preparing the Consolidated Return, the Federal Tax Administrator shall retain Arthur Andersen LLP to review the Consolidated Return (with a scope to be agreed upon among the Directors of Taxes of each of the Companies and the cost of such review to be shared equally among the Companies) and may retain other advisors and charge the cost of their services to the appropriate Group or Groups; provided that, without the consent of the affected Group, the cost to any Group of such services in any calendar year shall not exceed \$25,000.

(d) The Federal Tax Administrator shall have overall responsibility for obtaining and coordinating all responses in connection with any audit of the Consolidated Return and all Prior Period Consolidated Returns. Such responses shall be prepared by the affected Group in a manner consistent with prior practice. IRS adjustments affecting the taxable income, loss or deductions

of, or tax credits generated by, any Group may be agreed upon or settled only upon approval of that Group, which approval shall not be unreasonably withheld or delayed. In connection with the defense of any audit of the Consolidated Return or any Prior Period Consolidated Return, the Federal Tax Administrator may retain advisors and charge the cost of their services to the appropriate Group or Groups; provided that, without the consent of the affected Group, the cost to any Group of such services in any calendar year shall not exceed \$50,000.

5. Consolidated Return Computations of Tax and Payments. (a) On or before December 14, 1995, the ITT Destinations Group and the ITT Hartford Group each agree to make appropriate payments to ITT Industries for estimated taxes and ITT Industries agrees to make appropriate payments to the ITT Destinations Group and the ITT Hartford Group for the refund of estimated payments previously made with respect to their Consolidated Return year Separate Consolidated Federal Income Tax Liability. Such payment shall take into account the benefit of any net capital loss, net operating loss, credit or deduction of the ITT Destinations Group or the ITT Hartford Group if the Federal Tax Administrator reasonably determines that such item will produce a benefit in the Consolidated Return.

(b) Each of the ITT Destinations Group and the ITT Hartford Group further agrees to make an interim tax settlement with ITT Industries on or before March 14, 1996 equal to their Separate Consolidated Federal Income Tax Liability, modified and increased as described in paragraph 5(a) and reduced by prior estimated tax payments.

(c) Based on computations to be prepared by the affected Group and approved by the Federal Tax Administrator, an adjusting payment for the difference between amounts previously paid and the Allocable Federal Income Tax Liability shall be made by or to the ITT Destinations Group and the ITT Hartford Group, as the case may be, on or before October 15, 1996 based on the Consolidated Return as filed. Each of the ITT Destinations Group and the ITT Hartford Group shall increase their liability for such adjusting payment by the amount of any AMT credit carryforward allocated to them under the consolidated return regulations which exceeds the AMT calculated on a separate consolidated basis.

6. Recomputations of Tax and Payments. (a) The computation of the Adjusted Allocable Federal Income Tax Liability of the ITT Destinations Group or the ITT Hartford Group for the Consolidated Return or any Prior Period Consolidated Return shall be adjusted in computations to be prepared by the affected Group and approved by the Federal Tax Administrator with respect to changes in the taxable income, loss, deduction or tax credits of the ITT Destinations Group or the ITT Hartford Group:

(i) in each instance when payments are to be made to, or refunds are received from, the IRS;

(ii) when no payment is to be made or refund is to be received due to offsetting adjustments, upon filing of an amended return, completion of an IRS audit and completion of an IRS appellate review; and

(iii) to reflect the results of any Final Determination.

ITT Destinations and ITT Hartford each agree to pay to ITT Industries any additional amounts (including penalties and additions to tax) due on account of increases in the Adjusted Allocable Federal Income Tax Liability of the ITT Destinations Group or the ITT Hartford Group resulting from any such changes, and ITT Industries agrees to pay ITT Destinations or ITT Hartford any refunds to which the ITT Destinations or ITT Hartford Group may be entitled, in each case, together with any interest relating thereto. For purposes of this agreement, unless specifically provided otherwise, interest shall be computed at the Federal statutory rate used, pursuant to Section 6621(a) of the Code, by the IRS in computing the interest payable to or by it on the net balance due to or from the IRS. Any interest under Section 6621(c) of the Code shall be charged to the Group whose separate deficiencies gave rise to such interest. If the separate deficiencies of more than one Group gave rise to such interest, then such interest shall be allocated between or among such Groups. Penalties levied in respect of the Consolidated Return or any Prior Period Consolidated Return shall be charged to the Group whose separate computations gave rise to the penalty. If the separate computations of more than one Group gave rise to the penalty, then such penalty shall be allocated between or among such Groups. If a penalty does not arise from the separate computations of the Groups, it shall be allocated in proportion to the tax in the separate tax computations of the Groups.

(b) Amounts payable to or by ITT Industries by or to ITT Destinations or ITT Hartford under this paragraph 6(b) shall be paid upon written request therefor approved by the Federal Tax Administrator, together with interest thereon from the original due date or such other date as may be appropriate under the circumstances. Any amounts due from ITT Industries to ITT Destinations or ITT Hartford as a result of the receipt of a refund shall be paid within five working days after receipt, together with appropriate interest thereon. If no refund is to be received due to offsetting items among the various Groups, then tax and interest (computed at the IRS overpayment rates) shall be paid within 30 calendar days after the completion of each of the IRS audit and appellate review of the tax period in question and a Final Determination. After expiration of the five day period (or, if applicable, 30 day period) any amounts unpaid shall bear interest computed from the date of receipt at the Prime Rate.

(c) No settlement of any Adjusted Allocable Federal Income Tax Liability relating to any Group shall be made by one Group with respect to the IRS audit of the Consolidated Return or a Prior Period Consolidated Return until the audit has been completed with respect to all Groups, unless such advance settlement has been approved by ITT Industries and such Group.

7. Special Rules. (a) If the Consolidated Return or any Prior Period Consolidated Return tax liability (including any interest relating thereto) exceeds or is less than the total of the three Groups Allocable Federal Income Tax Liability or Adjusted Allocable Federal Income Tax Liability, as appropriate, (including any interest relating thereto) the cost or benefit of any net difference shall be allocated equally to ITT Industries and ITT Destinations, provided, that AMT in an amount equal to any AMT credit carryforward from the Consolidated Return allocated to a Group shall be borne by such Group.

(b) The liability for any environmental tax shall be apportioned among the ITT Industries Group, the ITT Destinations Group and the ITT Hartford Group in proportion to their separate Group liability therefor, computed without the benefit of the amount referred to in Section 59A(a)(2) of the Code.

(c) Each of the Companies agrees that, unless it obtains consent of each of the other Companies, all members of its Group will waive the carryback of any net operating loss from a tax period beginning on or after January 1, 1996 to the Consolidated Return or Prior Period Consolidated Return.

8. Treatment of Various Items. (a) In computing the Allocable Federal Income Tax Liability of any Group for the purposes of this Agreement, each Group shall be entitled to the benefits of any net operating loss, net capital loss, deduction or credit or any adjustment arising from an IRS audit, amended return or otherwise (each, a "TAX ITEM") attributable to it, or any carryback of a Tax Item attributable to it, which produces a benefit in the Consolidated Return or any Prior Period Consolidated Return. In determining whether a Tax Item or carryback of a Tax Item produces such a benefit, no Group shall be entitled to the benefits of any Tax Item which is a carryforward into a taxable year which begins after the Distribution Date. If the Tax Item or carryback of a Tax Item results in a carryforward into a taxable year which begins after the Distribution Date and such carryforward subsequently produces a realized benefit (including a realized benefit as the result of a tax basis increase), or other use, in such year after considering all other items of taxable income or credits otherwise available to such other Group (a "NET REVERSAL BENEFIT"), then such Net Reversal Benefit, when realized, shall be paid by such other Group to the Group generating, or otherwise bearing the cost of, such Tax Item or carryback of a Tax Item. For purposes of this Agreement, a Net Reversal Benefit shall be deemed to be realized when included in a filed tax return and shall be recomputed if adjusted upon audit by the IRS. Settlement of a Net Reversal Benefit and any related interest shall be made within 30 days. The benefit of any carryback of a Tax Item to the Consolidated Return or any Prior Period Consolidated Return shall be payable only as and to the extent that such carryback reduces the Consolidated Return or Prior Period Consolidated Return tax or produces a Net Reversal Benefit. In the event that ITT Industries pays an amount to ITT Destinations or ITT Hartford with respect to any Tax Item or carryback of a Tax Item and the benefit of such item or carryback to the Consolidated Return or any Prior Period Consolidated Return is subsequently modified (whether as the result of an IRS or foreign tax authority's adjustment or any other reason), then the amount previously paid shall be appropriately increased or repaid, as the case may be, with interest, penalties and additions to tax as provided in paragraph 6(a). If no AMT is payable in the Consolidated Return or any Prior Period Consolidated Return, no Group shall include AMT in its Allocable Federal Income Tax Liability for such year. To the extent that AMT results from a carryback from a year beginning after the end of the Consolidated Return year, then such AMT shall be allocated to the Group giving rise to the carryback and such Group shall be entitled to recover any Net Reversal Benefit resulting from any AMT credit carryforwards associated with such AMT.

(b) In the event that two or more carrybacks of Tax Items are available for use in the Consolidated Return or in any Prior Period Consolidated Return, their order of use will be determined by the Code and the regulations thereunder. Where two or more carrybacks of Tax Items have equal priority and can not be used in full, each such carryback shall be used by the affected Groups in proportion to the total of such carrybacks.

(c) Amounts equal to research credits allowed upon any audit of the Consolidated Return or any Prior Period Consolidated Return which are attributable to the activities of the ITT Destinations Group or the ITT Hartford Group prior to the Distribution Date will be paid by

ITT Industries to ITT Destinations or ITT Hartford. However, if no credit is allowed, no payment will be made. If a portion of the total credit claimed on the Consolidated Return or any Prior Period Consolidated Return is not allowed, only a portion of the credit as finally allowed (computed in proportion to qualified expenditures as finally allowed) will be paid by ITT Industries to ITT Destinations or ITT Hartford.

(d) Adjustments pursuant to paragraphs 6 and 7 hereof to the tax liability (including interest and penalties) of or with respect to any business listed on Schedule 1.01(d) of the Distribution Agreement for any taxable year before or including the Distribution Date, shall be apportioned among the Groups in the same manner as the other liabilities with respect to such business are apportioned in the Distribution Agreement; provided, that any adjustment with respect to any issue which has not been cleared with the Federal Tax Administrator, or for which a "more likely than not" opinion from tax advisors reasonably acceptable to the Federal Tax Administrator has not been received by him prior to the filing of the Consolidated Return, shall be charged to the Group in whose tax return the adjustment arose, with the balance being apportioned. Any benefit (including any Net Reversal Benefit) arising as a result of an adjustment pursuant to this paragraph 8(d) or paragraph 8(e) below shall be similarly allocated and apportioned. In computing the effect of adjustments with respect to companies listed on Schedule 1.01(d) of the Distribution Agreement, all such adjustments shall be combined and treated as if they were deemed to be a separate fourth Group. Notwithstanding the foregoing, changes in FTC's generated by a company listed on Schedule 1.01(d) of the Distribution Agreement and related gross-up pursuant to Section 78 of the Code shall be allocated to the Group owning such Company and no FTC benefits or FTC carryforwards shall be computed for such deemed fourth Group.

(e) If United States Federal income taxes with respect to the operations or sale of the businesses of or assets of ITT Financial Corporation, and the legal entities which were direct or indirect subsidiaries of ITT Financial Corporation prior to its liquidation, (such operations or sale, collectively "ITT FINANCIAL OPERATIONS") differ from the amounts reflected in any Prior Period Consolidated Return or in the Consolidated Return, when filed, then such difference in tax liability shall be apportioned equally among the three Groups. To the extent that the statutory tax rate on capital gains with respect to ITT Financial Operations is less than 35%, the difference, when realized, shall be apportioned equally among the three Groups. However, the tax benefit of the anticipated closedown cost reserve of \$103 million with respect to ITT Financial Corporation and subsidiaries as of December 1, 1995 shall be for the account of ITT Industries. In addition, state, local and foreign taxes with respect to ITT Financial Operations which differ from the amounts in the returns as originally filed (including the returns to be filed with respect to 1995), shall be similarly apportioned.

(f) If actions taken on or before the Distribution Date cause any of the Companies to be liable under the tax indemnities contained in the covenants, loan agreements or offering memoranda of any debt instruments of a company included in the Consolidated Return and listed on Schedule 1.01(d) of the Distribution Agreement, with respect to obligations which remain outstanding at the Distribution Date, then the cost of such tax indemnity shall be shared equally among the Groups.

9. Taxes Other Than Federal Taxes. (a) The Companies and their subsidiaries shall file income and franchise tax returns in those jurisdictions in which they are required to do so. Consistent with prior practice, the Companies and their subsidiaries shall file combined tax returns in certain jurisdictions. If any state or local income or franchise tax audit adjustment attributable to any of the Companies, or any subsidiary of any of the Companies, increases or decreases such combined tax liability for a taxable period beginning on or before the Distribution Date, then an amount in respect of that adjustment shall be paid as provided in paragraph 9(c) hereof. The State Tax Administrator shall have the power and responsibility to act in a manner substantially identical to the Federal Tax Administrator in connection with all combined state and local tax returns and settlements with respect thereto; provided that, without the consent of any affected Group, the cost to any Group of outside services in any calendar year shall not exceed \$5,000. In connection with any Connecticut Combined Group Return, the Director of Taxes of ITT Hartford shall act for the State Tax Administrator with respect to the ITT Hartford Group.

(b) Tax liabilities incurred and refunds received by any of the Companies or by a subsidiary of any of the Companies (other than those relating to Federal, state and local income or franchise taxes computed on a combined or consolidated basis) and all taxes not measured by income, including, but not limited to, premium, ad valorem, capital stock, sales, use, real and personal property, special assessment, franchise, automobile registration, employment, earnings, duty and import taxes (plus interest) shall be for the account of ITT Industries, ITT Destinations or ITT Hartford, as the case may be. All foreign taxes shall be allocated to the Group which has legal ownership of the taxpayer as of the Distribution Date, except that foreign taxes incurred with respect to transactions undertaken in order to arrange the ownership of foreign companies or assets to conform with management responsibility for such companies or assets shall be apportioned equally among the Groups and that foreign taxes with respect to operations of divisions of or subsidiaries of a foreign company which are managed by a Group other than the Group having legal ownership shall be allocated to such other Group. If, as a result of changes in foreign taxes which are allocated or apportioned to one or more Groups under this paragraph 9(b) or under paragraph 8(e), another Group realizes a benefit in the Consolidated Return or any Prior Period Consolidated Return, after considering all other credits otherwise available to such other Group except credit carrybacks from a taxable year beginning after the Distribution, or a Net Reversal Benefit, then such other Group shall pay the amount of such benefit or Net Reversal Benefit to the Group or Groups to which the foreign taxes were allocated or apportioned.

(c) Consistent with prior practice, the Companies will reimburse each other for any payment by one of them to a state or local tax authority which is determined to be for the account of another Company, provided however that such matter is timely referred to the State Tax Administrator. The rules contained in paragraph 6(b) will apply to amounts any party must pay.

10. Tax Deficiencies and Claims. (a) The Federal Tax Administrator shall defend or prosecute proposed or actual income tax deficiencies or refund claims with respect to the Consolidated Return or any Prior Period Consolidated Return where that deficiency or claim relates to the businesses of all of the Groups or with respect to any businesses listed on Schedule 1.01(d) of the Distribution Agreement. In connection with such defense or prosecution, the Federal Tax Administrator may retain such accountants and counsel as required and charge their costs ratably to each Group with the prior approval of each Group, which approval shall not be unreasonably withheld or delayed. Similarly, any compromise or settlement of such a claim or

deficiency may be made by the Federal Tax Administrator only after receipt of the approval of each Group, which shall not be unreasonably withheld or delayed. The Federal Tax Administrator will keep all Groups timely advised of all matters relating to such defense or prosecution.

(b) Any proposed or actual income tax deficiencies or refund claims with respect to the Consolidated Return or any Prior Period Consolidated Return which arise from the business activities of only one Group may be defended or prosecuted by that interested Group at its own cost and expense and with counsel and accountants of its own selection. Either of the remaining Groups may participate in any such prosecution or defense at its own cost and expense (in either event such cost or expense is not to include the amount of any payment of any tax claim, interest or penalties, or of any compromise settlement or other disposition thereof). The interested Group may control the proceedings, but it may not compromise or settle any deficiency of tax or refund claim for the Consolidated Return year or any Prior Period Consolidated Return year without the prior written consent of the other Groups, which shall not be unreasonably withheld. Notwithstanding the foregoing, no Group shall have a right to an extension of the statute of limitations beyond the time reasonably necessary to complete review at the Appeals Division of the IRS or to any waiver of any other procedural safeguard. The limitation expressed in the preceding sentence applies, but is not limited to, the filing of a petition with the United States Tax Court. If any Group defends or prosecutes an action, it shall keep each other Group informed of matters relating to such defense or prosecution.

(c) Where proposed or actual income tax deficiencies or refund claims of the type described in paragraph 10(b) above arise from the business activities of two Groups, those Groups may jointly participate in the prosecution or defense of such claims or deficiencies on the basis of and subject to the limitations of paragraph 10(b) above.

11. Dispute Resolution. In the event of a disagreement between the Federal Tax Administrator (or, if with respect to state or local taxes, the State Tax Administrator) and another party hereto, all computations or recomputations of Federal or state and local income and franchise tax liability, and all computations or recomputations of any amount or any payment (including, but not limited to, computations of the amount of the tax liability, any loss or credit or deduction, Federal statutory tax rate change for a year, utilization of carryback items, interest, penalties, and adjustments) and all determinations of the amount of payments or repayments, or determinations of any other nature necessary to carry out the terms of this Agreement will be reviewed by Arthur Andersen LLP or another mutually satisfactory third party, with the costs of such review to be shared equally by the disputing parties. If any disagreement remains after any such review, including any disagreement as to the applicability or the binding nature of this Agreement, that disagreement will be resolved as provided by Article VI of the Distribution Agreement. In such case, the arbitrator shall be a retired or former judge of the United States Tax Court or such other qualified person as the relevant parties may agree to designate, provided that such individual has had substantial experience with regard to settling complex tax disputes.

12. Tax Benefit Transfer Leases. (a) In computing any ITT Destinations and ITT Hartford payment to ITT Industries under this Agreement, ITT Destinations and ITT Hartford, and their respective subsidiaries and Groups, will determine their tax liability as if their tax benefit transfer leases were not in effect.

(b) ITT Destinations and ITT Hartford will indemnify ITT Industries if ITT Industries is required to make any termination payments or other payments, including interest and penalties, resulting from their failure to perform under a tax benefit transfer lease.

(c) ITT Industries agrees to continue to provide assistance to ITT Destinations and ITT Hartford in connection with their tax benefit transfer leases.

13. Survival of Terms. The provisions of this Agreement shall survive the Distribution and remain in full force until all periods of limitations, including any extensions or waiver periods, as well as the ten-year statute of limitations with respect to foreign tax credit redeterminations, for the Consolidated Return period and Prior Period Consolidated Return periods have expired and no further carrybacks to such periods are possible. At that time all remaining payments required under this Agreement shall become immediately due and payable.

14. Parties to Cooperate. Each of the Companies and their subsidiaries shall cooperate fully and to the extent reasonably requested by the other party in connection with the preparation and filing of any return or the conduct of any audit, dispute, proceeding, suit or action concerning any issues or any other matter contemplated hereunder. Such cooperation shall include, without limitation, (i) the retention and provision on demand of books, records, documentation or other information relating to any tax matter until the later of (x) the expiration of the applicable statute of limitation (giving effect to any extension, waiver, or mitigation thereof) and (y) in the event any claim has been made under this Agreement for which such information is relevant, until a Final Determination with respect to such claim; (ii) the provision of additional information with respect to and explanation of tax practices (elections, accounting methods, conventions and principles of taxation) and material provided under clause (i) of this paragraph 14; (iii) the execution of any document that may be necessary or reasonably helpful in connection with the filing of any tax return by any member of one of the Groups, or in connection with any audit, proceeding, suit or action addressed in the preceding sentence; and (iv) the use by each of the Companies of its reasonable efforts to obtain any documentation from a governmental authority or a third party that may be necessary or helpful in connection with the foregoing. Each of the companies shall make its employees and facilities available on a mutually convenient basis to facilitate such cooperation and shall retain as permanent records all documentation necessary to enable it to determine any obligation under this Agreement. The records described above will be made available to representatives of any of the Companies within a reasonable time upon request and may be photocopied on an as needed basis.

15. Distribution Taxes. (a) If the Distribution is ultimately held to be a taxable transaction and there has been no material breach of the covenants contained in Section 2.10 of the Distribution Agreement, then any tax liability incurred by ITT Industries (as well as any tax liability of the Companies with respect to the cost of additional taxes paid by its shareholders receiving ITT Destinations and ITT Hartford stock in the Distribution) shall be divided equally among the Companies. If any of the Companies (or any subsidiary thereof) take any action after the Distribution which materially contributes to a Final Determination that the distribution is a taxable event, then such Company will indemnify ITT Industries for its tax liability (including interest and penalties) and any resulting payments (computed after any available tax benefit) which ITT Industries makes to its shareholders with respect to the cost of additional taxes, whether or not ITT Industries is legally obligated to make such payments. No such settlement shall be

entered into without the agreement of each Group having liability with respect thereto under the terms of this Agreement.

(b) Taxes which are triggered in the Consolidated Return and which relate to the intercompany sale or distribution of stock of a subsidiary by one Group to another Group (but not those which relate to the intercompany sale or distribution of other assets) shall be shared equally by the three Groups.

16. Gain Recognition Agreements. Adjustments to the tax liability (including interest and penalties) of ITT Industries which result because of actions taken by either ITT Destinations or ITT Hartford after the Distribution Date which trigger any gain recognition agreements entered into in a Prior Period Consolidated Return year by ITT Industries pursuant to Section 367 of the Code shall be charged to the ITT Destinations Group or to the ITT Hartford Group, as the case may be. ITT Industries shall make available to ITT Destinations and ITT Hartford copies of such gain recognition agreements immediately after the Distribution.

17. No Self-Approval. Any computation or issue of the ITT Destinations Group which is to be approved by or cleared with the Federal Tax Administrator shall also be approved by or cleared with the Director of Taxes of ITT Industries and any computation or issue of the ITT Industries Group which is to be approved by or cleared with the State Tax Administrator shall also be approved by or cleared with the Director of Taxes of ITT Destinations.

18. Notices. Any notices, payments or other communications required by this Agreement shall be made as provided in the Distribution Agreement with a copy to the attention of the Director of Taxes of the appropriate Company.

19. Indemnification. ITT Industries shall indemnify ITT Destinations and ITT Hartford for any Federal or state income or franchise taxes for any taxable period (or portion of a taxable period) ending before or including the Distribution Date for which the ITT Destinations Group or the ITT Hartford Group or any ITT Destinations Subsidiary or ITT Hartford Subsidiary may be liable solely as a result of the operation of Treasury Regulation Sections 1.1502-6 and 1.1502-77 or any state counterpart statute or regulation.

20. Certain Pending Claims. The tax and interest effects of the tax refund litigation covering the period 1970 through 1980 (with possible rollover effects on subsequent years) shall be allocated 50% to ITT Industries and 50% to ITT Destinations. The tax and interest effects of the tax refund claim with respect to the 1987 reserve strengthening issue shall be allocated solely to ITT Hartford.

21. Choice of Law; Successors and Assigns. This Agreement shall be governed and construed in accordance with the laws of the State of New York applicable to contracts executed in and to be performed in that state. This Agreement shall be binding on the successors and assignees of the Companies.

22. Entire Agreement. This Agreement contains the entire agreement among the Companies with respect to the subject matter hereof and supersedes all prior written tax sharing or tax allocation agreements, memoranda, negotiations and oral understandings, if any, and may not be amended, supplemented or discharged except by performance or by an instrument in

writing signed by all of the Companies. However, this Agreement does not supersede the certain Agreement and Plan of Merger identified in the first footnote on page 3 of Schedule 1.01(c) of the Distribution Agreement, provided, however, that the liabilities of ITT Corporation with respect to tax matters under such Agreement and Plan of Merger shall be apportioned as provided in the Distribution Agreement for liabilities of ITT Financial Corporation and its subsidiaries.

23. Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Companies have duly executed this Agreement as of the date first above written.

ITT CORPORATION

(Corporate Seal)

ATTEST:

By: _____
Name:
Title:

ITT DESTINATIONS, INC.

(Corporate Seal)

ATTEST:

By: _____
Name:
Title:

ITT HARTFORD GROUP, INC.

(Corporate Seal)

ATTEST:

By: _____
Name:
Title:

TRADEMARK ASSIGNMENT AGREEMENT

TRADEMARK ASSIGNMENT AGREEMENT ("Assignment") effective as of November 2, 1995 between ITT CORPORATION, a Delaware corporation ("ITT Corporation") and ITT DESTINATIONS, INC., a Nevada corporation ("ITT Destinations") (collectively the "Parties").

RECITALS

WHEREAS, the Board of Directors of ITT Corporation has decided to carry out the Distribution (as hereinafter defined) whereby the holders of shares of Common Stock of ITT Corporation will receive all the outstanding shares of Common Stock of ITT Destinations and all the outstanding shares of Common Stock of ITT Hartford Group, Inc. (as hereinafter defined);

WHEREAS, the shareholders of ITT Corporation have approved the aforesaid Distribution and certain other related transactions considered necessary by ITT Corporation to carry out the Distribution;

WHEREAS, as part of carrying out the Distribution, ITT Corporation has entered into Trade Name and Trademark License Agreements each effective as of November 1, 1995 with ITT Manufacturing Enterprises, Inc. ("Enterprises License Agreement") and with ITT Hartford Group, Inc. ("Hartford License Agreement") granting them and certain of their Sublicensees the continued right and license to use the ITT Name and the ITT Marks (each as hereinafter defined);

WHEREAS, ITT Corporation owns and is assigning to ITT Destinations effective simultaneously with this Assignment, the Enterprises License Agreement and the Hartford License Agreement; and

WHEREAS, ITT Corporation is the owner of the worldwide right, title and interest in and to the ITT Name and the ITT Marks and the goodwill associated therewith.

NOW, THEREFORE, in connection with and to carry out the Distribution and in consideration of the premises and mutual agreements and covenants herein, the Parties agree as follows:

1. DEFINITIONS. As used in this Assignment, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

(a) "Distribution" shall mean the distribution on the Distribution Date to holders of record of shares of ITT Corporation Common Stock as of the Distribution

Record Date of (i) the ITT Destinations Common Shares owned by ITT Corporation on the basis of one ITT Destinations Common Share for each outstanding share of ITT Corporation Common Stock and (ii) the ITT Hartford Group, Inc. Common Shares owned by ITT Corporation on the basis of one ITT Hartford Group, Inc. Common Share for each outstanding share of ITT Corporation Common Stock.

(b) "Distribution Agreement" shall mean the Distribution Agreement entered into by ITT Corporation, ITT Destinations, and ITT Hartford Group, Inc. relating to the distribution of the shares of ITT Destinations and ITT Hartford Group, Inc. to the holders of ITT Corporation Common Stock.

(c) "Distribution Date" shall mean such date as may hereafter be determined by ITT Corporation's Board of Directors as the date on which the Distribution shall be effected.

(d) "Effective Time" shall mean 11:59 p.m., New York time, on the Distribution Date.

(e) "ITT Corporation" shall mean (i) ITT Corporation, a Delaware corporation and its predecessor Maryland corporation up to the Effective Time to be merged thereafter into ITT Indiana, Inc., an Indiana corporation, and renamed "ITT Industries, Inc." in connection with the Distribution.

(f) "ITT Destinations" shall mean ITT Destinations, Inc., a Nevada corporation, to be renamed "ITT Corporation" immediately prior to the Effective Time.

(g) "ITT Industries" shall mean ITT Industries, Inc., an Indiana corporation and the legal successor after the Distribution to ITT Corporation.

(h) "ITT Hartford Group, Inc." shall mean ITT Hartford Group, Inc., a Delaware corporation.

(i) "ITT Manufacturing Enterprises, Inc." shall mean ITT Manufacturing Enterprises, Inc., a Delaware corporation.

(j) "ITT Logo" shall mean the worldwide rights including License Rights in and to the stylized trademark and service mark shown in Exhibit A annexed hereto together with all registrations thereof and all applications therefor, now or hereinafter obtained or filed, including those registrations and applications set forth in Exhibit A, and the goodwill associated therewith.

(k) "ITT Marks" shall mean the worldwide rights including License Rights in and to (i) the ITT Logo, and (ii) all other trademarks and service marks consisting of the letters "ITT", together with all registrations thereof and all applications therefor now or

hereinafter filed or obtained, and the goodwill associated therewith, including those registrations and applications set forth in Exhibit A hereto.

(l) "ITT Name" shall mean the worldwide rights including License Rights in and to that portion of any company or trade name consisting of the letters "ITT", and the goodwill associated therewith.

(m) "License Rights" shall mean any and all rights in and to licenses and other grants received from or licensed to third parties under any contracts, memoranda or other understandings relating to the ITT Logo, the ITT Marks and/or the ITT Name.

2. REPRESENTATIONS. ITT Corporation represents and warrants that it is the owner of the ITT Name and the ITT Marks.

3. ASSIGNMENT. ITT Corporation hereby transfers and assigns to ITT Destinations, without charge to ITT Destinations, effective as of November 2, 1995, all of its worldwide right, title and interest in and to the ITT Name and the ITT Marks, including the right to sue and recover for past infringements thereof.

4. ACCEPTANCE. ITT Destinations hereby accepts the aforesaid transfer and assignment of the ITT Name and the ITT Marks, including the right to sue and recover for past infringements thereof.

5. DOCUMENTS. To the extent the assignments pursuant to paragraph 3 herein may be incomplete or ineffective for any reason including errors or omissions in Exhibits A hereto, then ITT Corporation or, after the Distribution Date its successor ITT Industries, shall execute and deliver to ITT Destinations, upon ITT Destinations' request, any and all documents and take other reasonable actions which may be necessary to make such assignment complete and effective.

IN WITNESS WHEREOF, the Parties have caused this Assignment to be duly executed by their respective authorized officers as of the day and year first written above.

ITT CORPORATION

By: _____

Name: _____

Title: _____

ITT DESTINATIONS, INC.

By: _____

Name: _____

Title: _____

STATE OF NEW YORK)
 ss.:
COUNTY OF NEW YORK)

On this ___ day of _____, 1995, before me appeared _____, to me personally known and known to me the person who executed the foregoing Assignment; and who being by me duly sworn, did depose and say that he is _____ of ITT CORPORATION, that he is authorized to sign this Assignment on behalf of said corporation, and that said assignment was signed on behalf of the corporation by authority of its Board of Directors, and unto me acknowledged said Assignment to be the free act and deed of said corporation.

Notary Public

STATE OF NEW YORK)
 ss.:
COUNTY OF NEW YORK)

On this ___ day of _____, 1995, before me appeared _____, to me personally known and known to me the person who executed the foregoing Assignment; and who being by me duly sworn, did depose and say that he is _____ of ITT DESTINATIONS, INC., that he is authorized to sign this Assignment on behalf of said corporation, and that said Assignment was signed on behalf of the corporation by authority of its Board of Directors, and unto me acknowledged said Assignment to be the free act and deed of said corporation.

Notary Public

EXHIBIT A

ITT LOGO REGISTRATIONS AND REGISTRATION APPLICATIONS

[The graphic image of the "ITT" logo and a detailed listing of the active registrations and registration applications throughout the world which relate to the ITT name, mark and logo will be included in this Exhibit A.]

LICENSE ASSIGNMENT AGREEMENT

LICENSE ASSIGNMENT AGREEMENT ("License Assignment") effective as of November 2, 1995 between ITT CORPORATION, a Delaware corporation ("ITT Corporation") and ITT DESTINATIONS, INC., a Nevada corporation ("ITT Destinations") (the "Parties").

RECITALS

WHEREAS, the Board of Directors of ITT Corporation (as hereinafter defined) has decided to carry out the Distribution (as hereinafter defined) whereby the holders of shares of Common Stock of ITT Corporation will receive all the outstanding shares of Common Stock of ITT Destinations and all the outstanding shares of Common Stock of ITT Hartford Group, Inc. (as hereinafter defined);

WHEREAS, the shareholders of ITT Corporation have approved the aforesaid Distribution and certain other related transactions considered necessary by ITT Corporation to carry out the Distribution;

WHEREAS, as part of carrying out the Distribution, ITT Corporation has entered into Trade Name and Trademark License Agreements each effective November 1, 1995 with ITT Manufacturing Enterprises, Inc. ("Enterprises License Agreement") and with ITT Hartford Group, Inc. ("Hartford License Agreement") granting them and certain of their Sublicensees the continued right and license to use the ITT Name and the ITT Marks (each as hereinafter defined); and

WHEREAS, ITT Corporation owns and is assigning to ITT Destinations effective simultaneous with this License Assignment, all worldwide right, title, and interest in and to the ITT Name and the ITT Marks.

NOW, THEREFORE, in connection with and to carry out the Distribution and in consideration of the premises and mutual agreements and covenants herein, the Parties hereby agree as follows:

1. DEFINITIONS. As used in this License Assignment, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

(a) "Distribution" shall mean the distribution on the Distribution Date to holders of record of shares of ITT Corporation Common Stock as of the Distribution Record Date of (i) the ITT Destinations Common Shares owned by ITT Corporation on the basis of one ITT Destinations Common Share for each outstanding share of ITT

Corporation Common Stock and (ii) the ITT Hartford Common Shares owned by ITT Corporation on the basis of one ITT Hartford Common Share for each outstanding share of ITT Corporation Common Stock.

(b) "Distribution Agreement" shall mean the Distribution Agreement entered into by ITT Corporation, ITT Destinations, and ITT Hartford relating to the distribution of the shares of ITT Destinations and ITT Hartford to the holders of ITT Corporation Common Stock.

(c) "Distribution Date" shall mean such date as may hereafter be determined by ITT Corporation's Board of Directors as the date on which the Distribution shall be effected.

(d) "Effective Time" shall mean 11:59 p.m., New York time, on the Distribution Date.

(e) "ITT Corporation" shall mean ITT Corporation, a Delaware corporation and its predecessor Maryland corporation, up to the Effective Time to be merged thereafter into ITT Indiana, Inc., an Indiana corporation, which will be renamed "ITT Industries, Inc." in connection with the Distribution.

(f) "ITT Destinations" shall mean ITT Destinations, Inc., a Nevada corporation, to be renamed "ITT Corporation" immediately prior to the Effective Time.

(g) "ITT Hartford" or "ITT Hartford Group, Inc." shall mean ITT Hartford Group, Inc., a Delaware corporation.

(h) "ITT Manufacturing Enterprises, Inc." or "ITT Enterprises" shall mean ITT Manufacturing Enterprises, Inc., a Delaware corporation and a wholly owned subsidiary of ITT Corporation.

(i) "ITT Logo" shall mean the worldwide rights to the stylized trademark and service mark shown in Exhibit B annexed to the Enterprises License Agreement and the Hartford License Agreement together with all registrations thereof and all applications thereof now or hereinafter obtained or filed, and the goodwill associated therewith.

(j) "ITT Marks" shall mean the worldwide rights to (i) the ITT Logo, and (ii) all other trademarks and service marks consisting of the letters "ITT", together with all registrations thereof and all applications therefor now or hereinafter filed or obtained, and the goodwill associated therewith.

(k) "ITT Name" shall mean the worldwide rights to that portion of any company or trade name consisting of the letters "ITT", and the goodwill associated therewith.

2. ASSIGNMENT. ITT Corporation hereby transfers and assigns to ITT Destinations, without charge to ITT Destinations, effective as of November 2, 1995, the Enterprises License Agreement and the Hartford License Agreement and all rights and obligations thereunder.

3. ACCEPTANCE. ITT Destinations hereby accepts the transfer and assignment of the Enterprises License Agreement and the Hartford License Agreement and all rights and obligations thereunder.

4. GUARANTEE. ITT Corporation acknowledges the obligations imposed upon its subsidiary ITT Manufacturing Enterprises, Inc. and upon any ITT Enterprises Sublicensees (as the term is defined in the Enterprises License Agreement) to comply with the terms and conditions of the Enterprises License Agreement and hereby guarantees to ITT Destinations the performance of ITT Enterprises and the ITT Enterprises Licensees of those terms and conditions.

IN WITNESS WHEREOF, the Parties have caused this License Assignment to be duly executed by their respective authorized officers as of the day and year first written above.

ITT CORPORATION

By: _____

Name: _____

Title:_____

ITT DESTINATIONS, INC.

By: _____

Name: _____

Title:_____

TRADE NAME AND SERVICE MARK LICENSE AGREEMENT

TRADE NAME AND SERVICE MARK LICENSE AGREEMENT ("License Agreement") effective as of November 1, 1995 between ITT CORPORATION, a Delaware corporation, ("ITT Corporation"), and ITT HARTFORD GROUP, INC., a Delaware corporation ("ITT Hartford"), (collectively the "Parties").

RECITALS

WHEREAS, in order to carry out the Distribution (as hereinafter defined) approved by the Board of Directors and by the shareholders of ITT Corporation whereby the holders of the shares of common stock of ITT Corporation will receive all of the outstanding shares of common stock of ITT Destinations (as hereinafter defined) and all the outstanding shares of common stock of ITT Hartford (as hereinafter defined), it is necessary for these companies to enter into agreements for the continued right and license to use the "ITT" company name, trade name, trademark and service mark;

WHEREAS, ITT Corporation is the owner of the company and trade name "ITT" and of the trademark and the service mark "ITT", and of all rights worldwide in such name and marks and the goodwill associated therewith;

WHEREAS, ITT Corporation will assign effective November 2, 1995 this License Agreement to ITT Destinations along with the right, title, and interest in the "ITT" name and marks, and the registrations, registration applications and goodwill associated therewith;

WHEREAS, ITT Destinations will assign effective immediately prior to the Effective Time (as hereinafter defined) this License Agreement to ITT Sheraton (as hereinafter defined) along with all right, title and interest in the "ITT" name and marks, and the registrations, registration applications and goodwill associated therewith;

WHEREAS, ITT Hartford and its Subsidiaries (each as hereinafter defined) have expended and will in the future expend time and money in

advertising and promoting the ITT name and marks in connection with conducting the ITT Hartford Business (as hereinafter defined) for the mutual benefit of the parties hereto;

WHEREAS, ITT Hartford and its Subsidiaries currently have the right to use and desire to continue to have the right to use after the Distribution Date "ITT" as part of their company names and trade names and as a trademark and service mark in connection with conducting the ITT Hartford Business; and

WHEREAS, ITT Corporation is willing to formally grant a license to ITT Hartford, with the right to grant certain sublicenses to ITT Hartford Subsidiaries, to continue to use the ITT name and marks in connection with conducting the ITT Hartford Business and otherwise as set forth herein.

NOW, THEREFORE, in consideration of the mutual agreements, undertakings and covenants herein, the Parties hereby agree as follows:

ARTICLE I. DEFINITIONS

Section 1.01 General. As used in this License Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

(a) "Distribution Agreement" shall mean the Distribution Agreement to be entered into by ITT Corporation, ITT Destinations, and ITT Hartford relating to the distribution of the shares of ITT Destinations and ITT Hartford to the holders of ITT Corporation Common Stock.

(b) "Distribution" shall mean the distribution on the Distribution Date to holders of record of shares of ITT Corporation Common Stock as of the Distribution Record Date of (i) the ITT Destinations Common Shares owned by ITT Corporation on the basis of one ITT Destinations Common Share for each outstanding share of ITT Corporation Common Stock and (ii) the ITT Hartford Common Shares owned by ITT Corporation on the basis of one ITT Hartford Common Share for each outstanding share of ITT Corporation Common Stock.

(c) "Distribution Date" shall mean such date as may hereafter be determined by ITT Corporation's Board of Directors as the date on which the Distribution shall be effected.

(d) "Distribution Record Date" shall mean such date as may hereafter be determined by ITT Corporation's Board of Directors as the record date for the Distribution.

(e) "Effective Time" shall mean 11:59 p.m., New York time, on the Distribution Date.

(f) "ITT Corporation" shall mean ITT Corporation, a Delaware corporation and its predecessor Maryland corporation up to the Effective Time (to be merged thereafter into ITT Indiana, Inc., an Indiana corporation which will be renamed "ITT Industries, Inc.").

(g) "ITT Destinations" shall mean ITT Destinations, Inc., a Nevada Corporation, to be renamed "ITT Corporation" immediately prior to the Effective Time.

(h) "ITT Destinations Business" shall mean the principal businesses and operations conducted by ITT Destinations and its Subsidiaries on the Distribution Date, such businesses being the hospitality, entertainment, information and educational services as specifically described in Exhibit A1 annexed hereto and, in addition, shall also mean the Closely Related Businesses described in Exhibit A1, provided that ITT Destinations Business does not include the ITT Industries Business or the ITT Hartford Business.

(i) "ITT Hartford" shall mean ITT Hartford Group, Inc., a Delaware corporation.

(j) "ITT Hartford Business" shall mean the principal businesses and operations conducted by ITT Hartford and its Subsidiaries on the Distribution Date, such businesses being the insurance services in the fields of property, casualty, life and reinsurance as specifically described in Exhibit A2 annexed hereto and, in addition, shall also mean the Closely Related Businesses described in Exhibit A2, provided that ITT Hartford Business does not include the ITT Industries Business or the ITT Destinations Business.

(k) "ITT Hartford Expanded Business" shall mean any businesses not included in the ITT Hartford Business, the ITT Industries Business, or the ITT Destinations Business except as specifically precluded by Sections 2.10 and 2.11.

(l) "ITT Industries" shall mean ITT Industries, Inc., an Indiana corporation and the legal successor after the Distribution to ITT Corporation as defined in Section 1.01(f).

(m) "ITT Industries Business" shall mean the principal businesses and operations conducted by ITT Industries and its Subsidiaries on the Distribution Date, such businesses being the design, manufacture, sale, and servicing of the automotive products, defense products, electronic component products, fluid handling products and management services for military and space satellite launch facilities as specifically described in Exhibit A3 annexed hereto and, in addition, shall also mean the Closely Related Businesses described in Exhibit A3, provided that ITT Industries Business does not include the ITT Destinations Business or the ITT Hartford Business.

(n) "ITT Logo" shall mean the worldwide rights to the stylized trademark and service mark shown in Exhibit B annexed hereto together with all registrations thereof and all applications thereof now or hereafter filed or obtained, and the goodwill associated therewith.

(o) "ITT Marks" shall mean the worldwide rights to (i) the ITT Logo; and (ii) all other trademarks and service marks consisting of the letters "ITT", together with all registrations thereof and all applications thereof now or hereafter filed or obtained, and the goodwill associated therewith.

(p) "ITT Name" shall mean the worldwide rights to that portion of any company and trade name consisting of the letters "ITT" and the goodwill associated therewith.

(q) "ITT Sheraton" shall mean ITT Sheraton Corporation, a Delaware corporation.

(r) "Licensor" shall mean (i) effective as of November 1, 1995, ITT Corporation, (ii) effective as of November 2, 1995, ITT Destinations, and (iii)

effective as of immediately prior to the Effective Time and thereafter, ITT Sheraton.

(s) "Permitted Manner of Use" shall mean use of the ITT Name and ITT Marks in accordance with all legal requirements and also with Licensor's policy and style standards as currently existing and as may be reasonably amended from time to time by Licensor.

(t) "Phaseout Period" shall be a period of one and one-half (1 1/2) years from the termination of this License Agreement during which period all use of the ITT Name and ITT Marks by ITT Hartford and/or the ITT Hartford Sublicensees (as hereinafter defined), as the case may be, shall be phased out in accordance with the provisions of this License Agreement.

(u) "Proxy Statement" shall mean the Proxy Statement sent to the holders of shares of ITT Common Stock in connection with the Distribution, including any amendment or supplement thereto.

(v) "Subsidiary", with respect to any Party, shall mean any corporation, partnership, joint venture or other entity of which a Party or Licensor, directly or indirectly owns an interest sufficient to elect a majority of the Board of Directors (or persons performing similar functions) (irrespective of whether at the time any other class or classes of ownership interests of such corporation, partnership or other entity shall or might have such voting power upon the occurrence of any contingency). Irrespective of this definition and for purposes of this License Agreement, Madison Square Garden, L.P. and ITT-Dow Jones Television, and their respective Subsidiaries will be deemed Subsidiaries of ITT Destinations, and immediately prior to the Effective Time and thereafter, ITT Destinations and its Subsidiaries will be deemed Subsidiaries of ITT Sheraton.

(w) "ITT Hartford Sublicensee" shall mean:

(i) ITT Hartford and any Subsidiary of ITT Hartford in existence as of, or acquired or formed after, the Distribution Date; or

(ii) any direct or indirect affiliate of ITT Hartford in which ITT Hartford owns at least 40% of such affiliate if the remaining ownership is held by a single third party or at least 25% of such affiliate if the remaining ownership is held by more than one third party and in which ITT Hartford, through its control, can exercise a veto over major decisions of such affiliate;

provided that the business of any such Subsidiary or affiliate is solely within the field of the ITT Hartford Business and/or the ITT Hartford Expanded Business and that ITT Hartford (or by ITT Hartford Life International, Ltd. or ITT Hartford International, Inc. as provided in Sections 2.01 and 2.02) grants a formal sublicense to such Subsidiary or affiliate pursuant to Section 2.03 hereof.

(x) "Major Subsidiaries" shall mean the subsidiaries of ITT Hartford set forth in Exhibit D annexed hereto.

(y) "Change in Control" shall mean any one of the following events:

(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 (the "Act") disclosing that any person (within the meaning of Section 13(d) of the Act) other than ITT Hartford or an ITT Hartford Subsidiary or any employee benefit plan sponsored by ITT Hartford or an ITT Hartford Subsidiary is the beneficial owner directly or indirectly of twenty percent (20%) or more of the outstanding Common Stock of ITT Hartford;

(ii) any person (within the meaning of Section 13(d) of the Act) other than ITT Hartford or an ITT Hartford Subsidiary or any employee benefit plan sponsored by ITT Hartford or an ITT Hartford Subsidiary shall purchase shares pursuant to a tender offer or exchange offer to acquire any Common Stock of ITT Hartford (or securities convertible into such Common 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 fifteen percent (15%) or more of the outstanding Stock of ITT Hartford (calculated as provided in paragraph (d) of Rule 13d-3 under the Act in the case of rights to acquire Common Stock);

(iii) the stockholders of ITT Hartford shall approve (a) any consolidation or merger of ITT Hartford in which ITT Hartford is not the continuing or surviving corporation or pursuant to which shares of Common Stock of ITT Hartford would be converted into cash, securities or other property, other than a merger of ITT Hartford in which holders of Common Stock of ITT Hartford immediately prior to the merger have the same proportionate ownership of common stock of the surviving corporation 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 Hartford; or

(iv) there shall have been a change in a majority of the members of the Board of Directors of ITT Hartford within a 12-month period unless the election or nomination for election by ITT Hartford 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 were directors at the beginning of such 12-month period.

ARTICLE II. LICENSES

Section 2.01 GRANT OF LICENSES TO USE THE ITT MARKS. Licensor hereby grants to ITT Hartford, during the term of this License Agreement, a personal, non-assignable (except as otherwise provided in this License Agreement), non-transferable worldwide license to use, with the right to grant sublicenses solely to ITT Hartford Sublicensees as provided for in Section 2.03 hereof to use, the ITT Marks in accordance with the applicable Permitted Manner of Use (i) on an exclusive basis for the ITT Hartford Business and (ii) on a non-exclusive basis for the ITT Hartford Expanded Business. ITT Hartford shall have the right to grant to ITT Hartford International, Inc. and ITT Hartford Life International Ltd. the right to sublicense the ITT Marks, in accordance with the terms and conditions of this Agreement, to non-U.S. Subsidiaries of ITT Hartford. ITT Hartford agrees that it shall assume full responsibility, in accordance with the terms and conditions of this Agreement, with respect to any such sublicenses granted by ITT Hartford International, Inc. and ITT Hartford Life International Ltd. in the event that ITT Hartford International, Inc. and/or ITT Hartford Life International Ltd. as sublicensors or any of their Sublicensees fail to comply with any obligations or responsibilities pursuant to this Agreement. ITT

Hartford and its Subsidiaries shall not have the right to use "ITT Corporation" or any company name substantially identical thereto.

Section 2.02 GRANT OF LICENSES TO USE THE ITT NAME. Licensor hereby grants to ITT Hartford, during the term of this License Agreement, a personal, non-assignable (except as otherwise provided in this Agreement), non-transferrable worldwide license to use, with the right to grant sublicenses solely to ITT Hartford Sublicensees as provided for in Section 2.03 hereof to use, the ITT Name in their company names and in their trade or popular names in accordance with the Permitted Manner of Use. ITT Hartford shall have the right to grant to ITT Hartford International, Inc. and ITT Hartford Life International Ltd. the right to sublicense the ITT Name, in accordance with the terms and conditions of this Agreement, to non-U.S. Subsidiaries of ITT Hartford. ITT Hartford agrees that it shall assume full responsibility, in accordance with the terms and conditions of this Agreement, with respect to any such sublicenses granted by ITT Hartford International, Inc. and ITT Hartford Life International Ltd. in the event that ITT Hartford International, Inc. and/or ITT Hartford Life International Ltd. as sublicensors or any of their Sublicensees fail to comply with any obligations or responsibilities pursuant to this Agreement. The aforementioned license with respect to the ITT Name shall be exclusive for those company names in the exact form listed in Exhibit C annexed hereto, subject to all other provisions of this License Agreement. The form of using the ITT Name in the company and trade names as set forth in Exhibit C annexed hereto is hereby approved for purposes of granting the aforementioned sublicenses. The form of using the ITT Name in the company and trade names of an ITT Hartford Sublicensee which is acquired or formed after the Distribution Date shall be subject to ITT Corporation's approval, which approval shall not be unreasonably withheld. The principal basis for withholding such approval would be if the proposed company and/or trade name used in conjunction with the ITT Name would (i) be objectionable from a legal standpoint, or (ii) likely to create confusion, for example, if the proposed name is descriptive of a field of business of the ITT Destinations Business or the ITT Industries Business or too close to a name used by a business of ITT Industries or ITT Destinations. Any such approved name shall thereafter be deemed to be included in Exhibit C annexed hereto.

Section 2.03 SUBLICENSES. Each sublicense granted by ITT Hartford to an ITT Hartford Sublicensee shall: (i) be in writing; (ii) specifically require the ITT Hartford Sublicensee to agree to comply with and observe the terms and conditions of this License Agreement; and (iii) require the Sublicensee to acknowledge its obligations to Licensor by executing an agreement in the form annexed hereto as Exhibit E, which shall then be forwarded to Licensor by ITT Hartford.

Section 2.04 PROHIBITED USES OF ITT NAME AND ITT MARKS. Neither ITT Hartford, nor any of the ITT Hartford Sublicensees shall use the ITT Name or ITT Marks for any product or service, or with or for any entity, in the ITT Destinations Business or the ITT Industries Business.

Section 2.05 EXPANSION OF LICENSES. All requests for an expansion of license rights granted under Sections 2.01, 2.02 and 2.05 shall be made by ITT Hartford in writing to Licensor. Licensor may grant or deny such requests in its sole discretion. For purposes of this Section 2.05, expansion of license rights shall mean a right to use the ITT Name and/or the ITT Marks: (i) within the scope of the ITT Hartford Business and/or ITT Hartford Expanded Business by an ITT Hartford Sublicensee after it ceases to be a Subsidiary of ITT Hartford; or (ii) outside or within the scope of the ITT Hartford Business or ITT Hartford Expanded Business by ITT Hartford or the ITT Hartford Sublicensees if a Change of Control of ITT Hartford occurs. For the purpose of this License Agreement, any expansion of rights granted pursuant to this Section 2.05 shall thereafter be deemed to be within the ITT Hartford Expanded Business and subject to any reasonable limitations imposed by Licensor. Notwithstanding Section 2.05(i), ITT Hartford may extend the rights previously granted to an ITT Hartford Sublicensee under Sections 2.01 or 2.02 for a period of at least one and one-half (1 1/2) years ("Extension Period") after such ITT Hartford Sublicensee ceases to be a Subsidiary of ITT Hartford, provided that such former ITT Hartford Subsidiary will not be an ITT Hartford Sublicensee for purposes of Article VIII of this License Agreement, but shall agree to remain an ITT Hartford Sublicensee pursuant to Section 2.03 hereof for all other purposes, including Section 3.01 hereof, and further provided that any Agreement Disputes (as defined in Section 8.01(a) hereof) may be resolved in any manner deemed appropriate in the sole discretion of Licensor.

Section 2.06 REDUCTION OF LICENSES. In the event ITT Hartford and/or ITT Hartford Sublicensees shall abandon their use of the ITT Name or one or more of the ITT Marks for all or a portion of the ITT Hartford Business, then the scope of the exclusive rights granted in Sections 2.01, 2.02 and 2.05 with respect to such abandoned ITT Name or ITT Marks shall be reduced by an amount equal to the scope of the ITT Hartford Business so abandoned. For purpose of this Section 2.06, abandonment shall mean the failure of ITT Hartford and its sublicensed Major Subsidiaries to use the ITT Name or one or more of the ITT Marks for a period of two (2) years, any such period to commence only after the Distribution Date, except that should ITT Hartford or a new ITT Hartford Sublicensee revive use in the activity previously abandoned, then the reduced exclusive rights shall be expanded commensurate with the scope of the revived use, subject to any intervening licenses or rights granted by or entered into or then being negotiated by Licensor.

Section 2.07 QUALITY STANDARDS. In view of the status of the Parties immediately prior to the Distribution Date as one company, each Party's intimate knowledge with standards and procedures for assuring consistent quality, Licensor's knowledge of the standards and procedures used in the ITT Hartford Business, the integrity of ITT Hartford Business and its history of trouble-free goods and services, Licensor adopts ITT Hartford Business quality standards and ITT Hartford and the ITT Hartford Sublicensees agree to maintain such standards and procedures to assure the consistent quality of its goods and services. ITT Hartford and the ITT Hartford Sublicensees shall not materially lower such quality standards without the prior written approval of Licensor.

Section 2.08 INSPECTIONS AND SAMPLES. Should Licensor have reason to believe based on information available to it that the quality standards referred to in Section 2.07 have not been maintained then, at the request of Licensor, ITT Hartford and the ITT Hartford Sublicensees shall permit a knowledgeable independent expert or consultant specifically retained by Licensor to have reasonable access to their premises and personnel during normal working hours and shall furnish or permit inspection of, at Licensor's request and without charge to Licensor or to such expert or consultant, product samples, cartons, containers, packaging, wrapping and service materials bearing or used in connection with the ITT Name and/or the

ITT Marks for the purpose of ensuring that ITT Hartford and the ITT Hartford Sublicensees are complying with such quality standards. Any information obtained during such inspection and provided to Licensor shall be limited to that which is necessary to ensure compliance with such quality standards.

Section 2.09 ADVERTISING, PACKAGING AND LABELS. ITT Hartford and the ITT Hartford Sublicensees shall furnish, at Licensor's request and without charge, to Licensor or to its authorized designee(s) samples of promotional and advertising material or the like to be used in connection with any products or services offered by ITT Hartford and the ITT Hartford Sublicensees and bearing or used in connection with the ITT Marks.

Section 2.10 THIRD PARTY RIGHTS. ITT Hartford and the ITT Hartford Sublicensees acknowledge that the rights granted by Licensor under Sections 2.01, 2.02, and 2.05 are subject to all pre-existing third party rights, obligations and restrictions as of the Distribution Date.

Section 2.11 INTERVENING THIRD PARTY RIGHTS. Notwithstanding Section 2.01(ii), Licensor shall be free to grant exclusive rights hereafter to a third party to use the ITT Name and ITT Marks for use with a business within the ITT Hartford Expanded Business, provided that ITT Hartford has not given notice to Licensor prior thereto that it has commenced operations in the identical business. In the event that ITT Hartford gives notice to Licensor that it or an ITT Hartford Sublicensee is operating in a specific business within the ITT Hartford Expanded Business, Licensor shall not thereafter grant any rights to a third party to use the ITT Name or ITT Marks in the identical specific business.

Section 2.12 RIGHTS TO ENTER BUSINESSES. Nothing in this License Agreement shall preclude ITT Industries, ITT Destinations, ITT Hartford nor any of their respective subsidiaries or affiliates from operating any business provided neither the ITT Name nor the ITT Marks are used in such business.

ARTICLE III. UNDERTAKINGS

Section 3.01 INDEMNIFICATION BY ITT HARTFORD. ITT Hartford and the ITT Hartford Sublicensees hereby agree to indemnify and defend Licensor and its Subsidiaries and their

respective employees, officers, directors, and agents and shall hold each of them harmless from any and all claims, demands, suits, actions, damages, and judgments brought or obtained by a third party ("Claims"), of whatever type or kind (excluding only such claims or legal action as may arise under Sections 3.02 and 4.02 respectively) arising out of:

(a) any use of the ITT Name or the ITT Marks by ITT Hartford or the ITT Hartford Sublicensees, including, without limitation, product liability or personal injury Claims; or

(b) any breach by ITT Hartford or the ITT Hartford Sublicensees of any of the terms and conditions of this License Agreement;

provided Licensor shall cooperate with, and assist, ITT Hartford with respect to any such Claim by (i) promptly notifying ITT Hartford of any such Claim, (ii) agreeing to be defended by counsel of ITT Hartford's choice and to any reasonable settlement proposed by ITT Hartford, (iii) promptly providing to ITT Hartford any reasonably requested documents in its possession, custody, or control, and (iv) making its personnel familiar with the facts available to ITT Hartford, except that ITT Hartford shall reimburse Licensor for any out-of-pocket travel, lodging, and subsistence expenses necessarily and reasonably incurred by Licensor in effecting such cooperation.

Section 3.02 INDEMNIFICATION BY LICENSOR. Licensor and its Subsidiaries hereby agree to indemnify and defend ITT Hartford and the ITT Hartford Sublicensees and their respective employees, officers, directors, and agents and shall hold each of them harmless from any and all claims, demands, suits, actions, damages, and judgments brought or obtained by a third party ("Claims"), of whatever type or kind (excluding only such claims or legal action as may arise under Section 3.01) arising out of:

(a) any use of the ITT Name or the ITT Marks by Licensor or its Subsidiaries (excluding ITT Hartford, ITT Industries and their Subsidiaries) including, without limitation, product liability or personal injury Claims; or

(b) any breach by Licensor or its Subsidiaries of any of the terms and conditions of this License Agreement;

provided ITT Hartford shall cooperate with, and assist, Licensor with respect to any such Claim by (i) promptly notifying Licensor of any such Claim, (ii) agreeing to be defended by counsel of Licensor's choice and to any reasonable settlement proposed by Licensor, (iii) promptly providing to Licensor any reasonably requested documents in its possession, custody, or control, and (iv) making its personnel familiar with the facts available to Licensor, except that Licensor shall reimburse ITT Hartford for any out-of-pocket travel, lodging, and subsistence expenses necessarily and reasonably incurred by ITT Hartford in effecting such cooperation and assistance.

Section 3.03 DEFENSE OF INFRINGEMENT CLAIMS. Licensor further agrees to defend ITT Hartford and/or any ITT Hartford Sublicensee to the extent that any and all demands, suits, or actions ("Claims") solely arise out of an assertion or claim that the use of the ITT Name or ITT Marks by ITT Hartford or the ITT Hartford Sublicensees pursuant to the terms of this License Agreement infringes the trade names or trademarks of a third party, provided, ITT Hartford shall cooperate with, and assist, Licensor with respect to any such Claim by (i) promptly notifying Licensor of any such Claim, (ii) agreeing to be defended by counsel of Licensor's choice and to any reasonable settlement proposed by Licensor, except that if a third party should institute a legal action against ITT Hartford and/or an ITT Hartford Sublicensee involving their alleged infringement of a third party mark based on their use of an ITT Mark in the ITT Hartford Business then choice of counsel and the control of the legal action shall be mutual between ITT Hartford and Licensor, (iii) promptly providing to Licensor any reasonably requested documents in its possession, custody, or control, and (iv) making its personnel familiar with the facts available to Licensor. The costs associated with any such defense shall be borne equally by Licensor and ITT Hartford.

Section 3.04 PHASE-OUT. Licensor agrees not to grant a license during the Phaseout Period to any third party after any termination of this License Agreement to use the ITT Name or the ITT Marks in the field of activity of the ITT Hartford Business, except in the case of an abandonment as specified in the last sentence of Section 2.06 herein.

Section 3.05 ABSENCE OF ITT HARTFORD INTEREST IN ITT MARKS. ITT Hartford and the ITT Hartford Sublicensees agree that nothing herein shall give ITT Hartford or the ITT Hartford Sublicensees any right, title or interest in the ITT Name or the ITT Marks apart from the rights to use, and to sublicense the use, granted or to be granted hereunder, and to retain any remuneration resulting therefrom, all such right, title and interest, including but not limited to rights of registration, maintenance and enforcement, being solely with Licensor. The ITT Name and the ITT Marks are the sole property of Licensor, and any and all uses by ITT Hartford of the ITT Name or of the ITT Marks shall inure to the benefit of Licensor. In no event shall such use be deemed or construed to have created or vested any right, title or interest whatever in and to ITT Hartford. To the extent that any jurisdiction shall find for any reason as a matter of law or otherwise that such use has vested in ITT Hartford or its Subsidiaries any right, title or interest in or to the ITT Name or the ITT Marks, ITT Hartford and its Subsidiaries, upon the request of Licensor, shall execute and deliver to Licensor, without charge, appropriate assignments to vest such rights, title and interest in Licensor.

Section 3.06 ITT NAME AND ITT MARKS NOT CONTESTED. ITT Hartford and its Subsidiaries agree not to raise or cause to be raised any questions concerning or objections to the validity of the ITT Name or the ITT Marks in any jurisdiction, or to any registrations thereof or applications therefor, or to the sole proprietary rights of Licensor thereto, on any grounds whatsoever.

Section 3.07 FILING, REGISTRATION OR USE OF NAMES, TRADEMARKS AND SERVICE MARKS. ITT Hartford and its Subsidiaries agree not to:

(a) file, apply to register or register the ITT Name or the ITT Marks, alone or in combination with any other word or device or symbol or any name, mark, term, script or device colorably similar thereto, except if, as, when, and to the extent as may be expressly consented to in writing in advance by Licensor in specific instances;

(b) use the ITT Name or the ITT Marks in conjunction or in combination with any other name, mark, term, script or device whatever, except as specifically set forth in Article II, or if, as and to the extent approved in writing in advance by Licensor; and

(c) use the ITT Name or the ITT Marks in any jurisdiction, or any name, mark, term, script or device colorably similar thereto, except as specifically permitted under this License Agreement.

At the request of ITT Hartford, Licensor shall file registration applications and maintain any such applications and registrations issued thereon for the ITT Name and ITT Marks for activities within the ITT Hartford Business or the ITT Hartford Expanded Business. Any expenses incurred by Licensor in connection with registering or maintaining registrations of the ITT Name or the ITT Marks for the ITT Hartford Business or for the benefit of ITT Hartford in the ITT Hartford Expanded Business, including expenses incurred in connection with proving or establishing use for the purpose of trade name or trademark registration or maintenance of the ITT Name or ITT Marks for the ITT Hartford Business or the ITT Hartford Expanded Business, shall be reimbursed by ITT Hartford.

Section 3.08 INJUNCTIVE RELIEF UPON TERMINATION. ITT Hartford and its Subsidiaries agree that should ITT Hartford and/or its Subsidiaries upon any termination in whole or in part of this License Agreement, fail to cease use of the ITT Name and the ITT Marks, as appropriate, in accordance with the provisions of Article VI hereof, such failure will result in immediate and irreparable injury to Licensor and, in addition to any provable damages and the right to the costs and expenses of any litigation, Licensor shall be entitled to equitable relief by way of temporary and permanent restraining orders and injunctions and such other further relief as any court with jurisdiction may deem just and proper without the necessity of posting a bond.

Section 3.09 OTHER LICENSOR LICENSES. Subject to Section 2.11 and to the exact form of company names set forth in Exhibit C hereto, nothing in this License Agreement shall be

construed to limit the right of Licensor to use, or to grant a license to any entity or person to use, the ITT Name or the ITT Marks anywhere for any products or services, or in connection with any activities outside the ITT Hartford Business even if such entity or person competes with ITT Hartford or the ITT Hartford Sublicensees, or its products or services are shipped, sold or offered in the same channels of trade as those of ITT Hartford or the ITT Hartford Sublicensees.

Section 3.10 EXECUTION OF DOCUMENTS. At Licensor's request, ITT Hartford and the ITT Hartford Sublicensees agree to assist Licensor in the procurement or maintenance of any filings or registrations for the ITT Name or ITT Marks in any jurisdiction by providing any information available from ITT Hartford and the ITT Hartford Sublicensees and executing any documents necessary therefor. The rights granted or to be granted hereunder to ITT Hartford or the ITT Hartford Sublicensees shall be recorded in any jurisdiction where such recordation is required by statute or in the sole discretion of Licensor is advisable, and ITT Hartford and the ITT Hartford Sublicensees shall extend to Licensor its full cooperation in filing and completing any such recordation.

ARTICLE IV. INFRINGEMENT BY THIRD PARTIES

Section 4.01 INFRINGEMENT BY THIRD PARTIES. Upon discovery by ITT Hartford or by an ITT Hartford Sublicensee, ITT Hartford shall notify Licensor of any adverse uses confusingly similar or otherwise damaging to the ITT Name and/or ITT Marks, but shall take no other action of any kind with respect thereto except by the express prior written authorization of Licensor. The determination of whether or not legal action shall be taken in any case shall lie exclusively with and at the sole discretion of Licensor, except that if such adverse use is in the same field of activity as the ITT Hartford Business, ITT Hartford may, by such notice, require that Licensor institute and reasonably pursue legal action.

Section 4.02 COSTS OF LEGAL ACTION. In the event that Licensor is required to institute legal action pursuant to the notice under Section 4.01, the costs of any such legal action shall be borne by ITT Hartford. In the

event that Licensor decides to institute legal action and such confusingly similar or otherwise damaging use is within the field of activity of the ITT Hartford Business or the ITT Hartford Expanded Business the cost of any such legal action shall be shared equally by ITT Hartford and Licensor. In all such circumstances, Licensor may bring suit in its own name and in the name of ITT Hartford or the ITT Hartford Sublicensees, with choice of counsel and control of the legal action by Licensor in close coordination and consultation with ITT Hartford. All other legal actions for third party infringements instituted by Licensor shall be at the expense and under the control of Licensor. ITT Hartford and ITT Hartford Sublicensees shall cooperate with and assist Licensor in any such suit by promptly providing any reasonably requested documents in their possession, custody or control, and by making their personnel familiar with the facts available to Licensor and otherwise, without charge.

Section 4.03 RESOLUTION OF LEGAL ACTION. In the event that threatened or actual legal action by Licensor results in a settlement or resolution that provides damages or other monies to Licensor and/or ITT Hartford and the ITT Hartford Sublicensees, such monies shall first be used to reimburse the Parties for their respective costs of such legal action. Any remaining damages or other monies after reimbursement of the aforesaid costs shall be retained by Licensor, except that any remaining damages assessed as lost profits of ITT Hartford or any ITT Hartford Sublicensee shall be paid to ITT Hartford and any remaining damages assessed as royalties shall be shared equally by ITT Hartford and Licensor.

ARTICLE V. TERMINATION

Section 5.01 CHANGE OF CONTROL. In the event that there is a Change of Control of ITT Hartford without the prior written consent of Licensor pursuant to Section 2.05 hereof, then this License Agreement may be terminated by ITT Corporation. In the event ITT Hartford gives notice to Licensor of a Change of Control and ITT Corporation does not object to such Change of Control within forty-five (45) days of receipt of such notice, then it shall be deemed that Licensor shall have granted an expansion of the license pursuant to Section 2.05(ii) hereof.

ARTICLE VI. TERM AND EFFECT OF TERMINATION

Section 6.01 LICENSE TERM. This License Agreement shall continue unless sooner terminated pursuant to other provisions hereof, until ITT Hartford gives written notice of an intent to terminate this License Agreement effective six (6) months thereafter.

Section 6.02 EFFECT OF TERMINATION. Upon the termination of this License Agreement, except in the case of termination for abandonment pursuant to Section 2.06, ITT Hartford and the ITT Hartford Sublicensees during the Phaseout Period shall phase out all use of the ITT Name and the ITT Marks. By the end of the Phaseout Period ITT Hartford shall fully discontinue all use of the ITT Marks and the ITT Name.

Following termination of this License Agreement, ITT Hartford and the ITT Hartford Sublicensees shall:

(i) continue, without any time limitation, to indemnify and hold harmless Licensor (including subsidiaries, affiliates, employees, officers, directors, agents or anyone connected with it in any way) pursuant to Section 3.01 hereof; and

(ii) within thirty (30) days thereafter, account to Licensor and make any such compensation payments as may be due or called for under Section 4.02 herein up to and including the effective date of termination of this License Agreement.

ITT Corporation and its Subsidiaries shall continue, for a period of two (2) years, to indemnify and hold harmless ITT Hartford and ITT Hartford Sublicensees (including subsidiaries, affiliates, employees, officers, directors, or agents) pursuant to Section 3.02 hereof.

ARTICLE VII. REPRESENTATIONS AND WARRANTIES

Section 7.01 ABSENCE OF OTHER WARRANTIES AND REPRESENTATIONS. Other than as specifically set forth

herein, neither Party, nor any of their Subsidiaries makes any representations or warranties including, without limitation, any statement with respect to the validity, enforceability or coverage of the ITT Name and ITT Marks, with or without respect to the ITT Hartford Business or the ITT Hartford Expanded Business.

ARTICLE VIII. DISPUTE RESOLUTION

Section 8.01 DISPUTES. The general counsels of the relevant parties shall negotiate in good faith for a reasonable period of time to settle any:

(a) dispute or claim arising out of, in connection with, or in relation to the interpretation, performance, non-performance or validity of this License Agreement or otherwise arising out of, or in any way related to this License Agreement, including, without limitation, any claim based on contract, tort, statute or constitution (collectively, "Agreement Disputes"); or

(b) any breach of any provision of this License Agreement by ITT Hartford or ITT Hartford Sublicensees, other than a Change of Control as set forth in Section 5.01 or by Licensor, provided the breach has not been cured within ninety (90) days after receipt of notice of such breach ("Uncured Breach").

Section 8.02 ARBITRATION. If after such reasonable period such general counsel are unable to settle such Agreement Dispute or Uncured Breach (and in any event after 60 days have elapsed from the time the relevant parties began such negotiations), such Agreement Dispute or Uncured Breach shall be determined, at the request of any relevant party, by arbitration conducted in New York City, before and in accordance with the then-existing Rules for Commercial Arbitration of the American Arbitration Association (the "Rules"), and any judgment or award rendered by the arbitrator shall be final, binding and nonappealable (except upon grounds specified in 9 U.S.C. Section 10(a) as in effect on the date hereof), and judgment may be entered by any state or Federal court having jurisdiction thereof in accordance with Section 9.14 hereof. Unless the arbitrator otherwise determines, the pre-trial discovery of the then-existing Federal Rules of Civil Procedure and the then-existing Rules 46 and 47 of the Civil Rules for the United States District Court for the Southern District of New York shall apply to any arbitration hereunder. Any controversy concerning

whether an Agreement Dispute or an Uncured Breach is an arbitrable Agreement Dispute, whether arbitration has been waived, whether an assignee of this License Agreement is bound to arbitrate, or as to the interpretation of enforceability of this Article shall be determined by the arbitrator. The arbitrator shall be a retired or former judge of any United States District Court or Court of Appeals or such other qualified person as the relevant parties may agree to designate, provided such individual has had substantial professional experience with regard to settling sophisticated commercial disputes. The Parties intend that the provisions to arbitrate set forth herein be valid, enforceable and irrevocable. The designation of a situs or a governing law for this License Agreement or the arbitration shall not be deemed an election to preclude application of the Federal Arbitration Act, if it would be applicable. In his award the arbitrator shall allocate, in his discretion, among the Parties to the arbitration all costs of the arbitration, including, without limitation, the fees and expenses of the arbitrator and reasonable attorneys' fees, costs and expert witness expenses of the Parties. The undersigned agree to comply with any award made in any such arbitration proceedings that has become final in accordance with the Rules and agree to the entry of a judgment in any jurisdiction upon any award rendered in such proceedings becoming final under the Rules. The arbitrator shall be entitled, if appropriate, to award any remedy in such proceedings, including, without limitation, monetary damages, specific performance and all other forms of legal and equitable relief; provided, however, the arbitrator shall not be entitled to award punitive damages.

Section 8.03 INJUNCTIONS. In the event the Arbitrator should find that ITT Hartford or the ITT Hartford Sublicensees or Licensor have breached this License Agreement, then the Arbitrator may order specific performance of the provisions so breached. Should ITT Hartford or the ITT Hartford Sublicensees or Licensor not so specifically perform, then the Parties recognize that the damage caused thereby to either party would be irreparable and not adequately compensable by monetary damages, and that either Party may immediately seek and be entitled to an injunction by a Federal Court having jurisdiction thereof, without the requirement of posting a bond or other security.

ARTICLE IX. MISCELLANEOUS

Section 9.01 COMPLETE AGREEMENT; CONSTRUCTION. This License Agreement, including the Exhibits, together with the Distribution Agreement, and the other Ancillary Agreements (as defined in the Distribution Agreement) shall constitute the entire agreement between the Parties with respect to the subject matter hereof and shall supersede all previous negotiations, commitments and writings with respect to such subject matter. Notwithstanding any other provisions in this License Agreement to the contrary, in the event and to the extent that there shall be a conflict between the provisions of this License Agreement as it relates to the ITT Name and ITT Marks, and the provisions of the Distribution Agreement or the IP Agreement, this License Agreement shall control.

Section 9.02 COUNTERPARTS. This License Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more such counterparts have been signed by each of the Parties and delivered to the other party.

Section 9.03 SURVIVAL OF AGREEMENT. Except as otherwise contemplated by this License Agreement, all covenants and agreements of the Parties contained in this License Agreement shall survive the Distribution Date.

Section 9.04 NOTICES. All notices and other communications hereunder shall be in writing and hand delivered or mailed by registered or certified mail (return receipt requested) or sent by any means of electronic message transmission with delivery confirmed (by voice or otherwise) to the Parties at the following addresses (or at such other addresses for a party as shall be specified by like notice) and will be deemed given on the date on which such notice is received:

To Licensor:

ITT Corporation
1330 Avenue of the Americas
New York, NY 10019

Attn: Vice President and
Associate General Counsel - Intellectual Property

To ITT Hartford, Inc.:

Hartford Plaza
Hartford, CT 06115

Attn: Senior Vice President and
General Counsel

Section 9.05 WAIVERS. The failure of either Party to require strict performance by the other Party of any provision in this License Agreement will not waive or diminish that Party's right to demand strict performance thereafter of that or any other provision hereof.

Section 9.06 AMENDMENTS. This License Agreement may not be modified or amended except by an agreement in writing signed by the Parties.

Section 9.07 ASSIGNMENT. This License Agreement shall not be assignable, in whole or in part, directly or indirectly, by ITT Hartford without the prior written consent of Licensor, and any attempt to assign any rights or obligations arising under this License Agreement without such consent shall be void. This License Agreement may be assigned by Licensor to ITT Destinations or any other company which hereafter owns the ITT Marks and ITT Name.

Section 9.08 SUCCESSORS AND ASSIGNS. The provisions of this License Agreement shall be binding upon, inure to the benefit of and be enforceable by the Parties and their respective successors and permitted assigns.

Section 9.09 TERMINATION. This License Agreement may be terminated at any time prior to the Distribution by and in the sole discretion of Licensor without the approval of ITT Hartford or the shareholders of Licensor. In the event of such termination, no party shall have any liability of any kind to any other party.

Section 9.10 SUBSIDIARIES. ITT Hartford hereby guarantees the performance of the ITT Hartford Sublicensees under the terms and conditions of this License Agreement.

Section 9.11 THIRD PARTY BENEFICIARIES. This License Agreement is solely for the benefit of the Parties hereto and the ITT Hartford Sublicensees and should not be deemed to confer upon third parties any remedy, claim, liability, reimbursement, claim of action or other right in excess of those existing without reference to this License Agreement.

Section 9.12 TITLE AND HEADINGS. Titles and headings to sections herein are inserted for the convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

Section 9.13 GOVERNING LAW. This License Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts executed in and to be performed in that State.

Section 9.14 CONSENT TO JURISDICTION. Without limiting the provisions of Article VIII hereof each of the Parties irrevocably submits to the jurisdiction of (a) the Supreme Court of the State of New York, New York County, and (b) the United States District Court for the Southern District of New York, for the purposes of any suit, action or other proceeding arising out of this agreement or any transaction contemplated hereby. Each of the Parties agrees to commence any action, suit or proceeding relating hereto either in the United States District Court for the Southern District of New York or if such suit, action or other proceeding may not be brought in such court for jurisdictional reasons, in the Supreme Court of the State of New York, New York County. Each of the Parties further agrees that service of any process, summons, notice or document by U.S. registered mail to such Party's respective address set forth above shall be effective service of process for any action, suit or proceeding in New York with respect to any matters to which it has submitted to jurisdiction in this Section 9.14. Each of the Parties irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this License Agreement or the transactions contemplated hereby in (i) the Supreme Court

of the State of New York, New York County, or (ii) the United States District Court for the Southern District of New York, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in any inconvenient forum.

IN WITNESS WHEREOF, the Parties have caused this License Agreement to be duly executed as of the day and year first above written.

ITT CORPORATION

By _____

Name:

Title:

ITT HARTFORD GROUP, INC.

By _____

Name:

Title:

EXHIBIT A1

ITT DESTINATIONS BUSINESS

I. Hospitality, Entertainment and Gaming

A. Scope of Business:

Hospitality, entertainment and gaming services, facilities, and content of all types including, sports teams and franchises, television, theatrical studios, networks, broadcasting, arenas, theaters and other performance facilities, television programs, resort and destination facilities, hotels, gaming operations, lodging, transportation, and related marketing, distribution, promotion, advertising and licensing.

B. Major Businesses and Service Groupings

1. ITT Sheraton and Ciga S.p.A. Hotels

a. Hotel operations

- (1) reservation services
- (2) national marketing
- (3) promotional services

b. Hotel management

c. Hotel ownership

2. Caesars World, Inc.

a. resorts/hotels

b. casinos/gaming operations

c. merchandising of Caesars branded products
(fragrances, clothing, accessories, gift
items w/Caesars' name)

3. Madison Square Garden

- a. New York Knicks
 - (1) ticket revenues
 - (2) merchandising
- b. New York Rangers
 - (1) ticket revenues
 - (2) merchandising
- c. Madison Square Garden Arena
 - (1) sports events
 - (2) concerts
 - (3) family shows
 - (4) trade shows - conventions
- d. The Paramount Theater
- e. WNYC-TV (Nationally broadcast business and sports TV station in a joint venture with Dow Jones)
- f. Supply and distribution of television programming for cable
- g. Rights to New York Yankees' games
- h. MSG Network-Advertiser supported cable television entertainment program service

II. Information Services

A. Scope of Business

Information services, facilities, and content, in connection with information training and educational services, electronic and print publication of informational and educational materials, collection, creation, production, compilation, storage and translation of informational and educational materials.

B. Major Businesses and Services Groupings

1. ITT World Directories, Inc.
 - a. publishing traditional telephone directories internationally
 - b. contracts for the publication of telephone directories with monopoly providers of telecommunications services
2. ITT Educational Services, Inc.
 - a. ITT Technical Institutes

III. Closely Related Businesses:

- A. Acquisition, management, ownership and operation of:
1. Entertainment services, facilities and content of all types, including, without limitation: sports teams and franchises, television, theatrical studios, networks, broadcasting, theme parks, arenas, theaters and other performance facilities, musical recordings, merchandizing, movies, television programs, magazines, electronic entertainment, interactive media and related marketing, distribution, promotion, advertising and licensing;
 2. Hospitality, tourism, recreation and gaming services, including, without limitation, resort and destination facilities, services, hotels, gaming operations, lodging and transportation; and
 3. Information services facility and content, including, without limitation
 - (a) training and educational services, electronic and print publication of informational and educational materials;
 - (b) collection, creation, production, compilation, storage and transmission, including interactive services, of informational and educational materials;

- (c) commercial communication equipment, services and facilities including, without limitation, telecommunications, satellites, cable and all other storage, access and transmission means.

EXHIBIT A2

ITT HARTFORD BUSINESS

- A. ITT Hartford is engaged in:
1. All lines of property and casualty insurance
 2. All lines of life company business, including without limitation all lines of life, disability, health, stop-loss and special risk (accidental death and dismemberment, blanket lines, and Medicare Supplements) insurance and annuities (the "Life Company Business")
 3. Ceded and assumed reinsurance in all lines of property and casualty insurance and life Company Business
 4. The following services related to property and casualty insurance and Life Company Business and reinsurance:
 - a. Underwriting
 - b. Loss control
 - c. Premium collection, audit and financing
 - d. Actuarial
 - e. Administrative (including without limitation, benefit plan administration and consulting)
 - f. Claim administration (including without limitation, processing)
 - g. Reinsurance consulting
 - h. Catastrophe evaluation
 - i. Reinsurance and insurance market research and assistance
 - j. Runoff of liabilities for discontinued insurance operations
 - k. Servicing or administration of voluntary and residual market plans, pools and other residual market mechanisms
 - l. Establishing and maintaining risk retention and purchasing group
 - m. Insurance-related information management
 5. Surety and fidelity/burglary bonds including, but not limited to, contract, miscellaneous and financial guarantee bonds and credit insurance.

6. The providing of investment advisory services to mutual funds and/or the operation of mutual funds and/or any other pooled investment vehicles and/or the distribution of interests in such funds or other vehicles

B. Closely Related Businesses:

1. Any insurance-related business permitted to be conducted by a company under applicable regulatory authority and any other business which may only be conducted by companies regulated by the applicable insurance regulatory authorities
2. Investment banking activities, including but not limited to the underwriting of securities and stock brokerage activities

EXHIBIT A3

ITT INDUSTRIES BUSINESS

I. Automotive Group

- A. Scope of Business: Supplier of systems and components to automotive vehicle manufacturers worldwide and related automotive aftermarket products
- B. Major Automotive Product/Service Groupings:
 - 1. Brake and Chassis Systems
 - (a) antilock brake systems and components
 - (b) traction control system and components
 - (c) chassis systems and components
 - (d) foundation brake system and components
 - (e) fluid handling systems and components
 - (f) shock absorbers
 - (g) brake activation systems and components
 - (h) friction products
 - 2. Body and Electrical Systems
 - (a) electric motors and motor controllers
 - (b) wiper system and components
 - (c) activator systems and components
 - (d) switches and lamps
 - (e) body hardware
 - (f) seat sub-systems
 - (g) precision die cast products
 - (h) structural stampings
 - (i) door systems and components
 - (j) air management systems and components
 - (k) modular chassis systems
 - 3. Front and Rear Corner Modules
 - (a) brake sub-systems and components
 - (b) suspension sub-systems and components
 - (c) bearings

- (d) complete axle assemblies and sub-assemblies
- (e) vehicle stability management systems and components
- (f) steering systems and components

II. Defense & Electronics Group

- A. Scope of Business: Develop, manufacture and support high technology electronic systems and components specifically designed for military and defense application on a worldwide basis.
- B. Major Products/Service Groupings for Military and Defense Application:
 - 1. communications systems, equipment, and components:
 - (a) military communications equipment;
 - (b) tactical radios and components;
 - (c) air traffic control radio equipment;
 - (d) networking equipment;
 - (e) air traffic control radio equipment;
 - (f) switches;
 - (g) military "Private Mobile Radio" equipment;
 - (h) communications software;
 - (i) wireless LANS;
 - (j) tactical data systems and components;
 - (k) communications security devices and software;
 - (l) computer security products;
 - (m) INFOSEC products;
 - (n) biometric authentication products;
 - (o) speech and speaker recognition, identification and verification systems and components;
 - (p) communication intelligence workstation components and subsystems;
 - (q) language and dialect identification products;
 - (r) Communications-Navigation-Identification systems and components;
 - (s) secure voice/data communications systems and components;
 - (t) command and control systems and components;

- (u) communications and signal intelligence systems and components;
 - (v) satellite payload systems and components;
 - (w) military "Personal Communications Services" radios;
2. electronic warfare systems including:
- (a) Advanced Threat Radar Jammer and components;
 - (b) Airborne Self-Protection Jammer and components;
 - (c) electronic countermeasures and counter-countermeasures systems and components;
 - (d) decoy systems and components;
 - (e) electro-optical and infrared systems and components;
3. night vision devices incorporating image intensifiers including:
- (a) infantrymen's night vision devices and components;
 - (b) aviator's night vision devices and components;
 - (c) image intensifier tubes;
 - (d) night vision weapon sights and components;
 - (e) special purpose photosensitive devices;
 - (f) vehicle mounted night vision devices and components;
4. radar systems including:
- (a) shipboard radars and components;
 - (b) air-traffic radars and components;
 - (c) coastal defense radars and components;
 - (d) transmit/receive modules;
 - (e) bistatic radar systems and components;
5. space payload products including:
- (a) navigation payloads;
 - (b) meteorological instruments;
 - (c) suites of meteorological and navigation instruments;
 - (d) RF/microwave/millimeter wave sensor systems and components;
 - (e) control segment integration software;

6. navigation systems including:
 - (a) global positioning satellite systems and components;
 - (b) TACAN systems and components;
 - (c) tactical navigation systems and components;
 7. semiconductor IC devices:
 - (a) Gallium Arsenide integrated circuits;
 - (b) MMIC products;
 - (c) RF products;
 8. connectors and cable assemblies
- C. Defense and Electronics Products for Commercial Application
1. night vision devices incorporating image intensifiers:
 - (a) personal image identifier night vision devices and components;
 - (b) commercial image intensifier tubes;
 - (c) vehicle-mounted image identifier night vision devices and components;
 - (d) Retinitis Pigmentosa image intensifier night vision devices and components;
 2. Manufacture of Gallium Arsenide semiconductor IC devices and circuits
 3. biometric authentication products
 4. speech and speaker recognition, identification and verification systems and devices
 5. language and dialect identification products
 6. Security Access Control Systems for accessing computer systems having application in computer and financial networks
 7. global positioning satellite products

8. connectors and cable assemblies
9. integrated circuit cards and components
10. switches

III. Fluid Technology Group

- A. Business: Engaged in the design, development, production, marketing and sale of products, systems and services used to move, handle, transfer, control and contain fluids. The principal markets are water and wastewater treatment, industrial and process, and construction. The other markets consist of chemical processing, pharmaceutical and biotech sectors, selected segments of oil and gas and mining markets, HVAC, commercial and leisure marine aerospace and power industry markets.
- B. Major Product/Service Products:
 1. Pump products including drivers, controllers, accessories and components thereof for use in the markets specified in C.1 above.
 2. Mixer products including drivers, controllers, accessories and components thereof for use in the markets specified in C.1 above.
 3. Valve products including drivers, actuators and components thereof for use in the markets specified in C.1 above.
 4. Instrument and control products including drivers, actuators, sensors, microprocessors, accessories and components thereof for use in the markets specified in C.1 above.
 5. Regulators, transducers, seals including drivers, actuators, sensors, microprocessors, accessories and components thereof for use in the markets specified in C.1 above.

6. Boiler and condensate equipment and products including drivers, controllers, accessories and components thereof for use in the markets specified in C.1 above.
7. Switches including actuators, sensors, controllers, and components thereof for use in the markets specified in C.1 above.
8. Heat transfer products and components thereof for use in the markets specified in C.1 above.
9. Lighting and sanitary products and components thereof for use in markets specified in C.1 above.
10. Software programs for the selection and design of above specified products.

IV. Closely Related Businesses:

- A. Transportation Products: The design, manufacture, sale, marketing and servicing of OEM and aftermarket automotive, truck, train and other such transportation products.
- B. Fluid Products: The design, manufacture, sale, marketing and servicing of fluid handling products consisting of the major products/service products set out in III B above.
- C. Military and Defense Products/Services: The design, manufacture, sale, marketing and servicing of products and systems specially designed for the military and defense application.
- D. Components: The design, manufacture, sale, marketing and servicing of components consisting of connectors, cable assemblies, integrated circuit cards and components thereof, and switches.

EXHIBIT B

ITT LOGO

[A graphic image of the ITT Logo
will be inserted as Exhibit B]

EXHIBIT C

ITT HARTFORD GROUP, INC. COMPANY NAMES

ITT Hartford Group, Inc.
ITT Fencourt Reinsurance Company, Ltd.
ITT Hartford Canada Holdings, Inc.
ITT Hartford Life Insurance Company of Canada
ITT Comprehensive Employee Benefits Service Company
ITT Hartford Life and Annuity Insurance Company
ITT Hartford International Life Reassurance Corp.
ITT Hartford Seguros de Retiro S.A.
ITT Cenit (Holding) Argentina S.A.
ITT Cenit Ultravida Seguros de Vida S.A.
ITT Specialty Risk Services, Inc.
ITT Hartford Life Insurance Company of Canada
ITT Hartford Insurance Center, Inc.
ITT Hartford Insurance Group Foundation, Inc.
ITT Hartford International, Inc.
ITT Ercos de Seguros y Reaseguros, S.A.
ITT Assurances S.A.
ITT New England Management Company, Inc.
ITT Hartford Life International
ITT London & Edinburgh Insurance Company

EXHIBIT D

ITT HARTFORD MAJOR SUBSIDIARIES

Hartford Life and Accident Insurance Company
Hartford Life Insurance Company
Hartford Re Company
Hartford Casualty Insurance Company
ITT Specialty Risk Services, Inc.
ITT Lyndon Life Insurance
ITT Lyndon Property Insurance
London & Edinburgh Insurance Group
Hartford Accident & Indemnity Company
Hartford Fire Insurance Company

EXHIBIT E

SUBLICENSEE ACKNOWLEDGEMENT AND AGREEMENT

SUBLICENSEE ACKNOWLEDGEMENT AND AGREEMENT ("Agreement") dated as of _____ between _____, a _____, ("ITT Hartford Sublicensee"), ITT Hartford Group, Inc., a Delaware corporation ("ITT Hartford") with a principal address at Hartford Plaza, Hartford, Connecticut 06115, and ITT Corporation, a Nevada corporation ("ITT Corporation") with a principal address at 1330 Avenue of the Americas, New York, New York 10019 (the "Parties").

WHEREAS, ITT Corporation is the owner of the company and trade name "ITT" and the trademark and service mark "ITT", and of all rights worldwide in such name and marks and the goodwill associated therewith;

WHEREAS, ITT Corporation is the owner of a Trade Name and Trademark License Agreement dated _____ with ITT Hartford ("License Agreement"), which License Agreement is the sole source of rights for ITT Hartford to use and to grant sublicensees to use the ITT Name and Marks (as defined in the License Agreement);

WHEREAS, ITT Hartford Sublicensee is desirous of obtaining from ITT Hartford the right to use one or more of the ITT Name and/or Marks and ITT Hartford is willing to grant such rights to ITT Hartford Sublicensee under Section 2.03 of the License Agreement.

NOW, THEREFORE, in consideration of the premises and of the mutual acknowledgements, agreements and covenants herein, the Parties hereto hereby agree as follows:

1. ITT Hartford has determined that ITT Hartford Sublicensee qualifies as an ITT Hartford Sublicensee, as that term is defined in Section 1.01(v) of the License Agreement.

2. ITT Hartford has prepared a written agreement pursuant to which ITT Hartford Sublicensee is to be granted the right to use certain of the ITT Name and Marks ("Sublicense") as more fully set forth in said Sublicense.

3. ITT Hartford and ITT Hartford Sublicensee acknowledge that the ITT Hartford Sublicensee requires ITT Hartford Sublicensee to comply with and observe the terms and conditions of the License Agreement, and ITT Hartford Sublicensee covenants that it has read, understands and will comply with those terms and conditions.

4. ITT Hartford Sublicensee acknowledges its obligation to ITT Corporation to comply with the terms and conditions of the License Agreement, and acknowledges that ITT Hartford is guaranteeing to ITT Corporation ITT Hartford Sublicensee's performance of those terms and conditions.

5. ITT Hartford Sublicensee further acknowledges that the rights granted to it under the Sublicense are 1) personal, non-assignable, non-transferable; 2) do not include the right to grant sublicenses, and 3) may be restricted or terminated pursuant to the terms of the License Agreement.

6. ITT Corporation acknowledges ITT Hartford Sublicensee's rights under the Sublicense, subject to the terms and conditions of the License Agreement and subject to this Agreement.

[ITT Hartford Sublicensee]

Date: _____

By: _____
Name: _____
Title: _____

ITT HARTFORD GROUP, INC.

Date: _____

By: _____
Name: _____
Title: _____

ITT CORPORATION

Date: _____

By: _____

Name: _____

Title: _____

EMPLOYEE BENEFIT SERVICES AND LIABILITY AGREEMENT
dated as of November 1, 1995, among ITT CORPORATION, a Delaware corporation (which, together with its subsidiaries, is herein referred to as "ITT"), ITT DESTINATIONS, INC., a Nevada corporation, (which, together with its subsidiaries, is herein referred to as "ITT Destinations"), and ITT HARTFORD GROUP, INC., a Delaware corporation (which, together with its subsidiaries, is herein referred to as "ITT Hartford").

WHEREAS, the Board of Directors of ITT has determined that it is appropriate and desirable to distribute to the holders of shares of common stock, par value \$1.00 per share, of ITT (the "ITT Common Stock") all the outstanding shares of common stock of ITT Destinations (the "ITT Destinations Common Stock") and all the outstanding shares of common stock of ITT Hartford (the "ITT Hartford Common Stock"); and

WHEREAS, each of ITT, ITT Destinations and ITT Hartford has determined that it is necessary and desirable to allocate and assign responsibility for certain employee benefit liabilities in respect of the activities of the businesses of such entities on the Distribution Date (as defined herein) and those liabilities in respect of other businesses and activities of ITT and its former subsidiaries and certain other matters.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, ITT, ITT Destinations and ITT Hartford agree as follows:

1. RETIREMENT PLANS. (a) Continuation of Retirement Plans. (i) Following the Distribution, (x) ITT Industries shall continue to sponsor the ITT Salaried Retirement Plan, which shall be renamed as the "ITT Industries Salaried Retirement Plan", (y) ITT Hartford shall continue to sponsor the ITT Hartford Retirement Plan and (z) ITT Destinations shall adopt the Sheraton Salaried Retirement Plan as the ITT Destinations Salaried Retirement Plan.

(ii) Amendment of Retirement Plans. Effective as of the Distribution Date, (x) ITT Industries shall cause the

ITT Salaried Retirement Plan to be amended as provided pursuant to Section 1 of this Agreement; (y) ITT Destinations shall cause the ITT Destinations Salaried Retirement Plan to be amended as provided pursuant to Section 1 of this Agreement; and (z) ITT Hartford shall cause the ITT Hartford Retirement Plan to be amended as provided pursuant to Section 1 of this Agreement.

(b) Recognition of Service Rendered Prior to the Distribution Date. This paragraph (b) is intended to set forth the steps to be taken to provide for recognition of service rendered prior to the Distribution Date by ITT Employees who, immediately prior to the Distribution Date, (x) have an accrued benefit under more than one of the ITT Salaried Retirement Plan, the Sheraton Salaried Retirement Plan and the ITT Hartford Retirement Plan or (y) have an accrued benefit under any such plan and, on the Distribution Date, will be a participant in any other such plan.

(i) This clause (i) applies solely to ITT Employees who, immediately prior to the Distribution Date, have an accrued benefit under the ITT Salaried Retirement Plan and who, on such date, are employed by either ITT Destinations or ITT Hartford.

Each of the ITT Destinations Salaried Retirement Plan and the ITT Hartford Retirement Plan shall be amended to recognize all service rendered by such ITT Employees prior to the Distribution Date which is recognized as Eligibility Service (as defined in the ITT Salaried Retirement Plan, as in effect immediately prior to the Distribution Date) under the terms of the ITT Salaried Retirement Plan for purposes of determining eligibility and vesting, including, without limitation, eligibility service for purposes of determining eligibility for plan membership, preretirement survivor benefits, early retirement benefits and normal retirement benefits. Each of the ITT Destinations Salaried Retirement Plan and the ITT Hartford Retirement Plan shall further be amended to (A) recognize as service for benefit accrual purposes all service rendered by such ITT Employees prior to the Distribution Date which is recognized as Benefit Service (as defined in the ITT Salaried Retirement Plan, as in effect immediately prior to the Distribution Date) under the terms of the ITT Salaried Retirement Plan and (B) provide for an offset of any benefit payable with respect to service recognized under the ITT Salaried Retirement Plan or any other defined benefit

retirement plan maintained by ITT or its Affiliates covering the same period of service.

(ii) This clause (ii) applies solely to ITT Employees who, immediately prior to the Distribution Date, have an accrued benefit under the Sheraton Salaried Retirement Plan and who, on such date, are employed by either ITT Industries or ITT Hartford.

Each of the ITT Salaried Retirement Plan and the ITT Hartford Retirement Plan shall be amended to recognize all service rendered by such ITT Employees prior to the Distribution Date which is recognized as Eligibility Service (as defined in the Sheraton Salaried Retirement Plan, as in effect immediately prior to the Distribution Date) under the terms of the Sheraton Salaried Retirement Plan for purposes of determining eligibility and vesting, including, without limitation, eligibility service for purposes of determining eligibility for plan membership, preretirement survivor benefits, early retirement benefits and normal retirement benefits. Each of the ITT Salaried Retirement Plan and the ITT Hartford Retirement Plan shall further be amended to (A) recognize as service for benefit accrual purposes all service rendered by such ITT Employees prior to the Distribution Date which is recognized as Benefit Service (as defined in the Sheraton Salaried Retirement Plan, as in effect immediately prior to the Distribution Date) under the terms of the Sheraton Salaried Retirement Plan and (B) provide for an offset of any benefit payable with respect to service recognized under the Sheraton Salaried Retirement Plan or any other defined benefit retirement plan maintained by ITT or its Affiliates covering the same period of service.

(iii) This clause (iii) applies solely to ITT Employees who, immediately prior to the Distribution Date, have an accrued benefit under the ITT Hartford Retirement Plan and who, on such date, are employed by either ITT Industries or ITT Destinations.

Each of the ITT Salaried Retirement Plan and the ITT Destinations Salaried Retirement Plan shall be amended to recognize all service rendered by such ITT Employees prior to the Distribution Date which is recognized as Eligibility Service (as defined in the ITT Hartford Retirement Plan, as in effect immediately prior to the Distribution Date) under the terms of the ITT Hartford Retirement Plan for purposes of determining eligibility and

vesting, including, without limitation, eligibility service for purposes of determining eligibility for plan membership, preretirement survivor benefits, early retirement benefits and normal retirement benefits. Each of the ITT Salaried Retirement Plan and the ITT Destinations Salaried Retirement Plan shall further be amended to (A) recognize as service for benefit accrual purposes all service rendered by such ITT Employees prior to the Distribution Date which is recognized as Benefit Service (as defined in the ITT Hartford Retirement Plan, as in effect immediately prior to the Distribution Date) under the terms of the ITT Hartford Retirement Plan and (B) provide for an offset of any benefit payable with respect to service recognized under the ITT Hartford Retirement Plan or any other defined benefit retirement plan maintained by ITT or its Affiliates covering the same period of service.

(iv) For purposes of determining the offset to be provided pursuant to subclause (B) of each of clauses (i), (ii) and (iii) of this paragraph (b), the benefits payable under each plan shall be determined as a straight life annuity payable at normal or postponed retirement age, and the offset shall be applied to reduce the benefit payable under the appropriate plan. The offset shall be taken as of the date benefits commence under the plan against which the offset is applied, and the offset shall be computed as if the benefit being offset commenced as of the same date.

(c) Recognition of Service Rendered On and After the Distribution Date. This paragraph (c) is intended to set forth the steps to be taken to provide for recognition of service rendered on and after the Distribution Date by ITT Employees who, immediately prior to the Distribution Date (x) have an accrued benefit under more than one of the ITT Salaried Retirement Plan, the Sheraton Salaried Retirement Plan and the ITT Hartford Retirement Plan or (y) have an accrued benefit under any such plan and, on the Distribution Date, will be a participant in any other such plan.

(i) This clause (i) applies solely to ITT Employees who, on the Distribution Date, are employed by ITT Industries and have an accrued benefit under either the Sheraton Salaried Retirement Plan or the ITT Hartford Retirement Plan.

Subject to Section 1(e) hereof and to the extent permitted by applicable law, each of the ITT Destinations Salaried Retirement Plan and the ITT Hartford Retirement

Plan shall be amended to recognize service rendered on and after the Distribution Date with ITT Industries for each such ITT Employee for purposes of eligibility and vesting, including, without limitation, eligibility service for purposes of preretirement death benefits, early retirement benefits and normal retirement benefits. For purposes of the ITT Destinations Salaried Retirement Plan and the ITT Hartford Retirement Plan, the final average pay of such ITT Employees shall be determined immediately prior to the Distribution Date.

(ii) This clause (ii) applies solely to ITT Employees who, on the Distribution Date, are employed by ITT Destinations and have an accrued benefit under either the ITT Salaried Retirement Plan or the ITT Hartford Retirement Plan.

Subject to Section 1(e) hereof and to the extent permitted by applicable law, each of the ITT Salaried Retirement Plan and the ITT Hartford Retirement Plan shall be amended to recognize service rendered on and after the Distribution Date with ITT Destinations for each such ITT Employee for purposes of eligibility and vesting, including, without limitation, eligibility service for purposes of preretirement death benefits, early retirement benefits and normal retirement benefits. For purposes of the ITT Salaried Retirement Plan and the ITT Hartford Retirement Plan, the final average pay of such ITT Employees shall be determined immediately prior to the Distribution Date.

(iii) This clause (iii) applies solely to ITT Employees who, on the Distribution Date, are employed by ITT Hartford and have an accrued benefit under either the ITT Salaried Retirement Plan or the Sheraton Salaried Retirement Plan.

Subject to Section 1(e) hereof and to the extent permitted by applicable law, each of the ITT Salaried Retirement Plan and the ITT Destinations Salaried Retirement Plan shall be amended to recognize service rendered on and after the Distribution Date with ITT Hartford for each such ITT Employee for purposes of eligibility and vesting, including, without limitation, eligibility service for purposes of preretirement death benefits, early retirement benefits and normal retirement benefits. For purposes of the ITT Salaried Retirement Plan and the ITT Destinations Salaried Retirement Plan, the final average pay of such ITT

Employees shall be determined immediately prior to the Distribution Date.

(d) Effect of Employment On and After the Distribution Date with ITT Industries, ITT Destinations or ITT Hartford. (i) Any ITT Employee who, on the Distribution Date, is employed by ITT Industries and for whom service rendered on and after the Distribution Date is recognized pursuant to Section 1(c) under the ITT Destinations Salaried Retirement Plan or the ITT Hartford Retirement Plan while such person is employed with ITT Industries (including periods after re-employment following a termination of employment occurring after the Distribution Date), (I) shall not be deemed either to have terminated employment or to be in retirement status under the ITT Destinations Salaried Retirement Plan or the ITT Hartford Retirement Plan and (II) except to the extent required by law, shall not be eligible to receive payment of his or her vested benefit or retirement allowance under the ITT Destinations Salaried Retirement Plan or the ITT Hartford Retirement Plan.

(ii) Any ITT Employee who, on the Distribution Date, is employed by ITT Destinations and for whom service rendered on and after the Distribution Date is recognized pursuant to Section 1(c) under the ITT Salaried Retirement Plan or the ITT Hartford Retirement Plan while such person is employed with ITT Destinations (including periods after re-employment following a termination of employment occurring after the Distribution Date) (I) shall not be deemed either to have terminated employment or to be in retirement status under the ITT Salaried Retirement Plan or the ITT Hartford Retirement Plan and (II) except to the extent required by law, shall not be eligible to receive payment of his or her vested benefit or retirement allowance under the ITT Salaried Retirement Plan or the ITT Hartford Retirement Plan.

(iii) Any ITT Employee who, on the Distribution Date, is employed by ITT Hartford and for whom service rendered on and after the Distribution Date is recognized pursuant to Section 1(c) under the ITT Salaried Retirement Plan or the ITT Destinations Salaried Retirement Plan while such person is employed with ITT Hartford (including periods after re-employment following a termination of employment occurring after the Distribution Date) (I) shall not be deemed either to have terminated employment or to be in retirement status under the ITT Salaried Retirement Plan or

the ITT Destinations Salaried Retirement Plan and (II) except to the extent required by law, shall not be eligible to receive payment of his or her vested benefit or retirement allowance under the ITT Salaried Retirement Plan or the ITT Destinations Salaried Retirement Plan.

(e) Limited Obligation To Recognize Service Rendered On and After the Distribution Date. (i) With respect to any ITT Employee, service rendered on and after the Distribution Date that is required to be recognized by ITT Industries under the ITT Salaried Retirement Plan pursuant to Section 1(c) hereof shall be the same years and portions thereof of service recognized for similar purposes under the ITT Hartford Retirement Plan, as in effect immediately prior to the Distribution Date, with respect to ITT Hartford Employees, and under the ITT Destinations Salaried Retirement Plan, as in effect immediately prior to the Distribution Date, with respect to ITT Destinations Salaried Employees. In no event shall the ITT Salaried Retirement Plan be required to recognize any enhanced service benefits that might be provided on and after the Distribution Date under the ITT Destinations Salaried Retirement Plan or the ITT Hartford Retirement Plan.

(ii) With respect to any ITT Employee, service rendered on and after the Distribution Date that is required to be recognized by ITT Destinations under the ITT Destinations Salaried Retirement Plan pursuant to Section 1(c) hereof shall be the same years and portions thereof of service recognized for similar purposes under the ITT Salaried Retirement Plan, as in effect immediately prior to the Distribution Date, with respect to ITT Industries Salaried Employees, and under the ITT Hartford Retirement Plan, as in effect immediately prior to the Distribution Date, with respect to ITT Hartford Employees. In no event shall the ITT Destinations Salaried Retirement Plan be required to recognize any enhanced service benefits that might be provided on and after the Distribution Date under the ITT Salaried Retirement Plan or the ITT Hartford Retirement Plan.

(iii) With respect to any ITT Employee, service rendered on and after the Distribution Date that is required to be recognized by ITT Hartford under the ITT Hartford Retirement Plan pursuant to Section 1(c) hereof shall be the same years and portions thereof of service recognized for similar purposes under the ITT Salaried Retirement Plan, as in effect immediately prior to the Distribution Date, with

respect to ITT Industries Salaried Employees, and under the ITT Destinations Salaried Retirement Plan, as in effect immediately prior to the Distribution Date, with respect to ITT Destinations Salaried Employees. In no event shall the ITT Hartford Retirement Plan be required to recognize any enhanced service benefits that might be provided on and after the Distribution Date under the ITT Salaried Retirement Plan or the ITT Destinations Salaried Retirement Plan.

(f) Plan Asset Transfers. It is intended that, at any time or from time to time following the Distribution, ITT Industries, ITT Destinations and ITT Hartford may cause to occur transfers of assets from the ITT Salaried Retirement Plan, the ITT Destinations Salaried Retirement Plan and/or the ITT Hartford Retirement Plan, to any other such plan, subject to agreement by the sponsor of the transferor plan and the sponsor of the transferee plan, with respect to benefits that have accrued as of the Distribution Date and that are attributable to a person no longer employed by the sponsor of the transferor plan or its affiliates.

2. INVESTMENT AND SAVINGS PROGRAMS.

(a) Effective as of the Distribution Date, ITT Destinations shall adopt the ITT Destinations Savings Plan, which shall have terms similar in all material respects to the ITT Savings Plan. ITT Industries shall cause the transfer, as soon as practicable on or after the Distribution Date, of the accounts of all ITT Destinations Salaried Employees from the ITT Savings Plan to the ITT Destinations Savings Plan. Such assets will be transferred in kind to the maximum extent practicable.

(b) Effective as of the Distribution Date, ITT Hartford shall adopt the ITT Hartford Savings Plan, which shall have terms similar in all material respects to the ITT Savings Plan. ITT Industries shall cause the transfer, as soon as practicable on or after the Distribution Date, of the accounts of all ITT Hartford Employees from the ITT Savings Plan to the ITT Hartford Savings Plan. Such assets will be transferred in kind to the maximum extent practicable.

(c) With respect to any former ITT employee who is entitled to a benefit as of the Distribution Date under the ITT Destinations Salaried Retirement Plan or any other

defined benefit retirement plan to be maintained by ITT Destinations following the Distribution or who was a participant in any such plan on such employee's last day of service with ITT, ITT Industries shall cause the account of such former employee under the ITT Savings Plan to be transferred in the manner described in Section 2(a) hereof.

(d) With respect to any former ITT employee entitled to a benefit as of the Distribution Date under the ITT Hartford Retirement Plan or any other defined benefit retirement plan to be maintained by ITT Hartford following the Distribution or who was a participant in any such plan on such employee's last day of service with ITT, ITT Industries shall cause the account of such former employee under the ITT Savings Plan to be transferred in the manner described in Section 2(b) hereof.

(e) The account of any other current or former ITT employee shall remain in the ITT Savings Plan, which shall continue to be sponsored by ITT Industries and shall be renamed as the "ITT Industries Investment and Savings Plan."

3. EXCESS NON-QUALIFIED SUPPLEMENTAL BENEFIT PLANS. (a) Excess Pension Plans. (i) Effective as of the Distribution Date, ITT Industries shall continue to sponsor the ITT Excess Pension Plan and ITT Excess Pension Plan Trust. Effective as of the Distribution Date, ITT Destinations shall adopt the Sheraton Excess Pension Plan as the ITT Destinations Excess Pension Plan and shall adopt the ITT Destinations Excess Pension Plan Trust under which excess pension benefits for certain officers will be funded. Effective as of the Distribution Date, ITT Hartford shall continue to sponsor the ITT Hartford Excess Pension Plan and the ITT Hartford Excess Pension Plan Trust.

(ii) ITT Industries does hereby assume all liability for benefits (whether funded or unfunded) that have accrued prior to the Distribution Date under the Sheraton Excess Pension Plan and the ITT Hartford Excess Pension Plan with respect to ITT Industries Salaried Employees, except that, to the extent such benefits are funded under the ITT Hartford Excess Pension Plan Trust, ITT Industries' assumption of liability for benefits to any ITT Industries Salaried Employee shall be effective only if and to the extent that such employee waives his or her right to receive such benefits under the ITT Hartford Excess Pension Plan and ITT Hartford Excess Pension Plan Trust. ITT

Industries and ITT Hartford shall each use its commercially reasonable efforts to obtain such waivers from ITT Industries Salaried Employees, and ITT Hartford shall notify ITT Industries upon receipt of any such waiver.

(iii) ITT Destinations does hereby assume all liability for benefits (whether funded or unfunded) that have accrued prior to the Distribution Date under the ITT Excess Pension Plan and the ITT Hartford Excess Pension Plan with respect to ITT Destinations Salaried Employees, except that, to the extent such benefits are funded under the ITT Excess Pension Plan Trust or the ITT Hartford Excess Plan Trust, ITT Destinations' assumption of liability for benefits to any ITT Destinations Salaried Employee shall be effective only if and to the extent that such employee waives his or her right to receive such benefits under the ITT Excess Pension Plan and ITT Excess Pension Plan Trust or the ITT Hartford Excess Pension Plan and ITT Hartford Excess Pension Plan Trust, as the case may be. ITT Industries, ITT Destinations and ITT Hartford shall each use its commercially reasonable efforts to obtain such waivers from ITT Destinations Salaried Employees, and ITT Industries and ITT Hartford shall notify ITT Destinations upon receipt of any such waiver.

(iv) ITT Hartford does hereby assume all liability for benefits (whether funded or unfunded) that have accrued prior to the Distribution Date under the ITT Excess Pension Plan and the Sheraton Excess Pension Plan with respect to ITT Hartford Employees, except that, to the extent such benefits are funded under the ITT Excess Pension Plan Trust, ITT Hartford's assumption of liability for benefits to any ITT Hartford Employee shall be effective only if and to the extent that such employee waives his or her right to receive such benefits under the ITT Excess Pension Plan and ITT Excess Pension Plan Trust. ITT Industries and ITT Hartford shall each use its commercially reasonable efforts to obtain such waivers from ITT Hartford Employees, and ITT Industries shall notify ITT Hartford upon receipt of any such waiver.

(b) Excess Savings Plans. Effective as of the Distribution Date, ITT Industries shall remain liable for benefits accrued under the ITT Excess Savings Plan prior to the Distribution Date with respect to ITT Industries Salaried Employees. Effective as of the Distribution Date, ITT Destinations shall adopt the ITT Destinations Excess Savings Plan, which shall be identical in all material respects to the ITT Excess Savings Plan as in effect

immediately prior to the Distribution Date. Effective as of the Distribution Date, ITT Hartford shall continue to sponsor the ITT Hartford Excess Savings Plan. ITT Destinations does hereby assume liability for benefits accrued prior to the Distribution Date under the ITT Excess Savings Plan with respect to ITT Destinations Salaried Employees, and ITT Hartford does hereby assume liability for benefits accrued prior to the Distribution Date under the ITT Excess Savings Plan with respect to ITT Hartford Employees.

(c) Guarantee. (i) ITT Destinations and ITT Hartford jointly and severally guarantee and agree, in the event ITT Industries fails to satisfy its obligations in respect of benefits that have accrued prior to the Distribution Date under the ITT Excess Pension Plan (including, without limitation, to the extent that ITT Industries has assumed any such liability pursuant to an employee's waiver of benefits under the ITT Hartford Excess Pension Plan Trust, as contemplated by Section 3(a) above) or benefits that have accrued prior to the Distribution Date under the ITT Excess Savings Plan, to make payment when due in respect of all such obligations of ITT Industries in respect of the ITT Excess Pension Plan or the ITT Excess Savings Plan, as applicable. To the extent ITT Destinations or ITT Hartford makes payment in respect of this guarantee, it will have a right of contribution from the nonpaying guarantor of 50% of the payment made.

(ii) ITT Industries and ITT Hartford jointly and severally guarantee and agree, in the event ITT Destinations fails to satisfy its obligations in respect of benefits under the ITT Destinations Excess Pension Plan that have accrued prior to the Distribution Date (including, without limitation, to the extent that ITT Destinations has assumed any such liability pursuant to an employee's waiver of benefits under the ITT Excess Pension Plan Trust or the ITT Hartford Excess Pension Plan Trust, as contemplated by Section 3(a) above) or benefits that have accrued prior to the Distribution Date under the ITT Destinations Excess Savings Plan with respect to ITT Destinations Salaried Employees (including, without limitation, by reason of the assumption by ITT Destinations of liability for such benefits under Section 3(b) above), to make payment when due in respect of all such obligations of ITT Destinations in respect of the ITT Destinations Excess Pension Plan or the ITT Destinations Excess Savings Plan, as applicable. To the extent ITT Industries or ITT Hartford makes payment in

respect of this guarantee, it will have a right of contribution from the nonpaying guarantor of 50% of the payment made.

(iii) ITT Destinations and ITT Industries jointly and severally guarantee and agree, in the event ITT Hartford fails to satisfy its obligations in respect of benefits under the ITT Hartford Excess Plan that have accrued prior to the Distribution Date (including, without limitation, to the extent that ITT Hartford has assumed any such liability pursuant to an employee's waiver of benefits under the ITT Excess Pension Plan Trust, as contemplated by Section 3(a) above) or benefits that have accrued prior to the Distribution Date under the ITT Hartford Excess Savings Plan with respect to ITT Hartford Employees (including, without limitation, by reason of the assumption by ITT Hartford of liability for such benefits under Section 3(b) above), to make payment when due in respect of all such obligations of ITT Hartford in respect of the ITT Hartford Excess Pension Plan or the ITT Hartford Excess Savings Plan, as applicable. To the extent ITT Destinations or ITT Industries makes payment in respect of this guarantee, it will have a right of contribution from the nonpaying guarantor of 50% of the payment made.

(iv) This Section 3(c) is not intended to modify the allocation and assumption of liabilities in respect of the excess pension plans and excess savings plans contemplated by Section 3(a) and Section 3(b) hereof.

(v) It is the intention of the parties to this Agreement that the provisions of this Section 3(c) shall be enforceable by any ITT Employee or ITT retiree or their respective surviving beneficiaries.

4. ITT EMPLOYEE WELFARE BENEFIT PLANS. (a) Establishment of Plans. (i) Subject to Section 10(c), effective as of the Distribution Date, ITT Industries shall continue to sponsor the employee welfare benefit plans of ITT for ITT Industries Salaried Employees. Such employee welfare benefit plans shall include coverage for life insurance, disability, health, accident and post-retirement health and life insurance.

(ii) Subject to Section 10(c), effective as of the Distribution Date, ITT Destinations shall adopt the broad-based employee welfare benefit plans of ITT Sheraton as the ITT Destinations salaried employee welfare benefit program.

Such employee welfare benefit plans shall include coverage for life insurance, health, accident and post-retirement health and life insurance. ITT Destinations shall also adopt a long-term disability insurance plan and an excess long-term disability plan, as provided in Section 4(d) hereof. Subject to Section 10(c), ITT Destinations shall further cause CWI, ITT Educational Services and ITT Intermedia, and use its commercially reasonable efforts to cause MSG, to continue their respective separate employee welfare benefit plans covering their respective employees.

(iii) Subject to Section 10(c), effective as of the Distribution Date, ITT Hartford shall continue its broad-based employee welfare benefit plans. Such employee welfare benefit plans shall include coverage for life insurance, disability, health, accident and post-retirement health and life insurance.

(b) Post-Retirement Benefits. (i) ITT Sheraton and ITT Hartford each maintains separate employee welfare benefit programs that include retiree medical and health benefits for certain of their respective salaried employees. ITT Destinations acknowledges that, following the Distribution, it will retain all liability with respect to such plans maintained by ITT Sheraton. ITT Hartford acknowledges that, following the Distribution, it will retain all liability with respect to such plans maintained by ITT Hartford.

ITT Industries shall retain all liability with respect to, and all Code Section 501(c)(9) assets attributable to, retiree life insurance and medical benefits under the ITT employee welfare benefit plans, except that (i) ITT Industries shall transfer to ITT Destinations the liability of ITT with respect to, and any assets attributable to, certain ITT Destinations Salaried Employees whose employment is transferred to ITT Destinations in connection with the Distribution, and ITT Destinations does hereby assume such liability and (ii) ITT Industries shall transfer to ITT Hartford the liability with respect to, and assets attributable to, certain ITT Employees whose employment is transferred to ITT Hartford in connection with the Distribution, and ITT Hartford does hereby assume such liability.

(ii) If there is a Change in Control of ITT Industries, ITT Destinations or ITT Hartford during the ten-year period following the Distribution, then the company in

which such Change in Control occurred shall not, during the balance of such ten-year period, reduce or eliminate health benefits in effect immediately prior to such Change in Control provided to former employees who retired from ITT or any of its Affiliates on or prior to the Distribution Date (or as set forth in the next succeeding sentence), or increase associated retiree contributions, unless the other companies consent in writing to such a reduction, elimination or cost increase; provided, however, that the company in which the Change in Control occurred may, in its sole discretion, modify such benefits in accordance with the changes contemplated in the assumptions in effect immediately prior to the Change in Control that are used to establish such company's Accumulated Postretirement Benefit Obligation (as defined in Statement of Financial Accounting Standard No. 106). Persons who are receiving severance payments in connection with the Distribution and who are or become eligible to retire on or before the end of such severance period shall be afforded the treatment of this Section 4(b)(ii).

(iii) Indemnity. In the event that any of ITT Industries, ITT Destinations or ITT Hartford is asked to consent to a reduction, elimination or cost increase with respect to retiree health benefits after a Change in Control as described in clause (ii) above, each such company shall determine whether to provide such consent in its sole and absolute discretion. Each of ITT Industries, ITT Destinations and ITT Hartford does hereby agree to indemnify any other company asked by it to provide such consent against any and all liability that might arise with respect to the granting or withholding of such consent.

(c) Severance. As of the Distribution Date, each of ITT Industries, ITT Destinations and ITT Hartford shall provide severance plans for all ITT Employees which are substantially equivalent to those ITT severance plans covering such employees immediately prior to the Distribution Date. Such severance plans shall be maintained without modification for a minimum of one year.

(d) Long-Term Disability Insurance. (i) As of the Distribution Date, ITT Destinations shall adopt a long-term disability plan, identical in all material respects to the ITT Long-Term Disability Plan, as in effect on the Distribution Date, covering eligible ITT Destinations Salaried Employees. ITT Destinations shall be allocated a proportionate share of any assets attributable thereto,

including any assets (and any related liability) for incurred but unreported claims. ITT Hartford shall be allocated a proportionate share of any assets attributable thereto, including any assets (and any related liability) for incurred but unreported claims. The reasonable determination of Metropolitan Life Insurance Company with respect to the allocation of such assets among ITT Industries, ITT Destinations and ITT Hartford shall be binding on the parties hereto.

(ii) Effective as of the Distribution Date, ITT Destinations shall adopt an excess long-term disability plan, identical in all material respects to the ITT Excess Long-Term Disability Plan, as in effect on the Distribution Date, covering those eligible ITT Destinations employees. ITT Destinations does hereby assume all liabilities to ITT Destinations Salaried Employees under the ITT Excess Long-Term Disability Plan.

5. BONUS PLAN; LONG-TERM PERFORMANCE PLAN. ITT currently maintains certain bonus plans and the ITT Long-Term Performance Plan, pursuant to which certain ITT Employees employed by ITT World Headquarters might become entitled to payments after the Distribution Date with respect to their performance with ITT prior to the Distribution Date. With respect to such ITT Employees who continue in employment on the Distribution Date, ITT Industries shall remain liable for such payments, including any such payments to be made following the Distribution Date, except that any such payments deferred by any such ITT Employee pursuant to the ITT Deferred Compensation Plan shall be the liability of the company employing such ITT Employee on the Distribution Date. With respect to such ITT Employees who do not continue in employment immediately following the Distribution Date, ITT Industries shall remain liable for (i) the payments described in the first sentence of this Section 5 and for any payments under applicable severance arrangements, including any such payments to be made following the Distribution Date, and (ii) any of the payments referred to in (i) above deferred by any such ITT Employee pursuant to the ITT Deferred Compensation Plan. ITT Industries, ITT Destinations and ITT Hartford shall cause any such payments under the bonus plans to be recognized as compensation for purposes of their respective retirement plans without regard to the source of such payments, provided that all other terms and conditions of such retirement plans shall apply to the determination of whether such payments are recognized as compensation.

6. COLI. (i) Effective as of the Distribution Date, a portion of the COLI policy underwritten by Penn Insurance and Annuity Company covering ITT Destinations Salaried Employees shall be allocated to ITT Destinations.

(ii) Effective as of the Distribution Date, the COLI policy underwritten by Hartford Life Insurance Company covering certain ITT Employees and directors of ITT, ITT Destinations and ITT Hartford who are eligible for participation in the ITT Deferred Compensation Plan shall be allocated among the three companies based on the employment of each such ITT Employee or service of such director immediately following the Distribution Date.

7. STOCK OPTIONS AND OTHER AWARDS. (a) Effective as of the Distribution Date, outstanding stock options, stock appreciation rights and restricted stock awards ("ITT stock awards") under the ITT 1977 Stock Option Incentive Plan, the ITT 1986 Incentive Stock Plan, and the ITT 1994 Incentive Stock Plan, as each such plan may have been amended from time to time (the "ITT Stock Plans"), shall be treated as follows:

(i) ITT Industries Salaried Employees. ITT stock awards held by ITT Industries Salaried Employees shall be adjusted to reflect the Distribution, as provided pursuant to the terms of the ITT Stock Plans.

(ii) ITT Destinations Salaried Employees. ITT Destinations Salaried Employees holding ITT stock awards shall receive substitute stock awards in respect of ITT Destinations Common Stock pursuant to the terms of the ITT Destinations Stock Plan, to be adopted by ITT Destinations as of the Distribution Date, provided that such ITT Destinations Salaried Employees surrender their ITT stock awards for cancellation. Any such ITT stock awards not so surrendered and cancelled shall be adjusted to reflect the Distribution, as provided pursuant to the terms of the ITT Stock Plans and as described in Section 7(a)(i).

(iii) ITT Hartford Employees. ITT Hartford Employees holding ITT stock awards shall receive substitute stock awards in respect of ITT Hartford Common Stock pursuant to the terms of the ITT Hartford Stock Plan, to be adopted by ITT Hartford as of the Distribution Date, provided that such ITT Hartford Employees surrender their ITT stock awards for

cancellation. Any such ITT stock awards not so surrendered and cancelled shall be adjusted to reflect the Distribution, as provided pursuant to the terms of the ITT Stock Plans and as described in Section 7(a)(i).

(iv) Other Persons. Prior to the Distribution Date, the Compensation and Personnel Committee of the Board of Directors of ITT shall be asked to waive any remaining restrictions on the exercisability and vesting of ITT stock awards held by other individuals, including retirees and former employees of ITT. The Compensation and Personnel Committee shall be asked to cause such waiver to occur beginning on October 1, 1995 (or such earlier date as it may determine). Any ITT stock awards held by such individuals that have not been exercised as of the Distribution Date shall be adjusted to reflect the Distribution, as provided pursuant to the terms of the ITT Stock Plans and as described in Section 7(a)(i).

(b) Manner of Substitution. With respect to each cancelled ITT stock award, the number and exercise price of substitute stock awards granted under the ITT Destinations Stock Plan or the ITT Hartford Stock Plan with respect thereto, and the other terms and conditions of the substitute stock awards, shall be equitably determined to preserve the economic value of the cancelled ITT stock award.

8. FOREIGN BENEFIT PLANS. Certain current and former employees of ITT Industries, ITT Destinations and ITT Hartford participate in (i) ITT Group pension plans and savings plans made available for ITT Group employees in Canada, the United Kingdom, Belgium and Ireland or (ii) expatriate pension plans. The plan actuary for each such plan shall be responsible for determining the appropriate amount of assets to be allocated to comparable plans to be established and adopted by the companies as required, in each case in accordance with applicable local law.

9. DIRECTOR PLANS. (a) Effective as of the Distribution Date, ITT Industries shall continue the ITT Deferred Compensation Plan, the ITT Directors Retirement Plan (which was suspended as of October 1, 1995), the group life insurance program of ITT and the ITT Group Accident Program. With respect to any non-employee director of ITT Industries immediately following the Distribution who is not

also a director of ITT Destinations at such time and who has an accrued benefit under the suspended ITT Directors Retirement Plan, ITT Industries shall provide such accrued benefit in accordance with the terms of such plan, but only to the extent such accrued benefit is not duplicated under a plan maintained by ITT Destinations or ITT Hartford.

(b) Effective as of the Distribution Date, ITT Destinations shall adopt plans and programs for non-employee directors that are identical in all material respects to the ITT Deferred Compensation Plan, the ITT Directors Retirement Plan (which was suspended as of October 1, 1995), the group life insurance program of ITT and the ITT Group Accident Program. With respect to any non-employee director of ITT Destinations immediately following the Distribution who has an accrued benefit under the suspended ITT Directors Retirement Plan, ITT Destinations shall provide such accrued benefit in accordance with the terms of such plan, but only to the extent such accrued benefit is not duplicated under a plan maintained by ITT Industries or ITT Hartford.

(c) Effective as of the Distribution Date, ITT Hartford intends to adopt plans and programs for non-employee directors that are identical in all material respects to the group life insurance program of ITT and the ITT Group Accident Program. With respect to any non-employee director of ITT Hartford who has an accrued benefit under the suspended retirement plan covering ITT Hartford non-employee directors, ITT Hartford shall provide such accrued benefit in accordance with the terms of such plan, but only to the extent such accrued benefit is not duplicated under a plan maintained by ITT Industries or ITT Destinations.

10. BENEFIT PROGRAM PARTICIPATION. (a) Except as specifically provided herein, all ITT Destinations and ITT Hartford employees (including ITT Destinations Salaried Employees and ITT Hartford Employees) will cease participation in all ITT benefit plans and programs immediately prior to the Distribution Date. As soon as reasonably practicable, ITT Industries will provide an accounting of the 1995 claims experience for ITT Destinations employees and ITT Hartford Employees who participate in the ITT welfare benefit plans and programs and reasonably determine any reconciliation payment necessary.

(b) ITT Destinations shall cause to be recognized each ITT Destinations Salaried Employee's service with ITT for purposes of determining (i) eligibility for vacation benefits, short-term disability and severance benefits and (ii) eligibility for vesting under all other employee benefit plans and policies of ITT Destinations applicable to such ITT Destinations Salaried Employees, to the extent such service was recognized by ITT for such purposes. ITT Hartford shall cause to be recognized each ITT Hartford Employee's service with ITT for purposes of determining (i) eligibility for vacation benefits, short-term disability and severance benefits and (ii) eligibility for vesting under all other employee benefit plans and policies of ITT Hartford applicable to such ITT Hartford Employees, to the extent such service was recognized by ITT for such purposes.

(c) Nothing in this Agreement shall be construed or interpreted to restrict ITT Industries', ITT Destinations' or ITT Hartford's right or authority to amend or terminate any of its employee benefit plans, policies or programs effective as of a date following the Distribution Date, except as explicitly stated in Section 4(b) hereof.

11. ALLOCATION OF BALANCE SHEET ACCOUNTS. Effective as of the Distribution Date, certain balance sheet accounts attributable to employee benefit plans for which responsibility is being transferred from ITT to ITT Destinations and/or ITT Hartford shall be allocated to the balance sheets of ITT Destinations or ITT Hartford, as appropriate, on the following basis:

(a) All accruals on the balance sheets of ITT Destinations (including accruals on the balance sheet of ITT Sheraton) and ITT Hartford which relate to benefit plans sponsored by the respective companies shall be unaffected by the provisions of this Section 11.

(b)(i) With respect to the unfunded pension plan liabilities assumed by ITT Destinations (excluding all liabilities assumed pursuant to a waiver described in Section 3 of this Agreement), the then current balance sheet accrual shall be transferred.

(ii) With respect to the unfunded pension plan liabilities assumed by ITT Destinations pursuant to a waiver described in Section 3 of this Agreement, the then current balance sheet accrual for the ITT Excess Pension Plan shall be allocated between ITT Industries and ITT Destinations in

proportion to the Accumulated Benefit Obligation (as that term is defined in Statement of Financial Accounting Standard No. 87) assumed by such companies.

(c) With regard to the ITT Directors Retirement Plan, there shall be allocated to the responsible party, determined in accordance with Section 9 of this Agreement, the present value of the accrued pension benefit as of the Distribution Date for those eligible directors for whom the liability is being assumed by either ITT Destinations or ITT Hartford using the discount rate last adopted by ITT for purposes of Statement of Financial Accounting Standard No. 87.

(d) With respect to the liabilities being assumed by ITT Destinations and ITT Hartford in connection with the provisions of Section 4(b) of this Agreement, ITT shall allocate to the respective parties the "Accumulated Postretirement Benefit Obligation" (as that term is defined in Statement of Financial Accounting Standard No. 106), using the assumptions in effect as of the Distribution Date, for ITT Employees who, immediately after the Distribution, are employed by ITT Destinations or ITT Hartford.

(e) In connection with the book reserves maintained by ITT with respect to the liabilities for Other Postemployment Benefits, as that term is described in Statement of Financial Accounting Standard No. 112, ITT shall allocate to ITT Destinations and ITT Hartford, respectively, the amounts previously provided by operations which, after the Distribution Date, shall be part of ITT Destinations and ITT Hartford, adjusted to reflect the gain recognized by ITT in connection with the 1993 changes to Medicare.

(f) With regard to the liabilities recorded by ITT with respect to the ITT Excess Savings Plan that will, in accordance with Section 3(b), be assumed by ITT Destinations and ITT Hartford, respectively, ITT shall allocate to the respective new employing entity an amount equal to the sum of the plan balances for such affected employees.

(g) With respect to the liabilities accrued by ITT in connection with the ITT Excess Long-Term Disability Plan, ITT shall allocate to ITT Destinations a share of such book reserves based on the proportion of the exposure

assumed by ITT Destinations to the total exposure under the plan as determined by Metropolitan Life Insurance Company.

(h) In connection with the assumption by ITT Destinations of a portion of the responsibility for the ITT Third Country National Pension Plan, with an appropriate transfer of assets, as provided in Section 8 of this Agreement, ITT shall allocate to ITT Destinations a portion of the prepaid pension expense in the same proportion that the assets transferred relate to the total assets of the plan.

(i) For each category of balance sheet account enumerated in this Section 11, there has been recorded a corresponding deferred tax debit or credit, as the case may be, which shall also be allocated to the respective companies based on the amount allocated for the stated reason above.

(j) To the extent that a balance sheet account requiring allocation among the companies exists that is not specifically included in this Section 11, ITT shall make the allocation on a reasonable basis, subject to the agreement of the party in whose favor the allocation is being made.

12. ACCESS TO INFORMATION AND DATA EXCHANGE. (a) Provision of Corporate Records. (i) Unless otherwise specified in the procedures set forth in Schedule 12(c)(ii) hereto, after the Distribution Date, upon the prior written request by ITT Destinations or ITT Hartford for specific and identified agreements, documents, books, records or files including, without limitation, computer files, microfiche, tape recordings and photographs (collectively, "Records"), relating to or affecting ITT Destinations or ITT Hartford, as applicable, ITT Industries shall arrange, as soon as reasonably practicable following the receipt of such request, for the provision of appropriate copies of such Records (or the originals thereof if the party making the request has a reasonable need for such originals) in the possession of ITT Industries or any of its Subsidiaries, but only to the extent such items are not already in the possession of the requesting party.

(ii) Unless otherwise specified in the procedures set forth in Schedule 12(c)(ii) hereto, after the Distribution Date, upon the prior written request by ITT Industries or ITT Hartford for specific and identified Records relating to or affecting ITT Industries or ITT

Hartford, as applicable, ITT Destinations shall arrange, as soon as reasonably practicable following the receipt of such request, for the provision of appropriate copies of such Records (or the originals thereof if the party making the request has a need for such originals) in the possession of ITT Destinations or any of its Subsidiaries, but only to the extent such items are not already in the possession of the requesting party.

(iii) Unless otherwise specified in the procedures set forth in Schedule 12(c)(ii) hereto, after the Distribution Date, upon the prior written request by ITT Industries or ITT Destinations for specific and identified Records relating to or affecting ITT Industries or ITT Destinations, as applicable, ITT Hartford shall arrange, as soon as reasonably practicable following the receipt of such request, for the provision of appropriate copies of such Records (or the originals thereof if the party making the request has a need for such originals) in the possession of ITT Hartford or any of its Subsidiaries, but only to the extent such items are not already in the possession of the requesting party.

(b) Access to Information. (i) Unless otherwise specified in the procedures set forth in Schedule 12(c)(ii) hereto, from and after the Distribution Date, each of ITT Industries, ITT Destinations and ITT Hartford shall afford to the other and its authorized accountants, counsel and other designated representatives reasonable access during normal business hours, subject to appropriate restrictions for classified, privileged or confidential information, to the personnel, properties, books and Records of such party and its Subsidiaries insofar as such access is reasonably required by the other party.

(ii) Without limiting the generality of the foregoing clause (i), except as otherwise provided by law, each party hereto shall furnish, or shall cause to be furnished to the other parties, a list of all benefit plan participants and employee data or information in its possession which is necessary for such other parties to maintain and implement any benefit plan or arrangement covered by this Agreement, or to comply with the provisions of this Agreement, and which is not otherwise readily available to such other party.

(c) Reimbursement; Other Matters. (i) Except to the extent otherwise contemplated by the Distribution

Agreement or any Ancillary Agreement or Schedule 12(c)(ii) hereto, a party providing Records or access to information to the other party under this Section 12 shall be entitled to receive from the recipient, upon the presentation of invoices therefor, payments for such amounts, relating to supplies, disbursements and other out-of-pocket expenses, as may be reasonably incurred in providing such Records or access to information.

(ii) The parties hereto shall comply with those document retention policies, cost sharing arrangements, expense reimbursement procedures and request procedures as shall be set forth in Schedule 12(c)(ii) hereto or established and agreed to in writing by their respective authorized officers on or prior to the Distribution Date in respect of Records and related matters.

(d) Confidentiality. Each of (i) ITT Industries and its Subsidiaries, (ii) ITT Destinations and its Subsidiaries and (iii) ITT Hartford and its Subsidiaries shall not use or permit the use of (without the prior written consent of the other) and shall hold, and shall cause its consultants and advisors to hold, in strict confidence, all information concerning the other parties in its possession, its custody or under its control (except to the extent that (A) such information has been in the public domain through no fault of such party or (B) such information has been later lawfully acquired from other sources by such party or (C) the Distribution Agreement, this Agreement or any other Ancillary Agreement or any other agreement entered into pursuant hereto permits the use or disclosure of such information) to the extent such information (x) relates to the period up to the Effective Time, (y) relates to the Distribution Agreement or any Ancillary Agreement or (z) is obtained in the course of performing services for the other party pursuant to the Distribution Agreement or any Ancillary Agreement, and each party shall not (without the prior written consent of the other) otherwise release or disclose such information to any other person, except such party's auditors and attorneys, unless compelled to disclose such information by judicial or administrative process or unless such disclosure is required by law and such party has used commercially reasonable efforts to consult with the other affected party or parties prior to such disclosure. To the extent that a party hereto is compelled by judicial or administrative process to disclose such information under circumstances in which any evidentiary privilege would be available, such party agrees

to assert such privilege in good faith prior to making such disclosure. Each of the parties hereto agrees to consult with each relevant other party in connection with any such judicial or administrative process, including, without limitation, in determining whether any privilege is available, and further agrees to allow each such relevant party and its counsel to participate in any hearing or other proceeding (including, without limitation, any appeal of an initial order to disclose) in respect of such disclosure and assertion of privilege. Notwithstanding anything to the contrary contained herein, each party shall be entitled to use information disclosed pursuant to this Agreement to the extent reasonably necessary for the administration of its employee benefit plans in accordance with applicable law.

13. NOTICES; COOPERATION. Notwithstanding anything in this Agreement to the contrary, all actions contemplated herein with respect to benefit plans which are to be consummated pursuant to this Agreement shall be subject to such notices to, and/or approvals by, the Internal Revenue Service (or other governmental agency or entity) as are required or deemed appropriate by such benefit plan's sponsor. Each of ITT Industries, ITT Destinations and ITT Hartford agrees to use its commercially reasonable efforts to cause all such notices and/or approvals to be filed or obtained, as the case may be. Each party hereto shall reasonably cooperate with the other parties with respect to any government filings, employee notices or any other actions reasonably necessary to maintain and implement the employee benefit arrangements covered by this Agreement.

14. FURTHER ASSURANCES. From time to time, as and when reasonably requested by any other party hereto, each party hereto shall execute and deliver, or cause to be executed and delivered, all such documents and instruments and shall take, or cause to be taken, all such further or other actions as such other party may reasonably deem necessary or desirable to effect the purposes of this Agreement and the transactions contemplated hereunder.

15. INDEMNIFICATION. (a) Indemnification by ITT Industries. Except as otherwise specifically set forth in this Agreement or the Distribution Agreement, ITT Industries shall indemnify, defend and hold harmless the ITT Destinations Indemnitees and the ITT Hartford Indemnitees from and against any and all Indemnifiable Losses of the ITT Destinations Indemnitees and the ITT Hartford Indemnitees,

respectively, arising out of, by reason of or otherwise in connection with (i) any employee benefit plan, policy, program or arrangement established or adopted by ITT Industries effective on or after the Distribution Date, (ii) any liability assumed or retained by ITT Industries pursuant to the terms and conditions set forth in this Agreement or (iii) the breach by ITT Industries of any provision of this Agreement.

(b) Indemnification by ITT Destinations. Except as otherwise specifically set forth in this Agreement or the Distribution Agreement, ITT Destinations shall indemnify, defend and hold harmless the ITT Industries Indemnitees and the ITT Hartford Indemnitees from and against any and all Indemnifiable Losses of the ITT Industries Indemnitees and the ITT Hartford Indemnitees, respectively, arising out of, by reason of or otherwise in connection with (i) any employee benefit plan, policy, program or arrangement established or adopted by ITT Destinations effective on or after the Distribution Date, (ii) any liability assumed or retained by ITT Destinations pursuant to the terms and conditions set forth in this Agreement or (iii) the breach by ITT Destinations of any provision of this Agreement.

(c) Indemnification by ITT Hartford. Except as otherwise specifically set forth in this Agreement or the Distribution Agreement, ITT Hartford shall indemnify, defend and hold harmless the ITT Industries Indemnitees and the ITT Destinations Indemnitees from and against any and all Indemnifiable Losses of the ITT Industries Indemnitees and the ITT Destinations Indemnitees, respectively, arising out of, by reason of or otherwise in connection with (i) any employee benefit plan, policy, program or arrangement established or adopted by ITT Hartford effective on or after the Distribution Date, (ii) any liability assumed or retained by ITT Hartford pursuant to the terms and conditions set forth in this Agreement and (iii) the breach by ITT Hartford of any provision of this Agreement.

(d) Limitations on Indemnification Obligations. (i) The amount that any party (an "Indemnifying Party") is or may be required to pay to any other person (an "Indemnitee") pursuant to paragraphs (a), (b) or (c) of this Section 15, as applicable, shall be reduced (retroactively or prospectively) by any Insurance Proceeds or other amounts actually recovered by or on behalf of such Indemnitee in respect of the related Indemnifiable Loss. If an Indemnitee shall have received the payment required by this Agreement

from an Indemnifying Party in respect of an Indemnifiable Loss and shall subsequently actually receive Insurance Proceeds or other amounts in respect of such Indemnifiable Loss, then such Indemnitee shall pay to such Indemnifying Party a sum equal to the amount of such Insurance Proceeds or other amounts actually received, up to the aggregate amount of any payments received from such Indemnifying Party pursuant to this Agreement in respect of such Indemnifiable Loss.

(ii) An Indemnifying Party shall not be required to indemnify or pay an Indemnitee pursuant to paragraphs (a), (b) or (c) of this Section 15, as applicable, for any Indemnifiable Losses relating to or associated with any employee benefit plan, policy, program or arrangement of the Indemnifying Party arising out of, by reason of or otherwise in connection with any act or failure to act on the part of such Indemnitee (including for this purpose any subsidiaries, businesses or operations which become associated with the Indemnitee by virtue of or in connection with the Distribution) with respect to or in connection with such employee benefit plan, policy, program or arrangement, including, without limitation, any such act or failure to act in connection with the administration by the Indemnitee of such employee benefit plan, policy, program or arrangement.

(e) Procedures for Indemnification (Third Party Claims). If a claim or demand is made against an Indemnitee by any person who is not a party to this Agreement (a "Third Party Claim") as to which such Indemnitee is entitled to indemnification pursuant to this Agreement, such Indemnitee shall notify the Indemnifying Party in writing, and in reasonable detail, of the Third Party Claim promptly (and in any event within 15 business days) after receipt by such Indemnitee of written notice of the Third Party Claim; provided, however, that failure to give such notification shall not affect the indemnification provided hereunder except to the extent the Indemnifying Party shall have been actually prejudiced as a result of such failure (except that the Indemnifying Party shall not be liable for any expenses incurred during the period in which the Indemnitee failed to give such notice). Thereafter, the Indemnitee shall deliver to the Indemnifying Party, promptly (and in any event within 15 business days) after the Indemnitee's receipt thereof, copies of all notices and documents (including court papers) received by the Indemnitee relating to the Third Party Claim.

If a Third Party Claim is made against an Indemnitee, the Indemnifying Party shall be entitled to participate in the defense thereof and, if it so chooses and acknowledges in writing its obligation to indemnify the Indemnitee therefor, to assume the defense thereof with counsel selected by the Indemnifying Party; provided that such counsel is not reasonably objected to by the Indemnitee. Should the Indemnifying Party so elect to assume the defense of a Third Party Claim, the Indemnifying Party shall not be liable to the Indemnitee for legal or other expenses subsequently incurred by the Indemnitee in connection with the defense thereof. If the Indemnifying Party assumes such defense, the Indemnitee shall have the right to participate in the defense thereof and to employ counsel, at its own expense, separate from the counsel employed by the Indemnifying Party, it being understood that the Indemnifying Party shall control such defense. The Indemnifying Party shall be liable for the fees and expenses of counsel employed by the Indemnitee for any period during which the Indemnifying Party has failed to assume the defense thereof (other than during the period prior to the time the Indemnitee shall have given notice of the Third Party Claim as provided above). If the Indemnifying Party so elects to assume the defense of any Third Party Claim, all of the Indemnitees shall cooperate with the Indemnifying Party in the defense or prosecution thereof.

If the Indemnifying Party acknowledges in writing liability for a Third Party Claim, then in no event will the Indemnitee admit any liability with respect to, or settle, compromise or discharge, any Third Party Claim without the Indemnifying Party's prior written consent; provided, however, that the Indemnitee shall have the right to settle, compromise or discharge such Third Party Claim without the consent of the Indemnifying Party if the Indemnitee releases the Indemnifying Party from its indemnification obligation hereunder with respect to such Third Party Claim and such settlement, compromise or discharge would not otherwise significantly adversely affect the Indemnifying Party. If the Indemnifying Party acknowledges in writing liability for a Third Party Claim, the Indemnitee will agree to any settlement, compromise or discharge of a Third Party Claim that the Indemnifying Party may recommend and that by its terms obligates the Indemnifying Party to pay the full amount of the liability in connection with such Third Party Claim and releases the Indemnitee completely in connection with such Third Party Claim and that would not otherwise adversely affect the Indemnitee; provided, however, that the

Indemnatee may refuse to agree to any such settlement, compromise or discharge if the Indemnatee agrees that the Indemnifying Party's indemnification obligation with respect to such Third Party Claim shall not exceed the amount that would be required to be paid by or on behalf of the Indemnifying Party in connection with such settlement, compromise or discharge.

Notwithstanding the foregoing, the Indemnifying Party shall not be entitled to assume the defense of any Third Party Claim (and shall be liable for the fees and expenses of counsel incurred by the Indemnatee in defending such Third Party Claim) if the Third Party Claim seeks an order, injunction or other equitable relief or relief for other than money damages against the Indemnatee which the Indemnatee reasonably determines, after conferring with its counsel, cannot be separated from any related claim for money damages. If such equitable relief or other relief portion of the Third Party Claim can be so separated from that for money damages, the Indemnifying Party shall be entitled to assume the defense of the portion relating to money damages.

Indemnification required by this Section 15 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or loss, liability, claim, damage or expense is incurred.

All claims under Section 15 that are Third Party Claims shall be governed by this Section 15(e).

(f) Other Adjustments. (i) The amount of any Indemnifiable Loss shall be (x) increased to take into account any net Tax cost actually incurred by the Indemnatee arising from any payments received from the Indemnifying Party (grossed up for such increase) and (y) reduced to take account of any net Tax benefit actually realized by the Indemnatee arising from the incurrence or payment of any such Indemnifiable Loss. In computing the amount of any such Tax cost or Tax benefit, the Indemnatee shall be deemed to recognize all other items of income, gain, loss, deduction or credit before recognizing any item arising from the receipt of any payment with respect to an Indemnifiable Loss or the incurrence or payment of any Indemnifiable Loss.

(ii) In addition to any adjustments required pursuant to Section 15(d) hereof or clause (i) of this

Section 15(f), if the amount of any Indemnifiable Loss shall, at any time subsequent to the payment required by this Agreement, be reduced by recovery, settlement or otherwise, the amount of such reduction, less any expenses incurred in connection therewith, shall promptly be repaid by the Indemnatee to the Indemnifying Party, up to the aggregate amount of any payments received from such Indemnifying Party pursuant to this Agreement in respect of such Indemnifiable Loss.

(g) Survival of Indemnities. The obligations of ITT Industries, ITT Destinations and ITT Hartford under this Section 15 shall survive the sale or other transfer by any of them of any assets or businesses or the assignment by any of them of any Liabilities, with respect to any Indemnifiable Loss of the other related to such assets, businesses or Liabilities.

16. DISPUTE RESOLUTION. In the event of a controversy, dispute or claim arising out of, in connection with, or in relation to the interpretation, performance, nonperformance, validity or breach of this Agreement or otherwise arising out of, or in any way related to this Agreement, including, without limitation, any claim based on contract, tort, statute or constitution (collectively, "Agreement Disputes"), the general counsels of the relevant parties shall negotiate in good faith for a reasonable period of time to settle such Agreement Dispute.

If after such reasonable period such general counsels are unable to settle such Agreement Dispute (and in any event after 60 days have elapsed from the time the relevant parties began such negotiations), such Agreement Dispute shall be determined, at the request of any relevant party, by arbitration conducted in New York City, before and in accordance with the then-existing Rules for Commercial Arbitration of the American Arbitration Association (the "Rules"), and any judgment or award rendered by the arbitrator shall be final, binding and nonappealable (except upon grounds specified in 9 U.S.C. Section 10(a) as in effect on the date hereof), and judgment may be entered by any state or Federal court having jurisdiction thereof in accordance with Section 17(q) hereof. Unless the arbitrator otherwise determines, the pre-trial discovery of the then-existing Federal Rules of Civil Procedure and the then-existing Rules 46 and 47 of the Civil Rules for the United States District Court for the Southern District of New York shall apply to any arbitration hereunder. Any controversy

concerning whether an Agreement Dispute is an arbitrable Agreement Dispute, whether arbitration has been waived, whether an assignee of this Agreement is bound to arbitrate, or as to the interpretation of enforceability of this Section 15 shall be determined by the arbitrator. The arbitrator shall be a retired or former judge of any United States District Court or Court of Appeals or such other qualified person as the relevant parties may agree to designate, provided such individual has had substantial professional experience with regard to settling sophisticated commercial disputes. The parties intend that the provisions to arbitrate set forth herein be valid, enforceable and irrevocable. The designation of a situs or a governing law for this Agreement or the arbitration shall not be deemed an election to preclude application of the Federal Arbitration Act, if it would be applicable. In his award the arbitrator shall allocate, in his discretion, among the parties to the arbitration all costs of the arbitration, including, without limitation, the fees and expenses of the arbitrator and reasonable attorneys' fees, costs and expert witness expenses of the parties. The undersigned agree to comply with any award made in any such arbitration proceedings that has become final in accordance with the Rules and agree to the entry of a judgment in any jurisdiction upon any award rendered in such proceedings becoming final under the Rules. The arbitrator shall be entitled, if appropriate, to award any remedy in such proceedings, including, without limitation, monetary damages, specific performance and all other forms of legal and equitable relief; provided, however, the arbitrator shall not be entitled to award punitive damages.

17. MISCELLANEOUS. (a) Complete Agreement; Construction. This Agreement, including the Schedule, shall constitute the entire agreement between the parties with respect to the subject matter hereof and shall supersede all previous negotiations, commitments and writings with respect to such subject matter. The Schedule shall be construed with and as an integral part of this Agreement to the same extent as if the same had been set forth verbatim herein.

(b) Ancillary Agreements. This Agreement is not intended to address, and should not be interpreted to address, the matters explicitly and expressly covered by the Distribution Agreement or the Ancillary Agreements.

(c) Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be

considered one and the same agreement, and shall become effective when one or more such counterparts have been signed by each of the parties and delivered to the other parties.

(d) Survival of Agreements. Except as otherwise contemplated by this Agreement, all covenants and agreements of the parties contained in this Agreement shall survive the Distribution Date.

(e) Notices. All notices and other communications hereunder shall be in writing and hand delivered or mailed by registered or certified mail (return receipt requested) or sent by any means of electronic message transmission with delivery confirmed (by voice or otherwise) to the parties at the following addresses (or at such other addresses for a party as shall be specified by like notice) and will be deemed given on the date on which such notice is received:

To ITT Corporation (ITT Industries, Inc.
after the Distribution):

4 West Red Oak Lane
White Plains, NY 10604

Attn: General Counsel

To ITT Destinations, Inc. (ITT Corporation
after the Distribution):

1330 Avenue of the Americas
New York, NY 10019

Attn: Executive Vice President and
General Counsel

To ITT Hartford Group, Inc.:

Hartford Plaza
Hartford, CT 06115

Attn: General Counsel

(f) Waivers. The failure of either party to require strict performance by the other party of any

provision in this Agreement will not waive or diminish that party's right to demand strict performance thereafter of that or any other provision thereof.

(g) Amendments. Subject to the terms of Section 17(j), this Agreement may not be modified or amended except by an agreement in writing signed by the parties.

(h) Assignment. This Agreement shall be assignable in whole in connection with a merger or consolidation or the sale of all or substantially all the assets of a party hereto so long as the resulting, surviving or transferee entity assumes all the obligations of the relevant party hereto by operation of law or pursuant to an agreement in form and substance reasonably satisfactory to the other parties to this Agreement. Otherwise this Agreement shall not be assignable, in whole or in part, directly or indirectly, by any party hereto without the prior written consent of the others, and any attempt to assign any rights or obligations arising under this Agreement without such consent shall be void.

(i) Successors and Assigns. The provisions of this Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective permitted successors and permitted assigns.

(j) Termination. This Agreement (including, without limitation, Section 3(c) and Section 15 hereof) may be terminated, amended, modified or abandoned at any time prior to the Distribution by and in the sole discretion of ITT without the approval of ITT Destinations or ITT Hartford or the shareholders of ITT. In the event of such termination, no party shall have any liability of any kind to any other party or any other person. After the Distribution, this Agreement may not be terminated except by an agreement in writing signed by the parties; provided, however, that Section 3(c) and Section 15 shall not be terminated or amended after the Distribution in respect of the third party beneficiaries thereto without the consent of such persons.

(k) Subsidiaries. Each of the parties hereto shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth herein to be performed by any Subsidiary of such party or by any entity that is contemplated to be a Subsidiary of such party on and after the Distribution Date.

(l) Third Party Beneficiaries. Except as provided in Section 3(c) hereof relating to excess pension plan guarantees and excess savings plan guarantees and in Section 15 hereof relating to Indemnitees, this Agreement is solely for the benefit of the parties hereto and their respective Subsidiaries and Affiliates and should not be deemed to confer upon third parties any remedy, claim, liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement.

(m) Attorney Fees. Except as contemplated by the third to the last sentence of Section 16 hereof, a party in breach of this Agreement shall, on demand, indemnify and hold harmless the other parties hereto for and against all out-of-pocket expenses, including, without limitation, legal fees, incurred by such other party by reason of the enforcement and protection of its rights under this Agreement. The payment of such expenses is in addition to any other relief to which such party may be entitled hereunder or otherwise.

(n) Titles and Headings. Titles and headings to sections herein are inserted for the convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

(o) Specific Performance. Each of the parties hereto acknowledges that there is no adequate remedy at law for failure by such parties to comply with the provisions of this Agreement and that such failure would cause immediate harm that would not be adequately compensable in damages, and therefore agree that their agreements contained herein may be specifically enforced without the requirement of posting a bond or other security, in addition to all other remedies available to the parties hereto under this Agreement.

(p) GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS EXECUTED IN AND TO BE PERFORMED IN THAT STATE.

(q) Consent to Jurisdiction. Without limiting the provisions of Section 16 hereof, each of the parties irrevocably submits to the exclusive jurisdiction of (a) the Supreme Court of the State of New York, New York County, and (b) the United States District Court for the Southern

District of New York, for the purposes of any suit, action or other proceeding arising out of this Agreement or any transaction contemplated hereby. Each of the parties agrees to commence any action, suit or proceeding relating hereto either in the United States District Court for the Southern District of New York or if such suit, action or other proceeding may not be brought in such court for jurisdictional reasons, in the Supreme Court of the State of New York, New York County. Each of the parties further agrees that service of any process, summons, notice or document by U.S. registered mail to such party's respective address set forth above shall be effective service of process for any action, suit or proceeding in New York with respect to any matters to which it has submitted to jurisdiction in this Section 17(q). Each of the parties irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the transactions contemplated herein in (i) the Supreme Court of the State of New York, New York County, or (ii) the United States District Court for the Southern District of New York, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient form.

(r) Severability. In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

(s) Effectiveness. This Agreement shall be effective as of the Distribution Date, subject to the consummation of the Distribution.

(t) Definitions. Capitalized terms used herein shall have the respective meanings specified in the Appendix attached hereto unless otherwise herein defined or the context hereof shall otherwise require.

IN WITNESS WHEREOF, the parties have duly executed and entered into this Agreement, as of the date first above written.

ITT Corporation,

By: _____

Name: _____

Title: _____

ITT Destinations, Inc.,

By: _____

Name: _____

Title: _____

ITT Hartford Group, Inc.,

By: _____

Name: _____

Title: _____

Appendix

As used in the Agreement, the following terms have the following meanings:

"Action" means any action, suit, arbitration, inquiry, proceeding or investigation by or before any court, any governmental or other regulatory or administrative agency, body or commission or any arbitration tribunal.

"Affiliate" means, when used with respect to a specified person, another person that directly, or indirectly through one or more intermediaries, controls or is controlled by or is under common control with the person specified.

"Agreement Disputes" has the meaning set forth in Section 16 of this Agreement.

"Ancillary Agreements" means all of the written agreements, instruments, understandings, assignments or other written arrangements (other than this Agreement and the Distribution Agreement) entered into in connection with the transactions contemplated hereby, including, without limitation, the Conveyancing and Assumption Instruments, the Tax Allocation Agreement and the Intellectual Property Agreements.

"CWI" means Caesars World, Inc.

"Change in Control" means the occurrence of any of the following events with respect to the relevant corporation: (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 (the "Exchange Act") or any successor provision disclosing that any person (within the meaning of Section 13(d) of the Exchange Act), other than the relevant corporation or a subsidiary thereof, or any employee benefit plan maintained by the relevant corporation or a subsidiary thereof, is the beneficial owner directly or indirectly of 20% or more of the outstanding common stock of the relevant corporation; (ii) any person (within the meaning of Section 13(d) of the Exchange Act), other than the relevant corporation or a subsidiary thereof, or any employee benefit plan maintained by the relevant corporation or a subsidiary thereof, shall purchase shares pursuant to a tender offer or exchange offer

to acquire any of the common stock of such relevant corporation (or securities convertible into such common stock) for cash, securities or any other consideration, provided that after the consummation of the offer, the person in question is the beneficial owner (as defined in Rule 13d-3 of the Exchange Act) directly or indirectly of 15% or more of the outstanding common stock of the relevant corporation (calculated as provided in paragraph (d) of Rule 13d-3 under the Exchange Act in the case of rights to acquire common stock); (iii) the shareholders of the relevant corporation shall approve (A) any consolidation or merger of the relevant corporation in which such corporation is not the continuing or surviving corporation or pursuant to which shares of the common stock of the relevant corporation would be converted into cash, securities or other property, other than a merger of the relevant corporation in which holders of the common stock thereof immediately prior to the merger have the same proportionate ownership of common stock of the surviving corporation 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 relevant corporation; or (iv) there shall have been a change in majority of the members of the board of directors of the relevant corporation within a 12-month period unless the election or nomination for election by the shareholders of the relevant corporation 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 were directors at the beginning of such 12-month period.

"Code" means the Internal Revenue Code of 1986, as amended, and the Treasury regulations promulgated thereunder, including any successor legislation.

"Conveyancing and Assumption Instruments" means, collectively, the various agreements, instruments and other documents to be entered into to effect the transfer of assets and the assumption of Liabilities in the manner contemplated by the Distribution Agreement, this Agreement and the Ancillary Agreements.

"Distribution" means the distribution on the Distribution Date to holders of record of shares of ITT Common Stock as of the Distribution Record Date of (i) the ITT Destinations Common Stock owned by ITT on the basis of one share of ITT Destinations Common Stock for each

outstanding share of ITT Common Stock and (ii) the ITT Hartford Common Stock owned by ITT on the basis of one share of ITT Hartford Common Stock for each outstanding share of ITT Common Stock.

"Distribution Agreement" means the Distribution Agreement dated as of November 1, 1995, among ITT, ITT Destinations and ITT Hartford.

"Distribution Date" means such date as may hereafter be determined by ITT's Board of Directors as the date as of which the Distribution shall be effected.

"Distribution Record Date" means such date as may hereafter be determined by ITT's Board of Directors as the record date for the Distribution.

"Effective Time" means 11:59 p.m., New York time, on the Distribution Date.

"Indemnifiable Losses" means any and all losses, liabilities, claims, damages, demands, costs or expenses (including, without limitation, reasonable attorneys' fees and any and all out-of-pocket expenses) whatsoever reasonably incurred in investigating, preparing for or defending against any Actions or potential Actions.

"Indemnifying Party" has the meaning set forth in Section 15(d).

"Indemnitee" has the meaning set forth in Section 15(d).

"Insurance Proceeds" means those monies (i) received by an insured from an insurance carrier or (ii) paid by an insurance carrier on behalf of the insured, in either case net of any applicable premium adjustment, retroactively-rated premium, deductible, retention, cost of reserve paid or held by or for the benefit of such insured.

"Intellectual Property Agreements" means the various intellectual property and licensing agreements entered into in connection with the Distribution.

"ITT" means ITT Corporation, a Delaware corporation and its predecessor Maryland corporation, together with its Subsidiaries, to be renamed "ITT

Industries, Inc." and reincorporated under Indiana law in connection with the Distribution.

"ITT Bonus Plan" means the ITT Annual Incentive Bonus Plan maintained by ITT.

"ITT Common Stock" has the meaning set forth in the preamble to this Agreement.

"ITT Deferred Compensation Plan" means (i) the 1995 ITT Deferred Compensation Plan or (ii) the 1995 ITT Industries Deferred Compensation Plan, after giving effect to the Distribution, in each case as the context requires.

"ITT Destinations" means ITT Destinations, Inc., a Nevada corporation, together with its Subsidiaries, to be renamed "ITT Corporation" in connection with the Distribution, and referred to in the Proxy Statement as "New ITT".

"ITT Destinations Common Stock" has the meaning set forth in the preamble to this Agreement.

"ITT Destinations Excess Pension Plan" means the excess pension plan to be adopted by ITT Destinations effective as of the Distribution Date, to be known after the Distribution as the "ITT Excess Pension Plan" and referred to in the Proxy Statement as the "New ITT Excess Plan".

"ITT Destinations Excess Pension Plan Trust" means the excess pension plan trust to be adopted by ITT Destinations effective as of the Distribution Date.

"ITT Destinations Excess Savings Plan" means the excess investment and savings plan to be adopted by ITT Destinations effective as of the Distribution Date, to be known after the Distribution as the "ITT Excess Savings Plan" and referred to in the Proxy Statement as the "New ITT Excess Savings Plan".

"ITT Destinations Indemnitees" means ITT Destinations, each Affiliate of ITT Destinations, each of their respective directors, officers, employees and agents and each of the heirs, executors, successors and assigns of any of the foregoing.

"ITT Destinations Salaried Employees" means persons who, immediately after the Distribution, are

employed on a salaried basis by ITT Destinations, including such persons absent from work at ITT Destinations by reason of layoff, leave of absence or disability.

"ITT Destinations Salaried Retirement Plan" means the Sheraton Salaried Retirement Plan, as adopted by ITT Destinations effective as of the Distribution Date, to be known as the "ITT Salaried Retirement Plan" and referred to in the Proxy Statement as the "New ITT Salaried Retirement Plan".

"ITT Destinations Savings Plan" means the defined contribution investment and savings plan to be adopted by ITT Destinations effective as of the Distribution Date, to be known after the Distribution as the "ITT Investment and Savings Plan" and referred to in the Proxy Statement as the "New ITT Savings Plan".

"ITT Destinations Stock Plan" means the ITT 1995 Incentive Stock Plan to be adopted by ITT Destinations effective as of the Distribution.

"ITT Directors Retirement Plan" means (i) the Retirement Plan for Non-Management Directors of ITT Corporation or (ii) the ITT Industries Directors Retirement Plan, after giving effect to the Distribution, in each case as the context requires.

"ITT Employees" means (i) persons employed in the United States on a salaried basis by the ITT Group immediately prior to the Distribution, except those persons who are employed by CWI and MSG as of such time; (ii) persons employed in the United States by ITT Hartford immediately prior to the Distribution; (iii) persons employed on an hourly basis by the ITT Group immediately prior to the Distribution who have accrued benefits under the ITT Salaried Retirement Plan, the Sheraton Salaried Retirement Plan or the ITT Hartford Retirement Plan and (iv) persons included in clauses (i), (ii) and (iii) above who are absent from work immediately prior to the Distribution by reason of layoff, leave of absence or disability.

"ITT Excess Long-Term Disability Plan" means (i) the ITT Excess Long-Term Disability Plan or (ii) the excess long-term disability plan maintained by ITT Industries, after giving effect to the Distribution, in each case as the context requires.

"ITT Excess Pension Plan" means (i) the ITT Excess Plan or (ii) the excess pension plan maintained by ITT Industries, after giving effect to the Distribution, in each case as the context requires.

"ITT Excess Pension Plan Trust" means (i) the excess pension plan trust maintained by ITT or (ii) the excess pension plan trust maintained by ITT Industries, after giving effect to the Distribution, in each case as the context requires.

"ITT Excess Savings Plan" means (i) the ITT Excess Savings Plan or (ii) the excess savings plan maintained by ITT Industries, after giving effect to the Distribution, in each case as the context requires.

"ITT Group" means ITT and its affiliates prior to the Distribution.

"ITT Group Accident Program" means (i) the ITT Group Accident Program for Officers and Directors or (ii) the ITT Industries Group Accident Program for Officers and Directors, after giving effect to the Distribution, in each case as the context requires.

"ITT Hartford" has the meaning set forth in the preamble to this Agreement.

"ITT Hartford Common Stock" has the meaning set forth in the preamble to this Agreement.

"ITT Hartford Employees" means persons who, immediately after the Distribution, are employed by ITT Hartford or absent from work by reason of layoff, leave of absence or disability.

"ITT Hartford Excess Pension Plan" means the excess pension plan maintained by ITT Hartford.

"ITT Hartford Excess Pension Plan Trust" means the excess pension plan trust maintained by ITT Hartford.

"ITT Hartford Excess Savings Plan" has the meaning set forth in Section 3(b) of this Agreement.

"ITT Hartford Indemnitees" means ITT Hartford, each Affiliate of ITT Hartford, each of their respective directors, officers, employees and agents and each of the

heirs, executors, successors and assigns of any of the foregoing.

"ITT Hartford Retirement Plan" means the Hartford Fire Insurance Company Retirement Plan.

"ITT Hartford Savings Plan" means the defined contribution investment and savings plan to be adopted by ITT Hartford effective as of the Distribution Date.

"ITT Hartford Stock Plan" means the ITT Hartford 1995 Incentive Stock Plan to be adopted by ITT Hartford effective as of the Distribution.

"ITT Industries" means (i) ITT Industries, Inc., an Indiana corporation and the legal successor to ITT, together with its Subsidiaries, or (ii) ITT, together with its Subsidiaries, after giving effect to the Distribution or as if such transaction had occurred, in each case as the context requires.

"ITT Industries Indemnitees" means ITT Industries, each Affiliate of ITT Industries, each of their respective directors, officers, employees and agents and each of the heirs, executors, successors and assigns of any of the foregoing.

"ITT Industries Salaried Employees" means persons who, immediately after the Distribution, are employed on a salaried basis by ITT Industries, including such persons absent from work at ITT Industries by reason of layoff, leave of absence or disability.

"ITT Long-Term Disability Plan" means (i) the ITT Long-Term Disability Plan or (ii) the long-term disability plan maintained by ITT Industries, after giving effect to the Distribution, in each case as the context requires.

"ITT Long-Term Performance Plan" means the ITT Long-Term Performance Plan maintained by ITT.

"ITT Salaried Retirement Plan" means (i) the Retirement Plan for Salaried Employees of ITT Corporation or (ii) the ITT Industries Salaried Retirement Plan, after giving effect to the Distribution, in each case as the context requires.

"ITT Savings Plan" means (i) the ITT Investment and Savings Plan for Salaried Employees or (ii) the ITT Industries Investment and Savings Plan, after giving effect to the Distribution, in each case as the context requires.

"ITT Sheraton" means ITT Sheraton Corporation.

"ITT Stock Awards" has the meaning set forth in Section 7 of this Agreement.

"ITT Stock Plans" has the meaning set forth in Section 7 of this Agreement.

"Liabilities" means any and all debts, liabilities and obligations, absolute and contingent, matured or unmatured, liquidated or unliquidated, accrued or unaccrued, known or unknown, whenever arising, including, without limitation, those debts, liabilities and obligations arising under any law, rule, regulation, Action, threatened Action, order or consent decree of any court, any governmental or other regulatory or administrative agency or commission or any award of any arbitration tribunal, and those arising under any contract, guarantee, commitment or undertaking.

"MSG" means Madison Square Garden, L.P.

"person" means any natural person, corporation, business trust, joint venture, association, company, partnership or government, or any agency or political subdivision thereof.

"Proxy Statement" means the proxy statement sent to the holders of shares of ITT Common Stock in connection with the Distribution, including any amendment or supplement thereto.

"Records" has the meaning set forth in Section 12 of this Agreement.

"Rules" has the meaning set forth in Section 16 of this Agreement.

"Sheraton Excess Pension Plan" means the excess pension plan maintained by ITT Sheraton prior to the Distribution.

"Sheraton Salaried Retirement Plan" means the Sheraton Corporation Retirement Plan for Salaried Employees.

"Subsidiary" means any corporation, partnership or other entity of which another entity (i) owns, directly or indirectly, ownership interests sufficient to elect a majority of the Board of Directors (or persons performing similar functions) (irrespective of whether at the time any other class or classes of ownership interests of such corporation, partnership or other entity shall or might have such voting power upon the occurrence of any contingency) or (ii) is a general partner or an entity performing similar functions (e.g., a trustee). For purposes of this Agreement, MSG and ITT-Dow Jones Television and their respective Subsidiaries are Subsidiaries of ITT Destinations.

"Tax" means all Federal, state, local and foreign taxes and assessments, including all interest, penalties and additions imposed with respect to such amounts.

"Tax Allocation Agreement" means the Tax Allocation Agreement dated as of November 1, 1995, among ITT, ITT Destinations and ITT Hartford.

"Third Party Claim" has the meaning set forth in Section 15(e) of this Agreement.

364-DAY COMPETITIVE ADVANCE AND
REVOLVING CREDIT FACILITY AGREEMENT

Dated as of November 10, 1995

among

ITT INDUSTRIES, INC.

THE LENDERS NAMED HEREIN

and

CHEMICAL BANK, as Administrative Agent

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364-DAY COMPETITIVE ADVANCE AND REVOLVING CREDIT FACILITY AGREEMENT (as it may be amended, supplemented or otherwise modified, the "Agreement") dated as of November 10, 1995, among ITT INDUSTRIES, INC., an Indiana corporation (the "Company"), each Borrowing Subsidiary party hereto, the lenders listed in Schedule 2.01 (together with their permitted assigns, the "Lenders") and CHEMICAL BANK, a New York banking corporation, as administrative agent for the Lenders (in such capacity, the "Administrative Agent").

The Lenders have been requested to extend credit to the Borrowers (such term and each other capitalized term used but not defined herein having the meaning assigned to it in Article I) to enable them to borrow on a standby revolving credit basis on and after the date hereof and at any time and from time to time prior to the Maturity Date a principal amount not in excess of \$1,500,000,000 at any time outstanding. The Lenders have also been requested to provide a procedure pursuant to which the Borrowers may invite the Lenders to bid on an uncommitted basis on short-term borrowings by the Borrowers. The proceeds of such borrowings are to be used for working capital and other general corporate purposes. The Lenders are willing to extend credit on the terms and subject to the conditions herein set forth.

Accordingly, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms shall have the meanings specified below:

"ABR Borrowing" shall mean a Borrowing comprised of ABR Loans.

"ABR Loan" shall mean any Standby Loan bearing interest at a rate determined by reference to the Alternate Base Rate in accordance with the provisions of Article II.

"Administrative Fees" shall have the meaning assigned to such term in Section 2.06(b).

"Administrative Questionnaire" shall mean an Administrative Questionnaire in the form of Exhibit B hereto.

"Affiliate" shall mean, when used with respect to a specified person, another person that directly or indirectly controls or is controlled by or is under common control with the person specified.

"Alternate Base Rate" shall mean, for any day, a rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the greater of (a) the Prime Rate in effect on such day and (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%. For purposes hereof,

"Prime Rate" shall mean the rate of interest per annum publicly announced from time to time by the Administrative Agent as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective on the date such change is publicly announced as effective. "Federal Funds Effective Rate" shall mean, for any day, the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as released on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so released for any day which is a Business Day, the arithmetic average (rounded upwards to the next 1/100th of 1%), as determined by the Administrative Agent, of the quotations for the day of such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it. If for any reason the Administrative Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Federal Funds Effective Rate for any reason, including the inability or failure of the Administrative Agent to obtain sufficient quotations in accordance with the terms thereof, the Alternate Base Rate shall be determined without regard to clause (b) of the first sentence of this definition until the circumstances giving rise to such inability no longer exist. Any change in the Alternate Base Rate due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective on the effective date of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

"Applicable Percentage" shall mean on any date, with respect to Eurodollar Loans or with respect to the Facility Fee, as the case may be, the applicable percentage set forth below under the caption "Eurodollar Spread" or "Facility Fee Percentage", as the case may be, based upon the Ratings in effect on such date:

Category 1 -----	Eurodollar Spread -----	Facility Fee Percentage -----
AA- or higher by D&P; AA- or higher by Fitch; Aa3 or higher by Moody's; AA- or higher by S&P	.130%	.045%
Category 2 -----		
A+ or A by D&P; A+ or A by Fitch; A1 or A2 by Moody's; A+ or A by S&P	.150%	.050%
Category 3 -----		
A- by D&P; A- by Fitch; A3 by Moody's; A- by S&P	.195%	.055%
Category 4 -----		
BBB+ by D&P; BBB+ by Fitch; Baa1 by Moody's; BBB+ by S&P	.225%	.075%

Category 5 -----	Eurodollar Spread -----	Facility Fee Percentage -----
BBB by D&P; BBB by Fitch; Baa2 by Moody's; BBB by S&P	.250%	.100%
Category 6 -----		
BBB- or lower by D&P; BBB- or lower by Fitch; Baa3 or lower by Moody's; BBB- or lower by S&P	.275%	.125%

For purposes of the foregoing, (i) if the Ratings shall fall within different Categories, then (A) if all the Ratings fall within two adjacent Categories, the Applicable Percentage will be determined by reference to the superior (or numerically lower) of such Categories unless one or more of the Ratings shall fall within Category 6, in which case the Applicable Percentage shall be determined by reference to Category 6, and (B) if the Ratings fall within more than two Categories or within two Categories that are not adjacent, then one Rating from each of the highest Category and the lowest Category in which Ratings shall fall shall be excluded and the Applicable Percentage shall be determined by reference to the superior (or numerically lower) of the remaining Ratings unless one or both of such Ratings shall fall within Category 6, in which case the Applicable Percentage shall be determined by reference to Category 6, (ii) if only two Ratings exist, the Applicable Percentage shall be based upon the lower (numerically higher) of the available Ratings, (iii) if only one Rating exists, the Applicable Percentage will be based upon the lower (numerically higher) of Category 5 and the Category corresponding to the available Rating, (iv) if no Ratings exist, the Applicable Percentage shall be based upon Category 6, and (v) if any Rating shall be changed (other than as a result of a change in the rating system of the applicable Rating Agency), such change shall be effective as of the date on which it is first announced by the Rating Agency making such change. Each such change in the Applicable Percentage shall apply to all outstanding Eurodollar Loans and to Facility Fees accruing during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of any Rating Agency shall change, the parties hereto shall negotiate in good faith to amend the references to specific ratings in this definition to reflect such changed rating system.

"Assignment and Acceptance" shall mean an assignment and acceptance entered into by a Lender and an assignee in the form of Exhibit C.

"Board" shall mean the Board of Governors of the Federal Reserve System of the United States.

"Board of Directors" shall mean the Board of Directors of a Borrower or any duly authorized committee thereof.

"Borrower" shall mean any of the Company and the Borrowing Subsidiaries.

"Borrowing" shall mean a group of Loans of a single Type made by the Lenders (or, in the case of a Competitive Borrowing, by the Lender or Lenders whose Competitive Bids have been accepted pursuant to Section 2.03) on a single date and as to which a single Interest Period is in effect.

"Borrowing Subsidiary" shall mean any Restricted Subsidiary which shall have executed and delivered to the Administrative Agent for distribution to each Lender a Borrowing Subsidiary Agreement.

"Borrowing Subsidiary Agreement" shall mean an agreement, in the form of Exhibit E hereto, duly executed by the Company and a Subsidiary.

"Business Day" shall mean any day (other than a day which is a Saturday, Sunday or legal holiday in the State of New York) on which banks are open for business in New York City; provided, however, that, when used in connection with a Eurodollar Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

"Capitalized Lease-Back Obligation" shall mean with respect to a Principal Property, at any date as of which the same is to be determined, the total net rental obligations of the Company or a Restricted Subsidiary under a lease of such Principal Property, entered into as part of an arrangement to which the provisions of Section 5.11 are applicable (or would have been applicable had such Restricted Subsidiary been a Restricted Subsidiary at the time it entered into such lease), discounted to the date of computation at the rate of interest per annum implicit in the lease (determined in accordance with GAAP). The amount of the net rental obligation for any calendar year under any lease shall be the sum of the rental and other payments required to be paid in such calendar year by the lessee thereunder, not including, however, any amounts required to be paid by such lessee (whether or not therein designated as rental or additional rental) on account of maintenance and repairs, insurance, taxes, assessments, water rates and similar charges.

A "Change in Control" shall be deemed to have occurred if (a) any person or group of persons shall have acquired beneficial ownership of more than 30% of the outstanding Voting Shares of the Company (within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended, and the applicable rules and regulations thereunder), or (b) during any period of 12 consecutive months, commencing after the Effective Date, individuals who on the first day of such period were directors of the Company (together with any replacement or additional directors who were nominated or elected by a majority of directors then in office) cease to constitute a majority of the Board of Directors of the Company.

"Code" shall mean the Internal Revenue Code of 1986, as the same may be amended from time to time.

"Commitment" shall mean, with respect to each Lender, the commitment of such Lender hereunder as set forth as of the Effective Date in Schedule 2.01 hereto as such Lender's Commitment may be permanently terminated or reduced from time to time pursuant to Section 2.11. The Commitment of each Lender shall automatically and permanently terminate on the Maturity Date if not terminated earlier pursuant to the terms hereof.

"Competitive Bid" shall mean an offer by a Lender to make a Competitive Loan pursuant to Section 2.03.

"Competitive Bid Accept/Reject Letter" shall mean a notification made by a Borrower pursuant to Section 2.03(d) in the form of Exhibit A-4.

"Competitive Bid Rate" shall mean, as to any Competitive Bid, (i) in the case of a Eurodollar Loan, the Margin, and (ii) in the case of a Fixed Rate Loan, the fixed rate of interest offered by the Lender making such Competitive Bid.

"Competitive Bid Request" shall mean a request made pursuant to Section 2.03(a) in the form of Exhibit A-1.

"Competitive Borrowing" shall mean a Borrowing consisting of a Competitive Loan or concurrent Competitive Loans from the Lender or Lenders whose Competitive Bids for such Borrowing have been accepted under the bidding procedure described in Section 2.03.

"Competitive Loan" shall mean a Loan made pursuant to the bidding procedure described in Section 2.03. Each Competitive Loan shall be a Eurodollar Competitive Loan or a Fixed Rate Loan.

"Consolidated EBITDA" shall mean, for any period, the sum of (a) Consolidated Net Income, (b) provisions for taxes based on income, (c) Consolidated Interest Expense, (d) total depreciation expense and (e) total amortization expense, all of the foregoing as determined on a consolidated basis for the Company and the Subsidiaries in accordance with GAAP.

"Consolidated Interest Expense" shall mean, for any period, the gross interest expense of the Company and the Subsidiaries for such period determined on a consolidated basis in accordance with GAAP.

"Consolidated Net Income" shall mean, for any period, net income or loss of the Company and the Subsidiaries for such period determined on a consolidated basis in accordance with GAAP.

"Consolidated Net Tangible Assets" shall mean the total of all assets appearing on a consolidated balance sheet of the Company and its Restricted Subsidiaries, prepared in accordance with GAAP (and as of a date not more than 90 days prior to the date as of which Consolidated Net Tangible Assets are to be determined), less the sum of the following items as shown on said consolidated balance sheet:

(i) the book amount of all segregated intangible assets, including such items as good will, trademarks, trademark rights, trade names, trade name rights, copyrights, patents, patent rights and licenses and unamortized debt discount and expense less unamortized debt premium;

(ii) all depreciation, valuation and other reserves;

(iii) current liabilities;

(iv) any minority interest in the shares of stock (other than Preferred Stock) and surplus of Restricted Subsidiaries of the Company;

(v) the investment of the Company and its Restricted Subsidiaries in any Unrestricted Subsidiary of the Company;

(vi) the total indebtedness of the Company and its Restricted Subsidiaries incurred in any manner to finance or recover the cost to the Company or any Restricted Subsidiary of any physical property, real or personal, which prior to or simultaneously with the creation of such

indebtedness shall have been leased by the Company or a Restricted Subsidiary to the United States of America or a department or agency thereof at an aggregate rental, payable during that portion of the initial term of such lease (without giving effect to any options of renewal or extension) which shall be unexpired at the date of the creation of such indebtedness, sufficient (taken together with any amounts required to be paid by the lessee to the lessor upon any termination of such lease) to pay in full at the stated maturity date or dates thereof the principal of and the interest on such indebtedness;

(vii) deferred income and deferred liabilities; and

(viii) other items deductible under GAAP.

"D&P" shall mean Duff & Phelps Credit Rating Co. or any of its successors.

"Default" shall mean any event or condition which upon notice, lapse of time or both would constitute an Event of Default.

"Distribution" shall mean the consummation of the transactions described in the Proxy Statement.

"Dollars" or "\$" shall mean lawful money of the United States of America.

"Effective Date" shall mean the first date on or after November 10, 1995, on which the conditions set forth in Section 4.02 are satisfied.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as the same may be amended from time to time.

"ERISA Affiliate" shall mean any trade or business (whether or not incorporated) that, together with the Company, is treated as a single employer under Section 414(b) or (c) of the Code, or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA Event" shall mean (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder, with respect to a Plan; (b) the adoption of any amendment to a Plan that would require the provision of security pursuant to Section 401(a)(29) of the Code or Section 307 of ERISA; (c) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (d) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (e) the incurrence of any liability under Title IV of ERISA with respect to the termination of any Plan or the withdrawal or partial withdrawal of the Company or any of its ERISA Affiliates from any Plan or Multiemployer Plan; (f) the receipt by the Company or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to the intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (g) the receipt by the Company or any ERISA Affiliate of any notice that Withdrawal Liability is being imposed or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA; and (h) the occurrence of a "prohibited transaction" with respect to which the Company or any of its Subsidiaries is a "disqualified person" (within the meaning of Section 4975) of the Code, or with respect to which the Company or any such Subsidiary could otherwise be liable.

"Eurodollar Borrowing" shall mean a Borrowing comprised of Eurodollar Loans.

"Eurodollar Competitive Loan" shall mean any Competitive Loan bearing interest at a rate determined by reference to the LIBO Rate in accordance with the provisions of Article II.

"Eurodollar Loan" shall mean any Eurodollar Competitive Loan or Eurodollar Standby Loan.

"Eurodollar Standby Loan" shall mean any Standby Loan bearing interest at a rate determined by reference to the LIBO Rate in accordance with the provisions of Article II.

"Event of Default" shall have the meaning assigned to such term in Article VI.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Existing Credit Facilities" shall mean the 364-Day Competitive Advance and Revolving Credit Facility Agreement dated as of February 24, 1995 and the Five-Year Competitive Advance and Revolving Credit Facility Agreement dated as of February 24, 1995, among Old ITT, certain lenders and Chemical Bank, as administrative agent.

"Facility B Credit Agreement" shall mean the \$1,500,000,000 Five-Year Competitive Advance and Revolving Credit Facility Agreement dated the date hereof among the parties hereto, as such agreement may be amended, supplemented or modified from time to time.

"Facility Fee" shall have the meaning assigned to such term in Section 2.06(a).

"Fair Value", when used with respect to property, shall mean the fair value as determined in good faith by the board of directors of the Company.

"Fees" shall mean the Facility Fee and the Administrative Fees.

"Financial Officer" of any corporation shall mean the chief financial officer, principal accounting officer, treasurer, associate or assistant treasurer or director of treasury services of such corporation.

"Fitch" shall mean Fitch Investors Service, Inc. or any of its successors.

"Fixed Rate Borrowing" shall mean a Borrowing comprised of Fixed Rate Loans.

"Fixed Rate Loan" shall mean any Competitive Loan bearing interest at a fixed percentage rate per annum (the "Fixed Rate") (expressed in the form of a decimal to no more than four decimal places) specified by the Lender making such Loan in its Competitive Bid.

"GAAP" shall mean generally accepted accounting principles, applied on a consistent basis.

"Governmental Authority" shall mean any Federal, state, local or foreign court or governmental agency, authority, instrumentality or regulatory body.

"Guaranteed Obligations" shall mean the principal of and interest on the Loans made to, and the other obligations, monetary or otherwise, of, the Borrowing Subsidiaries hereunder.

"Indebtedness" of any person shall mean all indebtedness representing money borrowed or the deferred purchase price of property (other than trade accounts payable) or any capitalized lease obligation which in any case is created, assumed, incurred or guaranteed in any manner by such corporation or for which such corporation is responsible or liable (whether by agreement to purchase indebtedness of, or to supply funds to or invest in, others or otherwise).

"Interest Payment Date" shall mean, with respect to any Loan, the last day of each Interest Period applicable thereto and, in the case of a Eurodollar Loan with an Interest Period of more than three months' duration or a Fixed Rate Loan with an Interest Period of more than 90 days' duration, each day that would have been an Interest Payment Date for such Loan had successive Interest Periods of three months' duration or 90 days' duration, as the case may be, been applicable to such Loan and, in addition, the date of any prepayment of each Loan or conversion of such Loan to a Loan of a different Type.

"Interest Period" shall mean (a) as to any Eurodollar Borrowing, the period commencing on the date of such Borrowing or on the last day of the immediately preceding Interest Period applicable to such Borrowing, as the case may be, and ending on the numerically corresponding day (or, if there is no numerically corresponding day, on the last day) in the calendar month that is 1, 2, 3 or 6 months thereafter, as the Borrower may elect, (b) as to any ABR Borrowing, the period commencing on the date of such Borrowing or on the last day of the immediately preceding Interest Period applicable to such Borrowing, as the case may be, and ending on the earliest of (i) the next succeeding March 31, June 30, September 30 or December 31, (ii) the Maturity Date, and (iii) the date such Borrowing is converted to a Borrowing of a different Type in accordance with Section 2.05 or repaid or prepaid in accordance with Section 2.07 or Section 2.12 and (c) as to any Fixed Rate Borrowing, the period commencing on the date of such Borrowing and ending on the date specified in the Competitive Bids in which the offers to make the Fixed Rate Loans comprising such Borrowing were extended, which shall not be earlier than seven days after the date of such Borrowing or later than 360 days after the date of such Borrowing; provided, however, that if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, in the case of Eurodollar Loans only, such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day. Interest shall accrue from and including the first day of an Interest Period to but excluding the last day of such Interest Period.

"LIBO Rate" shall mean, with respect to any Eurodollar Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the rate at which dollar deposits approximately equal in principal amount to (i) in the case of a Standby Borrowing, the Administrative Agent's portion of such Eurodollar Borrowing and (ii) in the case of a Competitive Borrowing, a principal amount that would have been the Administrative Agent's portion of such Competitive Borrowing had such Competitive Borrowing been a Standby Borrowing, and for a maturity comparable to such Interest Period as are offered to the principal London offices of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period.

"Lien" shall mean, with respect to any property or asset, any mortgage, deed of trust, lien, pledge, security interest, charge or other encumbrance on, of or in such property or asset.

"Loan" shall mean a Competitive Loan or a Standby Loan, whether made as a Eurodollar Loan, an ABR Loan or a Fixed Rate Loan, as permitted hereby.

"Loan Documents" shall mean this Agreement, the Borrowing Subsidiary Agreements, and promissory notes, if any, issued pursuant to Section 9.04(i).

"Margin" shall mean, as to any Eurodollar Competitive Loan, the margin (expressed as a percentage rate per annum in the form of a decimal to no more than four decimal places) to be added to or subtracted from the LIBO Rate in order to determine the interest rate applicable to such Loan, as specified in the Competitive Bid relating to such Loan.

"Margin Regulations" shall mean Regulations G, T, U and X of the Board as from time to time in effect, and all official rulings and interpretations thereunder or thereof.

"Margin Stock" shall have the meaning given such term under Regulation U of the Board.

"Material Adverse Effect" shall mean a materially adverse effect on the business, assets, operations or condition, financial or otherwise, of the Company and its subsidiaries taken as a whole.

"Maturity Date" shall mean the date 364 days after the date hereof.

"Moody's" shall mean Moody's Investors Service, Inc. or any of its successors.

"Multiemployer Plan" shall mean a multiemployer plan as defined in Section 4001(a)(3) of ERISA to which the Company or any ERISA Affiliate (other than one considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Code Section 414) is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

"Notice of Competitive Bid Request" shall mean a notification made pursuant to Section 2.03(a) in the form of Exhibit A-2.

"Old ITT" shall mean ITT Corporation, a Delaware Corporation and a predecessor of the Company.

"PBGC" shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA.

"person" shall mean any natural person, corporation, limited liability company, business trust, joint venture, association, company, partnership or government, or any agency or political subdivision thereof.

"Plan" shall mean any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 307 of ERISA, and in respect of which any Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Principal Property" shall mean any single manufacturing or processing facility owned by the Company or any Restricted Subsidiary having a gross book value in excess of 2% of Consolidated Net Tangible Assets, except any such facility or portion thereof which the board of directors of the Company by resolution declares is not of material importance to the total business conducted by the Company and its Restricted Subsidiaries as an entirety.

"Proxy Statement" shall mean the Proxy Statement of Old ITT dated August 30, 1995, and filed with the SEC under the Exchange Act.

"Rating Agencies" shall mean D&P, Fitch, Moody's and S&P.

"Ratings" shall mean the ratings from time to time established by the Rating Agencies for senior, unsecured, non-credit-enhanced long-term debt of the Company.

"Register" shall have the meaning given such term in Section 9.04(d).

"Regulation D" shall mean Regulation D of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"Reportable Event" shall mean any reportable event as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than a Plan maintained by an ERISA Affiliate that is considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Code Section 414).

"Required Lenders" shall mean, at any time, Lenders having Commitments representing at least 66-2/3% of the Total Commitment or, for purposes of acceleration pursuant to clause (ii) of Article VI, Lenders holding Loans representing at least 66-2/3% of the aggregate principal amount of the Loans outstanding.

"Responsible Officer" of any corporation shall mean any executive officer or Financial Officer of such corporation and any other officer or similar official thereof responsible for the administration of the obligations of such corporation in respect of this Agreement.

"Restricted Subsidiary" shall mean any Subsidiary other than an Unrestricted Subsidiary.

"S&P" shall mean Standard and Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or any of its successors.

"SEC" shall mean the Securities and Exchange Commission.

"Standby Borrowing" shall mean a Borrowing consisting of simultaneous Standby Loans from each of the Lenders.

"Standby Borrowing Request" shall mean a request made pursuant to Section 2.04 in the form of Exhibit A-5.

"Standby Loans" shall mean the revolving loans made pursuant to Section 2.04. Each Standby Loan shall be a Eurodollar Standby Loan or an ABR Loan.

"Statutory Reserves" shall mean a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board and any other banking authority to which the Administrative Agent is subject for new negotiable nonpersonal time deposits in dollars of over \$100,000 with maturities approximately equal to three months. Statutory Reserves shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"subsidiary" shall mean, with respect to any person (the "parent"), any corporation, association or other business entity of which securities or other ownership interests representing more than 50% of the ordinary voting power are, at the time as of which any determination is being made, owned or controlled by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

"Subsidiary" shall mean a subsidiary of the Company.

"Total Commitment" shall mean, at any time, the aggregate amount of Commitments of all the Lenders, as in effect at such time.

"Transactions" shall have the meaning assigned to such term in Section 3.02.

"Type", when used in respect of any Loan or Borrowing, shall refer to the Rate by reference to which interest on such Loan or on the Loans comprising such Borrowing is determined. For purposes hereof, "Rate" shall include the LIBO Rate, the Alternate Base Rate and the Fixed Rate.

"Unrestricted Subsidiary" shall mean (a) any Subsidiary which has been designated an Unrestricted Subsidiary by resolution of the board of directors of the Company (which resolution has been communicated in a notice delivered by the Company to the Administrative Agent for distribution to the Lenders) as an Unrestricted Subsidiary, other than any such Subsidiary as to which such a designation has been rescinded by resolution of said board of directors and not thereafter, or after some subsequent such rescission, restored by resolution of said board, and (b) any Subsidiary 50% or less of the Voting Shares of which is owned directly by the Company and/or one or more Restricted Subsidiaries. A Subsidiary may not be designated as (or otherwise permitted to become) an Unrestricted Subsidiary unless, immediately after such Subsidiary becomes an Unrestricted Subsidiary, such Subsidiary would not own any capital stock of, or hold any indebtedness of, any Restricted Subsidiary. A designation as an Unrestricted Subsidiary may not be rescinded (or an Unrestricted Subsidiary otherwise permitted to become a Restricted Subsidiary) unless such Subsidiary (i) is not a party to any lease which it would have been prohibited by this Agreement from entering into had it been a Restricted Subsidiary at the time it entered into such lease, unless (x) such Subsidiary had not been a Restricted Subsidiary prior to its entering into such lease, or (y) the property subject to such lease shall be owned by the Company and/or one or more Subsidiaries, or (z) such Subsidiary would not be prohibited by this Agreement from entering into such lease immediately after it becomes a Restricted Subsidiary, and (ii) does not have outstanding upon any of its property any mortgage, pledge or other lien which it would be prohibited by this Agreement from creating, suffering to be created, or assuming, immediately after it becomes a Restricted Subsidiary.

"Voting Shares" shall mean, as to a particular corporation or other person, outstanding shares of stock or other equity interests of any class of such person entitled to vote in the election of directors, or otherwise to participate in the direction of the management and policies, of such person, excluding shares or interests entitled so to vote or participate only upon the happening of some contingency.

SECTION 1.02. Terms Generally. The definitions in Section 1.01 shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." All references herein to Articles, Sections, Exhibits and Schedules shall be deemed references to Articles and Sections of, and Exhibits and Schedules to, this Agreement unless the context shall otherwise require. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided, however, that for purposes of determining compliance with any covenant set forth in Article V, such terms shall be construed in accordance with GAAP as in effect on the date hereof applied on a basis consistent with the application used in preparing the Company's audited financial statements referred to in Section 3.05.

ARTICLE II

THE CREDITS

SECTION 2.01. Commitments. Subject to the terms and conditions and relying upon the representations and warranties herein set forth, each Lender agrees, severally and not jointly, to make Standby Loans to the Borrowers, at any time and from time to time on and after the date hereof and until the earlier of the Maturity Date and the termination of the Commitment of such Lender, in an aggregate principal amount at any time outstanding not to exceed such Lender's Commitment minus the amount by which the Competitive Loans outstanding at such time shall be deemed to have used such Commitment pursuant to Section 2.16, subject, however, to the conditions that (i) at no time shall (A) the sum of (x) the outstanding aggregate principal amount of all Standby Loans made by all Lenders plus (y) the outstanding aggregate principal amount of all Competitive Loans made by all Lenders exceed (B) the Total Commitment and (ii) at all times, the outstanding aggregate principal amount of all Standby Loans made by each Lender shall equal the product of (A) the percentage which its Commitment represents of the Total Commitment times (B) the outstanding aggregate principal amount of all Standby Loans.

Within the foregoing limits, the Borrowers may borrow, pay or prepay and reborrow Standby Loans hereunder, on and after the Effective Date and prior to the Maturity Date, subject to the terms, conditions and limitations set forth herein.

SECTION 2.02. Loans. (a) Each Standby Loan shall be made as part of a Borrowing consisting of Loans made by the Lenders ratably in accordance with their respective Commitments; provided, however, that the failure of any Lender to make any Standby Loan shall not in itself relieve any other Lender of its obligation to lend hereunder (it being understood, however, that no Lender shall be responsible for the failure of any other Lender to make any Loan required to be made by such other Lender). Each Competitive Loan shall be made in accordance with the procedures set forth in Section 2.03. The Standby Loans or Competitive Loans comprising any Borrowing shall be (i) in the case of Competitive Loans, in an aggregate principal amount which is an integral multiple of \$1,000,000 and not less than \$5,000,000 and (ii) in the case of Standby Loans, in an aggregate principal amount which is an integral multiple of \$5,000,000 and not less than \$20,000,000 (or an aggregate principal amount equal to the remaining balance of the available Commitments).

(b) Each Competitive Borrowing shall be comprised entirely of Eurodollar Competitive Loans or Fixed Rate Loans, and each Standby Borrowing shall be comprised entirely of Eurodollar Standby Loans or ABR Loans, as the Borrower may request pursuant to Section 2.03

or 2.04, as applicable. Each Lender may at its option make any Eurodollar Loan by causing any domestic or foreign branch, agency or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement. Borrowings of more than one Type may be outstanding at the same time. For purposes of the foregoing, Loans having different Interest Periods, regardless of whether they commence on the same date, shall be considered separate Loans.

(c) Subject to Section 2.05, each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds to the Administrative Agent in New York, New York, not later than 12:00 noon, New York City time, and the Administrative Agent shall by 3:00 p.m., New York City time, credit the amounts so received to the account or accounts specified from time to time in one or more notices delivered by the Company to the Administrative Agent or, if a Borrowing shall not occur on such date because any condition precedent herein specified shall not have been met, return the amounts so received to the respective Lenders. Competitive Loans shall be made by the Lender or Lenders whose Competitive Bids therefor are accepted pursuant to Section 2.03 in the amounts so accepted. Standby Loans shall be made by the Lenders pro rata in accordance with Section 2.16. Unless the Administrative Agent shall have received notice from a Lender prior to the date (or, in the case of ABR Borrowings, on the date) of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's portion of such Borrowing, the Administrative Agent may assume that such Lender has made such portion available to the Administrative Agent on the date of such Borrowing in accordance with this paragraph (c) and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have made such portion available to the Administrative Agent, such Lender and the Borrower severally agree to repay to the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Administrative Agent at (i) in the case of the Borrower, the interest rate applicable at the time to the Loans comprising such Borrowing and (ii) in the case of such Lender, the Federal Funds Effective Rate. If such Lender shall repay to the Administrative Agent such corresponding amount, such amount shall constitute such Lender's Loan as part of such Borrowing for purposes of this Agreement.

SECTION 2.03. Competitive Bid Procedure. (a) In order to request Competitive Bids, a Borrower (the "Applicable Borrower") shall hand deliver or telecopy to the Administrative Agent a duly completed Competitive Bid Request in the form of Exhibit A-1 hereto, to be received by the Administrative Agent (i) in the case of a Eurodollar Competitive Loan, not later than 10:00 a.m., New York City time, four Business Days before a proposed Competitive Borrowing and (ii) in the case of a Fixed Rate Borrowing, not later than 10:00 a.m., New York City time, one Business Day before a proposed Competitive Borrowing. No ABR Loan shall be requested in, or made pursuant to, a Competitive Bid Request. A Competitive Bid Request that does not conform substantially to the format of Exhibit A-1 may be rejected in the Administrative Agent's sole discretion, and the Administrative Agent shall promptly notify the Borrower of such rejection by telecopy. Each Competitive Bid Request shall refer to this Agreement and specify (w) whether the Borrowing then being requested is to be a Eurodollar Borrowing or a Fixed Rate Borrowing, (x) the date of such Borrowing (which shall be a Business Day) and the aggregate principal amount thereof, which shall be in a minimum principal amount of \$10,000,000 and in an integral multiple of \$5,000,000, and (y) the Interest Period with respect thereto (which may not end after the Maturity Date). Promptly after its receipt of a Competitive Bid Request that is not rejected as aforesaid, the Administrative Agent shall telecopy to the Lenders a Notice of Competitive Bid Request inviting the Lenders to bid, on the terms and conditions of this Agreement, to make Competitive Loans.

(b) Each Lender invited to bid may, in its sole discretion, make one or more Competitive Bids to the Applicable Borrower responsive to such Borrower's Competitive Bid Request. Each Competitive Bid by a Lender must be received by the Administrative Agent by telecopy, in the form of Exhibit A-3 hereto, (i) in the case of a Eurodollar Competitive Loan, not later than 9:30 a.m., New York City time, three Business Days before a proposed Competitive Borrowing and (ii) in the case of a Fixed Rate Borrowing, not later than 9:30 a.m., New York City time, on the day of a proposed Competitive Borrowing. A Lender may submit multiple bids to the Administrative Agent. Competitive Bids that do not conform substantially to the format of Exhibit A-3 may be rejected by the Administrative Agent, and the Administrative Agent shall notify the Lender making such nonconforming bid of such rejection as soon as practicable. Each Competitive Bid shall refer to this Agreement and specify (x) the principal amount (which shall be in a minimum principal amount of \$5,000,000 and in an integral multiple of \$1,000,000 and which may equal the entire principal amount of the Competitive Borrowing requested) of the Competitive Loan or Loans that the Lender is willing to make, (y) the Competitive Bid Rate or Rates at which the Lender is prepared to make the Competitive Loan or Loans and (z) the Interest Period and the last day thereof. If any Lender invited to bid shall elect not to make a Competitive Bid, such Lender shall so notify the Administrative Agent by telecopy (I) in the case of Eurodollar Competitive Loans, not later than 9:30 a.m., New York City time, three Business Days before a proposed Competitive Borrowing, and (II) in the case of Fixed Rate Loans, not later than 9:30 a.m., New York City time, on the day of a proposed Competitive Borrowing; provided, however, that failure by any Lender to give such notice shall not cause such Lender to be obligated to make any Competitive Loan as part of such Competitive Borrowing. A Competitive Bid submitted by a Lender pursuant to this paragraph (b) shall be irrevocable.

(c) The Administrative Agent shall as promptly as practicable notify the Borrower, by telecopy, of all the Competitive Bids made, the Competitive Bid Rate and the principal amount of each Competitive Loan in respect of which a Competitive Bid was made and the identity of the Lender that made each bid. The Administrative Agent shall send a copy of all Competitive Bids to the Borrower for its records as soon as practicable after completion of the bidding process set forth in this Section 2.03.

(d) The Borrower may in its sole and absolute discretion, subject only to the provisions of this paragraph (d), accept or reject any Competitive Bid referred to in paragraph (c) above. The Borrower shall notify the Administrative Agent by telephone, confirmed by telecopy in the form of a Competitive Bid Accept/Reject Letter, whether and to what extent it has decided to accept or reject any of or all the bids referred to in paragraph (c) above not more than one hour after it shall have been notified of such bids by the Administrative Agent pursuant to such paragraph (c); provided, however, that (i) the failure of the Borrower to give such notice shall be deemed to be a rejection of all the bids referred to in paragraph (c) above, (ii) the Borrower shall not accept a bid made at a particular Competitive Bid Rate if it has decided to reject a bid made at a lower Competitive Bid Rate, (iii) the aggregate amount of the Competitive Bids accepted by the Borrower shall not exceed the principal amount specified in the Competitive Bid Request, (iv) if the Borrower shall accept a bid or bids made at a particular Competitive Bid Rate but the amount of such bid or bids shall cause the total amount of bids to be accepted to exceed the amount specified in the Competitive Bid Request, then the Borrower shall accept a portion of such bid or bids in an amount equal to the amount specified in the Competitive Bid Request less the amount of all other Competitive Bids accepted with respect to such Competitive Bid Request, which acceptance, in the case of multiple bids at such Competitive Bid Rate, shall be made pro rata in accordance with the amount of each such bid at such Competitive Bid Rate, and (v) except pursuant to clause (iv) above, no bid shall be accepted for a Competitive Loan unless such Competitive Loan is in a minimum principal amount of \$5,000,000 and an integral multiple of \$1,000,000; provided further, however, that if a Competitive Loan must be in an amount less than \$5,000,000 because of the provisions of clause (iv) above, such Competitive Loan may be for
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minimum of \$1,000,000 or any integral multiple thereof, and in calculating the pro rata allocation of acceptances of portions of multiple bids at a particular Competitive Bid Rate pursuant to clause (iv) the amounts shall be rounded to integral multiples of \$1,000,000 in a manner which shall be in the discretion of the Borrower. A notice given pursuant to this paragraph (d) shall be irrevocable.

(e) The Administrative Agent shall promptly notify each bidding Lender whether or not its Competitive Bid has been accepted (and if so, in what amount and at what Competitive Bid Rate) by telecopy, and each successful bidder will thereupon become bound, subject to the other applicable conditions hereof, to make the Competitive Loan in respect of which its bid has been accepted.

(f) No Competitive Borrowing shall be requested or made hereunder if after giving effect thereto any of the conditions set forth in paragraphs (i) or (ii) of Section 2.01 would not be met.

(g) If the Administrative Agent shall elect to submit a Competitive Bid in its capacity as a Lender, it shall submit such bid directly to the Applicable Borrower one quarter of an hour earlier than the latest time at which the other Lenders are required to submit their bids to the Administrative Agent pursuant to paragraph (b) above.

(h) All notices required by this Section 2.03 shall be given in accordance with Section 9.01.

SECTION 2.04. Standby Borrowing Procedure. In order to request a Standby Borrowing, a Borrower shall hand deliver or telecopy to the Administrative Agent a duly completed Standby Borrowing Request in the form of Exhibit A-5 (a) in the case of a Eurodollar Standby Loan, not later than 10:30 a.m., New York City time, three Business Days before such Borrowing, and (b) in the case of an ABR Borrowing, not later than 10:30 a.m., New York City time, on the day of such Borrowing. No Fixed Rate Loan shall be requested or made pursuant to a Standby Borrowing Request. Such notice shall be irrevocable and shall in each case specify (i) whether the Borrowing then being requested is to be a Eurodollar Standby Loan or an ABR Borrowing; (ii) the date of such Standby Borrowing (which shall be a Business Day) and the amount thereof; and (iii) if such Borrowing is to be a Eurodollar Standby Loan, the Interest Period with respect thereto, which shall not end after the Maturity Date. If no election as to the Type of Standby Borrowing is specified in any such notice, then the requested Standby Borrowing shall be an ABR Borrowing. If no Interest Period with respect to any Eurodollar Standby Loan is specified in any such notice, then the Borrower shall be deemed to have selected an Interest Period of one month's duration, in the case of a Eurodollar Borrowing. Notwithstanding any other provision of this Agreement to the contrary, no Standby Borrowing shall be requested if the Interest Period with respect thereto would end after the Maturity Date. The Administrative Agent shall promptly advise each of the Lenders of any notice given pursuant to this Section 2.04 and of each Lender's portion of the requested Borrowing.

SECTION 2.05. Conversion and Continuation of Standby Loans. Each Borrower shall have the right at any time upon prior irrevocable notice to the Administrative Agent (i) not later than 10:30 a.m., New York City time, on the day of the conversion, to convert all or any part of any Eurodollar Standby Loan into an ABR Borrowing, and (ii) not later than 10:30 a.m., New York City time, three Business Days prior to conversion or continuation, to convert any ABR Borrowing into a

Eurodollar Standby Loan or to continue any Eurodollar Standby Loan as a Eurodollar Standby Loan for an additional Interest Period, subject in each case to the following:

(a) if less than all the outstanding principal amount of any Standby Borrowing shall be converted or continued, the aggregate principal amount of the Standby Borrowing converted or continued shall be an integral multiple of \$5,000,000 and not less than \$20,000,000;

(b) accrued interest on a Standby Borrowing (or portion thereof) being converted shall be paid by the Borrower at the time of conversion;

(c) if any Eurodollar Standby Loan is converted at a time other than the end of the Interest Period applicable thereto, the Borrower shall pay, upon demand, any amounts due to the Lenders pursuant to Section 2.15;

(d) any portion of a Standby Borrowing maturing or required to be repaid in less than one month may not be converted into or continued as a Eurodollar Standby Loan;

(e) any portion of a Eurodollar Standby Loan which cannot be continued as a Eurodollar Standby Loan by reason of clause (d) above shall be automatically converted at the end of the Interest Period in effect for such Eurodollar Standby Borrowing into an ABR Borrowing;

(f) no Interest Period may be selected for any Eurodollar Standby Loan that would end later than the Maturity Date; and

(g) at any time when there shall have occurred and be continuing any Default or Event of Default, no Borrowing may be converted into or continued as a Eurodollar Standby Loan.

Each notice pursuant to this Section 2.05 shall be irrevocable and shall refer to this Agreement and specify (i) the identity and amount of the Standby Borrowing to be converted or continued, (ii) whether such Standby Borrowing is to be converted to or continued as a Eurodollar Standby Loan or an ABR Borrowing, (iii) if such notice requests a conversion, the date of such conversion (which shall be a Business Day) and (iv) if such Standby Borrowing is to be converted to or continued as a Eurodollar Standby Loan, the Interest Period with respect thereto. If no Interest Period is specified in any such notice with respect to any conversion to or continuation as a Eurodollar Standby Loan, the Borrower shall be deemed to have selected an Interest Period of one month's duration. If no notice shall have been given in accordance with this Section 2.05 to convert or continue any Standby Borrowing, such Standby Borrowing shall, at the end of the Interest Period applicable thereto (unless repaid pursuant to the terms hereof), automatically be continued into a new Interest Period as an ABR Borrowing.

SECTION 2.06. Fees. (a) The Company agrees to pay to each Lender, through the Administrative Agent, on each March 31, June 30, September 30 and December 31 (with the first payment being due on December 31, 1995) and on each date on which the Commitment of such Lender shall be terminated as provided herein, a facility fee (a "Facility Fee"), at a rate per annum equal to the Applicable Percentage from time to time in effect on the amount of the Commitment of such Lender, whether used or unused, during the preceding quarter (or other period commencing on the Effective Date, or ending with the Maturity Date or any date on which the Commitment of such Lender shall be terminated). All Facility Fees shall be computed on the basis of the actual number of days elapsed in a year of 365 or 366 days, as the case may be. The Facility Fee due to each Lender shall commence to

accrue on the Effective Date, and shall cease to accrue on the earlier of the Maturity Date and the termination of the Commitment of such Lender as provided herein.

(b) The Company agrees to pay the Administrative Agent, for its own account, the administrative and other fees separately agreed to by the Company and the Administrative Agent (the "Administrative Fees").

(c) All Fees shall be paid on the dates due, in immediately available funds, to the Administrative Agent for distribution, if and as appropriate, among the Lenders except that the Administrative Fees shall be paid pursuant to paragraph (b) above. Once paid, none of the Fees shall be refundable under any circumstances.

SECTION 2.07. Repayment of Loans; Evidence of Debt. (a) Each Borrower hereby agrees that the outstanding principal balance of each Standby Loan shall be payable on the Maturity Date and that the outstanding principal balance of each Competitive Loan shall be payable on the last day of the Interest Period applicable thereto. Each Loan shall bear interest on the outstanding principal balance thereof as set forth in Section 2.08.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness to such Lender resulting from each Loan made by such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time under this Agreement.

(c) The Administrative Agent shall maintain accounts in which it will record (i) the amount of each Loan made hereunder, the Type of each Loan made and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from each Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder from each Borrower and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraphs (b) and (c) of this Section 2.07 shall, to the extent permitted by applicable law, be prima facie evidence of the existence and amounts of the obligations therein recorded; provided, however, that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligations of the Borrowers to repay the Loans in accordance with their terms.

SECTION 2.08. Interest on Loans. (a) Subject to the provisions of Section 2.09, the Loans comprising each Eurodollar Borrowing shall bear interest (computed on the basis of the actual number of days elapsed over a year of 360 days) at a rate per annum equal to (i) in the case of each Eurodollar Standby Loan, the LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Percentage from time to time in effect and (ii) in the case of each Eurodollar Competitive Loan, the LIBO Rate for the Interest Period in effect for such Borrowing plus the Margin offered by the Lender making such Loan and accepted by the Borrower pursuant to Section 2.03.

(b) Subject to the provisions of Section 2.09, the Loans comprising each ABR Borrowing shall bear interest (computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be, for periods during which the Alternate Base Rate is determined by reference to the Prime Rate and 360 days for other periods) at a rate per annum equal to the Alternate Base Rate.

(c) Subject to the provisions of Section 2.09, each Fixed Rate Loan shall bear interest at a rate per annum (computed on the basis of the actual number of days elapsed over a year of

360 days) equal to the fixed rate of interest offered by the Lender making such Loan and accepted by the Borrower pursuant to Section 2.03.

(d) Interest on each Loan shall be payable on each Interest Payment Date applicable to such Loan except as otherwise provided in this Agreement. The applicable LIBO Rate or Alternate Base Rate for each Interest Period or day within an Interest Period, as the case may be, shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.09. Default Interest. If a Borrower shall default in the payment of the principal of or interest on any Loan or any other amount becoming due hereunder, whether by scheduled maturity, notice of prepayment, acceleration or otherwise, such Borrower shall on demand from time to time from the Administrative Agent pay interest, to the extent permitted by law, on such defaulted amount up to (but not including) the date of actual payment (after as well as before judgment) at a rate per annum (computed as provided in Section 2.08(b)) equal to the Alternate Base Rate plus 2%.

SECTION 2.10. Alternate Rate of Interest. In the event, and on each occasion, that on the day two Business Days prior to the commencement of any Interest Period for a Eurodollar Borrowing, the Administrative Agent shall have determined (i) that dollar deposits in the principal amounts of the Eurodollar Loans comprising such Borrowing are not generally available in the London interbank market or (ii) that reasonable means do not exist for ascertaining the LIBO Rate, the Administrative Agent shall, as soon as practicable thereafter, give telecopy notice of such determination to the Borrower and the Lenders. In the event of any such determination under clauses (i) or (ii) above, until the Administrative Agent shall have advised the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (x) any request by a Borrower for a Eurodollar Competitive Loan pursuant to Section 2.03 shall be of no force and effect and shall be denied by the Administrative Agent and (y) any request by a Borrower for a Eurodollar Standby Loan pursuant to Section 2.04 shall be deemed to be a request for an ABR Borrowing. In the event the Required Lenders notify the Administrative Agent that the rates at which dollar deposits are being offered will not adequately and fairly reflect the cost to such Lenders of making or maintaining Eurodollar Loans during such Interest Period, the Administrative Agent shall notify the applicable Borrower of such notice and until the Required Lenders shall have advised the Administrative Agent that the circumstances giving rise to such notice no longer exist, any request by such Borrower for a Eurodollar Standby Loan shall be deemed a request for an ABR Borrowing. Each determination by the Administrative Agent hereunder shall be made in good faith and shall be conclusive absent manifest error.

SECTION 2.11. Termination and Reduction of Commitments. (a) The Commitments shall be automatically terminated on the Maturity Date.

(b) Upon at least three Business Days' prior irrevocable telecopy notice to the Administrative Agent, the Company may at any time in whole permanently terminate, or from time to time in part permanently reduce, the Total Commitment; provided, however, that (i) each partial reduction of the Total Commitment shall be in an integral multiple of \$10,000,000 and in a minimum principal amount of \$50,000,000 and (ii) no such termination or reduction shall be made which would reduce the Total Commitment to an amount less than the aggregate outstanding principal amount of the Competitive Loans.

(c) Each reduction in the Total Commitment hereunder shall be made ratably among the Lenders in accordance with their respective Commitments. The Borrowers shall pay to the

Administrative Agent for the account of the Lenders, on the date of each termination of the Total Commitment, the Facility Fees on the amount of the Commitments so terminated accrued through the date of such termination or reduction.

SECTION 2.12. Prepayment. (a) Each Borrower shall have the right at any time and from time to time to prepay any Standby Borrowing, in whole or in part, upon giving telecopy notice (or telephone notice promptly confirmed by telecopy) to the Administrative Agent: (i) before 10:00 a.m., New York City time, three Business Days prior to prepayment, in the case of Eurodollar Loans, and (ii) before 10:00 a.m., New York City time, one Business Day prior to prepayment, in the case of ABR Loans; provided, however, that each partial prepayment shall be in an amount which is an integral multiple of \$10,000,000 and not less than \$50,000,000. No prepayment may be made in respect of any Competitive Borrowing.

(b) On the date of any termination or reduction of the Commitments pursuant to Section 2.11, the Borrowers shall pay or prepay so much of the Standby Borrowings as shall be necessary in order that the sum of the aggregate Competitive Loan Exposures and Standby Loan Exposures outstanding will not exceed the Total Commitment, after giving effect to such termination or reduction.

(c) Each notice of prepayment shall specify the prepayment date and the principal amount of each Borrowing (or portion thereof) to be prepaid, shall be irrevocable and shall commit the applicable Borrower to prepay such Borrowing (or portion thereof) by the amount stated therein on the date stated therein. All prepayments under this Section 2.12 shall be subject to Section 2.15 but otherwise without premium or penalty. All prepayments under this Section 2.12 shall be accompanied by accrued interest on the principal amount being prepaid to the date of payment.

SECTION 2.13. Reserve Requirements; Change in Circumstances.

(a) Notwithstanding any other provision herein, if after the date of this Agreement any change in applicable law or regulation or in the interpretation or administration thereof by any Governmental Authority charged with the interpretation or administration thereof (whether or not having the force of law) shall result in the imposition, modification or applicability of any reserve, special deposit or similar requirement against assets of, deposits with or for the account of or credit extended by any Lender, or shall result in the imposition on any Lender or the London interbank market of any other condition affecting this Agreement, such Lender's Commitment or any Eurodollar Loan or Fixed Rate Loan made by such Lender, and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurodollar Loan or Fixed Rate Loan or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or otherwise) by an amount deemed by such Lender to be material, then such additional amount or amounts as will compensate such Lender for such additional costs or reduction will be paid by the Borrowers to such Lender upon demand. Notwithstanding the foregoing, no Lender shall be entitled to request compensation under this paragraph with respect to any Competitive Loan if the change giving rise to such request was applicable to such Lender at the time of submission of the Competitive Bid pursuant to which such Competitive Loan was made.

(b) If any Lender shall have determined that the adoption of any law, rule, regulation or guideline arising out of the July 1988 report of the Basle Committee on Banking Regulations and Supervisory Practices entitled "International Convergence of Capital Measurement and Capital Standards", or the adoption after the date hereof of any other law, rule, regulation or guideline regarding capital adequacy, or any change in any of the foregoing or in the interpretation or administration of any of the foregoing by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender (or any

lending office of such Lender or any Lender's holding company with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement, such Lender's Commitment or the Loans made by such Lender pursuant hereto to a level below that which such Lender or such Lender's holding company could have achieved but for such adoption, change or compliance (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy) by an amount deemed by such Lender to be material, then from time to time such additional amount or amounts as will compensate such Lender for such reduction will be paid by the Borrowers to such Lender. It is acknowledged that this Agreement is being entered into by the Lenders on the understanding that the Lenders will not be required to maintain capital against their Commitments under currently applicable laws, regulations and regulatory guidelines. In the event the Lenders shall be advised by any Governmental Authority or shall otherwise determine on the basis of pronouncements of any Governmental Authority that such understanding is incorrect, it is agreed that the Lenders will be entitled to make claims under this paragraph (b) based upon market requirements prevailing on the date hereof for commitments under comparable credit facilities against which capital is required to be maintained.

(c) A certificate of any Lender setting forth such amount or amounts as shall be necessary to compensate such Lender or its holding company as specified in paragraph (a) or (b) above, as the case may be, shall be delivered to the Company and shall be conclusive absent manifest error. The Borrowers shall pay such Lender the amount shown as due on any such certificate delivered by it within 10 days after its receipt of the same.

(d) Failure on the part of any Lender to demand compensation for any increased costs or reduction in amounts received or receivable or reduction in return on capital with respect to any period shall not constitute a waiver of such Lender's right to demand compensation with respect to such period or any other period; provided, however, that no Lender shall be entitled to compensation under this Section 2.13 for any costs incurred or reductions suffered with respect to any date unless it shall have notified the Company that it will demand compensation for such costs or reductions under paragraph (c) above not more than 90 days after the later of (i) such date and (ii) the date on which it shall have become aware of such costs or reductions. The protection of this Section shall be available to each Lender regardless of any possible contention of the invalidity or inapplicability of the law, rule, regulation, guideline or other change or condition which shall have occurred or been imposed.

SECTION 2.14. Change in Legality. (a) Notwithstanding any other provision herein, if any change in any law or regulation or in the interpretation thereof by any Governmental Authority charged with the administration or interpretation thereof shall make it unlawful for any Lender to make or maintain any Eurodollar Loan or to give effect to its obligations as contemplated hereby with respect to any Eurodollar Loan, then, by written notice to the Company and to the Administrative Agent, such Lender may:

(i) declare that Eurodollar Loans will not thereafter be made by such Lender hereunder, whereupon such Lender shall not submit a Competitive Bid in response to a request for a Eurodollar Competitive Loan and any request for a Eurodollar Standby Loan shall, as to such Lender only, be deemed a request for an ABR Loan, unless such declaration shall be subsequently withdrawn; and

(ii) require that all outstanding Eurodollar Loans, made by it be converted to ABR Loans, in which event all such Eurodollar Loans, shall be automatically converted to ABR Loans, as of the effective date of such notice as provided in paragraph (b) below.

In the event any Lender shall exercise its rights under (i) or (ii) above, all payments and prepayments of principal which would otherwise have been applied to repay the Eurodollar Loans, that would have been made by such Lender or the converted Eurodollar Loans, of such Lender shall instead be applied to repay the ABR Loans, made by such Lender in lieu of, or resulting from the conversion of, such Eurodollar Loans.

(b) For purposes of this Section 2.14, a notice by any Lender shall be effective as to each Eurodollar Loan, if lawful, on the last day of the Interest Period currently applicable to such Eurodollar Loan; in all other cases such notice shall be effective on the date of receipt.

SECTION 2.15. Indemnity. The Borrowers shall indemnify each Lender against any out-of-pocket loss or expense which such Lender may sustain or incur as a consequence of (a) any failure to borrow or to refinance, convert or continue any Loan hereunder after irrevocable notice of such borrowing, refinancing, conversion or continuation has been given pursuant to Section 2.03, 2.04 or 2.05, (b) any payment, prepayment or conversion, or assignment required under Section 2.20, of a Eurodollar Loan required by any other provision of this Agreement or otherwise made or deemed made on a date other than the last day of the Interest Period, if any, applicable thereto, (c) any default in payment or prepayment of the principal amount of any Loan or any part thereof or interest accrued thereon, as and when due and payable (at the due date thereof, whether by scheduled maturity, acceleration, irrevocable notice of prepayment or otherwise) or (d) the occurrence of any Event of Default, including, in each such case, any loss or reasonable expense sustained or incurred or to be sustained or incurred in liquidating or employing deposits from third parties acquired to effect or maintain such Loan or any part thereof as a Eurodollar Loan. Such loss or reasonable expense shall include an amount equal to the excess, if any, as reasonably determined by such Lender, of (i) its cost of obtaining the funds for the Loan being paid, prepaid, refinanced or not borrowed (assumed to be the LIBO Rate applicable thereto) for the period from the date of such payment, prepayment, refinancing or failure to borrow or refinance to the last day of the Interest Period for such Loan (or, in the case of a failure to borrow or refinance the Interest Period for such Loan which would have commenced on the date of such failure) over (ii) the amount of interest (as reasonably determined by such Lender) that would be realized by such Lender in reemploying the funds so paid, prepaid or not borrowed or refinanced for such period or Interest Period, as the case may be. A certificate of any Lender setting forth any amount or amounts which such Lender is entitled to receive pursuant to this Section shall be delivered to such Borrower and shall be conclusive absent manifest error.

SECTION 2.16. Pro Rata Treatment. Except as required under Sections 2.14 and 2.20, each payment or prepayment of principal of any Standby Borrowing, each payment of interest on the Standby Loans, each payment of the Facility Fees, each reduction of the Commitments and each refinancing or conversion of any Borrowing with a Standby Borrowing of any Type, shall be allocated pro rata among the Lenders in accordance with their respective Commitments (or, if such Commitments shall have expired or been terminated, in accordance with the respective principal amounts of their outstanding Standby Loans). Each payment of principal of any Competitive Borrowing shall be allocated pro rata among the Lenders participating in such Borrowing in accordance with the respective principal amounts of their outstanding Competitive Loans comprising such Borrowing. Each payment of interest on any Competitive Borrowing shall be allocated pro rata among the Lenders participating in such Borrowing in accordance with the respective amounts of accrued and unpaid interest on their outstanding Competitive Loans comprising such Borrowing. For purposes of determining the available Commitments of the Lenders at any time, each outstanding Competitive Borrowing shall be deemed to have utilized the Commitments of the Lenders (including those Lenders which shall not have made Loans as part of such Competitive Borrowing) pro rata in accordance with such respective Commitments. Each Lender agrees that in computing such Lender's portion of any

Borrowing to be made hereunder, the Administrative Agent may, in its discretion, round each Lender's percentage of such Borrowing to the next higher or lower whole dollar amount.

SECTION 2.17. Sharing of Setoffs. Each Lender agrees that if it shall, through the exercise of a right of banker's lien, setoff or counterclaim, or pursuant to a secured claim under Section 506 of Title 11 of the United States Code or other security or interest arising from, or in lieu of, such secured claim, received by such Lender under any applicable bankruptcy, insolvency or other similar law or otherwise, or by any other means, obtain payment (voluntary or involuntary) in respect of any Standby Loan or Loans as a result of which the unpaid principal portion of its Standby Loans shall be proportionately less than the unpaid principal portion of the Standby Loans of any other Lender, it shall be deemed simultaneously to have purchased from such other Lender at face value, and shall promptly pay to such other Lender the purchase price for, a participation in the Standby Loans of such other Lender, so that the aggregate unpaid principal amount of the Standby Loans and participations in the Standby Loans held by each Lender shall be in the same proportion to the aggregate unpaid principal amount of all Standby Loans then outstanding as the principal amount of its Standby Loans prior to such exercise of banker's lien, setoff or counterclaim or other event was to the principal amount of all Standby Loans outstanding prior to such exercise of banker's lien, setoff or counterclaim or other event; provided, however, that, if any such purchase or purchases or adjustments shall be made pursuant to this Section 2.17 and the payment giving rise thereto shall thereafter be recovered, such purchase or purchases or adjustments shall be rescinded to the extent of such recovery and the purchase price or prices or adjustment restored without interest. Any Lender holding a participation in a Standby Loan deemed to have been so purchased may exercise any and all rights of banker's lien, setoff or counterclaim with respect to any and all moneys owing to such Lender by reason thereof as fully as if such Lender had made a Standby Loan in the amount of such participation.

SECTION 2.18. Payments. (a) The Borrowers shall make each payment (including principal of or interest on any Borrowing and any Fees or other amounts) hereunder from an account in the United States not later than 12:00 noon, local time at the place of payment, on the date when due in funds to the Administrative Agent at its offices at 270 Park Avenue, New York, New York, in immediately available funds. Each such payment shall be made in dollars.

(b) Whenever any payment (including principal of or interest on any Borrowing or any Fees or other amounts) hereunder shall become due, or otherwise would occur, on a day that is not a Business Day, such payment may be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of interest or Fees, if applicable.

SECTION 2.19. Taxes. (a) Any and all payments to the Lenders hereunder shall be made, in accordance with Section 2.18, free and clear of and without deduction for any and all current or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding (i) income taxes imposed on the income of the Administrative Agent or any Lender (or any transferee or assignee thereof, including a participation holder (any such entity a "Transferee")) and (ii) franchise taxes imposed on the income, assets or net worth of the Administrative Agent or any Lender (or Transferee), in each case by the jurisdiction under the laws of which the Administrative Agent or such Lender (or Transferee) is organized or doing business (other than as a result of entering into this Agreement, performing any obligations hereunder, receiving any payments hereunder or enforcing any rights hereunder), or any political subdivision thereof (all such nonexcluded taxes, levies, imposts, deductions, charges, withholdings and liabilities, collectively or individually, "Taxes"). If any Borrower shall be required to deduct any Taxes from or in respect of any sum payable hereunder to any Lender (or any Transferee) or the Administrative Agent, (i) the sum payable shall be increased by the amount (an "additional amount") necessary so that after making all required deductions (including

deductions applicable to additional sums payable under this Section 2.19) such Lender (or Transferee) or the Administrative Agent (as the case may be) shall receive an amount equal to the sum it would have received had no such deductions been made, (ii) such Borrower shall make such deductions and (iii) such Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Borrowers shall pay to the relevant Governmental Authority in accordance with applicable law any current or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies that arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any other Loan Document ("Other Taxes").

(c) The Borrowers shall indemnify each Lender (or Transferee) and the Administrative Agent for the full amount of Taxes and Other Taxes paid by such Lender (or Transferee) or the Administrative Agent, as the case may be, and any liability (including penalties, interest and expenses (including reasonable attorney's fees and expenses)) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability prepared by a Lender (or Transferee) or the Administrative Agent on its behalf, absent manifest error, shall be final, conclusive and binding for all purposes. Such indemnification shall be made within 30 days after the date any Lender (or Transferee) or the Administrative Agent, as the case may be, makes written demand therefor, which written demand shall be made within 60 days of the date such Lender (or Transferee) or the Administrative Agent receives written demand for payment of such Taxes or Other Taxes from the relevant Governmental Authority.

(d) If a Lender (or Transferee) or the Administrative Agent shall become aware that it is entitled to claim a refund from a Governmental Authority in respect of Taxes or Other Taxes as to which it has been indemnified by the Borrowers, or with respect to which the Borrowers have paid additional amounts, pursuant to this Section 2.19, it shall promptly notify the Borrowers of the availability of such refund claim and shall, within 30 days after receipt of a request by the Borrowers, make a claim to such Governmental Authority for such refund at the Borrowers' expense. If a Lender (or Transferee) or the Administrative Agent receives a refund (including pursuant to a claim for refund made pursuant to the preceding sentence) in respect of any Taxes or Other Taxes as to which it has been indemnified by the Borrowers or with respect to which the Borrowers have paid additional amounts pursuant to this Section 2.19, it shall within 30 days from the date of such receipt pay over such refund to the Borrowers (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrowers under this Section 2.19 with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of such Lender (or Transferee) or the Administrative Agent and without interest (other than interest paid by the relevant Governmental Authority with respect to such refund); provided, however, that the Borrowers, upon the request of such Lender (or Transferee) or the Administrative Agent, agree to repay the amount paid over to the Borrowers (plus penalties, interest or other charges) to such Lender (or Transferee) or the Administrative Agent in the event such Lender (or Transferee) or the Administrative Agent is required to repay such refund to such Governmental Authority.

(e) As soon as practicable after the date of any payment of Taxes or Other Taxes by the Borrowers to the relevant Governmental Authority, the Borrowers will deliver to the Administrative Agent, at its address referred to in Section 9.01, the original or a certified copy of a receipt issued by such Governmental Authority evidencing payment thereof.

(f) Without prejudice to the survival of any other agreement contained herein, the agreements and obligations contained in this Section 2.19 shall survive the payment in full of the principal of and interest on all Loans made hereunder.

(g) Each Lender (or Transferee) that is organized under the laws of a jurisdiction other than the United States, any State thereof or the District of Columbia (a "Non-U.S. Lender") shall deliver to the Company and the Administrative Agent two copies of either United States Internal Revenue Service Form 1001 or Form 4224, or, in the case of a Non-U.S. Lender claiming exemption from U.S. Federal withholding tax under Section 871(h) or 881(c) of the Code with respect to payments of "portfolio interest", a Form W-8, or any subsequent versions thereof or successors thereto (and, if such Non-U.S. Lender delivers a Form W-8, a certificate representing that such Non-U.S. Lender is not a bank for purposes of Section 881(c) of the Code, is not a 10 percent shareholder (within the meaning of Section 871(h)(3)(B) of the Code) of the Company and is not a controlled foreign corporation related to the Company (within the meaning of Section 864(d)(4) of the Code)), properly completed and duly executed by such Non-U.S. Lender claiming complete exemption from, or reduced rate of, U.S. Federal withholding tax on payments by the Company under this Agreement. Such forms shall be delivered by each Non-U.S. Lender on or before the date it becomes a party to this Agreement (or, in the case of a Transferee that is a participation holder, on or before the date such participation holder becomes a Transferee hereunder) and on or before the date, if any, such Non-U.S. Lender changes its applicable lending office by designating a different lending office (a "New Lending Office"). In addition, each Non-U.S. Lender shall deliver such forms promptly upon the obsolescence or invalidity of any form previously delivered by such Non-U.S. Lender. Notwithstanding any other provision of this Section 2.19(g), a Non-U.S. Lender shall not be required to deliver any form pursuant to this Section 2.19(g) that such Non-U.S. Lender is not legally able to deliver.

(h) The Company shall not be required to indemnify any Non-U.S. Lender, or to pay any additional amounts to any Non-U.S. Lender, in respect of United States Federal withholding tax pursuant to paragraph (a) or (c) above to the extent that (i) the obligation to withhold amounts with respect to United States Federal withholding tax existed on the date such Non-U.S. Lender became a party to this Agreement (or, in the case of a Transferee that is a participation holder, on the date such participation holder became a Transferee hereunder) or, with respect to payments to a New Lending Office, the date such Non-U.S. Lender designated such New Lending Office with respect to a Loan; provided, however, that this clause (i) shall not apply to any Transferee or New Lending Office that becomes a Transferee or New Lending Office as a result of an assignment, participation, transfer or designation made at the request of the Company; and provided further, however, that this clause (i) shall not apply to the extent the indemnity payment or additional amounts any Transferee, or Lender (or Transferee) through a New Lending Office, would be entitled to receive (without regard to this clause (i)) do not exceed the indemnity payment or additional amounts that the person making the assignment, participation or transfer to such Transferee, or Lender (or Transferee) making the designation of such New Lending Office, would have been entitled to receive in the absence of such assignment, participation, transfer or designation or (ii) the obligation to pay such additional amounts would not have arisen but for a failure by such Non-U.S. Lender to comply with the provisions of paragraph (g) above.

(i) Any Lender (or Transferee) claiming any indemnity payment or additional amounts payable pursuant to this Section 2.19 shall use reasonable efforts (consistent with legal and regulatory restrictions) to file any certificate or document reasonably requested in writing by the Company or to change the jurisdiction of its applicable lending office if the making of such a filing or change would avoid the need for or reduce the amount of any such indemnity payment or additional amounts that may thereafter accrue and would not, in the sole determination of such Lender (or Transferee), be otherwise disadvantageous to such Lender (or Transferee).

(j) Nothing contained in this Section 2.19 shall require any Lender (or Transferee) or the Administrative Agent to make available any of its tax returns (or any other information that it deems to be confidential or proprietary).

SECTION 2.20. Duty to Mitigate; Assignment of Commitments Under Certain Circumstances. (a) Any Lender (or Transferee) claiming any additional amounts payable pursuant to Section 2.13 or Section 2.19 or exercising its rights under Section 2.14 shall use reasonable efforts (consistent with legal and regulatory restrictions) to file any certificate or document requested by the Company or to change the jurisdiction of its applicable lending office if the making of such a filing or change would avoid the need for or reduce the amount of any such additional amounts which may thereafter accrue or avoid the circumstances giving rise to such exercise and would not, in the sole determination of such Lender (or Transferee), be otherwise disadvantageous to such Lender (or Transferee).

(b) In the event that any Lender shall have delivered a notice or certificate pursuant to Section 2.13 or 2.14, or the Company shall be required to make additional payments to any Lender under Section 2.19, the Company shall have the right, at its own expense, upon notice to such Lender and the Administrative Agent, to require such Lender to transfer and assign without recourse, representation or warranty (in accordance with and subject to the restrictions contained in Section 9.04) all interests, rights and obligations contained hereunder to another financial institution approved by the Administrative Agent (which approval shall not be unreasonably withheld) which shall assume such obligations; provided that (i) no such assignment shall conflict with any law, rule or regulation or order of any Governmental Authority and (ii) the assignee or the Company, as the case may be, shall pay to the affected Lender in immediately available funds on the date of such assignment the principal of and interest accrued to the date of payment on the Loans made by it hereunder and all other amounts accrued for its account or owed to it hereunder.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Each Borrower represents and warrants to each of the Lenders that:

SECTION 3.01. Organization; Powers. Each Borrower and each of the Subsidiaries (a) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) has all requisite power and authority to own its property and assets and to carry on its business as now conducted and as proposed to be conducted, (c) is qualified to do business in every jurisdiction where such qualification is required, except where the failure so to qualify would not result in a Material Adverse Effect, and (d) in the case of each Borrower, has the corporate power and authority to execute, deliver and perform its obligations under the Loan Documents and to borrow hereunder and thereunder.

SECTION 3.02. Authorization. The execution, delivery and performance by the Borrowers of this Agreement, the promissory notes, if any, issued pursuant to Section 9.04(i) (and by the Borrowing Subsidiaries of each Borrowing Subsidiary Agreement), the Borrowings hereunder and the completion of the Distribution (collectively, the "Transactions") (a) have been duly authorized by all requisite corporate action and (b) will not (i) violate (A) any provision of any law, statute, rule or regulation (including the Margin Regulations) or of the certificate of incorporation or other constitutive documents or by-laws of the Borrowers, (B) any order of any Governmental Authority or (C) any provision of any indenture, agreement or other instrument to which any Borrower is a party or by

which it or any of its property is or may be bound, (ii) be in conflict with, result in a breach of or constitute (alone or with notice or lapse of time or both) a default under any such indenture, agreement or other instrument or (iii) result in the creation or imposition of any lien upon any property or assets of any Borrower.

SECTION 3.03. Enforceability. This Agreement and each Loan Document to which a Borrower is a party constitutes a legal, valid and binding obligation of each Borrower enforceable in accordance with its terms.

SECTION 3.04. Governmental Approvals. No action, consent or approval of, registration or filing with or other action by any Governmental Authority, other than those which have been taken, given or made, as the case may be, is or will be required with respect to any Borrower in connection with the Transactions.

SECTION 3.05. Financial Statements. (a) The Company has heretofore furnished to the Administrative Agent and the Lenders copies of its combined balance sheet and statements of income, cash flow and retained earnings as of and for the year ended December 31, 1994, and the six months ended June 30, 1995, as included in the Proxy Statement. Such financial statements present fairly, in all material respects, the consolidated combined financial condition and the results of operations of the Company and the Subsidiaries as of such dates and for such periods in accordance with GAAP.

(b) The Company has heretofore furnished to the Administrative Agent and the Lenders copies of its pro forma combined balance sheet and statements of income as of June 30, 1995, and for the year and the six months ended December 31, 1994, and June 30, 1995, respectively, giving effect to the Distribution and certain related transactions. Such financial statements present fairly, in all material respects, the consolidated combined financial condition and the results of operations of the Company and the Subsidiaries on a pro forma basis as of such dates and for such periods in accordance with GAAP.

(c) As of the Effective Date, there has been no material adverse change in the consolidated financial condition of the Company and the Subsidiaries taken as a whole from the financial condition reported in the financial statements referenced in paragraph (a) of this Section 3.05.

SECTION 3.06. Litigation; Compliance with Laws. (a) As of the Effective Date, there are no actions, proceedings or investigations filed or (to the knowledge of the Borrowers) threatened affecting any Borrower or any Subsidiary in any court or before any Governmental Authority or arbitration board or tribunal which question the validity or legality of this Agreement, the Transactions or any action taken or to be taken pursuant to this Agreement and no order or judgment has been issued or entered restraining or enjoining any Borrower or any Subsidiary from the execution, delivery or performance of this Agreement nor is there any other action, proceeding or investigation filed or (to the knowledge of any Borrower or any Subsidiary) threatened against any Borrower or any Subsidiary in any court or before any Governmental Authority or arbitration board or tribunal which would be reasonably likely to result in a Material Adverse Effect or materially restrict the ability of any Borrower to comply with its obligations under the Loan Documents.

(b) Neither any Borrower nor any Subsidiary is in violation of any law, rule or regulation (including any law, rule or regulation relating to the protection of the environment or to employee health or safety), or in default with respect to any judgment, writ, injunction or decree of any Governmental Authority, where such violation or default would be reasonably likely to result in a Material Adverse Effect.

SECTION 3.07. Federal Reserve Regulations. (a) Neither any Borrower nor any Subsidiary that will receive proceeds of the Loans hereunder is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying Margin Stock.

(b) No part of the proceeds of any Loan will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry Margin Stock or to refund indebtedness originally incurred for such purpose, or for any other purpose which entails a violation of, or which is inconsistent with, the provisions of the Margin Regulations.

SECTION 3.08. Investment Company Act; Public Utility Holding Company Act. No Borrower is (a) an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940 (the "1940 Act") or (b) a "holding company" as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935.

SECTION 3.09. Use of Proceeds. All proceeds of the Loans shall be used for the purposes referred to in the recitals to this Agreement.

SECTION 3.10. Full Disclosure; No Material Misstatements. None of the representations or warranties made by any Borrower in connection with this Agreement as of the date such representations and warranties are made or deemed made, and no report, financial statement or other information furnished by or on behalf of any Borrower to the Administrative Agent or any Lender pursuant to or in connection with this Agreement or the credit facilities established hereby contains or will contain any material misstatement of fact or omits or will omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were or will be made, not misleading.

SECTION 3.11. Taxes. Each Borrower and each of the material Subsidiaries have filed or caused to be filed all Federal, state and local tax returns which are required to be filed by them, and have paid or caused to be paid all taxes shown to be due and payable on such returns or on any assessments received by any of them, other than any taxes or assessments the validity of which is being contested in good faith by appropriate proceedings, and with respect to which appropriate accounting reserves have to the extent required by GAAP been set aside.

SECTION 3.12. Employee Pension Benefit Plans. The present aggregate value of accumulated benefit obligations of all unfunded and underfunded pension plans of the Company and its Subsidiaries (based on those assumptions used for disclosure in corporate financial statements in accordance with GAAP) did not, as of December 31, 1994, exceed by more than \$605,000,000 the value of the assets of all such plans. Of such \$605,000,000, \$540,000,000 is primarily attributable to employee pension plans in countries where the funding of such obligations is not required or customary and \$65,000,000 relates primarily to domestic pension plans where funding is not permitted under current tax regulations. In these cases the Company has recorded book reserves to meet the obligations. Trust assets totalling approximately \$45,000,000 have been established to provide for certain of the foregoing domestic pension benefits, however, because of restrictions relating to bankruptcy or insolvency, such funds are not included in the funded amount of plans for purposes of GAAP.

SECTION 3.13. Distribution. At or prior to the Effective Date, the Distribution will have been duly completed in accordance with applicable law and as described in the Proxy Statement, and the assets, liabilities and capitalization of the Company will have been consistent at the time of and after giving effect to the Distribution in all material respects with the forecasted capitalization table of

the Company set forth in the Proxy Statement and the pro forma financial statements referred to in Section 3.05(b), except that in the event the Distribution shall occur prior to December 31, 1995, the transactions set forth in Schedule 3.13 which are reflected as having occurred in such capitalization table and such pro forma financial statements might not yet have occurred.

ARTICLE IV

CONDITIONS OF LENDING

The obligations of the Lenders to make Loans hereunder are subject to the satisfaction of the following conditions:

SECTION 4.01. All Borrowings. On the date of each Borrowing:

(a) The Administrative Agent shall have received a notice of such Borrowing as required by Section 2.03 or Section 2.04, as applicable.

(b) The representations and warranties set forth in Article III hereof shall be true and correct in all material respects on and as of the date of such Borrowing with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date.

(c) At the time of and immediately after such Borrowing no Event of Default or Default shall have occurred and be continuing.

Each Borrowing shall be deemed to constitute a representation and warranty by each Borrower on the date of such Borrowing as to the matters specified in paragraphs (b) and (c) of this Section 4.01.

SECTION 4.02. Effective Date. On the Effective Date:

(a) The Administrative Agent shall have received a favorable written opinion of Robert Beicke, Esq., dated the Effective Date and addressed to the Lenders and satisfactory to the Lenders, the Administrative Agent and Cravath, Swaine & Moore, counsel for the Administrative Agent, to the effect set forth in Exhibit D hereto.

(b) The Administrative Agent shall have received (i) a copy of the certificate of incorporation, including all amendments thereto, of the Company, certified as of a recent date by the Secretary of State of its state of incorporation, and a certificate as to the good standing of the Company as of a recent date from such Secretary of State; (ii) a certificate of the Secretary or an Assistant Secretary of the Company dated the Effective Date and certifying (A) that attached thereto is a true and complete copy of the by-laws of the Company as in effect on the Effective Date and at all times since a date prior to the date of the resolutions described in clause (B) below, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors of the Company authorizing the execution, delivery and performance of this Agreement and the Borrowings hereunder, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, (C) that the certificate of incorporation referred to in clause (i) above has not been amended since the date of the last amendment thereto shown on the certificate of good standing furnished pursuant to such clause (i) and (D) as to the incumbency and specimen signature of each officer executing this Agreement or any other document delivered in connection herewith on behalf of the Company; and

(iii) a certificate of another officer of the Company as to the incumbency and specimen signature of the Secretary or Assistant Secretary executing the certificate pursuant to (ii) above.

(c) The Administrative Agent shall have received a certificate, dated the Effective Date and signed by a Financial Officer of the Company, confirming compliance with the conditions precedent set forth in paragraphs (b) and (c) of Section 4.01.

(d) The principal of and accrued and unpaid interest on any loans outstanding under the Existing Credit Facilities shall have been paid in full, all other amounts due in respect of the Existing Credit Facilities shall have been paid in full and the commitments to lend under the Existing Credit Facilities shall have been permanently terminated.

(e) The Administrative Agent shall have received any Fees or other amounts due and payable on or prior to the Effective Date.

SECTION 4.03. First Borrowing by Each Borrowing Subsidiary.

On or prior to the first date on which Loans are made to any Borrowing Subsidiary:

(a) The Lenders shall have received the favorable written opinion of counsel satisfactory to the Administrative Agent, addressed to the Lenders and satisfactory to the Lenders, the Administrative Agent and Cravath, Swaine & Moore, counsel for the Administrative Agent, to the effect set forth in Exhibit D hereto.

(b) Each Lender shall have received a copy of the Borrowing Subsidiary Agreement executed by such Borrowing Subsidiary.

ARTICLE V

COVENANTS

A. Affirmative Covenants. Each Borrower covenants and agrees with each Lender and the Administrative Agent that so long as this Agreement shall remain in effect or the principal of or interest on any Loan, any Fees or any other amounts payable hereunder shall be unpaid, unless the Required Lenders shall otherwise consent in writing, it will, and will cause each of the Subsidiaries to:

SECTION 5.01. Existence. Do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights and franchises, except as expressly permitted under Section 5.09; provided, however, that nothing in this Section shall prevent the abandonment or termination of the existence, rights or franchises of any Subsidiary or any rights or franchises of any Borrower if such abandonment or termination is in the best interests of the Borrowers and is not disadvantageous in any material respect to the Lenders.

SECTION 5.02. Business and Properties. Comply in all material respects with all applicable laws, rules, regulations and orders of any Governmental Authority (including any of the foregoing relating to the protection of the environment or to employee health and safety), whether now in effect or hereafter enacted; and at all times maintain and preserve all property material to the conduct of its business and keep such property in good repair, working order and condition and from time to time make, or cause to be made, all needful and proper repairs, renewals, additions, improvements and replacements thereto necessary in order that the business carried on in connection therewith may be properly conducted at all times.

SECTION 5.03. Financial Statements, Reports, Etc. In the case of the Company, furnish to the Administrative Agent for distribution to each Lender:

(a) within 120 days after the end of each fiscal year, its consolidated balance sheet and the related consolidated statements of income, cash flows and retained earnings showing its consolidated financial condition as of the close of such fiscal year and the consolidated results of its operations during such year, all audited by Arthur Andersen LLP or other independent certified public accountants of recognized national standing selected by the Company and accompanied by an opinion of such accountants to the effect that such consolidated financial statements fairly present its financial condition and results of operations on a consolidated basis in accordance with GAAP (it being agreed that the requirements of this paragraph may be satisfied by the delivery pursuant to paragraph (d) below of an annual report on Form 10-K containing the foregoing);

(b) within 90 days after the end of each of the first three fiscal quarters of each fiscal year, its consolidated balance sheet and related consolidated statements of income, cash flow and retained earnings, showing its consolidated financial condition as of the close of such fiscal quarter and the consolidated results of its operations during such fiscal quarter and the then elapsed portion of the fiscal year, all certified by one of its Financial Officers as fairly presenting its financial condition and results of operations on a consolidated basis in accordance with GAAP, subject to normal year-end audit adjustments (it being agreed that the requirements of this paragraph may be satisfied by the delivery pursuant to paragraph (d) below of a quarterly report on Form 10-Q containing the foregoing);

(c) concurrently with any delivery of financial statements under paragraph (a) or (b) above, a certificate of a Financial Officer certifying that, to the best of such Financial Officer's knowledge, no Event of Default or Default has occurred or, if such an Event of Default or Default has occurred, specifying the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto;

(d) promptly after the same become publicly available, copies of all reports on forms 10-K, 10-Q and 8-K filed by it with the SEC, or any Governmental Authority succeeding to any of or all the functions of the SEC, or, in the case of the Company, copies of all reports distributed to its shareholders, as the case may be;

(e) promptly, from time to time, such other information as any Lender shall reasonably request through the Administrative Agent; and

(f) concurrently with any delivery of financial statements under paragraph (a) or (b) above, calculations of the financial test referred to in Section 5.12.

SECTION 5.04. Insurance. Keep its insurable properties adequately insured at all times by financially sound and reputable insurers, and maintain such other insurance, to such extent and against such risks, including fire and other risks insured against by extended coverage, as is customary with companies similarly situated and in the same or similar businesses (it being understood that the Borrowers and their Subsidiaries may self-insure to the extent customary with companies similarly situated and in the same or similar businesses).

SECTION 5.05. Obligations and Taxes. Pay and discharge promptly when due all taxes, assessments and governmental charges imposed upon it or upon its income or profits or in respect of its property, as well as all other material liabilities, in each case before the same shall

become delinquent or in default and before penalties accrue thereon, unless and to the extent that the same are being contested in good faith by appropriate proceedings and adequate reserves with respect thereto shall, to the extent required by GAAP, have been set aside.

SECTION 5.06. Litigation and Other Notices. Give the Administrative Agent prompt written notice of the following (which the Administrative Agent shall promptly provide to the Lenders):

- (a) the filing or commencement of, or any written threat or written notice of intention of any person to file or commence, any action, suit or proceeding which could reasonably be expected to result in a Material Adverse Effect;
- (b) any Event of Default or Default, specifying the nature and extent thereof and the action (if any) which is proposed to be taken with respect thereto; and
- (c) any change in any of the Ratings.

SECTION 5.07. Maintaining Records; Access to Properties and Inspections. Maintain financial records in accordance with GAAP and, upon reasonable notice, at all reasonable times, permit any authorized representative designated by the Administrative Agent to visit and inspect the properties of the Company and of any material Subsidiary and to discuss the affairs, finances and condition of the Company and any material Subsidiary with a Financial Officer of the Company and such other officers as the Company shall deem appropriate.

SECTION 5.08. Use of Proceeds. Use the proceeds of the Loans only for the purposes set forth in the recitals to this Agreement.

B. Negative Covenants. Each Borrower covenants and agrees with each Lender and the Administrative Agent that so long as this Agreement shall remain in effect or the principal of or interest on any Loan, any Fees or any other amounts payable hereunder shall be unpaid, unless the Required Lenders shall otherwise consent in writing, it will not, and will not cause or permit any of the Subsidiaries to:

SECTION 5.09. Consolidations, Mergers, and Sales of Assets. Consolidate or merge with or into any other person or sell, lease or transfer all or substantially all of its property and assets, or agree to do any of the foregoing, unless (a) no Default or Event of Default has occurred and is continuing or would have occurred immediately after giving effect thereto, and (b) in the case of a consolidation or merger or transfer of assets involving the Company and in which the Company is not the surviving corporation or sells, leases or transfers all or substantially all of its property and assets, the surviving corporation or person purchasing, leasing or receiving such property and assets is organized in the United States of America or a state thereof and agrees to be bound by the terms and provisions applicable to the Company hereunder.

SECTION 5.10. Limitations on Liens. In the case of the Company, create, suffer to be created, or assume (directly or indirectly) any mortgage, pledge or other lien upon any Principal Property, or permit any Restricted Subsidiary to create, suffer to be created, or assume (directly or indirectly) any mortgage, pledge or other lien upon any Principal Property; provided, however, that this covenant shall not apply to any of the following:

- (a) any mortgage, pledge or other lien on any Principal Property hereafter acquired, constructed or improved by the Company or any Restricted Subsidiary which is created or

assumed to secure or provide for the payment of any part of the purchase price of such property or the cost of such construction or improvement, or any mortgage, pledge or other lien on any Principal Property existing at the time of acquisition thereof, provided, however, that the mortgage, pledge or other lien shall not extend to any Principal Property theretofore owned by the Company or any Restricted Subsidiary;

(b) any mortgage, pledge or other lien on any Principal Property existing on the date of this Agreement as described in Schedule 5.10;

(c) any mortgage, pledge or other lien existing upon any property of a company which is merged with or into or is consolidated into, or substantially all the assets or shares of capital stock of which are acquired by, the Company or a Restricted Subsidiary, at the time of such merger, consolidation or acquisition, provided that such mortgage, pledge or other lien does not extend to any other Principal Property, other than improvements to the property subject to such mortgage, pledge or other lien;

(d) any pledge or deposit to secure payment of workers' compensation or insurance premiums, or in connection with tenders, bids, contracts (other than contracts for the payment of money) or leases;

(e) any pledge of, or other lien upon, any assets as security for the payment of any tax, assessment or other similar charge by any Governmental Authority or public body, or as security required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or right;

(f) any pledge or lien necessary to secure a stay of any legal or equitable process in a proceeding to enforce a liability or obligation contested in good faith by the Company or a Restricted Subsidiary or required in connection with the institution by the Company or a Restricted Subsidiary of any legal or equitable proceeding to enforce a right or to obtain a remedy claimed in good faith by the Company or a Restricted Subsidiary, or required in connection with any order or decree in any such proceeding or in connection with any contest of any tax or other governmental charge; or the making of any deposit with or the giving of any form of security to any governmental agency or any body created or approved by law or governmental regulation in order to entitle the Company or a Restricted Subsidiary to maintain self-insurance or to participate in any fund in connection with workers' compensation, unemployment insurance, old age pensions or other social security or to share in any provisions or other benefits provided for companies participating in any such arrangement or for liability on insurance of credits or other risks;

(g) any mechanics', carriers', workmen's, repairmen's, or other like liens, if arising in the ordinary course of business, in respect of obligations which are not overdue or liability for which is being contested in good faith by appropriate proceedings;

(h) any lien or encumbrance on property in favor of the United States of America, or of any agency, department or other instrumentality thereof, to secure partial, progress or advance payments pursuant to the provisions of any contract;

(i) any mortgage, pledge or other lien securing any indebtedness incurred in any manner to finance or recover the cost to the Company or any Restricted Subsidiary of any physical property, real or personal, which prior to or simultaneously with the creation of such indebtedness shall have been leased by the Company or a Restricted Subsidiary to the United

States of America or a department or agency thereof at an aggregate rental, payable during that portion of the initial term of such lease (without giving effect to any options of renewal or extension) which shall be unexpired at the date of the creation of such indebtedness, sufficient (taken together with any amounts required to be paid by the lessee to the lessor upon any termination of such lease) to pay in full at the stated maturity date or dates thereof the principal of and the interest on such indebtedness;

(j) any mortgage, pledge or other lien securing indebtedness of a Restricted Subsidiary to the Company or a Restricted Subsidiary, provided that in the case of any sale or other disposition of such indebtedness by the Company or such Restricted Subsidiary, such sale or other disposition shall be deemed to constitute the creation of another mortgage, pledge or other lien not permitted by this clause (j);

(k) any mortgage, pledge or other lien affecting property of the Company or any Restricted Subsidiary securing indebtedness of the United States of America or a State thereof (or any instrumentality or agency of either thereof) issued in connection with a pollution control or abatement program required in the opinion of the Company to meet environmental criteria with respect to manufacturing or processing operations of the Company or any Restricted Subsidiary and the proceeds of which indebtedness have financed the cost of acquisition of such program;

(l) the renewal, extension, replacement or refunding of any mortgage, pledge, lien, deposit, charge or other encumbrance permitted by the foregoing provisions of this covenant upon the same property theretofore subject thereto, or the renewal, extension, replacement or refunding of the amount secured thereby, provided that in each case such amount outstanding at that time shall not be increased; or

(m) any other mortgage, pledge or other lien, provided that immediately after the creation or assumption of such mortgage, pledge or other lien, the total of (x) the aggregate principal amount of indebtedness of the Company and all Restricted Subsidiaries secured by all mortgages, pledges and other liens created or assumed under the provisions of this clause (m), plus (y) the aggregate amount of Capitalized Lease-Back Obligations of the Company and Restricted Subsidiaries under the entire unexpired terms of all leases entered into in connection with sale and lease-back transactions which would have been precluded by the provisions of Section 5.11 but for the satisfaction of the condition set forth in clause (b) thereof, shall not exceed an amount equal to 5% of Consolidated Net Tangible Assets.

The lease of any property by the Company or a Restricted Subsidiary and rental obligations with respect thereto (whether or not arising out of a sale and lease-back of properties and whether or not in accordance with GAAP such property is carried as an asset and such rental obligations are carried as indebtedness on the Company's or a Restricted Subsidiary's balance sheet) shall not in any event be deemed to be the creation of a mortgage, pledge or other lien.

SECTION 5.11. Limitations on Sale and Leaseback Transactions.

In the case of the Company or any Restricted Subsidiary, enter into any arrangement with any person providing for the leasing by the Company or any Restricted Subsidiary of any Principal Property (except for temporary leases for a term of not more than three years and except for leases between the Company and a Restricted Subsidiary or between Restricted Subsidiaries), which property has been or is to be sold or transferred by the Company or such Restricted Subsidiary to such person more than 120 days after the acquisition thereof or the completion of construction and commencement of full operation thereof, unless either (a) the Company shall apply an amount equal to the greater of the Fair Value of such

property or the net proceeds of such sale, within 120 days of the effective date of any such arrangement, to the retirement (other than any mandatory retirement or by way of payment at maturity) of Indebtedness or to the acquisition, construction, development or improvement of properties, facilities or equipment used for operating purposes which are, or upon such acquisition, construction, development or improvement will be, a Principal Property or a part thereof; or (b) at the time of entering into such arrangement, such Principal Property could have been subjected to a mortgage, pledge or lien securing indebtedness of the Company or a Restricted Subsidiary in a principal amount equal to the Capitalized Lease-Back Obligations with respect to such Principal Property under paragraph (m) of Section 5.10.

SECTION 5.12. Consolidated EBITDA to Consolidated Interest Expense. Permit the ratio of (a) Consolidated EBITDA to (b) Consolidated Interest Expense for any period of four consecutive fiscal quarters to be less than 3.75 to 1.0.

ARTICLE VI

EVENTS OF DEFAULT

In case of the happening of any of the following events (each an "Event of Default"):

(a) any representation or warranty made or deemed made in or in connection with the execution and delivery of this Agreement or the Borrowings hereunder shall prove to have been false or misleading in any material respect when so made, deemed made or furnished;

(b) default shall be made in the payment of any principal of any Loan when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or by acceleration thereof or otherwise;

(c) default shall be made in the payment of any interest on any Loan or any Fee or any other amount (other than an amount referred to in paragraph (b) above) due hereunder, when and as the same shall become due and payable, and such default shall continue unremedied for a period of ten days;

(d) default shall be made in the due observance or performance of any covenant, condition or agreement contained in Section 5.01, 5.09, 5.10, 5.11, 5.12 or 5.13 and, in the case of any default under Section 5.10, such default shall continue for 30 days;

(e) default shall be made in the due observance or performance of any covenant, condition or agreement contained herein (other than those specified in clauses (b), (c) or (d) above) and such default shall continue unremedied for a period of 30 days after notice thereof from the Administrative Agent or any Lender to the Company;

(f) the Company or any Subsidiary shall (i) fail to pay any principal or interest, regardless of amount, due in respect of any Indebtedness in a principal amount in excess of \$20,000,000, beyond the period of grace, if any, provided in the agreement or instrument under which such Indebtedness was created, or (ii) fail to observe or perform any other term, covenant, condition or agreement contained in any agreement or instrument evidencing or governing any such Indebtedness, or any other event shall occur or condition shall exist, beyond the period of grace, if any, provided in such agreement or instrument, if the effect of any failure referred to in this clause (ii) is to cause, or to permit the holder or holders of such

Indebtedness or a trustee on its or their behalf (with or without the giving of notice) to cause, such Indebtedness to become due prior to its stated maturity;

(g) an involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of the Company, or of a substantial part of the property or assets of the Company or any Subsidiary with assets having gross book value in excess of \$25,000,000, under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal or state bankruptcy, insolvency, receivership or similar law, (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Company or for a substantial part of the property or assets of the Company or any Subsidiary with assets having gross book value in excess of \$25,000,000 or (iii) the winding up or liquidation of the Company; and such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(h) the Company or any Subsidiary with assets having gross book value in excess of \$25,000,000 shall (i) voluntarily commence any proceeding or file any petition seeking relief under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal or state bankruptcy, insolvency, receivership or similar law, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or the filing of any petition described in (g) above, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Company or for a substantial part of the property or assets of the Company, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, (vi) become unable, admit in writing its inability or fail generally to pay its debts as they become due or (vii) take any action for the purpose of effecting any of the foregoing;

(i) one or more final judgments shall be entered by any court against the Company or any of the Subsidiaries for the payment of money in an aggregate amount in excess of \$100,000,000 and such judgment or judgments shall not have been paid, covered by insurance, discharged or stayed for a period of 60 days, or a warrant of attachment or execution or similar process shall have been issued or levied against property of the Company or any of the Subsidiaries to enforce any such judgment or judgments;

(j) an ERISA Event shall have occurred that, in the opinion of the Required Lenders, when taken together with all other such ERISA Events, could reasonably be expected to result in a Material Adverse Effect; or

(k) a Change in Control shall occur;

then, and in every such event (other than an event with respect to the Company or any Subsidiary with assets having gross book value in excess of \$25,000,000 described in paragraph (g) or (h) above), and at any time thereafter during the continuance of such event, the Administrative Agent, at the request of the Required Lenders, shall, by notice to the Company, take either or both of the following actions, at the same or different times: (i) terminate forthwith the Commitments and (ii) declare the Loans then outstanding to be forthwith due and payable in whole or in part, whereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrowers accrued hereunder, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived anything contained herein to the contrary notwithstanding; and, in the case of any event with respect to the Company or any Subsidiary

with assets having gross book value in excess of \$25,000,000 described in paragraph (g) or (h) above, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrowers accrued hereunder shall automatically become due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived anything contained herein to the contrary notwithstanding.

ARTICLE VII

GUARANTEE

The Company unconditionally and irrevocably guarantees the due and punctual payment and performance, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, of the Guaranteed Obligations. The Company further agrees that the Guaranteed Obligations may be extended or renewed, in whole or in part, without notice or further assent from it and that it will remain bound upon its guarantee notwithstanding any extension or renewal of any Guaranteed Obligations.

The Company waives presentment to, demand of payment from and protest to the Borrowing Subsidiaries of any of the Guaranteed Obligations, and also waives notice of acceptance of its guarantee and notice of protest for nonpayment. The obligations of the Company hereunder shall not be affected by (a) the failure of any Lender to assert any claim or demand or to enforce any right or remedy against the Borrowing Subsidiaries under the provisions of this Agreement or otherwise; (b) any rescission, waiver, amendment or modification of any of the terms or provisions of this Agreement, any guarantee or any other agreement; or (c) the failure of any Lender to exercise any right or remedy against any other guarantor of the Guaranteed Obligations.

The Company further agrees that its guarantee constitutes a guarantee of payment when due and not of collection, and waives any right to require that any resort be had by the Administrative Agent or any Lender to any security, if any, held for payment of the Guaranteed Obligations or to any balance of any deposit account or credit on its books, in favor of the Borrowing Subsidiaries or any other person.

The obligations of the Company hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of the Guaranteed Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of the Company hereunder shall not be discharged or impaired or otherwise affected by the failure of the Administrative Agent or any Lender to assert any claim or demand or to enforce any remedy under this Agreement, any guarantee or any other agreement, by any waiver or modification of any provision thereof, by any default, failure or delay, wilful or otherwise, in the performance of the Guaranteed Obligations, or by any other act or omission which may or might in any manner or to any extent vary the risk of the Company or otherwise operate as a discharge of the Company as a matter of law or equity.

To the extent permitted by applicable law, the Company waives any defense based on or arising out of any defense available to the Borrowing Subsidiaries, including any defense based on or arising out of any disability of the Borrowing Subsidiaries, or the unenforceability of the Guaranteed Obligations or any part thereof from any cause, or the cessation from any cause of the liability of the

Borrowing Subsidiaries, other than final payment in full of the Guaranteed Obligations. The Administrative Agent and the Lenders may, at their election, foreclose on any security held by one or more of them by one or more judicial or non-judicial sales, or exercise any other right or remedy available to them against the Borrowing Subsidiaries, or any security without affecting or impairing in any way the liability of the Company hereunder except to the extent the Guaranteed Obligations have been fully and finally paid. The Company waives any defense arising out of any such election even though such election operates to impair or to extinguish any right of reimbursement or subrogation or other right or remedy of the Company against the Borrowing Subsidiaries or any security.

The Company further agrees that its guarantee shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of principal of or interest on any Guaranteed Obligation is rescinded or must otherwise be restored by any Lender upon the bankruptcy or reorganization of any Borrowing Subsidiary or otherwise.

In furtherance of the foregoing and not in limitation of any other right which the Administrative Agent or any Lender may have at law or in equity against the Company by virtue hereof, upon the failure of any Borrowing Subsidiary to pay any Guaranteed Obligation when and as the same shall become due, whether at maturity, by acceleration, after notice of prepayment or otherwise, the Company hereby promises to and will, upon receipt of written demand by the Administrative Agent or any Lender, forthwith pay or cause to be paid to the Administrative Agent or such Lender in cash the amount of such unpaid Guaranteed Obligation.

The Company hereby irrevocably waives and releases any and all rights of subrogation, indemnification, reimbursement and similar rights which it may have against or in respect of the Borrowing Subsidiaries at any time relating to the Guaranteed Obligations, including all rights that would result in its being deemed a "creditor" of the Borrowing Subsidiaries under the United States Code as now in effect or hereafter amended, or any comparable provision of any successor statute.

ARTICLE VIII

THE ADMINISTRATIVE AGENT

In order to expedite the transactions contemplated by this Agreement, Chemical Bank is hereby appointed to act as Administrative Agent on behalf of the Lenders. Each of the Lenders hereby irrevocably authorizes the Administrative Agent to take such actions on behalf of such Lender and to exercise such powers as are specifically delegated to the Administrative Agent by the terms and provisions hereof, together with such actions and powers as are reasonably incidental thereto. The Administrative Agent is hereby expressly authorized by the Lenders, without hereby limiting any implied authority, (a) to receive on behalf of the Lenders all payments of principal of and interest on the Loans and all other amounts due to the Lenders hereunder, and promptly to distribute to each Lender its proper share of each payment so received; (b) to give notice on behalf of each of the Lenders to the Borrowers of any Event of Default of which the Administrative Agent has actual knowledge acquired in connection with its agency hereunder; and (c) to distribute to each Lender copies of all notices, financial statements and other materials delivered by the Borrowers pursuant to this Agreement as received by the Administrative Agent.

Neither the Administrative Agent nor any of its directors, officers, employees or agents shall be liable as such for any action taken or omitted by any of them except for its or his or her own gross negligence or willful misconduct, or be responsible for any statement, warranty or

representation herein or the contents of any document delivered in connection herewith, or be required to ascertain or to make any inquiry concerning the performance or observance by the Borrowers of any of the terms, conditions, covenants or agreements contained in this Agreement. The Administrative Agent shall not be responsible to the Lenders for the due execution, genuineness, validity, enforceability or effectiveness of this Agreement or other instruments or agreements. The Administrative Agent may deem and treat the Lender which makes any Loan as the holder of the indebtedness resulting therefrom for all purposes hereof until it shall have received notice from such Lender, given as provided herein, of the transfer thereof. The Administrative Agent shall in all cases be fully protected in acting, or refraining from acting, in accordance with written instructions signed by the Required Lenders and, except as otherwise specifically provided herein, such instructions and any action or inaction pursuant thereto shall be binding on all the Lenders. The Administrative Agent shall, in the absence of knowledge to the contrary, be entitled to rely on any instrument or document believed by it in good faith to be genuine and correct and to have been signed or sent by the proper person or persons. Neither the Administrative Agent nor any of its directors, officers, employees or agents shall have any responsibility to the Borrowers on account of the failure of or delay in performance or breach by any Lender of any of its obligations hereunder or to any Lender on account of the failure of or delay in performance or breach by any other Lender or the Borrowers of any of their respective obligations hereunder or in connection herewith. The Administrative Agent may execute any and all duties hereunder by or through agents or employees and shall be entitled to rely upon the advice of legal counsel selected by it with respect to all matters arising hereunder and shall not be liable for any action taken or suffered in good faith by it in accordance with the advice of such counsel.

The Lenders hereby acknowledge that the Administrative Agent shall be under no duty to take any discretionary action permitted to be taken by it pursuant to the provisions of this Agreement unless it shall be requested in writing to do so by the Required Lenders.

Subject to the appointment and acceptance of a successor Administrative Agent as provided below, the Administrative Agent may resign at any time by notifying the Lenders and the Company. Upon any such resignation, the Required Lenders shall have the right to appoint a successor Administrative Agent acceptable to the Company. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent which shall be a bank with an office in New York, New York, having a combined capital and surplus of at least \$500,000,000 or an Affiliate of any such bank. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor bank, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 9.05 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Administrative Agent.

With respect to the Loans made by it hereunder, the Administrative Agent in its individual capacity and not as Administrative Agent shall have the same rights and powers as any other Lender and may exercise the same as though it were not the Administrative Agent, and the Administrative Agent and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrowers or any Subsidiary or other Affiliate thereof as if it were not the Administrative Agent.

Each Lender agrees (i) to reimburse the Administrative Agent, on demand, in the amount of its pro rata share (based on its Commitment hereunder or, if the Commitments shall have been terminated, the amount of its outstanding Loans) of any expenses incurred for the benefit of the

Lenders by the Administrative Agent, including counsel fees and compensation of agents and employees paid for services rendered on behalf of the Lenders, which shall not have been reimbursed by the Borrowers and (ii) to indemnify and hold harmless the Administrative Agent and any of its directors, officers, employees or agents, on demand, in the amount of such pro rata share, from and against any and all liabilities, taxes, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against it in its capacity as the Administrative Agent in any way relating to or arising out of this Agreement or any action taken or omitted by it under this Agreement to the extent the same shall not have been reimbursed by the Borrowers; provided that no Lender shall be liable to the Administrative Agent for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the gross negligence or willful misconduct of the Administrative Agent or any of its directors, officers, employees or agents. Each Lender agrees that any allocation made in good faith by the Administrative Agent of expenses or other amounts referred to in this paragraph between this Agreement and the Facility B Credit Agreement shall be conclusive and binding for all purposes.

Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement or any related agreement or any document furnished hereunder or thereunder.

ARTICLE IX

MISCELLANEOUS

SECTION 9.01. Notices. Notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed or sent by telecopy, as follows:

(a) if to any Borrower, to ITT Industries, Inc., Red Oak Corporate Park, 4 West Red Oak Lane, Harrison, New York 10604, Attention of Treasurer (Telecopy No. 914-696-2950);

(b) if to the Administrative Agent, to Chemical Bank Agency Services Corp., 140 East 45th Street, 29th Floor, New York, New York 10017, Attention of Mr. Chris Moriarty, (Telecopy No. 212-622-0002), with a copy to Chemical Bank at 270 Park Avenue, New York, New York 10017, Re: ITT Industries, Inc.; and

(c) if to a Lender, to it at its address (or telecopy number) set forth in Schedule 2.01 or in the Assignment and Acceptance pursuant to which such Lender became a party hereto.

All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt if delivered by hand or overnight courier service or sent by telecopy to such party as provided in this Section or in accordance with the latest unrevoked direction from such party given in accordance with this Section.

SECTION 9.02. Survival of Agreement. All covenants, agreements, representations and warranties made by the Borrowers herein and in the certificates or other instruments prepared or

delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the Lenders and shall survive the making by the Lenders of the Loans regardless of any investigation made by the Lenders or on their behalf, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any Fee or any other amount payable under this Agreement is outstanding and unpaid or the Commitments have not been terminated. The provisions of Sections 2.13, 2.15, 2.19 and 9.05 shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement, the consummation of the transactions contemplated hereby, the repayment of any of the Loans, the expiration of the Commitments, the invalidity or unenforceability of any term or provision of this Agreement, or any investigation made by or on behalf of the Administrative Agent or any Lender.

SECTION 9.03. Binding Effect. This Agreement shall become effective when it shall have been executed by the Company and the Administrative Agent and when the Administrative Agent shall have received copies hereof (teletyped or otherwise) which, when taken together, bear the signature of each Lender, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the Borrowers shall not have the right to assign any rights hereunder or any interest herein without the prior consent of all the Lenders.

SECTION 9.04. Successors and Assigns. (a) Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of any party that are contained in this Agreement shall bind and inure to the benefit of its successors and assigns.

(b) Each Lender may assign to one or more assignees all or a portion of its interests, rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); provided, however, that (i) except in the case of an assignment to a Lender or an Affiliate of a Lender, the Company must give its prior written consent to such assignment (which consent, if required, shall not be unreasonably withheld in the event an Event of Default has occurred and is continuing), (ii) the parties to each such assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance, and a processing and recordation fee of \$3,000 (provided that, in the case of simultaneous assignment of interests under this Agreement and the Facility B Credit Agreement, the aggregate fee shall be \$3,000), (iii) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire, and (iv) the amount of the Commitment of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$5,000,000 and the amount of the Commitment of such Lender remaining after such assignment shall not be less than \$5,000,000 or shall be zero. Upon acceptance and recording pursuant to paragraph (e) of this Section, from and after the effective date specified in each Assignment and Acceptance, which effective date shall be at least five Business Days after the execution thereof, (A) the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement and (B) the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto (but shall continue to be entitled to the benefits of Sections 2.13, 2.15, 2.19 and 9.05, as well as to any Fees accrued for its account hereunder and not yet paid)). Notwithstanding the foregoing, any Lender assigning its rights and obligations under this Agreement may retain any Competitive Loans made by it outstanding at such time, and in such case shall retain its rights hereunder in respect of any Loans so retained until such Loans have been repaid in full in accordance with this Agreement.

(c) By executing and delivering an Assignment and Acceptance, the assigning Lender thereunder and the assignee thereunder shall be deemed to confirm to and agree with each other and the other parties hereto as follows: (i) such assigning Lender warrants that it is the legal and beneficial owner of the interest being assigned thereby free and clear of any adverse claim, (ii) except as set forth in (i) above, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement, or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto or the financial condition of the Borrowers or the performance or observance by the Borrowers of any obligations under this Agreement or any other instrument or document furnished pursuant hereto; (iii) such assignee represents and warrants that it is legally authorized to enter into such Assignment and Acceptance; (iv) such assignee confirms that it has received a copy of this Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.03 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (v) such assignee will independently and without reliance upon the Administrative Agent, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (vi) such assignee appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent by the terms hereof, together with such powers as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

(d) The Administrative Agent shall maintain at one of its offices in The City of New York a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and the principal amount of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive in the absence of manifest error and the Borrowers, the Administrative Agent and the Lenders may treat each person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by each party hereto, at any reasonable time and from time to time upon reasonable prior notice.

(e) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee together with an Administrative Questionnaire completed in respect of the assignee (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) above and the written consent of the Company to such assignment, the Administrative Agent shall (i) accept such Assignment and Acceptance and (ii) record the information contained therein in the Register.

(f) Each Lender may sell participations to one or more banks or other entities in all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); provided, however, that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) each participating bank or other entity shall be entitled to the benefit of the cost protection provisions contained in Sections 2.13, 2.15 and 2.19 to the same extent as if it were the selling Lender (and limited to the amount that could have been claimed by the selling Lender had it continued to hold the interest of such participating bank or other entity), except that all claims made pursuant to such Sections shall be made through such selling Lender, and (iv) the Borrowers, the Administrative Agent and the other Lenders shall continue to deal solely and

directly with such selling Lender in connection with such Lender's rights and obligations under this Agreement.

(g) Any Lender or participant may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section, disclose to the assignee or participant or proposed assignee or participant any information relating to the Borrowers furnished to such Lender; provided that, prior to any such disclosure, each such assignee or participant or proposed assignee or participant shall execute an agreement for the benefit of the Company whereby such assignee or participant shall agree (subject to customary exceptions) to preserve the confidentiality of any such information.

(h) The Borrowers shall not assign or delegate any rights and duties hereunder without the prior written consent of all Lenders.

(i) Any Lender may at any time pledge all or any portion of its rights under this Agreement to a Federal Reserve Bank; provided that no such pledge shall release any Lender from its obligations hereunder or substitute any such Bank for such Lender as a party hereto. In order to facilitate such an assignment to a Federal Reserve Bank, each Borrower shall, at the request of the assigning Lender, duly execute and deliver to the assigning Lender a promissory note or notes evidencing the Loans made to such Borrower by the assigning Lender hereunder.

SECTION 9.05. Expenses; Indemnity. (a) The Borrowers agree to pay all reasonable out-of-pocket expenses incurred by the Administrative Agent in connection with entering into this Agreement or in connection with any amendments, modifications or waivers of the provisions hereof, or incurred by the Administrative Agent or any Lender in connection with the enforcement or protection of their rights in connection with this Agreement or in connection with the Loans made hereunder, including the fees and disbursements of counsel for the Administrative Agent or, in the case of enforcement, the Lenders.

(b) The Borrowers agree to indemnify the Administrative Agent, each Lender, each of their Affiliates and the directors, officers, employees and agents of the foregoing (each such person being called an "Indemnatee") against, and to hold each Indemnatee harmless from, any and all losses, claims, damages, liabilities and related expenses, including reasonable counsel fees and expenses, incurred by or asserted against any Indemnatee arising out of (i) the consummation of the transactions contemplated by this Agreement, (ii) the use of the proceeds of the Loans or (iii) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any Indemnatee is a party thereto; provided that such indemnity shall not, as to any Indemnatee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a final judgment of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such Indemnatee.

(c) The provisions of this Section shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement, the consummation of the transactions contemplated hereby, the repayment of any of the Loans, the invalidity or unenforceability of any term or provision of this Agreement or any investigation made by or on behalf of the Administrative Agent or any Lender. All amounts due under this Section shall be payable on written demand therefor.

SECTION 9.06. APPLICABLE LAW. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

SECTION 9.07. Waivers; Amendment. (a) No failure or delay of the Administrative Agent or any Lender in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies which they would otherwise have. No waiver of any provision of this Agreement or consent to any departure therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on any Borrower or any Subsidiary in any case shall entitle such party to any other or further notice or demand in similar or other circumstances.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrowers and the Required Lenders; provided, however, that no such agreement shall (i) decrease the principal amount of, or extend the maturity of or any scheduled principal payment date or date for the payment of any interest or fees on any Loan, or waive or excuse any such payment or any part thereof, or decrease the rate of interest on any Loan, without the prior written consent of each Lender affected thereby, (ii) increase the Commitment or decrease the Facility Fee of any Lender or other amounts due to any Lender without the prior written consent of such Lender, (iii) limit or release the guarantee set forth in Article VII, or (iv) amend or modify the provisions of Section 2.16 or Section 9.04(h), the provisions of this Section or the definition of the "Required Lenders", without the prior written consent of each Lender; provided further, however, that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent hereunder without the prior written consent of the Administrative Agent. Each Lender shall be bound by any waiver, amendment or modification authorized by this Section and any consent by any Lender pursuant to this Section shall bind any assignee of its rights and interests hereunder.

SECTION 9.08. Entire Agreement. This Agreement, the agreements referenced in Section 2.06(b) and the letter agreement attached as Exhibit F constitute the entire contract among the parties relative to the subject matter hereof. Any previous agreement among the parties with respect to the subject matter hereof is superseded by this Agreement. Nothing in this Agreement, expressed or implied, is intended to confer upon any party other than the parties hereto any rights, remedies, obligations or liabilities under or by reason of this Agreement.

SECTION 9.09. Severability. In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 9.10. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original but all of which when taken together shall constitute but one contract, and shall become effective as provided in Section 9.03.

SECTION 9.11. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

SECTION 9.12. Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or obligations of the Company and any Borrowing Subsidiary now or hereafter existing under this Agreement held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement and although such obligations may be unmatured. Each Lender agrees promptly to notify the Company and the Administrative Agent after such setoff and application made by such Lender, but the failure to give such notice shall not affect the validity of such setoff and application. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 9.13. JURISDICTION; CONSENT TO SERVICE OF PROCESS. (A) EACH BORROWER HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF ANY NEW YORK STATE COURT OR FEDERAL COURT OF THE UNITED STATES OF AMERICA SITTING IN NEW YORK CITY, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. SUBJECT TO THE FOREGOING AND TO PARAGRAPH (B) BELOW, NOTHING IN THIS AGREEMENT SHALL AFFECT ANY RIGHT THAT ANY PARTY HERETO MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT AGAINST ANY OTHER PARTY HERETO IN THE COURTS OF ANY JURISDICTION.

(B) EACH BORROWER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT IT MAY LEGALLY AND EFFECTIVELY DO SO, ANY OBJECTION WHICH IT MAY NOW OR THEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT IN ANY NEW YORK STATE OR FEDERAL COURT. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(C) EACH PARTY TO THIS AGREEMENT IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 9.01. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY TO THIS AGREEMENT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

SECTION 9.14. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT. EACH PARTY HERETO (A) CERTIFIES THAT NO

REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATION IN THIS SECTION.

SECTION 9.15. Addition of Borrowing Subsidiaries. Each Borrowing Subsidiary which shall deliver to the Administrative Agent a Borrowing Subsidiary Agreement executed by such Subsidiary and the Company shall, upon such delivery and without further act, become a party hereto and a Borrower hereunder with the same effect as if it had been an original party to this Agreement.

SECTION 9.16. Execution. Upon execution by the Lenders, this Agreement will be executed with Old ITT as "the Company" all as contemplated by the letter agreement attached as Exhibit F, and upon execution of this Agreement by the Company, the Company shall succeed to the rights and obligations of Old ITT as contemplated in this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

ITT INDUSTRIES, INC., as Borrower,

by /s/ Richard J. M. Hamilton

Name: Richard J. M. Hamilton
Title: Senior Vice President and Controller

CHEMICAL BANK, individually and as
Administrative Agent,

by /s/ Robert K. Gaynor

Name: Robert K. Gaynor
Title: Vice President

ABN AMRO BANK N.V., NEW YORK BRANCH,

by /s/ Frances O'R. Logan

Name: Frances O'R. Logan
Title: Vice President

by /s/ William J. Van Nostrand

Name: William J. Van Nostrand
Title: Vice President

ARAB BANK PLC,

by /s/ Nofal S. Barbar

Name: Nofal S. Barbar
Title: Executive Vice President and Branch
Manager

BANCA COMMERCIALE ITALIANA, NEW YORK
BRANCH,

by /s/ Charles Dougherty

Name: Charles Dougherty
Title: Vice President

by /s/ M. Welch

Name: M. Welch
Title: Assistant Vice President

BANCA DI ROMA - NEW YORK BRANCH,

by /s/ Ralph L. Riehle

Name: Ralph L. Riehle
Title: First Vice President

by /s/ Luca Balestra

Name: Luca Balestra
Title: Assistant Vice President

BANCA NAZIONALE DEL LAVORO S.P.A., NEW
YORK BRANCH,

by /s/ Giuliano Violetta

Name: Giuliano Violetta
Title: First Vice President

by /s/ Giulio Giovine

Name: Giulio Giovine
Title: Vice President

BANCA POPOLARE DI MILANO,

by /s/ Anthony Franco

Name: Anthony Franco
Title: Executive Vice President/
General Manager

by /s/ Nicholas Cinosi

Name: Nicholas Cinosi
Title: Vice President

BANK OF AMERICA ILLINOIS,

by /s/ Ambrish D. Thanawais

Name: Ambrish D. Thanawais
Title: Vice President

BANK OF HAWAII,

by /s/ John R. Landgraf

Name: John R. Landgraf
Title: Officer

THE BANK OF NEW YORK,

by /s/ Mary Anne Zagroba

Name: Mary Anne Zagroba
Title: Vice President

THE BANK OF NOVA SCOTIA,

by /s/ J. Alan Edwards

Name: J. Alan Edwards
Title: Authorized Signatory

THE BANK OF TOKYO TRUST COMPANY,

by /s/ Amanda S. Ryan

Name: Amanda S. Ryan
Title: Vice President

BANKERS TRUST COMPANY,

by /s/ Katherine A. Judge

Name: Katherine A. Judge
Title: Vice President

BARCLAYS BANK PLC,

by /s/ John C. Livingston

Name: John C. Livingston
Title: Associate Director

BAYERISCHE LANDESBANK GIROZENTRALE,
CAYMAN ISLANDS BRANCH,

by /s/ Wilfried Freudenberger

Name: Wilfried Freudenberger
Title: Executive Vice President and
General Manager

by /s/ Peter Oberman

Name: Peter Oberman
Title: Senior Vice President
Manager Lending Division

CIBC, INC.,

by /s/ J. Domkowski

Name: J. Domkowski
Title: Vice President

THE CHASE MANHATTAN BANK, N.A.,

by /s/ David B. Townsend

Name: David B. Townsend
Title: Managing Director

CITIBANK, N.A.,

by /s/ Elizabeth A. Palermo

Name: Elizabeth A. Palermo
Title: Attorney-in-Fact

COMERICA BANK,

by /s/ Cheryl W. Ewers

Name: Cheryl W. Ewers
Title: Accounting Officer

COMMERZBANK AKTIENGESELLSCHAFT, GRAND
CAYMAN BRANCH,

by /s/ Thomas Ausfahl

Name: Thomas Ausfahl
Title: Assistant Vice President

by /s/ Robert Donohue

Name: Robert Donohue
Title: Vice President

COMPAGNIE FINANCIERE DE CIC ET DE
L'UNION EUROPEENNE,

by /s/ Eric Longuet

Name: Eric Longuet
Title: Vice President

by /s/ Albert M. Calo

Name: Albert M. Calo
Title: Vice President

CREDIT LYONNAIS, NEW YORK BRANCH,

by /s/ Robert Ivosevich

Name: Robert Ivosevich
Title: Senior Vice President

CREDIT SUISSE,

by /s/ Robert B. Potter

Name: Robert B. Potter
Title: Member of Senior Management

by /s/ Chris T. Horgan

Name: Chris T. Horgan
Title: Associate

CREDITO ITALIANO, S.P.A.

by /s/ Harmon P. Butler

Name: Harmon P. Butler
Title: First Vice President and
Deputy Manager

by /s/ Saiyed A. Abbas

Name: Saiyed A. Abbas
Title: Assistant Vice President

THE DAI-ICHI KANGYO BANK, LTD., NEW
YORK BRANCH,

by /s/ Timothy White

Name: Timothy White
Title: Vice President

DEN DANSKE BANK,

by /s/ Bent V. Christensen

Name: Bent V. Christensen
Title: Vice President

by /s/ Mogens Sendergaard

Name: Mogens Sendergaard
Title: Vice President

DEUTSCHE BANK AG, NEW YORK BRANCH AND/OR
CAYMAN ISLANDS BRANCH,

by /s/ Hans-Josef Thiele

Name: Hans-Josef Thiele
Title: Vice President

by /s/ Stephen A. Wiedemann

Name: Stephen A. Wiedemann
Title: Vice President

DG BANK DEUTSCHE GENOSSENSCHAFTSBANK,

by /s/ Mark K. Connelly

Name: Mark K. Connelly
Title: Vice President

by /s/ Karen A. Brinkman

Name: Karen A. Brinkman
Title: Vice President

DRESDNER BANK AG, NEW YORK BRANCH AND
GRAND CAYMAN BRANCH,

by /s/ J. Michael Leffler

Name: J. Michael Leffler
Title: Senior Vice President

by /s/ B. Craig Erickson

Name: B. Craig Erickson
Title: Vice President

FIRST INTERSTATE BANK OF CALIFORNIA,

by /s/ William J. Baird

Name: William J. Baird
Title: Senior Vice President

by /s/ Judy A. Maahs

Name: Judy A. Maahs
Title: Assistant Vice President

THE FIRST NATIONAL BANK OF BOSTON,

by /s/ Kevin F. Malone

Name: Kevin F. Malone
Title: Director

THE FIRST NATIONAL BANK OF CHICAGO,

by /s/ Randall L. Faust

Name: Randall L. Faust
Title: Assistant Vice President

FIRST UNION NATIONAL BANK OF NORTH
CAROLINA,

by /s/ Mark M. Harden

Name: Mark M. Harden
Title: Vice President

THE FUJI BANK, LIMITED, NEW YORK BRANCH,

by /s/ Gina M. Kearns

Name: Gina M. Kearns
Title: Vice President and Manager

THE INDUSTRIAL BANK OF JAPAN, LIMITED,
NEW YORK BRANCH,

by /s/ John V. Veltri

Name: John V. Veltri
Title: Senior Vice President

ISTITUTO BANCARIO SAN PAOLO DI TORINO SPA,

by /s/ Wendell Jones

Name: Wendell Jones
Title: Vice President

by /s/ Ettore Viazzo

Name: Ettore Viazzo
Title: Vice President

KREDIETBANK N.V.,

by /s/ Armen Karozichian

Name: Armen Karozichian
Title: Vice President

by /s/ Robert Snauffer

Name: Robert Snauffer
Title: Vice President

LLOYDS BANK PLC,

by /s/ Paul D. Briamonte

Name: Paul D. Briamonte
Title: Vice President B374

by /s/ Stephen J. Attree

Name: Stephen J. Attree
Title: Assistant Vice President A088

LTCB TRUST COMPANY,

by /s/ Rene O. LeBlanc

Name: Rene O. LeBlanc
Title: Senior Vice President

THE MITSUBISHI BANK, LIMITED,

by /s/ Paula Mueller

Name: Paula Mueller
Title: Vice President

THE MITSUBISHI TRUST AND BANKING
CORPORATION,

by /s/ Patricia Loret de Mola

Name: Patricia Loret de Mola
Title: Senior Vice President

MORGAN GUARANTY TRUST COMPANY OF NEW YORK,

by /s/ George J. Stapleton

Name: George J. Stapleton
Title: Vice President

NATIONAL WESTMINSTER BANK PLC, NASSAU
BRANCH,

by /s/ Anne Marie Torre

Name: Anne Marie Torre
Title: Vice President

NATIONSBANK, N.A.,

by /s/ James T. Gilland

Name: James T. Gilland
Title: Senior Vice President

THE NIPPON CREDIT BANK, LTD.,

by /s/ Peter Capitelli

Name: Peter Capitelli
Title: Vice President and Manager

THE NORTHERN TRUST COMPANY,

by /s/ Daryl M. Robicsek

Name: Daryl M. Robicsek
Title: Vice President

PNC BANK, NATIONAL ASSOCIATION,

by /s/ Tom Partridge

Name: Tom Partridge
Title: Commercial Banking Officer

ROYAL BANK OF CANADA,

by /s/ Rainer R. Kraft

Name: Rainer R. Kraft
Title: Manager

THE SAKURA BANK, LIMITED, NEW YORK BRANCH,

by /s/ Masahiro Nakajo

Name: Masahiro Nakajo
Title: Senior Vice President

THE SANWA BANK LIMITED, NEW YORK BRANCH,

by /s/ Stephen C. Small

Name: Stephen C. Small
Title: Vice President and Area Manager

SOCIETE GENERALE,

by /s/ Sedare Cordin

Name: Sedare Cordin
Title: Vice President

THE SUMITOMO BANK, LIMITED, NEW YORK
BRANCH,

by /s/ Yoshinori Kawamura

Name: Yoshinori Kawamura
Title: Joint General Manager

SUNTRUST BANK, ATLANTA,

by /s/ Mary M. Smith

Name: Mary M. Smith
Title: Banking Officer

by /s/ Craig W. Farnsworth

Name: Craig W. Farnsworth
Title: Vice President

SWISS BANK CORPORATION, NEW YORK BRANCH,

by /s/ Susan N. Isquith

Name: Susan N. Isquith
Title: Director Credit Risk Management

by /s/ Edward J. McDonnell III

Name: Edward J. McDonnell III
Title: Associate Director International
Finance Division

THE TOKAI BANK, LIMITED,

by /s/ Stuart Schulman

Name: Stuart Schulman
Title: Senior Vice President

THE TORONTO-DOMINION BANK,

by /s/ Randall Bingham

Name: Randall Bingham
Title: Managing Director

UNION BANK OF SWITZERLAND, NEW YORK
BRANCH,

by /s/ Robert W. Casey Jr.

Name: Robert W. Casey Jr.
Title: Vice President

by /s/ Daniel R. Strickford

Name: Daniel R. Strickford
Title: Assistant Treasurer

WESTDEUTSCHE LANDESBANK GIROZENTRALE, NEW
YORK AND CAYMAN ISLANDS BRANCHES,

by /s/ A. Kumbie

Name: A. Kumbie
Title: Managing Director

by /s/ MPM Ransley

Name: MPM Ransley
Title: Associate

THE YASUDA TRUST AND BANKING COMPANY,
LIMITED, NEW YORK BRANCH,

by /s/ Rohn M. Laudenschlager

Name: Rohn M. Laudenschlager
Title: Senior Vice President

FORM OF COMPETITIVE BID REQUEST

Chemical Bank, as Administrative Agent
for the Lenders referred to below,
270 Park Avenue
New York, NY 10017

Attention: []

Dear Ladies and Gentlemen:

The undersigned, _____ (the "Borrower"), refers
to the 364-Day Competitive Advance and Revolving Credit Facility Agreement dated
as of November 2, 1995 (as it may hereafter be amended, modified, extended or
repeated from time to time, the "364-Day Agreement"), among the Borrower, the
Borrowing Subsidiaries parties thereto, the Lenders parties thereto and Chemical
Bank, as Administrative Agent. Capitalized terms used herein and not otherwise
defined herein shall have the meanings assigned to such terms in the 364-Day
Agreement. The Borrower hereby gives you notice pursuant to Section 2.03(a) of
the 364-Day Agreement that it requests a Competitive Borrowing under the 364-Day
Agreement, and in that connection sets forth below the terms on which such
Competitive Borrowing is requested to be made:

- (A) Date of Competitive Borrowing
(which is a Business Day) _____
(B) Principal amount of
Competitive Borrowing(1) _____
(C) Interest rate basis(2) _____
(D) Interest Period and the
last day thereof(3) _____

Upon acceptance of any or all of the Loans offered by the
Lenders in response to this request, the Borrower shall be deemed to have
represented and warranted that the conditions to lending specified in Section
4.01(b) and (c) of the 364-Day Agreement have been satisfied.

Very truly yours,

[NAME OF BORROWER],

by

Name:
Title: [Financial Officer]

- (1) Not less than \$10,000,000 (and in integral multiples of \$5,000,000) or
greater than the Total Commitment then available.
(2) Eurodollar Competitive Loan or Fixed Rate Loan.
(3) Which shall be subject to the definition of "Interest Period" and end
not later than the Maturity Date.

FORM OF NOTICE OF COMPETITIVE BID REQUEST

[Name of Lender]
[Address]

[Date]

Attention: []

Dear Ladies and Gentlemen:

Reference is made to the 364-Day Competitive Advance and Revolving Credit Facility Agreement dated as of November 2, 1995 (as it may hereafter be amended, modified, extended or restated from time to time, the "364-Day Agreement"), among ITT Industries, Inc. [, _____] (the "Borrower"), the Borrowing Subsidiaries parties thereto, the Lenders parties thereto and Chemical Bank, as Administrative Agent. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the 364-Day Agreement. The Borrower made a Competitive Bid Request on _____, 19[], pursuant to Section 2.03(a) of the 364-Day Agreement, and in that connection you are invited to submit a Competitive Bid by [Date]/[Time].(1) Your Competitive Bid must comply with Section 2.03(b) of the 364-Day Agreement and the terms set forth below on which the Competitive Bid Request was made:

- (A) Date of Competitive Borrowing _____
- (B) Principal amount of Competitive Borrowing _____
- (C) Interest rate basis _____
- (D) Interest Period and the last day thereof. _____
- (E) Currency _____

Very truly yours,

CHEMICAL BANK,
as Administrative Agent,

by _____
Name:
Title:

- - - - -
(1) The Competitive Bid must be received by the Administrative Agent (i) in the case of Eurodollar Competitive Loans, not later than 10:00 a.m., New York City time, four Business Days before a proposed Competitive Borrowing, and (ii) in the case of Fixed Rate Loans, not later than 10:00 a.m., New York City time, one Business Day before a proposed Competitive Borrowing.

FORM OF COMPETITIVE BID

Chemical Bank, as Administrative Agent
for the Lenders referred to below,
270 Park Avenue
New York, N.Y. 10017

[Date]

Attention: []

Dear Ladies and Gentlemen:

The undersigned, [Name of Lender], refers to the 364-Day Competitive Advance and Revolving Credit Facility Agreement dated as of November 2, 1995 (as it may be amended, modified, extended or restated from time to time, the "364-Day Agreement"), among ITT Industries, Inc. [] (the "Borrower"), the Borrowing Subsidiaries parties thereto, the Lenders named therein and Chemical Bank, as Administrative Agent. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the 364-Day Agreement. The undersigned hereby makes a Competitive Bid pursuant to Section 2.03(b) of the 364-Day Agreement, in response to the Competitive Bid Request made by the Borrower on _____, 19[], and in that connection sets forth below the terms on which such Competitive Bid is made:

- (A) Principal Amount(1) _____
- (B) Competitive Bid Rate(2) _____
- (C) Interest Period and last day thereof _____
- (D) Currency _____

The undersigned hereby confirms that it is prepared, subject to the conditions set forth in the 364-Day Agreement, to extend credit to the Borrower upon acceptance by the Borrower of this bid in accordance with Section 2.03(d) of the 364-Day Agreement.

Very truly yours,

[NAME OF LENDER],

by

Name:
Title:

(1) Not less than \$5,000,000 or greater than the requested Competitive Borrowing and in integral multiples of \$1,000,000. Multiple bids will be accepted by the Administrative Agent.

(2) i.e., LIBO Rate + or - __%, in the case of Eurodollar Competitive Loans or %, in the case of Fixed Rate Loans.

FORM OF COMPETITIVE BID ACCEPT/REJECT LETTER

[Date]

Chemical Bank, as Administrative Agent
for the Lenders referred to below
270 Park Avenue
New York, N.Y. 10017

Attention: []

Dear Ladies and Gentlemen:

The undersigned, _____ (the "Borrower"), refers to the 364-Day Competitive Advance and Revolving Credit Facility Agreement dated as of November 2, 1995 (as it may be amended, modified, extended or restated from time to time, the "364-Day Agreement"), among the Borrower, the Borrowing Subsidiaries parties thereto, the Lenders parties thereto and Chemical Bank, as Administrative Agent for the Lenders.

In accordance with Section 2.03(c) of the 364-Day Agreement, we have received a summary of bids in connection with our Competitive Bid Request dated _____, and in accordance with Section 2.03(d) of the 364-Day Agreement, we hereby accept the following bids for maturity on [date]:

Principal Amount	Fixed Rate/Margin	Lender
-----	-----	-----
\$	[%]/[+/- . %]	
\$		

We hereby reject the following bids:

Principal Amount	Fixed Rate/Margin	Lender
-----	-----	-----
\$	[%]/[+/- . %]	
\$		

The \$_____ should be deposited in Chemical Bank account number [] on [date].

Very truly yours,

[NAME OF BORROWER],

by

Name:
Title:

FORM OF STANDBY BORROWING REQUEST

Chemical Bank, as Administrative Agent
for the Lenders referred to below,
270 Park Avenue
New York, N.Y. 10017

[Date]

Attention: []

Dear Ladies and Gentlemen:

The undersigned, _____ (the "Borrower"), refers to the 364-Day Competitive Advance and Revolving Credit Facility Agreement dated as of November 2, 1995 (as it may be amended, modified, extended or restated from time to time, the "364-Day Agreement"), among the Borrower, the Borrowing Subsidiaries parties thereto, the Lenders parties thereto and Chemical Bank, as Administrative Agent. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the 364-Day Agreement. The Borrower hereby gives you notice pursuant to Section 2.04 of the 364-Day Agreement that it requests a Standby Borrowing under the 364-Day Agreement, and in that connection sets forth below the terms on which such Standby Borrowing is requested to be made:

- (A) Date of Standby Borrowing (which is a Business Day) _____
- (B) Principal amount of Standby Borrowing(1) _____
- (C) Interest rate basis(2) _____
- (D) Interest Period and the last day thereof(3) _____

Upon acceptance of any or all of the Loans made by the Lenders in response to this request, the Borrower shall be deemed to have represented and warranted that the conditions to lending specified in Section 4.01(b) and (c) of the 364-Day Agreement have been satisfied.

Very truly yours,

[NAME OF BORROWER],

by

Name:
Title: [Financial Officer]

(1) Not less than \$20,000,000 (and in integral multiples of \$5,000,000) or greater than the Total Commitment then available.

(2) Eurodollar Standby Loan or ABR Loan.

(3) Which shall be subject to the definition of "Interest Period" and end not later than the Maturity Date.

CHEMICAL BANK
140 East 45th Street
New York, NY 10017-3162

ITT INDUSTRIES, INC.
ADMINISTRATIVE QUESTIONNAIRE

Please accurately complete the following information and return via FAX to the attention of Janet Belden at Chemical Bank as soon as possible.

FAX NUMBER: 212-622-0122

LEGAL NAME TO APPEAR IN DOCUMENTATION:

GENERAL INFORMATION - DOMESTIC LENDING OFFICE:

Institution Name: -----

Street Address: -----

City, State, Zip Code: -----

GENERAL INFORMATION - EURODOLLAR LENDING OFFICE:

Institution Name: -----

Street Address: -----

City, State, Zip Code: -----

CONTACTS/NOTIFICATION METHODS:

CREDIT CONTACTS:

Primary Contact:

Street Address:

City, State, Zip Code:

Phone Number:

FAX Number:

Backup Contact:

Street Address:

City, State, Zip Code:

Phone Number:

FAX Number:

TAX WITHHOLDING:

Non Resident Alien Y* N

* Form 4224 Enclosed

Tax ID Number

CONTACTS/NOTIFICATION METHODS:

ADMINISTRATIVE CONTACTS - BORROWINGS, PAYDOWNS, INTEREST, FEES, ETC.

Contact:

Street Address:

City, State, Zip Code:

Phone Number:

FAX Number:

BID LOAN NOTIFICATION:

Contact: -----

Street Address: -----

City, State, Zip Code: -----

Phone Number: -----

FAX Number: -----

PAYMENT INSTRUCTIONS:

Name of Bank where funds are to be transferred: -----

Routing Transit/ABA number of Bank where funds are to be transferred: -----

Name of Account, if applicable: -----

Account Number: -----

Additional Information: -----

MAILINGS:

Please specify who should receive financial information:

Name: -----

Street Address: -----

City, State, Zip Code: -----

It is very important that all of the above information is accurately filled in and returned promptly. If there is someone other than yourself who should receive this questionnaire, please notify us of their name and FAX number and we will FAX them a copy of the questionnaire. If you have any questions, please call me on 212-622-0011.

[FORM OF]

ASSIGNMENT AND ACCEPTANCE

Dated: _____, 19__

Reference is made to the 364-Day Competitive Advance and Revolving Credit Facility Agreement dated as of November 2, 1995 (the "364-Day Agreement"), among ITT Industries, Inc. (the "Company"), the Borrowing Subsidiaries parties thereto, the Lenders parties thereto (the "Lenders") and Chemical Bank, as Administrative Agent for the Lenders. Terms defined in the 364-Day Agreement are used herein with the same meanings.

1. The Assignor hereby sells and assigns, without recourse, to the Assignee, and the Assignee hereby purchases and assumes, without recourse, from the Assignor, effective as of the Effective Date set forth below, the interests set forth below (the "Assigned Interest") in the Assignor's rights and obligations under the 364-Day Agreement, including, without limitation, the interests set forth below in the Commitment of the Assignor on the Effective Date and the Competitive Loans and Standby Loans owing to the Assignor which are outstanding on the Effective Date. Each of the Assignor and the Assignee hereby makes and agrees to be bound by all the representations, warranties and agreements set forth in Section 9.04 of the 364-Day Agreement, a copy of which has been received by each such party. From and after the Effective Date, (i) the Assignee shall be a party to and be bound by the provisions of the 364-Day Agreement and, to the extent of the interests assigned by this Assignment and Acceptance, have the rights and obligations of a Lender thereunder and (ii) the Assignor shall, to the extent of the interests assigned by this Assignment and Acceptance, relinquish its rights and be released from its obligations under the 364-Day Agreement.

2. This Assignment and Acceptance is being delivered to the Administrative Agent together with (i) if the Assignee is organized under the laws of a jurisdiction outside the United States, the forms specified in Section 2.19(g) of the 364-Day Agreement, duly completed and executed by such Assignee, (ii) if the Assignee is not already a Lender under the 364-Day Agreement, an Administrative Questionnaire in the form of Exhibit B to the 364-Day Agreement and (iii) a processing and recordation fee of \$3,000.

3. This Assignment and Acceptance shall be governed by and construed in accordance with the laws of the State of New York.

Date of Assignment:

Legal Name of Assignor:

Legal Name of Assignee:

Assignee's Address for Notices:

Effective Date of Assignment
(may not be fewer than 5 Business
Days after the Date of Assignment):

Facility -----	Principal Amount Assigned (and identifying information as to individual Competitive Loans) -----	Percentage Assigned of Facility/Commitment (set forth, to at least 8 decimals, as a percentage of the Facility and the aggregate Commitments of all Lenders thereunder) -----
Commitment Assigned:	\$ -----	% -----
Standby Loans:	\$ -----	% -----
Competitive Loans:	\$ -----	% -----

The terms set forth and on the reverse side
hereof are hereby agreed to:

Accepted:

ITT INDUSTRIES, INC.,

-----, as
Assignor,

by: _____
Name:
Title:

by: _____
Name:
Title:

-----,
as Assignee,

by: _____
Name:
Title:

[FORM OF]

OPINION OF COUNSEL FOR
ITT INDUSTRIES, INC.(1)

1. ITT Industries, Inc. (i) is a corporation duly organized, validly existing and in good standing under the laws of the State of Indiana, (ii) has all requisite power and authority to own its property and assets and to carry on its business as now conducted, (iii) is qualified to do business in every jurisdiction within the United States where such qualification is required, except where the failure so to qualify would not result in a Material Adverse Effect on ITT Industries, Inc., and (iv) has all requisite corporate power and authority to execute, deliver and perform its obligations under the Agreement and to borrow funds thereunder.

2. The execution, delivery and performance by ITT Industries, Inc. of the Agreement and the borrowings of ITT Industries, Inc. thereunder (collectively, the "Transactions") (i) have been duly authorized by all requisite corporate action and (ii) will not (a) violate (1) any provision of law, statute, rule or regulation (including without limitation, the Margin Regulations), or of the certificate of incorporation or other constitutive documents or by-laws of ITT Industries, Inc., (2) any order of any governmental authority or (3) any provision of any indenture, agreement or other instrument to which ITT Industries, Inc. is a party or by which it or its property is or may be bound, (b) be in conflict with, result in a breach of or constitute (alone or with notice or lapse of time or both) a default under any such indenture, agreement or other instrument or (c) result in the creation or imposition of any lien upon any property or assets of ITT Industries, Inc.

3. The Agreement has been duly executed and delivered by ITT Industries, Inc. and constitutes a legal, valid and binding obligation of ITT Industries, Inc. enforceable against ITT Industries, Inc. in accordance with its terms, subject as to the enforceability of rights and remedies to any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws of general application relating to or affecting the enforcement of creditors' rights from time to time in effect.

4. No action, consent or approval of, registration or filing with, or any other action by, any government authority is or will be required in connection with the Transactions, except such as have been made or obtained and are in full force and effect.

5. Neither ITT Industries, Inc. nor any of its subsidiaries is (a) except as set forth in the next sentence, an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940 (the "1940 Act") or (b) a "holding company" as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935.

- - - - -
(1) Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the 364-Day Competitive Advance and Revolving Credit Facility Agreement (the "Agreement") dated as of October [], 1995, among ITT Industries, Inc., the lenders listed in Schedule 2.01 thereto, and Chemical Bank, as Administrative Agent.

BORROWING SUBSIDIARY AGREEMENT dated as of
[], [], among ITT INDUSTRIES, INC., an
Indiana corporation (the "Company"), [Name of
Subsidiary], a [] corporation ("the
Subsidiary"), and CHEMICAL BANK, as administrative
agent (the "Administrative Agent") for the lenders
(the "Lenders") party to the 364-Day Competitive
Advance and Revolving Credit Facility Agreement dated
as of November 2, 1995, as amended (the "Agreement"),
among the Company, the Administrative Agent and the
Lenders.

Under the Agreement, the Lenders have agreed, upon the terms
and subject to the conditions therein set forth, to make competitive advance and
revolving credit loans and to issue Letters of Credit to the Company and to
Subsidiaries (as defined in the Agreement) of the Company which execute and
deliver to the Administrative Agent Borrowing Subsidiary Agreements in the form
of this Borrowing Subsidiary Agreement. The Company represents that the
Subsidiary is a subsidiary (as so defined) of the Company and that the guarantee
of the Company contained in Article VII of the Agreement applies to the
obligations of the Subsidiary. In consideration of being permitted to borrow or
have Letters of Credit issued under the Agreement upon the terms and subject to
the conditions set forth therein, the Subsidiary agrees that from and after the
date of this Borrowing Subsidiary Agreement it will be, and will be liable for
the observance and performance of all the obligations of, a Borrowing Subsidiary
under the Agreement, as the same may be amended from time to time, to the same
extent as if it had been one of the original parties to the Agreement and that
it will furnish to the Administrative Agent and the Lenders copies of its
financial statements on an annual basis.

IN WITNESS WHEREOF, the Company and the Subsidiary have caused
this Borrowing Subsidiary Agreement to be duly executed by their authorized
officers as of the date first appearing above.

ITT INDUSTRIES, INC.

by _____
Name:
Title:

[NAME OF SUBSIDIARY],

by _____
Name:
Title:

Accepted as of the date
first appearing above:

CHEMICAL BANK, as Administrative
Agent,

by _____
Name:
Title:

ITT Corporation
1330 Avenue of the Americas
New York, NY 10019

November ____, 1995

Chemical Bank, as Administrative Agent
for the Lenders
270 Park Avenue
New York, NY 10019

Attention: Elisabeth Hughes

Dear Sirs:

Reference is made to the 364-Day Competitive Advance and Revolving Credit Facility Agreement and the Five-Year Competitive Advance and Revolving Credit Facility Agreement (collectively, the "Credit Agreements"), each among ITT Industries, an Indiana corporation ("ITT Industries"), the lenders listed in Schedules 2.01 thereto (the "Lenders") and Chemical Bank, as administrative agent for the Lenders (the "Administrative Agent").

1. As contemplated by Section 9.16 of the 364-Day Credit Agreement, and Section 9.17 of the Five-Year Credit Agreement, ITT Corporation, a Delaware corporation ("Old ITT"), and the Administrative Agent, acting on behalf of the Lenders, hereby agree that the Credit Agreements shall be executed on the date hereof and that, except as otherwise provided herein, Old ITT will have all rights and obligations of the "Company" referred to therein.

2. Old ITT agrees that upon the completion of the Distribution, it shall cause ITT Industries to execute, and ITT Industries shall succeed to the rights and obligations of Old ITT under, the Credit Agreements.

3. Old ITT further agrees that prior to each of (a) the successions referred to in paragraph 2 above, (b) the termination and cancellation of the Existing Credit Facilities (as defined in the Credit Agreements), (c) the completion of the Distribution and (d) the satisfaction of

the other conditions set forth in the Credit Agreements, Old ITT shall not make any Borrowing or request the issuance of any Letter of Credit under the Credit Agreements.

This letter agreement shall be deemed to be a part of each of the Credit Agreements and shall have the same effect as if set forth in full therein. The failure of the Borrower to comply with the terms of this letter agreement shall constitute an Event of Default under the Credit Agreements.

Very truly yours,

ITT CORPORATION

by

Name:

Title:

Accepted and agreed to
as of the date first
written above:

CHEMICAL BANK, as Administrative Agent

by

Name:

Title:

FIVE-YEAR COMPETITIVE ADVANCE AND
REVOLVING CREDIT FACILITY AGREEMENT

Dated as of November 10, 1995

among

ITT INDUSTRIES, INC.

THE LENDERS NAMED HEREIN

and

CHEMICAL BANK, as Administrative Agent

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EXHIBITS AND SCHEDULES

Exhibit A-1	Form of Competitive Bid Request
Exhibit A-2	Form of Notice of Competitive Bid Request
Exhibit A-3	Form of Competitive Bid
Exhibit A-4	Form of Competitive Bid Accept/Reject Letter
Exhibit A-5	Form of Standby Borrowing Request
Exhibit B	Administrative Questionnaire
Exhibit C	Form of Assignment and Acceptance
Exhibit D	Form of Opinion of Counsel for ITT Industries, Inc.
Exhibit E	Form of Borrowing Subsidiary Agreement
Exhibit F	Form of Issuing Bank Agreement
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Exhibit H	Form of Letter Agreement
Schedule 2.01	Commitments
Schedule 3.13	Assumptions
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FIVE-YEAR COMPETITIVE ADVANCE AND REVOLVING CREDIT FACILITY AGREEMENT (as it may be amended, supplemented or otherwise modified, the "Agreement") dated as of November 10, 1995, among ITT INDUSTRIES, INC., an Indiana corporation (the "Company"), each Borrowing Subsidiary party hereto, the lenders listed in Schedule 2.01 (together with their permitted assigns, the "Lenders"), Chemical Bank, as issuing bank (in such capacity, the initial "Issuing Bank") and CHEMICAL BANK, a New York banking corporation, as administrative agent for the Lenders (in such capacity, the "Administrative Agent").

The Lenders have been requested to extend credit to the Borrowers (such term and each other capitalized term used but not otherwise defined herein having the meaning assigned to it in Article I) to enable them to borrow on a standby revolving credit basis on and after the date hereof and at any time and from time to time prior to the Maturity Date a principal amount not in excess of \$1,500,000,000 at any time outstanding. The Lenders have also been requested to provide procedures pursuant to which the Borrowers may invite the Lenders to bid on an uncommitted basis on short-term borrowings by the Borrowers and issuances of letters of credit for the Borrowers. The proceeds of such borrowings are to be used for the repurchase or repayment of indebtedness and certain other payments to be made in connection with the Distribution, as well as for working capital and other general corporate purposes. The letters of credit shall support payment obligations incurred in the ordinary course of business by the Borrowers. The Lenders are willing to extend credit on the terms and subject to the conditions herein set forth.

Accordingly, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms shall have the meanings specified below:

"ABR Borrowing" shall mean a Borrowing comprised of ABR Loans.

"ABR Loan" shall mean any ABR Standby Loan .

"ABR Standby Loan" shall mean any Standby Loan bearing interest at a rate determined by reference to the Alternate Base Rate in accordance with the provisions of Article II.

"Administrative Fees" shall have the meaning assigned to such term in Section 2.06(b).

"Administrative Questionnaire" shall mean an Administrative Questionnaire in the form of Exhibit B hereto.

"Affiliate" shall mean, when used with respect to a specified person, another person that directly or indirectly controls or is controlled by or is under common control with the person specified.

"Aggregate Credit Exposure" shall mean the aggregate amount of the Lenders' Credit Exposures.

"Agreement Currency" shall have the meaning assigned to such term in Section 9.16(b).

"Alternate Base Rate" shall mean, for any day, a rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the greater of (a) the Prime Rate in effect on such day and (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%. For purposes hereof, "Prime Rate" shall mean the rate of interest per annum publicly announced from time to time by the Administrative Agent as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective on the date such change is publicly announced as effective. "Federal Funds Effective Rate" shall mean, for any day, the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as released on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so released for any day which is a Business Day, the arithmetic average (rounded upwards to the next 1/100th of 1%), as determined by the Administrative Agent, of the quotations for the day of such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it. If for any reason the Administrative Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Federal Funds Effective Rate for any reason, including the inability or failure of the Administrative Agent to obtain sufficient quotations in accordance with the terms thereof, the Alternate Base Rate shall be determined without regard to clause (b) of the first sentence of this definition until the circumstances giving rise to such inability no longer exist. Any change in the Alternate Base Rate due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective on the effective date of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

"Applicable Percentage" shall mean on any date, with respect to Eurocurrency Loans or with respect to the Facility Fee, as the case may be, the applicable percentage set forth below under the caption "Eurocurrency Spread" or "Facility Fee Percentage", as the case may be, based upon the Ratings in effect on such date:

Category 1 -----	Eurocurrency Spread -----	Facility Fee Percentage -----
AA- or higher by D&P; AA- or higher by Fitch; Aa3 or higher by Moody's; AA- or higher by S&P	.115%	.060%
Category 2 -----		
A+ or A by D&P; A+ or A by Fitch; A1 or A2 by Moody's; A+ or A by S&P	.130%	.070%

Category 3

- - - - -

A- by D&P;	.170%	.080%
A- by Fitch;		
A3 by Moody's;		
A- by S&P		

Category 4

- - - - -

BBB+ by D&P;	.205%	.095%
BBB+ by Fitch;		
Baa1 by Moody's;		
BBB+ by S&P		

Category 5

- - - - -

BBB by D&P;	.225%	.125%
BBB by Fitch;		
Baa2 by Moody's;		
BBB by S&P		

Category 6

- - - - -

BBB- or lower by D&P;	.250%	.150%
BBB- or lower by Fitch;		
Baa3 or lower by Moody's;		
BBB- or lower by S&P		

For purposes of the foregoing; (i) if the Ratings shall fall within different Categories, then (A) if all the Ratings fall within two adjacent Categories, the Applicable Percentage will be determined by reference to the superior (or numerically lower) of such Categories unless one or more of the Ratings shall fall within Category 6, in which case the Applicable Percentage shall be determined by reference to Category 6, and (B) if the Ratings fall within more than two Categories or within two Categories that are not adjacent, then one Rating from each of the highest Category and the lowest Category in which Ratings shall fall shall be excluded and the Applicable Percentage shall be determined by reference to the superior (or numerically lower) of the remaining Ratings unless one or both of such Ratings shall fall within Category 6, in which case the Applicable Percentage shall be determined by reference to Category 6, (ii) if only two Ratings exist, the Applicable Percentage shall be based upon the lower (numerically higher) of the available Ratings, (iii) if only one Rating exists, the Applicable Percentage will be based upon the lower (numerically higher) of Category 5 and the Category corresponding to the available Rating, (iv) if no Ratings exist, the Applicable Percentage shall be based upon Category 6, and (v) if any Rating shall be changed (other than as a result of a change in the rating system of the applicable Rating Agency), such change shall be effective as of the date on which it is first announced by the Rating Agency making such change. Each such change in the Applicable Percentage shall apply to all outstanding Eurocurrency Loans and to L/C Participation Fees and Facility Fees accruing during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of any Rating Agency shall change, the parties hereto shall negotiate in good faith to amend the references to specific ratings in this definition to reflect such changed rating system.

"Applicable Share" of any Lender at any time shall mean the percentage of the Total Commitment represented by such Lender's Commitment. If the Commitments shall be terminated pursuant to Article VI, the Applicable Shares of the Lenders shall, subject only to assignments pursuant to Section 9.04, be based upon the Commitments in effect immediately prior to such termination.

"Assignment and Acceptance" shall mean an assignment and acceptance entered into by a Lender and an assignee in the form of Exhibit C.

"Available Commitment" shall mean, as to any Lender at any time, an amount equal to such Lender's Commitment at such time minus the aggregate of all such Lender's Local Currency Loans (Dollar Equivalent) outstanding at such time.

"Board" shall mean the Board of Governors of the Federal Reserve System of the United States.

"Board of Directors" shall mean the Board of Directors of a Borrower or any duly authorized committee thereof.

"Borrower" shall mean the Company or any Borrowing Subsidiary.

"Borrowing" shall mean a group of Loans of a single Type made by the Lenders (or, in the case of a Competitive Borrowing, by the Lender or Lenders whose Competitive Bids have been accepted pursuant to Section 2.03) on a single date and as to which a single Interest Period is in effect.

"Borrowing Date" shall mean any date on which a Borrowing is made hereunder.

"Borrowing Subsidiary" shall mean any Subsidiary which shall have executed and delivered to the Administrative Agent for distribution to each Lender a Borrowing Subsidiary Agreement.

"Borrowing Subsidiary Agreement" shall mean an agreement, in the form of Exhibit E hereto, duly executed by the Company and a Subsidiary.

"Business Day" shall mean any day (other than a day which is a Saturday, Sunday or legal holiday in the State of New York) on which banks are open for business in New York City; provided, however, that, when used in connection with a Eurocurrency Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in deposits in the applicable currency in the London interbank market, and, when used in connection with determining any date on which any amount is to be paid or made available in a Local Currency, the term "Business Day" shall also exclude any day on which commercial banks and foreign exchange markets are not open for business in the principal financial center in the country of such Local Currency.

"Calculation Date" shall mean the last Business Day of each calendar week.

"Capitalized Lease-Back Obligation" shall mean with respect to a Principal Property, at any date as of which the same is to be determined, the total net rental obligations of the Company or a Restricted Subsidiary under a lease of such Principal Property, entered into as part of an arrangement to which the provisions of Section 5.11 are applicable (or would have been applicable had such Restricted Subsidiary been a Restricted Subsidiary at the time it entered into such lease), discounted to the date of computation at the rate of interest per annum implicit in the lease (determined in accordance with GAAP). The amount of the net rental obligation for any calendar year under any lease shall be

the sum of the rental and other payments required to be paid in such calendar year by the lessee thereunder, not including, however, any amounts required to be paid by such lessee (whether or not therein designated as rental or additional rental) on account of maintenance and repairs, insurance, taxes, assessments, water rates and similar charges.

A "Change in Control" shall be deemed to have occurred if (a) any person or group of persons shall have acquired beneficial ownership of more than 30% of the outstanding Voting Shares of the Company (within the meaning of Section 13(d) or 14(d) of the Exchange Act and the applicable rules and regulations thereunder), or (b) during any period of 12 consecutive months, commencing after the Effective Date, individuals who on the first day of such period were directors of the Company (together with any replacement or additional directors who were nominated or elected by a majority of directors then in office) cease to constitute a majority of the Board of Directors of the Company.

"Code" shall mean the Internal Revenue Code of 1986, as the same may be amended from time to time.

"Commitment" shall mean, with respect to each Lender, the commitment of such Lender hereunder as set forth as of the Effective Date in Schedule 2.01 under the heading "Commitment" or in an Assignment and Acceptance delivered by such Lender under Section 9.04 as such Lender's Commitment may be permanently terminated or reduced from time to time pursuant to Section 2.11 or pursuant to one or more assignments under Section 9.04. The Commitment of each Lender shall automatically and permanently terminate on the Maturity Date if not terminated earlier pursuant to the terms hereof.

"Competitive Bid" shall mean an offer by a Lender to make a Competitive Loan pursuant to Section 2.03.

"Competitive Bid Accept/Reject Letter" shall mean a notification made by a Borrower pursuant to Section 2.03(d) in the form of Exhibit A-4.

"Competitive Bid Rate" shall mean, as to any Competitive Bid, (i) in the case of a Eurocurrency Loan, the Margin, and (ii) in the case of a Fixed Rate Loan, the fixed rate of interest offered by the Lender making such Competitive Bid.

"Competitive Bid Request" shall mean a request made pursuant to Section 2.03(a) in the form of Exhibit A-1.

"Competitive Borrowing" shall mean a Borrowing consisting of a Competitive Loan or concurrent Competitive Loans from the Lender or Lenders whose Competitive Bids for such Borrowing have been accepted under the bidding procedure described in Section 2.03.

"Competitive Loan" shall mean a Loan made pursuant to the bidding procedure described in Section 2.03. Each Competitive Loan shall be a Eurocurrency Competitive Loan or a Fixed Rate Loan.

"Competitive Loan Exposure" shall mean, with respect to any Lender at any time, the sum of the aggregate principal amount of all outstanding Competitive Loans made by such Lender.

"Consolidated EBITDA" shall mean, for any period, the sum of (a) Consolidated Net Income, (b) provisions for taxes based on income, (c) Consolidated Interest Expense, (d) total

depreciation expense and (e) total amortization expense, all of the foregoing as determined on a consolidated basis for the Company and the Subsidiaries in accordance with GAAP.

"Consolidated Interest Expense" shall mean, for any period, the gross interest expense of the Company and the Subsidiaries for such period determined on a consolidated basis in accordance with GAAP.

"Consolidated Net Income" shall mean, for any period, net income or loss of the Company and the Subsidiaries for such period determined on a consolidated basis in accordance with GAAP.

"Consolidated Net Tangible Assets" shall mean the total of all assets appearing on a consolidated balance sheet of the Company and its Restricted Subsidiaries, prepared in accordance with GAAP (and as of a date not more than 90 days prior to the date as of which Consolidated Net Tangible Assets are to be determined), less the sum of the following items as shown on said consolidated balance sheet:

- (i) the book amount of all segregated intangible assets, including such items as good will, trademarks, trademark rights, trade names, trade name rights, copyrights, patents, patent rights and licenses and unamortized debt discount and expense less unamortized debt premium;
- (ii) all depreciation, valuation and other reserves;
- (iii) current liabilities;
- (iv) any minority interest in the shares of stock (other than Preferred Stock) and surplus of Restricted Subsidiaries of the Company;
- (v) the investment of the Company and its Restricted Subsidiaries in any Unrestricted Subsidiary of the Company;
- (vi) the total indebtedness of the Company and its Restricted Subsidiaries incurred in any manner to finance or recover the cost to the Company or any Restricted Subsidiary of any physical property, real or personal, which prior to or simultaneously with the creation of such indebtedness shall have been leased by the Company or a Restricted Subsidiary to the United States of America or a department or agency thereof at an aggregate rental, payable during that portion of the initial term of such lease (without giving effect to any options of renewal or extension) which shall be unexpired at the date of the creation of such indebtedness, sufficient (taken together with any amounts required to be paid by the lessee to the lessor upon any termination of such lease) to pay in full at the stated maturity date or dates thereof the principal of and the interest on such indebtedness;
- (vii) deferred income and deferred liabilities; and
- (viii) other items deductible under GAAP.

"Credit Exposure" shall mean, with respect to any Lender at any time, the aggregate principal amount at such time of all outstanding Loans of such Lender, plus the aggregate amount at such time of such Lender's L/C Exposure.

"D&P" shall mean Duff & Phelps Credit Rating Co. or any of its successors.

"Default" shall mean any event or condition which upon notice, lapse of time or both would constitute an Event of Default.

"Distribution" shall mean the consummation of the transactions described in the Proxy Statement.

"Dollars" or "\$" shall mean lawful money of the United States of America.

"Dollar Borrowing" shall mean a Borrowing comprised of Dollar Loans.

"Dollar Equivalent" shall mean, on any date of determination, with respect to any amount in any Local Currency, the equivalent in Dollars of such amount, determined by the Administrative Agent using the Exchange Rate with respect to such Local Currency then in effect as determined pursuant to Section 2.22(a).

"Dollar Facility Excess" shall have the meaning assigned to such term in Section 2.22(d).

"Dollar Facility Overage" shall mean an amount equal to the excess of (a) the Total Commitment over (b) the aggregate amount of all Local Currency Facility Maximum Borrowing Amounts (determined, if applicable, after giving effect to any reduction therein made pursuant to Section 2.22(c)).

"Dollar Loan" shall mean any Loan denominated in Dollars.

"Dollar Standby Credit Excess" shall have the meaning assigned to such term in Section 2.22(c).

"Dollar Standby Credit Overage" shall mean, with respect to any Lender, an amount equal to the excess, if any, of (a) such Lender's Commitment over (b) the aggregate Local Currency Lender Maximum Borrowing Amounts of such Lender with respect to all Local Currency Addenda to which such Lender or any of its Affiliates is a party.

"Dollar Standby Extensions of Credit" shall mean, with respect to any Lender at any time, the aggregate principal amount of all Standby Loans made by such Lender then outstanding.

"Effective Date" shall mean the first date on or after November 10, 1995, on which the conditions set forth in Section 4.02 are satisfied.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as the same may be amended from time to time.

"ERISA Affiliate" shall mean any trade or business (whether or not incorporated) that, together with the Company, is treated as a single employer under Section 414(b) or (c) of the Code, or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA Event" shall mean (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder, with respect to a Plan; (b) the adoption of any amendment to a Plan that would require the provision of security pursuant to Section 401(a)(29) of the Code or Section 307 of ERISA; (c) the existence with respect to any Plan of an "accumulated funding

deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (d) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (e) the incurrence of any liability under Title IV of ERISA with respect to the termination of any Plan or the withdrawal or partial withdrawal of the Company or any of its ERISA Affiliates from any Plan or Multiemployer Plan; (f) the receipt by the Company or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to the intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (g) the receipt by the Company or any ERISA Affiliate of any notice that Withdrawal Liability is being imposed or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA; and (h) the occurrence of a "prohibited transaction" with respect to which the Company or any of its Subsidiaries is a "disqualified person" (within the meaning of Section 4975) of the Code, or with respect to which the Company or any such Subsidiary could otherwise be liable.

"Eurocurrency Borrowing" shall mean a Borrowing comprised of Eurocurrency Loans.

"Eurocurrency Competitive Loan" shall mean any Competitive Loan bearing interest at a rate determined by reference to the LIBO Rate in accordance with the provisions of Article II.

"Eurocurrency Loan" shall mean any Eurocurrency Competitive Loan, Eurocurrency Standby Loan or Eurocurrency Local Currency Loan.

"Eurocurrency Local Currency Loan" shall mean any Local Currency Loan bearing interest at a rate determined by reference to the LIBO Rate in accordance with the provisions of Article II.

"Eurocurrency Standby Loan" shall mean any Standby Loan bearing interest at a rate determined by reference to the LIBO Rate in accordance with the provisions of Article II.

"Event of Default" shall have the meaning assigned to such term in Article VI.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Exchange Rate" shall mean, with respect to any Local Currency on a particular date, the rate at which such Local Currency may be exchanged into Dollars, as set forth on such date on the Reuters currency page more particularly described in the Local Currency Addendum for Loans to be made in such Local Currency. In the event that such rate does not appear on any Reuters currency page, the Exchange Rate with respect to such Local Currency shall be determined by reference to such other publicly available service for displaying exchange rates as may be agreed upon by the Administrative Agent and the Company or, in the absence of such agreement, such Exchange Rate shall instead be the Administrative Agent's spot rate of exchange in the London interbank market where its foreign currency exchange operations in respect of such Local Currency are then being conducted, at or about 10:00 A.M., local time, at such date for the purchase of Dollars with such Local Currency, for delivery two Business Days later; provided, however, that if at the time of any such determination, for any reason, no such spot rate is being quoted, the Administrative Agent may use any reasonable method it deems applicable to determine such rate, and such determination shall be conclusive absent manifest error.

"Existing Credit Facilities" shall mean the 364-Day Competitive Advance and Revolving Credit Facility Agreement dated as of February 24, 1995 and the Five-Year Competitive

Advance and Revolving Credit Facility Agreement dated as of February 24, 1995, among Old ITT, certain lenders and Chemical Bank, as Administrative Agent.

"Facility A Credit Agreement" shall mean the \$1,500,000,000 364-Day Competitive Advance and Revolving Credit Facility Agreement dated the date hereof among the parties hereto, as such agreement may be amended, supplemented or modified from time to time.

"Facility Fee" shall have the meaning assigned to such term in Section 2.06(a).

"Fair Value", when used with respect to property, shall mean the fair value as determined in good faith by the board of directors of the Company.

"Fees" shall mean the Facility Fee, the Administrative Fees, the L/C Participation Fees and the Issuing Bank Fees.

"Financial Officer" of any corporation shall mean the chief financial officer, principal accounting officer, treasurer, associate or assistant treasurer or director of treasury services of such corporation.

"Fitch" shall mean Fitch Investors Service, Inc. or any of its successors.

"Fixed Rate Borrowing" shall mean a Borrowing comprised of Fixed Rate Loans.

"Fixed Rate Loan" shall mean any Competitive Loan bearing interest at a fixed percentage rate per annum (the "Fixed Rate") (expressed in the form of a decimal to no more than four decimal places) specified by the Lender making such Loan in its Competitive Bid.

"GAAP" shall mean generally accepted accounting principles, applied on a consistent basis.

"Governmental Authority" shall mean any Federal, state, local or foreign court or governmental agency, authority, instrumentality or regulatory body.

"Guaranteed Obligations" shall mean the principal of and interest on the Loans made to, and all other obligations, monetary or otherwise (including fee and reimbursement obligations in respect of Letters of Credit) of, the Borrowing Subsidiaries hereunder or under any Local Currency Addendum.

"Indebtedness" of any person shall mean all indebtedness representing money borrowed or the deferred purchase price of property (other than trade accounts payable) or any capitalized lease obligation, which in any case is created, assumed, incurred or guaranteed in any manner by such corporation or for which such corporation is responsible or liable (whether by agreement to purchase indebtedness of, or to supply funds to or invest in, others or otherwise).

"Interest Payment Date" shall mean (a) with respect to any Loan, the last day of each Interest Period applicable thereto, (b) with respect to a Eurocurrency Loan with an Interest Period of more than three months' duration or a Fixed Rate Loan with an Interest Period of more than 90 days' duration, each day that would have been an Interest Payment Date for such Loan had successive Interest Periods of three months' duration or 90 days' duration, as the case may be, been applicable to such Loan and, in addition, the date of any prepayment of each Loan or conversion of such Loan to a

Loan of a different Type and (c) with respect to any Local Currency Loan, such days as shall be specified in the applicable Local Currency Addendum.

"Interest Period" shall mean (a) as to any Eurocurrency Borrowing, the period commencing on the date of such Borrowing or on the last day of the immediately preceding Interest Period applicable to such Borrowing, as the case may be, and ending on the numerically corresponding day (or, if there is no numerically corresponding day, on the last day) in the calendar month that is 1, 2, 3 or 6 months thereafter, as the Borrower may elect, (b) as to any ABR Borrowing, the period commencing on the date of such Borrowing or on the last day of the immediately preceding Interest Period applicable to such Borrowing, as the case may be, and ending on the earliest of (i) the next succeeding March 31, June 30, September 30 or December 31, (ii) the Maturity Date, and (iii) the date such Borrowing is converted to a Borrowing of a different Type in accordance with Section 2.05 or repaid or prepaid in accordance with Section 2.07 or Section 2.12, (c) as to any Fixed Rate Borrowing, the period commencing on the date of such Borrowing and ending on the date specified in the Competitive Bids in which the offers to make the Fixed Rate Loans comprising such Borrowing were extended, which shall not be earlier than seven days after the date of such Borrowing or later than 360 days after the date of such Borrowing and (d) as to any Local Currency Borrowing, such periods as shall be specified in the applicable Local Currency Addendum; provided, however, that if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, in the case of Eurocurrency Loans only, such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day. Interest shall accrue from and including the first day of an Interest Period to but excluding the last day of such Interest Period.

"Issuing Bank" shall mean Chemical Bank and any other Lender that may become an Issuing Bank pursuant to Section 2.23(i) or 2.23(j).

"Issuing Bank Agreement" shall mean an agreement in substantially the form of Exhibit F.

"Issuing Bank Fees" shall have the meaning assigned to such term in Section 2.06(c).

"Judgment Currency" shall have the meaning assigned to such term in Section 9.16(b).

"L/C Commitment" shall mean, with respect to any Issuing Bank, the Commitment of such Issuing Bank to issue Letters of Credit pursuant to Section 2.23.

"L/C Disbursement" shall mean a payment or disbursement made by an Issuing Bank pursuant to a Letter of Credit.

"L/C Exposure" shall mean at any time the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time plus (b) the aggregate principal amount of all L/C Disbursements that have not yet been reimbursed at such time. The L/C Exposure of any Lender at any time shall mean its Applicable Share of the aggregate L/C Exposure at such time.

"L/C Participation Fee" shall have the meaning assigned to such term in Section 2.06(c).

"Letter of Credit" shall mean any letter of credit issued pursuant to Section 2.23.

"LIBO Rate" shall mean, with respect to any Eurocurrency Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the rate at which dollar deposits or deposits in the applicable Local Currency approximately equal in principal amount to (i) in the case of a Standby Borrowing that is a Eurocurrency Borrowing, the Administrative Agent's portion of such Eurocurrency Borrowing, (ii) in the case of a Competitive Borrowing, a principal amount that would have been the Administrative Agent's portion of such Competitive Borrowing had such Competitive Borrowing been a Standby Borrowing and (iii) in the case of a Local Currency Borrowing, such Borrowing, and for a maturity comparable to such Interest Period, are offered to the principal London office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period.

"Lien" shall mean, with respect to any property or asset, any mortgage, deed of trust, lien, pledge, security interest charge or other encumbrance on, of or in such property or asset.

"Loan" shall mean a Competitive Loan, a Local Currency Loan or a Standby Loan, whether made as a Eurocurrency Loan, an ABR Loan or a Fixed Rate Loan, as permitted hereby.

"Loan Documents" shall mean this Agreement, the Letters of Credit, the Borrowing Subsidiary Agreements, any Issuing Bank Agreements, the Local Currency Addenda and promissory, if any, issued pursuant to Section 9.04(i).

"Local Currency" shall mean any currency other than Dollars as to which an Exchange Rate may be calculated.

"Local Currency Addendum" shall mean a local currency addendum between a Borrower and one or more Local Currency Lenders, substantially in the form of Exhibit G, and the documentation referred to therein, to the extent not inconsistent with this Agreement.

"Local Currency Borrowing" shall mean a Borrowing comprised of Local Currency Loans.

"Local Currency Credit Event" shall mean each Borrowing under a Local Currency Addendum.

"Local Currency Equivalent" shall mean, on any date of determination, with respect to any amount in Dollars, the equivalent in the relevant Local Currency of such amount, determined by the Administrative Agent using the Exchange Rate with respect to such Local Currency then in effect as determined pursuant to Section 2.22(a).

"Local Currency Facility Maximum Borrowing Amount" shall have the meaning assigned to such term in Section 2.21(b).

"Local Currency Lender" shall mean any Lender (or any Affiliate, branch or agency thereof) party to a Local Currency Addendum. In the event any agency or Affiliate of a Lender shall be party to a Local Currency Addendum, such agency, branch or Affiliate shall, to the extent of any commitment extended and any Loans made by it, have all the rights of such Lender hereunder; provided, that such Lender shall continue to the exclusion of such agency or Affiliate to have all the voting and consensual rights vested in it by the terms hereof.

"Local Currency Lender Maximum Borrowing Amount" shall have the meaning assigned to such term in Section 2.21(b).

"Local Currency Loan" shall mean any Loan, denominated in a currency other than Dollars, made to a Borrower pursuant to Section 2.01(b) and a Local Currency Addendum.

"Local Currency Loans (Dollar Equivalent)" shall mean the Dollar Equivalent of the relevant Local Currency Loans.

"Local Currency Standby Borrowing" shall mean any Standby Borrowing comprised of Local Currency Loans.

"Margin" shall mean, as to any Eurocurrency Competitive Loan, the margin (expressed as a percentage rate per annum in the form of a decimal to no more than four decimal places) to be added to or subtracted from the LIBO Rate in order to determine the interest rate applicable to such Loan, as specified in the Competitive Bid relating to such Loan.

"Margin Regulations" shall mean Regulations G, T, U and X of the Board as from time to time in effect, and all official rulings and interpretations thereunder or thereof.

"Margin Stock" shall have the meaning given such term under Regulation U of the Board.

"Material Adverse Effect" shall mean a materially adverse effect on the business, assets, operations or condition, financial or otherwise, of the Company and Subsidiaries taken as a whole.

"Maturity Date" shall mean the fifth anniversary of the date hereof.

"Moody's" shall mean Moody's Investors Service, Inc. or any of its successors.

"Multiemployer Plan" shall mean a multiemployer plan as defined in Section 4001(a)(3) of ERISA to which the Company or any ERISA Affiliate (other than one considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Code Section 414) is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

"Notice of Competitive Bid Request" shall mean a notification made pursuant to Section 2.03(a) in the form of Exhibit A-2.

"Old ITT" shall mean ITT Corporation, a Delaware corporation.

"PBGC" shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA.

"person" shall mean any natural person, corporation, limited liability company, business trust, joint venture, association, company, partnership or government, or any agency or political subdivision thereof.

"Plan" shall mean any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 307 of

ERISA, and in respect of which any Borrower or any ERISA Affiliate is (or, if such plans were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Preferred Stock" shall mean any capital stock entitled by its terms to a preference (a) as to dividends or (b) upon a distribution of assets.

"Principal Property" shall mean any single manufacturing or processing facility owned by the Company or any Restricted Subsidiary having a gross book value in excess of 2% of Consolidated Net Tangible Assets, except any such facility or portion thereof which the board of directors of the Company by resolution declares is not of material importance to the total business conducted by the Company and its Restricted Subsidiaries as an entirety.

"Proxy Statement" shall mean the Proxy Statement of Old ITT dated August 30, 1995 and filed with the SEC under the Exchange Act.

"Rating Agencies" shall mean D&P, Fitch, Moody's and S&P.

"Ratings" shall mean the ratings from time to time established by the Rating Agencies for senior, unsecured, non-credit-enhanced long-term debt of the Company.

"Register" shall have the meaning given such term in Section 9.04(d).

"Regulation D" shall mean Regulation D of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"Reportable Event" shall mean any reportable event as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than a Plan maintained by an ERISA Affiliate that is considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Code Section 414).

"Required Lenders" shall mean, at any time, Lenders having Commitments representing at least 66-2/3% of the Total Commitment or, for purposes of acceleration pursuant to clause (ii) of Article VI, Lenders holding Loans and L/C Exposures representing at least 66-2/3% of the aggregate principal amount of the Loans outstanding and L/C Exposures. For purposes of determining the Required Lenders, any amounts denominated in a Local Currency shall be translated into Dollars at the Exchange Rates in effect on the first Reset Date to occur in each calendar month.

"Reset Date" shall have the meaning assigned to such term in Section 2.22(a).

"Responsible Officer" of any corporation shall mean any executive officer or Financial Officer of such corporation and any other officer or similar official thereof responsible for the administration of the obligations of such corporation in respect of this Agreement.

"Restricted Subsidiary" shall mean any Subsidiary other than an Unrestricted Subsidiary.

"S&P" shall mean Standard and Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. or any of its successors.

"SEC" shall mean the Securities and Exchange Commission.

"Standby Borrowing" shall mean a Borrowing consisting of simultaneous Standby Loans from each of the Lenders.

"Standby Borrowing Request" shall mean a request made pursuant to Section 2.04 in the form of Exhibit A-5.

"Standby Credit Exposure" shall mean, with respect to any Lender at any time, the sum of the aggregate principal amount at such time of all outstanding Standby Loans of such Lender and the aggregate Dollar Equivalent of the principal amount of all outstanding Local Currency Loans of such Lender (and each agency, branch or Affiliate of such Lender acting as a Local Currency Lender).

"Standby Loans" shall mean the revolving loans made pursuant to Section 2.04(a). Each Standby Loan shall be in Dollars and shall be a Eurocurrency Standby Loan or an ABR Loan.

"subsidiary" shall mean, with respect to any person (the "parent"), any corporation, association or other business entity of which securities or other ownership interests representing more than 50% of the ordinary voting power are, at the time as of which any determination is being made, owned or controlled by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

"Subsidiary" shall mean a subsidiary of the Company.

"Total Commitment" shall mean, at any time, the aggregate amount of Commitments of all the Lenders, as in effect at such time.

"Transactions" shall have the meaning assigned to such term in Section 3.02.

"Type", when used in respect of any Loan or Borrowing, shall refer to the Rate by reference to which interest on such Loan or on the Loans comprising such Borrowing is determined and the currency in which such Loan or the Loans comprising such Borrowing are denominated. For purposes hereof, "Rate" shall include the LIBO Rate, the Alternate Base Rate and the Fixed Rate, and currency shall include Dollars and any Local Currency permitted hereunder.

"Unrestricted Subsidiary" shall mean (a) any Subsidiary which has been designated an Unrestricted Subsidiary by resolution of the board of directors of the Company (which resolution has been communicated in a notice delivered by the Company to the Administrative Agent for distribution to the Lenders) as an Unrestricted Subsidiary, other than any such Subsidiary as to which such a designation has been rescinded by resolution of said board of directors and not thereafter, or after some subsequent such rescission, restored by resolution of said board, or (b) any Subsidiary 50% or less of the Voting Shares of which is owned directly by the Company and/or one or more Restricted Subsidiaries. A Subsidiary may not be designated as (or otherwise permitted to become) an Unrestricted Subsidiary unless, immediately after such Subsidiary becomes an Unrestricted Subsidiary, such Subsidiary would not own any capital stock of, or hold any indebtedness of, any Restricted Subsidiary. A designation as an Unrestricted Subsidiary may not be rescinded (or an Unrestricted Subsidiary otherwise permitted to become a Restricted Subsidiary) unless such Subsidiary (i) is not a party to any lease which it would have been prohibited by this Agreement from entering into had it been a Restricted Subsidiary at the time it entered into such lease, unless (x) such Subsidiary had not been a Restricted Subsidiary prior to its entering into such lease, or (y) the property subject to such lease shall be owned by the Company and/or one or more Subsidiaries, or (z) such Subsidiary would not be prohibited by this Agreement from entering into such lease immediately after it becomes a Restricted Subsidiary, and (ii) does not have outstanding upon any of its property any mortgage, pledge

or other lien which it would be prohibited by this Agreement from creating, suffering to be created, or assuming, immediately after it becomes a Restricted Subsidiary.

"Voting Shares" shall mean, as to a particular corporation or other person, outstanding shares of stock or other equity interests of any class of such person entitled to vote in the election of directors, or otherwise to participate in the direction of the management and policies, of such person, excluding shares or interests entitled so to vote or participate only upon the happening of some contingency.

SECTION 1.02. Terms Generally. The definitions in Section 1.01 shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". All references herein to Articles, Sections, Exhibits and Schedules shall be deemed references to Articles and Sections of, and Exhibits and Schedules to, this Agreement unless the context shall otherwise require. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided, however, that for purposes of determining compliance with any covenant set forth in Article V, such terms shall be construed in accordance with GAAP as in effect on the date hereof applied on a basis consistent with the application used in preparing the Company's audited financial statements referred to in Section 3.05.

ARTICLE II

THE CREDITS

SECTION 2.01. Commitments. (a) Subject to the terms and conditions and relying upon the representations and warranties herein set forth, each Lender agrees, severally and not jointly, to make Standby Loans to the Borrowers, at any time and from time to time on and after the date hereof and until the earlier of the Maturity Date and the termination of the Commitment of such Lender.

(b) Subject to the terms and conditions and relying upon the representations and warranties set forth herein and in the applicable Local Currency Addendum, each Local Currency Lender agrees, severally and not jointly, to make Local Currency Loans to the Borrowers at any time and from time to time on and after the execution of the applicable Local Currency Addendum and until earlier of the Maturity Date and the termination of the Commitment (or the commitment under such Local Currency Addendum) of such Local Currency Lender.

(c) Notwithstanding anything to the contrary contained in this Agreement, in no event may Standby Loans or Local Currency Loans be borrowed under this Article II if, after giving effect thereto (and to any concurrent repayment or prepayment of Loans), (i) the sum of the aggregate Standby Credit Exposures, the aggregate Competitive Loan Exposures and the aggregate L/C Exposures would exceed the Total Commitment then in effect, (ii) the sum of the Standby Credit Exposure and the L/C Exposure of any Lender would exceed such Lender's Commitment or (iii) the Dollar Equivalent of the aggregate principal amount of the outstanding Local Currency Loans of any Local Currency Lender denominated in a specified Local Currency would exceed the applicable Local Currency Facility Maximum Borrowing Amount or any Local Currency Lender Maximum Borrowing Amount.

Within the foregoing limits, the Borrowers may borrow, pay or prepay and reborrow Standby Loans and Local Currency Loans hereunder, on and after the Effective Date and prior to the Maturity Date, subject to the terms, conditions and limitations set forth herein.

SECTION 2.02. Loans. (a) Each Standby Loan shall be made as part of a Borrowing consisting of Standby Loans made by the Lenders ratably in accordance with their respective Available Commitments; provided, however, that the failure of any Lender to make any Standby Loan shall not in itself relieve any other Lender of its obligation to lend hereunder (it being understood, however, that no Lender shall be responsible for the failure of any other Lender to make any Loan required to be made by such other Lender). Each Local Currency Loan shall be made as part of a Borrowing consisting of Local Currency Loans made by the Local Currency Lenders ratably in accordance with the applicable Local Currency Lender Maximum Borrowing Amounts, provided, however, that the failure of any Local Currency Lender to make any Local Currency Loan shall not in itself relieve any other Local Currency Lender of its obligation to lend hereunder (it being understood, however, that no Local Currency Lender shall be responsible for the failure of any other Local Currency Lender to make any Local Currency Loan required to be made by such other Local Currency Lender). Each Competitive Loan shall be made in accordance with the procedures set forth in Section 2.03. The Loans comprising any Borrowing shall be (i) in the case of Competitive Loans, in an aggregate principal amount which is an integral multiple of \$1,000,000 and not less than \$5,000,000, (ii) in the case of Standby Loans, in an aggregate principal amount which is an integral multiple of \$5,000,000 and not less than \$20,000,000 (or an aggregate principal amount equal to the remaining balance of the Available Commitments) and (iii) in the case of Local Currency Loans, in an aggregate principal amount which complies with the requirements set forth in the applicable Local Currency Addendum. All Standby Loans and Competitive Loans made pursuant to this Article II shall be denominated in Dollars.

(b) Each Competitive Borrowing shall be comprised entirely of Eurocurrency Competitive Loans or Fixed Rate Loans, and each Standby Borrowing shall be comprised entirely of Eurocurrency Standby Loans or ABR Loans, as the Borrower may request pursuant to Section 2.03 or 2.04, as applicable. Each Lender may at its option make any Eurocurrency Loan by causing any domestic or foreign branch, agency or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement. Borrowings of more than one Type may be outstanding at the same time. For purposes of the foregoing, Loans having different Interest Periods, regardless of whether they commence on the same date, shall be considered separate Loans.

(c) Subject to Section 2.05 and, in the case of any Local Currency Loan, to any alternative procedures set forth in the applicable Local Currency Addendum, each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds to the Administrative Agent in New York, New York, not later than 12:00 noon, New York City time, and the Administrative Agent shall by 2:00 p.m., New York City time, credit the amounts so received to the account or accounts specified from time to time in one or more notices delivered by the Company to the Administrative Agent or, if a Borrowing shall not occur on such date because any condition precedent herein specified shall not have been met, return the amounts so received to the respective Lenders. Competitive Loans shall be made by the Lender or Lenders whose Competitive Bids therefor are accepted pursuant to Section 2.03 in the amounts so accepted. Standby Loans and Local Currency Loans shall be made by the Lenders and the Local Currency Lenders, as applicable, pro rata in accordance with Section 2.16. Unless the Administrative Agent shall have received notice from a Lender prior to the date (or, in the case of ABR Borrowings, on the date) of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's portion of such Borrowing, the Administrative Agent may assume that such Lender has made such

portion available to the Administrative Agent on the date of such Borrowing in accordance with this paragraph (c) and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount in the required currency. If and to the extent that such Lender shall not have made such portion available to the Administrative Agent, such Lender and the Borrower severally agree to repay to the Administrative Agent forthwith on demand such corresponding amount together with interest thereon in such currency, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Administrative Agent at (i) in the case of the Borrower, the interest rate applicable at the time to the Loans comprising such Borrowing and (ii) in the case of such Lender, a rate determined by the Administrative Agent to represent its cost of overnight funds. If such Lender shall repay to the Administrative Agent such corresponding amount, such amount shall constitute such Lender's Loan as part of such Borrowing for purposes of this Agreement.

(d) Each Competitive Loan shall be a Eurocurrency Competitive Loan or a Fixed Rate Loan. Each Standby Loan shall be a Eurocurrency Standby Loan or an ABR Standby Loan. Each Local Currency Loan shall be a Eurocurrency Local Currency Loan or shall bear interest at a rate specified in the applicable Loan Currency Addendum.

(e) If any Issuing Bank shall not have received from a Borrower the payment required to be made by Section 2.23(e) within two hours after such Borrower shall have received notice from such Issuing Bank that payment of a draft presented under any Letter of Credit will be made, or, if the Borrower shall have received such notice later than 10:00 a.m., New York City time, on any Business Day, not later than 10:00 a.m., New York City time, on the immediately following Business Day, as provided in Section 2.23(e), such Issuing Bank will promptly notify the Administrative Agent of the L/C Disbursement and the Administrative Agent will promptly notify each Lender of such L/C Disbursement and its Applicable Share thereof. Each Lender shall pay by wire transfer of immediately available funds to the Administrative Agent not later than 2:00 p.m., New York City time, on such date (or, if such Lender shall have received such notice later than 12:00 (noon), New York City time, on any day, not later than 10:00 a.m., New York City time, on the immediately following Business Day), an amount equal to such Lender's Applicable Share of such L/C Disbursement (it being understood that such amount shall be deemed to constitute an ABR Loan of such Lender and shall bear interest as provided herein), and the Administrative Agent will promptly pay to the Issuing Bank any amounts so received by it from the Lenders. The Administrative Agent will promptly pay to the Issuing Bank any amounts received by it from the Borrower pursuant to Section 2.23(e) prior to the time that any Lender makes any payment pursuant to this paragraph 2.02(e); any such amounts received by the Administrative Agent thereafter will be promptly remitted by the Administrative Agent to the Lenders that shall have made such payments and to the Issuing Bank, as their interests may appear. If any Lender shall not have made its Applicable Share of such L/C Disbursement available to the Administrative Agent as provided above, such Lender and the Borrowers severally agree to pay interest on such amount, for each day from and including the date such amount is required to be paid in accordance with this paragraph to but excluding the date such amount is paid, to the Administrative Agent at (i) in the case of the Borrowers, a rate per annum equal to the interest rate applicable to Loans pursuant to Section 2.08, and (ii) in the case of such Lender, for the first such day, the Federal Funds Effective Rate, and for each day thereafter, the Alternate Base Rate.

SECTION 2.03. Competitive Bid Procedure. (a) In order to request Competitive Bids, a Borrower (the "Applicable Borrower") shall hand deliver or telecopy to the Administrative Agent a duly completed Competitive Bid Request in the form of Exhibit A-1 hereto, to be received by the Administrative Agent (i) in the case of a Eurocurrency Competitive Loan, not later than 10:00 a.m., New York City time, four Business Days before a proposed Competitive Borrowing and (ii) in the case of a Fixed Rate Borrowing, not later than 10:00 a.m., New York City time, one

Business Day before a proposed Competitive Borrowing. No ABR Loan shall be requested in, or made pursuant to, a Competitive Bid Request. A Competitive Bid Request that does not conform substantially to the format of Exhibit A-1 may be rejected in the Administrative Agent's sole discretion, and the Administrative Agent shall promptly notify the Borrower of such rejection by telecopy. Each Competitive Bid Request shall refer to this Agreement and specify (w) whether the Borrowing then being requested is to be a Eurocurrency Borrowing or a Fixed Rate Borrowing, (x) the date of such Borrowing (which shall be a Business Day) and the aggregate principal amount thereof which shall be in a minimum principal amount of \$10,000,000 and in an integral multiple of \$5,000,000 and (y) the Interest Period with respect thereto (which may not end after the Maturity Date). Promptly after its receipt of a Competitive Bid Request that is not rejected as aforesaid, the Administrative Agent shall telecopy to the Lenders a Notice of Competitive Bid Request inviting the Lenders to bid, on the terms and conditions of this Agreement, to make Competitive Loans.

(b) Each Lender invited to bid may, in its sole discretion, make one or more Competitive Bids to the Applicable Borrower responsive to such Borrower's Competitive Bid Request. Each Competitive Bid by a Lender must be received by the Administrative Agent by telecopy, in the form of Exhibit A-3 hereto, (i) in the case of a Eurocurrency Competitive Loan, not later than 9:30 a.m., New York City time, three Business Days before a proposed Competitive Borrowing and (ii) in the case of a Fixed Rate Borrowing, not later than 9:30 a.m., New York City time, on the day of a proposed Competitive Borrowing. A Lender may submit multiple bids to the Administrative Agent. Competitive Bids that do not conform substantially to the format of Exhibit A-3 may be rejected by the Administrative Agent, and the Administrative Agent shall notify the Lender making such nonconforming bid of such rejection as soon as practicable. Each Competitive Bid shall refer to this Agreement and specify (x) the principal amount (which shall be in a minimum principal amount of \$5,000,000 and in an integral multiple of \$1,000,000 and which may equal the entire principal amount of the Competitive Borrowing requested) of the Competitive Loan or Loans that the Lender is willing to make, (y) the Competitive Bid Rate or Rates at which the Lender is prepared to make the Competitive Loan or Loans and (z) the Interest Period and the last day thereof. If any Lender invited to bid shall elect not to make a Competitive Bid, such Lender shall so notify the Administrative Agent by telecopy (I) in the case of Eurocurrency Competitive Loans, not later than 9:30 a.m., New York City time, three Business Days before a proposed Competitive Borrowing, and (II) in the case of Fixed Rate Loans, not later than 9:30 a.m., New York City time, on the day of a proposed Competitive Borrowing; provided, however, that failure by any Lender to give such notice shall not cause such Lender to be obligated to make any Competitive Loan as part of such Competitive Borrowing. A Competitive Bid submitted by a Lender pursuant to this paragraph (b) shall be irrevocable.

(c) The Administrative Agent shall as promptly as practicable notify the Borrower, by telecopy, of all the Competitive Bids made, the Competitive Bid Rate and the principal amount of each Competitive Loan in respect of which a Competitive Bid was made and the identity of the Lender that made each bid. The Administrative Agent shall send a copy of all Competitive Bids to the Borrower for its records as soon as practicable after completion of the bidding process set forth in this Section 2.03.

(d) The Borrower may in its sole and absolute discretion, subject only to the provisions of this paragraph (d), accept or reject any Competitive Bid referred to in paragraph (c) above. The Borrower shall notify the Administrative Agent by telephone, confirmed by telecopy in the form of a Competitive Bid Accept/Reject Letter, whether and to what extent it has decided to accept or reject any of or all the bids referred to in paragraph (c) above not more than one hour after it shall have been notified of such bids by the Administrative Agent pursuant to such paragraph (c); provided, however, that (i) the failure of the Borrower to give such notice shall be deemed to be a rejection of all the bids referred to in paragraph (c) above, (ii) the Borrower shall not accept a bid made at a particular

Competitive Bid Rate if it has decided to reject a bid made at a lower Competitive Bid Rate, (iii) the aggregate amount of the Competitive Bids accepted by the Borrower shall not exceed the principal amount specified in the Competitive Bid Request, (iv) if the Borrower shall accept a bid or bids made at a particular Competitive Bid Rate but the amount of such bid or bids shall cause the total amount of bids to be accepted to exceed the amount specified in the Competitive Bid Request, then the Borrower shall accept a portion of such bid or bids in an amount equal to the amount specified in the Competitive Bid Request less the amount of all other Competitive Bids accepted with respect to such Competitive Bid Request, which acceptance, in the case of multiple bids at such Competitive Bid Rate, shall be made pro rata in accordance with the amount of each such bid at such Competitive Bid Rate, and (v) except pursuant to clause (iv) above, no bid shall be accepted for a Competitive Loan unless such Competitive Loan is in a minimum principal amount of \$5,000,000 and an integral multiple of \$1,000,000; provided further, however, that if a Competitive Loan must be in an amount less than \$5,000,000 because of the provisions of clause (iv) above, such Competitive Loan may be for a minimum of \$1,000,000 or any integral multiple thereof, and in calculating the pro rata allocation of acceptances of portions of multiple bids at a particular Competitive Bid Rate pursuant to clause (iv) the amounts shall be rounded to integral multiples of \$1,000,000 in a manner which shall be in the discretion of the Borrower. A notice given pursuant to this paragraph (d) shall be irrevocable.

(e) The Administrative Agent shall promptly notify each bidding Lender whether or not its Competitive Bid has been accepted (and if so, in what amount and at what Competitive Bid Rate) by telecopy, and each successful bidder will thereupon become bound, subject to the other applicable conditions hereof, to make the Competitive Loan in respect of which its bid has been accepted.

(f) No Competitive Borrowing shall be requested or made hereunder if after giving effect thereto any of the conditions set forth in paragraph (c) of Section 2.01 would not be met.

(g) If the Administrative Agent shall elect to submit a Competitive Bid in its capacity as a Lender, it shall submit such bid directly to the Applicable Borrower one quarter of an hour earlier than the latest time at which the other Lenders are required to submit their bids to the Administrative Agent pursuant to paragraph (b) above.

(h) All notices required by this Section 2.03 shall be given in accordance with Section 9.01.

SECTION 2.04. Standby and Local Currency Borrowing Procedure.

(a) In order to request a Standby Borrowing, a Borrower shall hand deliver or telecopy to the Administrative Agent a duly completed Standby Borrowing Request in the form of Exhibit A-5 (i) in the case of a Eurocurrency Standby Loan, not later than 10:30 a.m., New York City time (or, if the Standby Borrowing request is delivered or telecopied to the Administrative Agent in London, 9:30 a.m., London time), three Business Days before such Borrowing, and (ii) in the case of an ABR Borrowing, not later than 10:30 a.m., New York City time, on the day of such Borrowing. No Fixed Rate Loan shall be requested or made pursuant to a Standby Borrowing Request. Such notice shall be irrevocable and shall in each case specify (A) whether the Borrowing then being requested is to be a Eurocurrency Standby Loan or an ABR Borrowing; (B) the date of such Standby Borrowing (which shall be a Business Day) and the amount thereof; and (C) if such Borrowing is to be a Eurocurrency Standby Loan, the Interest Period with respect thereto, which shall not end after the Maturity Date. If no election as to the Type of Standby Borrowing is specified in any such notice, then the requested Standby Borrowing shall be an ABR Borrowing. If no Interest Period with respect to any Eurocurrency Standby is specified in any such notice, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. Notwithstanding any other provision of this

Agreement to the contrary, no Standby Borrowing shall be requested if the Interest Period with respect thereto would end after the Maturity Date. The Administrative Agent shall promptly advise each of the Lenders of any notice given pursuant to this Section 2.04 and of each Lender's portion of the requested Borrowing.

(b) In order to request a Local Currency Borrowing, a Borrower shall give the notice required under the applicable Local Currency Addendum and shall simultaneously deliver a copy of such notice to the Administrative Agent.

SECTION 2.05. Conversion and Continuation of Standby Loans. Each Borrower shall have the right at any time upon prior irrevocable notice to the Administrative Agent (i) not later than 10:30 a.m., New York City time, on the day of the conversion, to convert all or any part of any Eurocurrency Standby Loan into an ABR Standby Loan, and (ii) not later than 10:30 a.m., New York City time, three Business Days prior to conversion or continuation, to convert any ABR Standby Loan into a Eurocurrency Standby Loan or to continue any Eurocurrency Standby Loan as a Eurocurrency Standby Loan for an additional Interest Period, subject in each case to the following:

(a) if less than all the outstanding principal amount of any Standby Borrowing shall be converted or continued, the aggregate principal amount of the Standby Borrowing converted or continued shall be an integral multiple of \$5,000,000 and not less than \$20,000,000;

(b) accrued interest on a Standby Borrowing (or portion thereof) being converted shall be paid by the Borrower at the time of conversion;

(c) if any Eurocurrency Standby Loan is converted at a time other than the end of the Interest Period applicable thereto, the Borrower shall pay, upon demand, any amounts due to the Lenders pursuant to Section 2.15;

(d) any portion of a Standby Borrowing maturing or required to be repaid in less than one month may not be converted into or continued as a Eurocurrency Standby Loan;

(e) any portion of a Eurocurrency Standby Loan which cannot be continued as a Eurocurrency Standby Loan by reason of clause (d) above shall be automatically converted at the end of the Interest Period in effect for such Eurocurrency Standby Loan into an ABR Borrowing;

(f) no Interest Period may be selected for any Eurocurrency Standby Borrowing that would end later than the Maturity Date; and

(g) at any time when there shall have occurred and be continuing any Default or Event of Default, no Standby Loan may be converted into or continued as a Eurocurrency Standby Loan.

Each notice pursuant to this Section 2.05 shall be irrevocable and shall refer to this Agreement and specify (i) the identity and amount of the Standby Borrowing to be converted or continued, (ii) whether such Standby Borrowing is to be converted to or continued as a Eurocurrency Standby Loan or an ABR Standby Loan, (iii) if such notice requests a conversion, the date of such conversion (which shall be a Business Day) and (iv) if such Standby Borrowing is to be converted to or continued as a Eurocurrency Standby Loan, the Interest Period with respect thereto. If no Interest Period is specified in any such notice with respect to any conversion to or continuation as a Eurocurrency Standby Loan, the Borrower shall be deemed to have selected an Interest Period of one

month's duration. If no notice shall have been given in accordance with this Section 2.05 to convert or continue any Standby Borrowing, such Standby Borrowing shall, at the end of the Interest Period applicable thereto (unless repaid pursuant to the terms hereof), automatically be continued into a new Interest Period as an ABR Standby Loan.

SECTION 2.06. Fees. (a) The Company agrees to pay to each Lender, through the Administrative Agent, on each March 31, June 30, September 30 and December 31 (with the first payment being due on December 31, 1995) and on each date on which the Commitment of such Lender shall be terminated as provided herein, a facility fee (a "Facility Fee"), at a rate per annum equal to the Applicable Percentage from time to time in effect on the amount of the Commitment of such Lender, whether used or unused, during the preceding quarter (or other period commencing on the Effective Date, or ending with the Maturity Date or any date on which the Commitment of such Lender shall be terminated). All Facility Fees shall be computed on the basis of the actual number of days elapsed in a year of 365 or 366 days, as the case may be. The Facility Fee due to each Lender shall commence to accrue on the Effective Date, and shall cease to accrue on the earlier of the Maturity Date and the termination of the Commitment of such Lender as provided herein.

(b) The Company agrees to pay the Administrative Agent, for its own account, the administrative and other fees separately agreed to by the Company and the Administrative Agent (the "Administrative Fees").

(c) The Company agrees to pay (i) to each Lender, through the Administrative Agent, on each March 31, June 30, September 30 and December 31 and on the date on which the Commitment of such Lender shall be terminated as provided herein, a fee (an "L/C Participation Fee") calculated on such Lender's average daily L/C Exposure (excluding the portion thereof attributable to unreimbursed L/C Disbursements) during the preceding quarter (or shorter period commencing with the Effective Date or ending with the Maturity Date or the date on which the Commitment of such Lender shall be terminated) at a rate equal to the Applicable Percentage from time to time applicable for purposes of determining the interest rate on Borrowings comprised of Eurocurrency Loans pursuant to Section 2.08, and (ii) to the Issuing Bank with respect to each Letter of Credit the fees agreed upon by the Company and such Issuing Bank in the applicable Issuing Bank Agreement plus, in connection with the issuance, amendment or transfer of any Letter of Credit or any L/C Disbursement, the Issuing Bank's customary documentary and processing charges (collectively, the "Issuing Bank Fees"). All L/C Participation Fees and Issuing Bank Fees shall be computed on the basis of the actual number of days elapsed in a year of 360 days. Notwithstanding the foregoing, in the case of any Letter of Credit that will expire later than the first anniversary of the issuance, amendment, renewal or extension thereof, the L/C Participation Fee and Issuing Bank Fees shall be increased by an amount to be agreed upon prior to such issuance, amendment, renewal or extension by the applicable Borrower, the applicable Issuing Bank and the Required Lenders.

(d) All Fees shall be paid on the dates due, in immediately available funds, to the Administrative Agent for distribution, if and as appropriate, among the Lenders except that the Issuing Bank Fees shall be paid directly to the applicable Issuing Bank and the Administrative Fees shall be paid pursuant to paragraph (b) above. Once paid, none of the Fees shall be refundable under any circumstances.

SECTION 2.07. Repayment of Loans; Evidence of Debt. (a) Each Borrower hereby agrees that the outstanding principal balance of each Standby Loan or Local Currency Loan shall be payable on the Maturity Date (unless an earlier date is specified in the Local Currency Addendum relating to such Local Currency Loan) and that the outstanding principal balance of each Competitive

Loan shall be payable on the last day of the Interest Period applicable thereto. Each Loan shall bear interest on the outstanding principal balance thereof as set forth in Section 2.08.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness to such Lender resulting from each Loan made by such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time under this Agreement.

(c) The Administrative Agent shall maintain accounts in which it will record (i) the amount of each Loan made hereunder, the currency of each Loan, the Borrower of each Loan, the Type of each Loan made and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from each Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder from each Borrower and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraphs (b) and (c) of this Section 2.07 shall, to the extent permitted by applicable law, be prima facie evidence of the existence and amounts of the obligations therein recorded; provided, however, that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligations of the Borrowers to repay the Loans in accordance with their terms.

SECTION 2.08. Interest on Loans. (a) Subject to the provisions of Section 2.09, the Loans comprising each Eurocurrency Borrowing shall bear interest (computed on the basis of the actual number of days elapsed over a year of 360 days) at a rate per annum equal to (i) in the case of each Eurocurrency Standby Loan, the LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Percentage from time to time in effect, (ii) in the case of each Eurocurrency Competitive Loan, the LIBO Rate for the Interest Period in effect for such Borrowing plus the Margin offered by the Lender making such Loan and accepted by the Borrower pursuant to Section 2.03 and (iii) in the case of each Eurocurrency Local Currency Loan, the LIBO Rate for the Interest Period in effect for such Loan plus any spread specified in the applicable Local Currency Addendum.

(b) Subject to the provisions of Section 2.09, the Loans comprising each ABR Borrowing shall bear interest (computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be, for periods during which the Alternate Base Rate is determined by reference to the Prime Rate and 360 days for other periods) at a rate per annum equal to the Alternate Base Rate.

(c) Subject to the provisions of Section 2.09, each Fixed Rate Loan shall bear interest at a rate per annum (computed on the basis of the actual number of days elapsed over a year of 360 days) equal to the fixed rate of interest offered by the Lender making such Loan and accepted by the Borrower pursuant to Section 2.03.

(d) Subject to the provisions of Section 2.09, any Local Currency Loan that is not a Eurocurrency Loan shall bear interest at the rate or rates per annum set forth in the applicable Local Currency Addendum.

(e) Interest on each Loan shall be payable on each Interest Payment Date applicable to such Loan except as otherwise provided in this Agreement or in an applicable Local Currency Addendum. The applicable LIBO Rate or Alternate Base Rate for each Interest Period or day within an Interest Period, as the case may be, shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.09. Default Interest. If a Borrower shall default in the payment of the principal of or interest on any Loan or any other amount becoming due hereunder, whether by scheduled maturity, notice of prepayment, acceleration or otherwise, such Borrower shall on demand from time to time from the Administrative Agent pay interest, to the extent permitted by law, on such defaulted amount up to (but not including) the date of actual payment (after as well as before judgment) at a rate per annum (computed as provided in Section 2.08(b)) equal to the Alternate Base Rate plus 2% (or, in the case of Local Currency Loans, such other rate as may be specified in the applicable Local Currency Addendum).

SECTION 2.10. Alternate Rate of Interest. In the event, and on each occasion, that on the day two Business Days prior to the commencement of any Interest Period for a Eurocurrency Borrowing, the Administrative Agent shall have determined (i) that deposits in the currency and principal amounts of the Eurocurrency Loans comprising such Borrowing are not generally available in the London market or (ii) that reasonable means do not exist for ascertaining the LIBO Rate, the Administrative Agent shall, as soon as practicable thereafter, give telecopy notice of such determination to the Borrower and the Lenders. In the event of any such determination under clause (i) or (ii) above, until the Administrative Agent shall have advised the Company and the Lenders that the circumstances giving rise to such notice no longer exist, (x) any request by a Borrower for a Eurocurrency Competitive Loan pursuant to Section 2.03 shall be of no force and effect and shall be denied by the Administrative Agent, (y) any request by a Borrower for a Eurocurrency Standby Loan pursuant to Section 2.04(a) shall be deemed to be a request for an ABR Borrowing and (z) any request for a Eurocurrency Local Currency Loan pursuant to Section 2.04(b) and to a Local Currency Addendum shall be deemed to be a request for a Local Currency Loan bearing interest by reference to the rate specified in the applicable Local Currency Addendum (provided that if the requested Eurocurrency Local Currency Loan was to be made pursuant to a Local Currency Addendum in which no rate is specified such request shall be of no force and effect and shall be denied by the Administrative Agent). In the event the Required Lenders notify the Administrative Agent that the rates at which Dollar deposits are being offered will not adequately and fairly reflect the cost to such Lenders of making or maintaining Eurocurrency Loans in Dollars during such Interest Period, the Administrative Agent shall notify the applicable Borrower of such notice and until the Required Lenders shall have advised the Administrative Agent that the circumstances giving rise to such notice no longer exist, any request by such Borrower for a Eurocurrency Standby Loan shall be deemed a request for an ABR Borrowing. Each determination by the Administrative Agent hereunder shall be made in good faith and shall be conclusive absent manifest error.

SECTION 2.11. Termination and Reduction of Commitments. (a) The Commitments shall be automatically terminated on the Maturity Date.

(b) Upon at least three Business Days' prior irrevocable telecopy notice to the Administrative Agent, the Company may at any time in whole permanently terminate, or from time to time in part permanently reduce, the Total Commitment; provided, however, that (i) each partial reduction of the Total Commitment shall be in an integral multiple of \$10,000,000 and in a minimum principal amount of \$50,000,000 and (ii) no such termination or reduction shall be made (A) which would reduce the Total Commitment to an amount less than the sum of the aggregate Standby Credit Exposures, Competitive Loan Exposures and L/C Exposures or (B) which would reduce any Lender's Commitment to an amount that is less than the sum of such Lender's Standby Credit Exposure and L/C Exposure.

(c) Each reduction in the Total Commitment hereunder shall be made ratably among the Lenders in accordance with their respective Commitments. The Borrowers shall pay to the Administrative Agent for the account of the Lenders, on the date of each reduction or termination of

the Total Commitment, the Facility Fees on the amount of the Commitments terminated accrued through the date of such termination or reduction.

SECTION 2.12. Prepayment. (a) Each Borrower shall have the right at any time and from time to time to prepay any Standby Borrowing or Local Currency Borrowing, as the case may be, in whole or in part, upon giving telecopy notice (or telephone notice promptly confirmed by telecopy) to the Administrative Agent: (i) before 10:00 a.m., New York City time, three Business Days prior to prepayment, in the case of Eurocurrency Standby Loans, and (ii) before 10:00 a.m., New York City time, one Business Day prior to prepayment, in the case of ABR Standby Loans and (iii) in the case of Local Currency Loans, by such time as shall be specified in the applicable Local Currency Addendum; provided, however, that each partial prepayment shall be in an amount which is (x) in the case of any Standby Borrowing, an integral multiple of \$10,000,000 and not less than \$50,000,000, and (ii) in the case of any Local Currency Borrowing, an amount in which prepayments are permitted to be made under the applicable Local Currency Addendum. No prepayment may be made in respect of any Competitive Borrowing.

(b) On the date of any termination or reduction of the Commitments pursuant to Section 2.11, the Borrowers shall pay or prepay so much of the Standby Borrowings as shall be necessary in order that the sum of the aggregate Competitive Loan Exposures, Standby Credit Exposures and L/C Exposures will not exceed the Total Commitment after giving effect to such termination or reduction.

(c) Each notice of prepayment shall specify the prepayment date and the principal amount of each Borrowing (or portion thereof) to be prepaid, shall be irrevocable and shall commit the applicable Borrower to prepay such Borrowing (or portion thereof) by the amount stated therein on the date stated therein. All prepayments under this Section 2.12 shall be subject to Section 2.15 but otherwise without premium or penalty. All prepayments under this Section 2.12 shall be accompanied by accrued interest on the principal amount being prepaid to the date of payment.

SECTION 2.13. Reserve Requirements; Change in Circumstances.

(a) Notwithstanding any other provision herein, if after the date of this Agreement any change in applicable law or regulation or in the interpretation or administration thereof by any Governmental Authority charged with the interpretation or administration thereof (whether or not having the force of law) shall result in the imposition, modification or applicability of any reserve, special deposit or similar requirement against assets of, deposits with or for the account of or credit extended by any Lender or any Issuing Bank, or shall result in the imposition on any Lender or the London interbank market of any other condition affecting this Agreement, such Lender's Commitment or any Eurocurrency Loan or Fixed Rate Loan made by such Lender or any Letter of Credit, and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurocurrency Loan or Fixed Rate Loan or of issuing or maintaining any Letter of Credit or to reduce the amount of any sum received or receivable by such Lender or such Issuing Bank hereunder (whether of principal, interest or otherwise) by an amount deemed by such Lender or such Issuing Bank to be material, then such additional amount or amounts as will compensate such Lender, or such Issuing Bank, as the case may be, for such additional costs or reduction will be paid by the Borrowers to such Lender, or such Issuing Bank, as the case may be, upon demand. Notwithstanding the foregoing, no Lender or Issuing Bank shall be entitled to request compensation under this paragraph with respect to any Competitive Loan or Letter of Credit if the change giving rise to such request was applicable to such Lender or Issuing Bank at the time of submission of the Competitive Bid or L/C Competitive Bid pursuant to which such Competitive Loan or Letter of Credit was made or issued.

(b) If any Lender or any Issuing Bank shall have determined that the adoption of any law, rule, regulation or guideline arising out of the July 1988 report of the Basle Committee on Banking Regulations and Supervisory Practices entitled "International Convergence of Capital Measurement and Capital Standards", or the adoption after the date hereof of any other law, rule, regulation or guideline regarding capital adequacy, or any change in any of the foregoing or in the interpretation or administration of any of the foregoing by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender or Issuing Bank (or any lending office of such Lender or such Issuing Bank) or any Lender's or Issuing Bank's holding company with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on such Lender's or Issuing Bank's capital or on the capital of such Lender's or Issuing Bank's holding company, if any, as a consequence of this Agreement, such Lender's Commitment or the Loans made or Letters of Credit issued by such Lender or Issuing Bank pursuant hereto to a level below that which such Lender or Issuing Bank or such Lender's or Issuing Bank's holding company could have achieved but for such adoption, change or compliance (taking into consideration such Lender's or Issuing Bank's policies and the policies of such Lender's or Issuing Bank's holding company with respect to capital adequacy) by an amount deemed by such Lender or Issuing Bank to be material, then from time to time such additional amount or amounts as will compensate such Lender or Issuing Bank for such reduction will be paid by the Borrowers to such Lender or Issuing Bank.

(c) A certificate of any Lender or Issuing Bank setting forth such amount or amounts as shall be necessary to compensate such Lender or Issuing Bank or its holding company, as applicable, as specified in paragraph (a) or (b) above, as the case may be, shall be delivered to the Company and shall be conclusive absent manifest error. The Borrowers shall pay such Lender or Issuing Bank the amount shown as due on any such certificate delivered by it within 10 days after its receipt of the same.

(d) Failure on the part of any Lender or Issuing Bank to demand compensation for any increased costs or reduction in amounts received or receivable or reduction in return on capital with respect to any period shall not constitute a waiver of such Lender's or Issuing Bank's right to demand compensation with respect to such period or any other period; provided, however, that no Lender or Issuing Bank shall be entitled to compensation under this Section 2.13 for any costs incurred or reductions suffered with respect to any date unless it shall have notified the Company that it will demand compensation for such costs or reductions under paragraph (c) above not more than 90 days after the later of (i) such date and (ii) the date on which it shall have become aware of such costs or reductions. The protection of this Section shall be available to each Lender and Issuing Bank regardless of any possible contention of the invalidity or inapplicability of the law, rule, regulation, guideline or other change or condition which shall have occurred or been imposed.

SECTION 2.14. Change in Legality. (a) Notwithstanding any other provision herein, if any change in any law or regulation or in the interpretation thereof by any Governmental Authority charged with the administration or interpretation thereof shall make it unlawful for any Lender or any of its Affiliates which shall be party to a Local Currency Addendum to make or maintain any Eurocurrency Loan or Local Currency Loan or to give effect to its obligations as contemplated hereby with respect to any Eurocurrency Loan or Local Currency Loan, or shall limit the convertibility into Dollars of any Local Currency (or make such conversion commercially impracticable), then, by written notice to the Company and to the Administrative Agent, such Lender may:

(i) declare that Eurocurrency Loans or Loans in any affected Local Currency will not thereafter be made by such Lender hereunder, whereupon such Lender shall not submit a

Competitive Bid in response to a request for a Eurocurrency Competitive Loan, any request for a Eurocurrency Standby Loan shall, as to such Lender only, be deemed a request for an ABR Loan, and any request for a Local Currency Borrowing in such Local Currency shall be disregarded, unless such declaration shall be subsequently withdrawn; and

(ii) require that all outstanding Eurocurrency Loans in Dollars made by it be converted to ABR Loans and that all outstanding Local Currency Loans made by it in the affected Local Currency be promptly prepaid, in which event all such Eurocurrency Loans in Dollars shall be automatically converted to ABR Loans as of the effective date of such notice as provided in paragraph (b) below and all such Local Currency Loans shall be promptly prepaid.

In the event any Lender shall exercise its rights under (i) or (ii) above with respect to Eurocurrency Loans in Dollars, all payments and prepayments of principal which would otherwise have been applied to repay the Eurocurrency Loans that would have been made by such Lender or the converted Eurocurrency Loans, of such Lender shall instead be applied to repay the ABR Loans made by such Lender in lieu of, or resulting from the conversion of, such Eurocurrency Loans.

(b) For purposes of this Section 2.14, a notice by any Lender shall be effective as to each Eurocurrency Loan or Local Currency Loan, if lawful, on the last day of the Interest Period currently applicable to such Eurocurrency Loan or Local Currency Loan; in all other cases such notice shall be effective on the date of receipt.

SECTION 2.15. Indemnity. The Borrowers shall indemnify each Lender against any out-of-pocket loss or expense which such Lender may sustain or incur as a consequence of (a) any failure to borrow or to refinance, convert or continue any Loan hereunder after irrevocable notice of such borrowing, refinancing, conversion or continuation has been given pursuant to Section 2.03, 2.04 or 2.05 or pursuant to any Local Currency Addendum, (b) any payment, prepayment or conversion, or assignment required under Section 2.20, of a Eurocurrency Loan required by any other provision of this Agreement or otherwise made or deemed made on a date other than the last day of the Interest Period, if any, applicable thereto, (c) any default in payment or prepayment of the principal amount of any Loan or any part thereof or interest accrued thereon, as and when due and payable (at the due date thereof, whether by scheduled maturity, acceleration, irrevocable notice of prepayment or otherwise) or (d) the occurrence of any Event of Default, including, in each such case, any loss or reasonable expense sustained or incurred or to be sustained or incurred in liquidating or employing deposits from third parties acquired to effect or maintain such Loan or any part thereof as a Eurocurrency Loan. Such loss or reasonable expense shall include an amount equal to the excess, if any, as reasonably determined by such Lender, of (i) its cost of obtaining the funds for the Loan being paid, prepaid, refinanced or not borrowed (assumed to be the LIBO Rate applicable thereto) for the period from the date of such payment, prepayment, refinancing or failure to borrow or refinance to the last day of the Interest Period for such Loan (or, in the case of a failure to borrow or refinance the Interest Period for such Loan which would have commenced on the date of such failure) over (ii) the amount of interest (as reasonably determined by such Lender) that would be realized by such Lender in reemploying the funds so paid, prepaid or not borrowed or refinanced for such period or Interest Period, as the case may be. A certificate of any Lender setting forth any amount or amounts which such Lender is entitled to receive pursuant to this Section shall be delivered to such Borrower and shall be conclusive absent manifest error.

SECTION 2.16. Pro Rata Treatment. Except as required under Sections 2.14 and 2.20, each payment of the Facility Fees and each reduction of the Commitments shall be allocated pro rata among the Lenders in accordance with their respective Commitments (or, if such Commitments shall have expired or been terminated, in accordance with the respective principal amounts of their

outstanding Standby Loans). Each payment of principal of any Competitive Borrowing shall be allocated pro rata among the Lenders participating in such Borrowing in accordance with the respective principal amounts of their outstanding Competitive Loans comprising such Borrowing. Except as required under Section 2.14, each payment or repayment of principal of any Standby Borrowing and each refinancing or conversion of any Standby Borrowing shall be allocated pro rata among the Lenders in such Borrowing in accordance with the respective principal amounts of their outstanding Standby Loans comprising such Borrowing, and each payment of interest on any Standby Borrowing shall be allocated pro rata among the Lenders participating in such a Borrowing in accordance with the respective amounts of accrued and unpaid interest on their outstanding Standby Loans comprising such Borrowing. Each payment of principal of any Competitive Borrowing shall be allocated pro rata among the Lenders participating in such Borrowing in accordance with the respective principal amounts of their outstanding Competitive Loans comprising such Borrowing. Each payment of interest on any Competitive Borrowing shall be allocated pro rata among the Lenders participating in such Borrowing in accordance with the respective amounts of accrued and unpaid interest on their outstanding Competitive Loans comprising such Borrowing. For purposes of determining the Available Commitments of the Lenders at any time, each outstanding Competitive Borrowing shall be deemed to have utilized the Commitments of the Lenders (including those Lenders which shall not have made Loans as part of such Competitive Borrowing) pro rata in accordance with their respective Commitments. Each Lender agrees that in computing such Lender's portion of any Borrowing to be made hereunder, the Administrative Agent may, in its discretion, round each Lender's percentage of such Borrowing to the next higher or lower whole Dollar amount.

SECTION 2.17. Sharing of Setoffs. Each Lender agrees that if it shall, through the exercise of a right of banker's lien, setoff or counterclaim, or pursuant to a secured claim under Section 506 of Title 11 of the United States Code or other security or interest arising from, or in lieu of, such secured claim, received by such Lender under any applicable bankruptcy, insolvency or other similar law or otherwise, or by any other means, obtain payment (voluntary or involuntary) in respect of any Standby Loan or Loans as a result of which the unpaid principal portion of its Standby Loans shall be proportionately less than the unpaid principal portion of the Standby Loans of any other Lender, it shall be deemed simultaneously to have purchased from such other Lender at face value, and shall promptly pay to such other Lender the purchase price for, a participation in the Standby Loans of such other Lender, so that the aggregate unpaid principal amount of the Standby Loans and participations in the Standby Loans held by each Lender shall be in the same proportion to the aggregate unpaid principal amount of all Standby Loans then outstanding as the principal amount of its Standby Loans prior to such exercise of banker's lien, setoff or counterclaim or other event was to the principal amount of all Standby Loans outstanding prior to such exercise of banker's lien, setoff or counterclaim or other event; provided, however, that, if any such purchase or purchases or adjustments shall be made pursuant to this Section 2.17 and the payment giving rise thereto shall thereafter be recovered, such purchase or purchases or adjustments shall be rescinded to the extent of such recovery and the purchase price or prices or adjustment restored without interest. Any Lender holding a participation in a Standby Loan deemed to have been so purchased may exercise any and all rights of banker's lien, setoff or counterclaim with respect to any and all moneys owing to such Lender by reason thereof as fully as if such Lender had made a Standby Loan in the amount of such participation.

SECTION 2.18. Payments. (a) The Borrowers shall make each payment (including principal of or interest on any Borrowing or any L/C Disbursement and any Fees or other amounts) hereunder from an account in the United States not later than 12:00 noon, local time at the place of payment, on the date when due in immediately available funds to the Administrative Agent at its offices at 270 Park Avenue, New York, New York (or, in the case of Local Currency Loans, such other time and place as shall be specified in the applicable Local Currency Addendum). Each such payment (other than principal of and interest on Local Currency Loans) shall be made in Dollars.

(b) Whenever any payment (including principal of or interest on any Borrowing or any Fees or other amounts) hereunder shall become due, or otherwise would occur, on a day that is not a Business Day, such payment may be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of interest or Fees, if applicable.

SECTION 2.19. Taxes. (a) Any and all payments to the Lenders hereunder shall be made, in accordance with Section 2.18, free and clear of and without deduction for any and all current or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding (i) income taxes imposed on the income of the Administrative Agent, any Lender or any Issuing Bank (or any transferee or assignee thereof, including a participation holder (any such entity a "Transferee")) and (ii) franchise taxes imposed on the income, assets or net worth of the Administrative Agent, any Lender or any Issuing Bank (or Transferee), in each case by the jurisdiction under the laws of which the Administrative Agent, such Lender or such Issuing Bank (or Transferee) is organized or doing business (other than as a result of entering into this Agreement, performing any obligations hereunder, receiving any payments hereunder or enforcing any rights hereunder), or any political subdivision thereof (all such nonexcluded taxes, levies, imposts, deductions, charges, withholdings and liabilities, collectively or individually, "Taxes"). If any Borrower shall be required to deduct any Taxes from or in respect of any sum payable hereunder to any Lender (or any Transferee), the Administrative Agent or any Issuing Bank, (i) the sum payable shall be increased by the amount (an "additional amount") necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.19) such Lender (or Transferee), the Administrative Agent or such Issuing Bank (as the case may be) shall receive an amount equal to the sum it would have received had no such deductions been made, (ii) such Borrower shall make such deductions and (iii) such Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Borrowers shall pay to the relevant Governmental Authority in accordance with applicable law any current or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies that arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any other Loan Document ("Other Taxes").

(c) The Borrowers shall indemnify each Lender (or Transferee), the Administrative Agent and each Issuing Bank for the full amount of Taxes and Other Taxes paid by such Lender (or Transferee), the Administrative Agent or such Issuing Bank, as the case may be, and any liability (including penalties, interest and expenses (including reasonable attorney's fees and expenses)) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability prepared by a Lender (or Transferee), Issuing Bank or the Administrative Agent on its behalf, absent manifest error, shall be final, conclusive and binding for all purposes. Such indemnification shall be made within 30 days after the date any Lender (or Transferee), an Issuing Bank or the Administrative Agent, as the case may be, makes written demand therefor, which written demand shall be made within 60 days of the date such Lender (or Transferee), such Issuing Bank or the Administrative Agent receives written demand for payment of such Taxes or Other Taxes from the relevant Governmental Authority.

(d) If a Lender (or Transferee), an Issuing Bank or the Administrative Agent shall become aware that it is entitled to claim a refund from a Governmental Authority in respect of Taxes or Other Taxes as to which it has been indemnified by the Borrowers, or with respect to which the Borrowers have paid additional amounts, pursuant to this Section 2.19, it shall promptly notify the Borrowers of the availability of such refund claim and shall, within 30 days after receipt of a request

by the Borrowers, make a claim to such Governmental Authority for such refund at the Borrowers' expense. If a Lender (or Transferee), an Issuing Bank or the Administrative Agent receives a refund (including pursuant to a claim for refund made pursuant to the preceding sentence) in respect of any Taxes or Other Taxes as to which it has been indemnified by the Borrowers or with respect to which the Borrowers have paid additional amounts pursuant to this Section 2.19, it shall within 30 days from the date of such receipt pay over such refund to the Borrowers (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrowers under this Section 2.19 with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of such Lender (or Transferee), such Issuing Bank or the Administrative Agent and without interest (other than interest paid by the relevant Governmental Authority with respect to such refund); provided, however, that the Borrowers, upon the request of such Lender (or Transferee), such Issuing Bank or the Administrative Agent, agree to repay the amount paid over to the Borrowers (plus penalties, interest or other charges) to such Lender (or Transferee), such Issuing Bank or the Administrative Agent in the event such Lender (or Transferee), such Issuing Bank or the Administrative Agent is required to repay such refund to such Governmental Authority.

(e) As soon as practicable after the date of any payment of Taxes or Other Taxes by the Borrowers to the relevant Governmental Authority, the Borrowers will deliver to the Administrative Agent, at its address referred to in Section 9.01, the original or a certified copy of a receipt issued by such Governmental Authority evidencing payment thereof.

(f) Without prejudice to the survival of any other agreement contained herein, the agreements and obligations contained in this Section 2.19 shall survive the payment in full of the principal of and interest on all Loans made hereunder and the expiration or cancellation of all Letters of Credit and the payment of all L/C Disbursements thereunder.

(g) Each Lender and Issuing Bank (or Transferee) that is organized under the laws of a jurisdiction other than the United States, any State thereof or the District of Columbia (a "Non-U.S. Lender") shall deliver to the Company and the Administrative Agent two copies of either United States Internal Revenue Service Form 1001 or Form 4224, or, in the case of a Non-U.S. Lender or Issuing Bank claiming exemption from U.S. Federal withholding tax under Section 871(h) or 881(c) of the Code with respect to payments of "portfolio interest", a Form W-8, or any subsequent versions thereof or successors thereto (and, if such Non-U.S. Lender or Issuing Bank delivers a Form W-8, a certificate representing that such Non-U.S. Lender or Issuing Bank is not a bank for purposes of Section 881(c) of the Code, is not a 10 percent shareholder (within the meaning of Section 871(h)(3)(B) of the Code) of the Company and is not a controlled foreign corporation related to the Company (within the meaning of Section 864(d)(4) of the Code)), properly completed and duly executed by such Non-U.S. Lender or Issuing Bank claiming complete exemption from, or reduced rate of, U.S. Federal withholding tax on payments by the Company under this Agreement. Such forms shall be delivered by each Non-U.S. Lender or Issuing Bank on or before the date it becomes a party to this Agreement (or, in the case of a Transferee that is a participation holder, on or before the date such participation holder becomes a Transferee hereunder) and on or before the date, if any, such Non-U.S. Lender or Issuing Bank changes its applicable lending office by designating a different lending office (a "New Lending Office"). In addition, each Non-U.S. Lender or Issuing Bank shall deliver such forms promptly upon the obsolescence or invalidity of any form previously delivered by such Non-U.S. Lender or Issuing Bank. Notwithstanding any other provision of this Section 2.19(g), a Non-U.S. Lender or Issuing Bank shall not be required to deliver any form pursuant to this Section 2.19(g) that such Non-U.S. Lender or Issuing Bank is not legally able to deliver.

(h) The Company shall not be required to indemnify any Non-U.S. Lender or Issuing Bank, or to pay any additional amounts to any Non-U.S. Lender or Issuing Bank, in respect of United

States Federal withholding tax pursuant to paragraph (a) or (c) above to the extent that (i) the obligation to withhold amounts with respect to United States Federal withholding tax existed on the date such Non-U.S. Lender or Issuing Bank became a party to this Agreement (or, in the case of a Transferee that is a participation holder, on the date such participation holder became a Transferee hereunder) or, with respect to payments to a New Lending Office, the date such Non-U.S. Lender or Issuing Bank designated such New Lending Office with respect to a Loan; provided, however, that this clause (i) shall not apply to any Transferee or New Lending Office that becomes a Transferee or New Lending Office as a result of an assignment, participation, transfer or designation made at the request of the Company; and provided further, however, that this clause (i) shall not apply to the extent the indemnity payment or additional amounts any Transferee, or Lender (or Transferee) or Issuing Bank through a New Lending Office, would be entitled to receive (without regard to this clause (i)) do not exceed the indemnity payment or additional amounts that the person making the assignment, participation or transfer to such Transferee, or Lender (or Transferee) or Issuing Bank making the designation of such New Lending Office, would have been entitled to receive in the absence of such assignment, participation, transfer or designation or (ii) the obligation to pay such additional amounts would not have arisen but for a failure by such Non-U.S. Lender or Issuing Bank to comply with the provisions of paragraph (g) above.

(i) Any Lender (or Transferee) or Issuing Bank claiming any indemnity payment or additional amounts payable pursuant to this Section 2.19 shall use reasonable efforts (consistent with legal and regulatory restrictions) to file any certificate or document reasonably requested in writing by the Company or to change the jurisdiction of its applicable lending office if the making of such a filing or change would avoid the need for or reduce the amount of any such indemnity payment or additional amounts that may thereafter accrue and would not, in the sole determination of such Lender (or Transferee) or Issuing Bank, be otherwise disadvantageous to such Lender (or Transferee) or Issuing Bank.

(j) Nothing contained in this Section 2.19 shall require any Lender (or Transferee), any Issuing Bank or the Administrative Agent to make available any of its tax returns (or any other information that it deems to be confidential or proprietary).

SECTION 2.20. Duty to Mitigate; Assignment of Commitments Under Certain Circumstances. (a) Any Lender (or Transferee) or Issuing Bank claiming any additional amounts payable pursuant to Section 2.13 or Section 2.19 or exercising its rights under Section 2.14 shall use reasonable efforts (consistent with legal and regulatory restrictions) to file any certificate or document requested by the Company or to change the jurisdiction of its applicable lending office if the making of such a filing or change would avoid the need for or reduce the amount of any such additional amounts which may thereafter accrue or avoid the circumstances giving rise to such exercise and would not, in the sole determination of such Lender (or Transferee) or Issuing Bank, be otherwise disadvantageous to such Lender (or Transferee) or Issuing Bank.

(b) In the event that any Lender or Issuing Bank shall have delivered a notice or certificate pursuant to Section 2.13 or 2.14, or the Company shall be required to make additional payments to any Lender or Issuing Bank under Section 2.19, the Company shall have the right, at its own expense, upon notice to such Lender or Issuing Bank and the Administrative Agent, to require such Lender or Issuing Bank to transfer and assign without recourse, representation or warranty (in accordance with and subject to the restrictions contained in Section 9.04) all interests, rights and obligations contained hereunder to another financial institution approved by the Administrative Agent (which approval shall not be unreasonably withheld) which shall assume such obligations; provided that (i) no such assignment shall conflict with any law, rule or regulation or order of any Governmental Authority and (ii) the assignee or the Company, as the case may be, shall pay to the affected Lender or

Issuing Bank in immediately available funds on the date of such assignment the principal of and interest accrued to the date of payment on the Loans and L/C Disbursements made by it hereunder and all other amounts accrued for its account or owed to it hereunder and shall cause all Letters of Credit issued by it to be canceled on such date.

SECTION 2.21. Terms of Local Currency Facilities. (a) The Company may in its discretion from time to time elect to borrow, or elect that one or more Borrowing Subsidiaries may borrow, Local Currency Loans on a revolving basis from any one or more Local Currency Lenders, with the consent of each such Local Currency Lender in its sole discretion, by delivering a Local Currency Addendum to the Administrative Agent and the Local Currency Lenders (through the Administrative Agent), executed by the Company, each such Borrowing Subsidiary and each such Local Currency Lender; provided, however, that on the effective date of such election, and after giving effect thereto, (i) an Exchange Rate with respect to each Local Currency covered by such Local Currency Addendum shall be determinable by reference to the Reuters currency pages (or comparable publicly available screen), (ii) no Default or Event of Default shall have occurred and be continuing and (iii) the aggregate amount of all Local Currency Facility Maximum Borrowing Amounts under all Local Currency Addenda at the time in effect shall not exceed \$500,000,000. Each Borrower and, by agreeing to any Local Currency Addendum, each relevant Local Currency Lender, acknowledges and agrees that each reference in this Agreement to any Lender shall, to the extent applicable, be deemed to be a reference to such Local Currency Lender, subject to the second sentence of the definition of such term.

(b) Each Local Currency Addendum shall set forth (i) the maximum amount (expressed in Dollars and without duplication) available to be borrowed from all Local Currency Lenders under such Local Currency Addendum (as the same may be reduced from time to time pursuant to Section 2.22(c) or (d), a "Local Currency Facility Maximum Borrowing Amount") and (ii) with respect to each Local Currency Lender party to such Local Currency Addendum, the maximum amount (expressed in Dollars and without duplication) available to be borrowed from such Local Currency Lender thereunder (as the same may be reduced from time to time pursuant to Section 2.22(c) or (d), a "Local Currency Lender Maximum Borrowing Amount"). In no event shall the aggregate of all Local Currency Lender Maximum Borrowing Amounts in respect of any Local Currency Lender at any time exceed such Lender's Commitment. Except as provided in Section 2.21(c), the making of Local Currency Loans by a Local Currency Lender under a Local Currency Addendum shall under no circumstances reduce the amount available to be borrowed from such Lender under any other Local Currency Addendum to which such Lender is a party.

(c) Except as otherwise required by applicable law, in no event shall the Local Currency Lenders have the right to accelerate the Local Currency Loans outstanding under any Local Currency Addendum, or to terminate their commitments (if any) thereunder to make Local Currency Loans prior to the stated termination date in respect thereof, except that such Local Currency Lenders shall, in each case, have such rights upon an acceleration of the Loans and a termination of the Commitments pursuant to Article VI, respectively. No Local Currency Loan may be made if (i) an Exchange Rate with respect to such Local Currency cannot be determined, (ii) a Default or an Event of Default shall have occurred and be continuing or would result therefrom or (iii) after giving effect thereto, (A) the sum of the aggregate principal amount of the Dollar Loans (other than Competitive Loans) and Local Currency Loans (Dollar Equivalent) of any Lender (and the Affiliates of such Lender that are Local Currency Lenders) then outstanding and the L/C Exposure of such Lender would exceed such Lender's Commitment, (B) the Dollar Equivalent of the aggregate principal amount of outstanding Local Currency Loans denominated in a specified Local Currency would exceed the applicable Local Currency Facility Maximum Borrowing Amount or (C) the sum of the aggregate Standby Credit

Exposures, the aggregate L/C Exposures and the aggregate Competitive Loan Exposures would exceed the Total Commitment.

(d) The applicable Borrower and the applicable Local Currency Lenders, or, if so specified in the relevant Local Currency Addendum, an agent acting on their behalf, shall furnish to the Administrative Agent, promptly following the making, payment or prepayment of each Local Currency Loan, and at any other time at the request of the Administrative Agent, a statement setting forth the outstanding Local Currency Loans made under such Local Currency Addendum.

(e) The applicable Borrower shall furnish to the Administrative Agent copies of any amendment, supplement or other modification to the terms of any Local Currency Addendum promptly after the effectiveness thereof.

(f) The Company may terminate any Local Currency Addendum, if there are not any Loans outstanding thereunder, in its sole discretion (or, if there are Loans outstanding thereunder, with the consent of each Local Currency Lender party thereto), by written notice to the Administrative Agent, which notice shall be executed by the Company, each relevant Borrowing Subsidiary and, if their consent is required, each such Local Currency Lender. Once notice of such termination is received by the Administrative Agent, such Local Currency Addendum and the loans and other obligations outstanding thereunder shall immediately cease to be subject to the terms of this Agreement.

SECTION 2.22. Currency Fluctuations, etc. (a) Not later than 1:00 p.m., New York City time, on each Calculation Date, the Administrative Agent shall (i) determine the Exchange Rate as of such Calculation Date with respect to each Local Currency covered by a Local Currency Addendum and (ii) give notice thereof to the Lenders, the Company and the relevant Borrowing Subsidiaries. The Exchange Rates so determined shall become effective on the first Business Day immediately following the relevant Calculation Date (a "Reset Date") and shall remain effective until the next succeeding Reset Date.

(b) Not later than 5:00 p.m., New York City time, on each Reset Date and each Borrowing Date, the Administrative Agent shall (i) determine the Dollar Equivalent of the Local Currency Loans then outstanding (after giving effect to any Local Currency Loans to be made or repaid on such date) and (ii) notify the Lenders, the Company and the relevant Borrowing Subsidiaries of the results of such determination.

(c) If, on any Reset Date or any Borrowing Date (after giving effect to (i) any Loans to be made or repaid on such date and (ii) any amendment, supplement or other modification to any Local Currency Addendum effective on such date of which the Administrative Agent has received notice), the aggregate outstanding Dollar Standby Extensions of Credit of any Lender exceeds the Dollar Standby Credit Overage of such Lender (the amount of such excess being called the "Dollar Standby Credit Excess"), then such Lender's Local Currency Lender Maximum Borrowing Amount under each Local Currency Addendum to which such Lender is a party shall be reduced on such date by an amount equal to the product of such Dollar Standby Credit Excess times a fraction the numerator of which shall equal the Local Currency Lender Maximum Borrowing Amount under such Local Currency Addendum and the denominator of which shall equal the aggregate of the Local Currency Lender Maximum Borrowing Amounts of such Lender. After giving effect to any such reduction in Local Currency Lender Maximum Borrowing Amounts, the Local Currency Facility Maximum Borrowing Amount with respect to each Local Currency Addendum shall in turn be reduced to an amount equal to the aggregate of the Local Currency Lender Maximum Borrowing Amounts of all Lenders party to such Local Currency Addendum. Reductions in Local Currency Facility Maximum Borrowing Amounts and Local Currency Lender Maximum Borrowing Amounts pursuant to this

Section 2.22(c) shall be effective until the amount thereof shall be recalculated by the Administrative Agent on the next succeeding Reset Date or Borrowing Date, and shall not be deemed to reduce the stated amount of any commitment of any Local Currency Lender in respect of any Local Currency Addendum.

(d) If, on any Reset Date or Borrowing Date (after giving effect to (i) any Loans to be made or repaid on such date, (ii) any amendment, supplement or other modification to any Local Currency Addendum effective on such date of which the Administrative Agent has received notice and (iii) any reduction in the Local Currency Facility Maximum Borrowing Amounts pursuant to Section 2.22(c) effective on such date), the sum of (A) the aggregate outstanding Dollar Standby Extensions of Credit of all the Lenders, (B) the aggregate L/C Exposures and (C) the aggregate Competitive Loan Exposures exceed the Dollar Facility Overage (the amount of such excess being called the "Dollar Facility Excess"), then the Local Currency Facility Maximum Borrowing Amount under each Local Currency Addendum shall be reduced on such date by an amount equal to the product of such Dollar Facility Excess times a fraction the numerator of which shall equal the Local Currency Facility Maximum Borrowing Amount under such Local Currency Addendum and the denominator of which shall equal the aggregate of the Local Currency Facility Maximum Borrowing Amounts with respect to all Local Currency Addenda. Each such reduction in the Local Currency Facility Maximum Borrowing Amount under a Local Currency Addendum shall in turn reduce the respective Local Currency Lender Maximum Borrowing Amounts of each Local Currency Lender party to such Local Currency Addendum, pro rata on the basis of the respective Local Currency Lender Maximum Borrowing Amounts of such Local Currency Lenders immediately prior to such reduction. Reductions in Local Currency Facility Maximum Borrowing Amounts and Local Currency Lender Maximum Borrowing Amounts pursuant to this Section 2.22(d) shall be effective until the amount thereof shall be recalculated by the Administrative Agent on the next succeeding Reset Date or Borrowing Date, and shall not be deemed to reduce the stated amount of any commitment of any Local Currency Lender in respect of any Local Currency Addendum.

(e) If, on any Reset Date, the Dollar Equivalent of the Local Currency Loans outstanding under a Local Currency Addendum exceeds 105% of the Local Currency Facility Maximum Borrowing Amount with respect thereto (after giving effect to any reductions therein effected pursuant to Section 2.22(c) or (d) on such date), then the relevant Borrower shall, within three Business Days after notice thereof from the Administrative Agent, (i) increase the Local Currency Facility Maximum Borrowing Amount with respect to such Local Currency Facility in accordance with Section 2.21(e) and/or (ii) prepay Local Currency Loans, in either case in an aggregate amount such that, after giving effect thereto, (x) the Dollar Equivalent of all such Local Currency Loans shall be equal to or less than such Local Currency Facility Maximum Borrowing Amount and (y) the Dollar Equivalent of the Local Currency Loans of each relevant Local Currency Lender shall be equal to or less than such Local Currency Lender's Local Currency Lender Maximum Borrowing Amount with respect to such Local Currency Addendum.

(f) If, on any Reset Date, the Standby Credit Exposure of any Lender exceeds 105% of such Lender's Commitment, then, within three Business Days after notice thereof from the Administrative Agent, the Company shall prepay and/or cause the relevant Borrowing Subsidiaries to prepay the Loans in accordance with this Agreement, in an aggregate amount such that, after giving effect thereto, the Standby Credit Exposure of such Lender shall be equal to or less than such Lender's Commitment.

(g) The Administrative Agent shall promptly notify the relevant Lenders of the amount of any reductions in Local Currency Facility Maximum Borrowing Amounts or Local Currency Lender Maximum Borrowing Amounts required pursuant to this Section 2.22.

SECTION 2.23. Letters of Credit. (a) General. The Borrowers may request the issuance of Letters of Credit, in a form reasonably acceptable to the Administrative Agent and the applicable Issuing Bank, appropriately completed, for the accounts of the Borrowers, at any time and from time to time while the Commitments remain in effect. All Letters of Credit shall be denominated in Dollars. This Section shall not be construed to impose an obligation upon any Issuing Bank to issue any Letter of Credit that is inconsistent with the terms and conditions of this Agreement.

(b) Notice of Issuance, Amendment, Renewal, Extension; Certain Conditions. In order to request the issuance of a Letter of Credit (or to amend, renew or extend an existing Letter of Credit), the applicable Borrower shall hand deliver or telecopy to the applicable Issuing Bank and the Administrative Agent (reasonably in advance of the requested date of issuance, amendment, renewal or extension) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, the date of issuance, amendment, renewal or extension, the date on which such Letter of Credit is to expire (which shall comply with paragraph 2.23(c) below), the amount of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare such Letter of Credit. Following receipt of such notice and prior to the issuance of the requested Letter of Credit or the applicable amendment, renewal or extension, the Administrative Agent shall notify the Borrowers, each Lender and the applicable Issuing Bank of the amount of the Aggregate Credit Exposure after giving effect to (i) the issuance, amendment, renewal or extension of such Letter of Credit, (ii) the issuance or expiration of any other Letter of Credit that is to be issued or will expire prior to the requested date of issuance of such Letter of Credit and (iii) the borrowing or repayment of any Loans that (based upon notices delivered to the Administrative Agent by the Borrowers) are to be borrowed or repaid prior to the requested date of issuance of such Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if, and upon issuance, amendment, renewal or extension of each Letter of Credit, the Borrowers shall be deemed to represent and warrant that, (i) after giving effect to such issuance, amendment, renewal or extension (A) the L/C Exposure shall not exceed \$500,000,000 and (B) the Aggregate Credit Exposure shall not exceed the Total Commitment and (ii) in the case of a Letter of Credit that will expire later than the first anniversary of such issuance, amendment, renewal or extension, the applicable Borrower, the applicable Issuing Bank and the Required Lenders shall have reached agreement on the fees to be applicable thereto as contemplated by the last sentence of Section 2.06(c).

(c) Expiration Date. Each Letter of Credit shall expire at the close of business on the earlier of the date five years after the date of the issuance of such Letter of Credit and the date that is five Business Days prior to the Maturity Date, unless such Letter of Credit expires by its terms on an earlier date; provided that a Letter of Credit shall not be issued (nor shall a Letter of Credit be amended, renewed or extended) that would result in the Aggregate Credit Exposure exceeding the Total Commitment. Compliance with the foregoing proviso shall be determined based upon the assumption that (i) each Letter of Credit remains outstanding and undrawn in accordance with its terms until its expiration date (taking into account any rights of renewal or extension that do not require written notice by or consent of the applicable Issuing Bank, in its sole discretion, in order to effect such renewal or extension) and (ii) the Commitments will not be reduced voluntarily pursuant to Section 2.11(b).

(d) Participations. By the issuance of a Letter of Credit and without any further action on the part of the applicable Issuing Bank or the Lenders, the applicable Issuing Bank hereby grants to each Lender, and each such Lender hereby acquires from the applicable Issuing Bank, a participation in such Letter of Credit equal to such Lender's Applicable Share from time to time of the aggregate amount available to be drawn under such Letter of Credit, effective upon the issuance of such Letter of Credit. In consideration and in furtherance of the foregoing, each Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of the applicable Issuing Bank, such Lender's Applicable Share from time to time of each L/C Disbursement made by such

Issuing Bank and not reimbursed by the Borrower (or, if applicable, another party pursuant to its obligations under any other Loan Document) forthwith on the date due as provided in Section 2.02(e). Each Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or an Event of Default, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) Reimbursement. If an Issuing Bank shall make any L/C Disbursement in respect of a Letter of Credit, the applicable Borrower shall pay to the Administrative Agent such L/C Disbursement not later than two hours after the Borrower shall have received notice from such Issuing Bank that payment of such draft will be made, or, if the Borrower shall have received such notice later than 10:00 a.m., New York City time, on any Business Day, not later than 10:00 a.m., New York City time, on the immediately following Business Day.

(f) Obligations Absolute. The Borrowers' obligations to reimburse L/C Disbursements as provided in paragraph 2.23(e) above shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement, under any and all circumstances whatsoever, and irrespective of:

(i) any lack of validity or enforceability of any Letter of Credit or any Loan Document, or any term or provision therein;

(ii) any amendment or waiver of or any consent to departure from all or any of the provisions of any Letter of Credit or any Loan Document;

(iii) the existence of any claim, setoff, defense or other right that the Borrowers, any other party guaranteeing, or otherwise obligated with, the Borrowers, any Subsidiary or other Affiliate thereof or any other person may at any time have against the beneficiary under any Letter of Credit, any Issuing Bank, the Administrative Agent or any Lender or any other person, whether in connection with this Agreement, any other Loan Document or any other related or unrelated agreement or transaction;

(iv) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(v) payment by the applicable Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit; and

(vi) any other act or omission to act or delay of any kind of any Issuing Bank, the Lenders, the Administrative Agent or any other person or any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of the Borrowers' obligations hereunder.

Without limiting the generality of the foregoing, it is expressly understood and agreed that the absolute and unconditional obligation of the Borrowers hereunder to reimburse L/C Disbursements will not be excused by the gross negligence or wilful misconduct of any Issuing Bank. However, the foregoing shall not be construed to excuse any Issuing Bank from liability to the

Borrowers to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Borrowers to the extent permitted by applicable law) suffered by the Borrowers that are caused by such Issuing Bank's gross negligence or wilful misconduct in determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof; it is understood that each Issuing Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary and, in making any payment under any Letter of Credit (i) an Issuing Bank's exclusive reliance on the documents presented to it under such Letter of Credit as to any and all matters set forth therein, including reliance on the amount of any draft presented under such Letter of Credit, whether or not the amount due to the beneficiary thereunder equals the amount of such draft and whether or not any document presented pursuant to such Letter of Credit proves to be insufficient in any respect, if such document on its face appears to be in order, and whether or not any other statement or any other document presented pursuant to such Letter of Credit proves to be forged or invalid or any statement therein proves to be inaccurate or untrue in any respect whatsoever and (ii) any noncompliance in any immaterial respect of the documents presented under such Letter of Credit with the terms thereof shall, in each case, be deemed not to constitute wilful misconduct or gross negligence of an Issuing Bank.

(g) Disbursement Procedures. The applicable Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. Such Issuing Bank shall as promptly as possible give telephonic notification, confirmed by telecopy, to the Administrative Agent and the applicable Borrower of such demand for payment and whether such Issuing Bank has made or will make an L/C Disbursement thereunder; provided that any failure to give or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse the Issuing Bank and the Lenders with respect to any such L/C Disbursement. The Administrative Agent shall promptly give each Lender notice thereof.

(h) Interim Interest. If an Issuing Bank shall make any L/C Disbursement in respect of a Letter of Credit, then, unless the Borrower shall reimburse such L/C Disbursement in full on such date, the unpaid amount thereof shall bear interest for the account of such Issuing Bank, for each day from and including the date of such L/C Disbursement, to but excluding the earlier of the date of payment or the date on which interest shall commence to accrue thereon as provided in paragraph 2.02(e) above, at the rate per annum that would apply to such amount if such amount were an ABR Loan.

(i) Resignation or Removal of an Issuing Bank. An Issuing Bank may resign at any time by giving 180 days' prior written notice to the Administrative Agent, the Lenders and the Borrowers, and may be removed at any time by the Borrowers by notice to the Issuing Bank, the Administrative Agent and the Lenders. Subject to the next succeeding paragraph, upon the acceptance of any appointment as an Issuing Bank hereunder by a successor Issuing Bank, such successor shall succeed to and become vested with all the interests, rights and obligations of the retiring Issuing Bank and the retiring Issuing Bank shall be discharged from its obligations to issue additional Letters of Credit hereunder. At the time such removal or resignation shall become effective, the Borrowers shall pay all accrued and unpaid fees pursuant to Section 2.06(c)(ii). The acceptance of any appointment as an Issuing Bank hereunder by a successor Lender shall be evidenced by an agreement entered into by such successor, in a form satisfactory to the Borrowers and the Administrative Agent, and, from and after the effective date of such agreement, (i) such successor Lender shall have all the rights and obligations of the previous Issuing Bank under this Agreement and the other Loan Documents and (ii) references herein and in the other Loan Documents to the term "Issuing Bank" shall be deemed to refer to such successor or to any previous Issuing Bank, or to such successor and all previous Issuing Banks, as the context shall require. After the resignation or removal of an Issuing Bank hereunder, the retiring Issuing Bank shall remain a party hereto and shall continue to have all the rights and

obligations of an Issuing Bank under this Agreement and the other Loan Documents with respect to Letters of Credit issued by it prior to such resignation or removal, but shall not be required to issue additional Letters of Credit.

(j) Additional Issuing Banks. The Borrowers may, at any time and from time to time with the consent of the Administrative Agent (which consent shall not be unreasonably withheld) and such Lender, designate one or more additional Lenders to act as an issuing bank under the terms of the Agreement. Any Lender designated as an issuing bank pursuant to this paragraph 2.23(j) shall, upon entering into an Issuing Bank Agreement with the Company, be deemed to be an "Issuing Bank" (in addition to being a Lender) in respect of Letters of Credit issued or to be issued by such Lender, and, with respect to such Letters of Credit, such term shall thereafter apply to the other Issuing Banks and such Lender.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Each Borrower represents and warrants to each of the Lenders that:

SECTION 3.01. Organization; Powers. Each Borrower and each of the Subsidiaries (a) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) has all requisite power and authority to own its property and assets and to carry on its business as now conducted and as proposed to be conducted, (c) is qualified to do business in every jurisdiction where such qualification is required, except where the failure so to qualify would not result in a Material Adverse Effect, and (d) in the case of each Borrower, has the corporate power and authority to execute, deliver and perform its obligations under the Loan Documents and to borrow hereunder and thereunder.

SECTION 3.02. Authorization. The execution, delivery and performance by the Borrowers of this Agreement, the Issuing Bank Agreements, the promissory notes, if any, issued pursuant to Section 9.04(i) and each Local Currency Addendum (and by the Borrowing Subsidiaries of each Borrowing Subsidiary Agreement), the Borrowings hereunder and the completion of the Distribution (collectively, the "Transactions") (a) have been duly authorized by all requisite corporate action and (b) will not (i) violate (A) any provision of any law, statute, rule or regulation (including the Margin Regulations) or of the certificate of incorporation or other constitutive documents or by-laws of the Borrowers, (B) any order of any Governmental Authority or (C) any provision of any indenture, agreement or other instrument to which any Borrower is a party or by which it or any of its property is or may be bound, (ii) be in conflict with, result in a breach of or constitute (alone or with notice or lapse of time or both) a default under any such indenture, agreement or other instrument or (iii) result in the creation or imposition of any lien upon any property or assets of any Borrower.

SECTION 3.03. Enforceability. This Agreement and each Loan Document to which a Borrower is a party constitutes a legal, valid and binding obligation of each Borrower enforceable in accordance with its terms.

SECTION 3.04. Governmental Approvals. No action, consent or approval of, registration or filing with or other action by any Governmental Authority, other than those which have been taken, given or made, as the case may be, is or will be required with respect to any Borrower in connection with the Transactions.

SECTION 3.05. Financial Statements. (a) The Company has heretofore furnished to the Administrative Agent and the Lenders copies of its combined balance sheet and statements of income, cash flow and retained earnings as of and for the year ended December 31, 1994, and the six months ended June 30, 1995, as included in the Proxy Statement. Such financial statements present fairly, in all material respects, the consolidated combined financial condition and the results of operations of the Company and the Subsidiaries as of such dates and for such periods in accordance with GAAP.

(b) The Company has heretofore furnished to the Administrative Agent and the Lenders copies of its pro forma combined balance sheet and statements of income as of June 30, 1995, and for the year and the six months ended December 31, 1994, and June 30, 1995, respectively, giving effect to the Distribution and certain related transactions. Such financial statements present fairly, in all material respects, the consolidated combined financial condition and the results of operations of the Company and the Subsidiaries on a pro forma basis as of such dates and for such periods in accordance with GAAP.

(c) As of the Effective Date, there has been no material adverse change in the consolidated financial condition of the Company and the Subsidiaries taken as a whole from the financial condition reported in the financial statements referenced in paragraph (a) of this Section 3.05.

SECTION 3.06. Litigation; Compliance with Laws. (a) As of the Effective Date, there are no actions, proceedings or investigations filed or (to the knowledge of the Borrowers) threatened or affecting any Borrower or any Subsidiary in any court or before any Governmental Authority or arbitration board or tribunal which question the validity or legality of this Agreement, the Transactions or any action taken or to be taken pursuant to this Agreement and no order or judgment has been issued or entered restraining or enjoining any Borrower or any Subsidiary from the execution, delivery or performance of this Agreement nor is there any other action, proceeding or investigation filed or (to the knowledge of any Borrower or any Subsidiary) threatened against any Borrower or any Subsidiary in any court or before any Governmental Authority or arbitration board or tribunal which would be reasonably likely to result in a Material Adverse Effect or materially restrict the ability of any Borrower to comply with its obligations under the Loan Documents.

(b) Neither any Borrower nor any Subsidiary is in violation of any law, rule or regulation (including any law, rule or regulation relating to the protection of the environment or to employee health or safety), or in default with respect to any judgment, writ, injunction or decree of any Governmental Authority, where such violation or default would be reasonably likely to result in a Material Adverse Effect.

(c) No exchange control law or regulation materially restricts any Borrower from complying with its obligations in respect of any Loan or Letter of Credit or otherwise under this Agreement or any Local Currency Addendum.

SECTION 3.07. Federal Reserve Regulations. (a) Neither any Borrower nor any Subsidiary that will receive proceeds of the Loans hereunder is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying Margin Stock.

(b) No part of the proceeds of any Loan will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry Margin Stock or to refund indebtedness originally incurred for such purpose, or for any other purpose which entails a violation of, or which is inconsistent with, the provisions of the Margin Regulations.

SECTION 3.08. Investment Company Act; Public Utility Holding Company Act. No Borrower is (a) an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940 (the "1940 Act") or (b) a "holding company" as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935.

SECTION 3.09. Use of Proceeds. All proceeds of the Loans and Letters of Credit shall be used for the purposes referred to in the recitals to this Agreement.

SECTION 3.10. Full Disclosure; No Material Misstatements. None of the representations or warranties made by any Borrower in connection with this Agreement as of the date such representations and warranties are made or deemed made, and no report, financial statement or other information furnished by or on behalf of any Borrower to the Administrative Agent or any Lender pursuant to or in connection with this Agreement or the credit facilities established hereby, contains or will contain any material misstatement of fact or omits or will omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were or will be made, not misleading.

SECTION 3.11. Taxes. Each Borrower and each of the material Subsidiaries have filed or caused to be filed all Federal, state and local tax returns which are required to be filed by them, and have paid or caused to be paid all taxes shown to be due and payable on such returns or on any assessments received by any of them, other than any taxes or assessments the validity of which is being contested in good faith by appropriate proceedings, and with respect to which appropriate accounting reserves have to the extent required by GAAP been set aside.

SECTION 3.12. Employee Pension Benefit Plans. The present aggregate value of accumulated benefit obligations of all unfunded and underfunded pension plans of the Company and its Subsidiaries (based on those assumptions used for disclosure in corporate financial statements in accordance with GAAP) did not, as of December 31, 1994, exceed by more than \$605,000,000 the value of the assets of all such plans. Of such \$605,000,000, \$540,000,000 is primarily attributable to employee pension plans in countries where the funding of such obligations is not required or customary and \$65,000,000 relates primarily to domestic pension plans where funding is not permitted under current tax regulations. In these cases the Company has recorded book reserves to meet the obligations. Trust assets totalling approximately \$45,000,000 have been established to provide for certain of the foregoing domestic pension benefits, however, because of restrictions relating to bankruptcy or insolvency, such funds are not included in the funded amount of plans for purposes of GAAP.

SECTION 3.13. Distribution. At or prior to the Effective Date, the Distribution will have been duly completed in accordance with applicable law and as described in the Proxy Statement, and the assets, liabilities and capitalization of the Company will have been consistent at the time of and after giving effect to the Distribution in all material respects with the forecasted capitalization table of the Company set forth in the Proxy Statement and the pro forma financial statements referred to in Section 3.05(b), except that in the event the Distribution shall occur prior to December 31, 1995, the transactions set forth in Schedule 3.13 which are reflected as having occurred in such capitalization table and such pro forma financial statements might not yet have occurred.

ARTICLE IV

CONDITIONS OF LENDING

The obligations of the Lenders to make Loans and of the Issuing Banks to issue Letters of Credit hereunder are subject to the satisfaction of the following conditions:

SECTION 4.01. All Extensions of Credit. On the date of each Borrowing and on the date of each issuance of a Letter of Credit:

(a) The Administrative Agent shall have received a notice of such Borrowing as required by Section 2.03 or Section 2.04, as applicable, or, in the case of the issuance of a Letter of Credit, the applicable Issuing Bank shall have been selected to issue such Letter of Credit as contemplated by Section 2.23.

(b) The representations and warranties set forth in Article III hereof shall be true and correct in all material respects on and as of the date of such Borrowing or issuance of a Letter of Credit with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date.

(c) At the time of and immediately after such Borrowing or issuance of a Letter of Credit no Event of Default or Default shall have occurred and be continuing.

Each Borrowing and issuance of a Letter of Credit shall be deemed to constitute a representation and warranty by each Borrower on the date of such Borrowing or issuance of a Letter of Credit as to the matters specified in paragraphs (b) and (c) of this Section 4.01.

SECTION 4.02. Effective Date. On the Effective Date:

(a) The Administrative Agent shall have received a favorable written opinion of or Robert Beicke, Esq., dated the Effective Date and addressed to the Lenders and satisfactory to the Lenders, the Administrative Agent and Cravath, Swaine & Moore, counsel for the Administrative Agent, to the effect set forth in Exhibit D hereto.

(b) The Administrative Agent shall have received (i) a copy of the certificate of incorporation, including all amendments thereto, of the Company, certified as of a recent date by the Secretary of State of its state of incorporation, and a certificate as to the good standing of the Company as of a recent date from such Secretary of State; (ii) a certificate of the Secretary or an Assistant Secretary of the Company dated the Effective Date and certifying (A) that attached thereto is a true and complete copy of the by-laws of the Company as in effect on the Effective Date and at all times since a date prior to the date of the resolutions described in clause (B) below, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors of the Company authorizing the execution, delivery and performance of this Agreement and the Borrowings hereunder, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, (C) that the certificate of incorporation referred to in clause (i) above has not been amended since the date of the last amendment thereto shown on the certificate of good standing furnished pursuant to such clause (i) and (D) as to the incumbency and specimen signature of each officer executing this Agreement or any other document delivered in connection herewith on behalf of the Company; and (iii) a certificate of another officer of the Company as to the incumbency and specimen signature of the Secretary or Assistant Secretary executing the certificate pursuant to (ii) above.

(c) The Administrative Agent shall have received a certificate, dated the Effective Date and signed by a Financial Officer of the Company, confirming compliance with the conditions precedent set forth in paragraphs (b) and (c) of Section 4.01.

(d) The principal of and accrued and unpaid interest on any loans outstanding under the Existing Credit Facilities shall have been paid in full, all other amounts due in respect of the Existing Credit Facilities shall have been paid in full and the commitments to lend under the Existing Credit Facilities shall have been permanently terminated.

(e) The Administrative Agent shall have received any Fees or other amounts due and payable on or prior to the Effective Date.

SECTION 4.03. First Borrowing by Each Borrowing Subsidiary. On or prior to the first date on which Loans are made to or Letters of Credit are issued for the benefit of any Borrowing Subsidiary:

(a) The Lenders and any Issuing Banks shall have received the favorable written opinion of counsel satisfactory to the Administrative Agent, addressed to the Lenders and satisfactory to the Lenders, the Administrative Agent and Cravath, Swaine & Moore, counsel for the Administrative Agent, to the effect set forth in Exhibit D hereto.

(b) Each Lender and any Issuing Banks shall have received a copy of the Borrowing Subsidiary Agreement executed by such Borrowing Subsidiary.

ARTICLE V

COVENANTS

A. Affirmative Covenants. Each Borrower covenants and agrees with each Lender and the Administrative Agent that so long as this Agreement shall remain in effect or the principal of or interest on any Loan, any Fees or any other amounts payable hereunder shall be unpaid or any Letters of Credit have not been canceled or have not expired or any amounts drawn thereunder have not been reimbursed in full, unless the Required Lenders shall otherwise consent in writing, it will, and will cause each of the Subsidiaries to:

SECTION 5.01. Existence. Do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights and franchises, except as expressly permitted under Section 5.09; provided, however, that nothing in this Section shall prevent the abandonment or termination of the existence, rights or franchises of any Subsidiary or any rights or franchises of any Borrower if such abandonment or termination is in the best interests of the Borrowers and is not disadvantageous in any material respect to the Lenders.

SECTION 5.02. Business and Properties. Comply in all material respects with all applicable laws, rules, regulations and orders of any Governmental Authority (including any of the foregoing relating to the protection of the environment or to employee health and safety), whether now in effect or hereafter enacted; and at all times maintain and preserve all property material to the conduct of its business and keep such property in good repair, working order and condition and from time to time make, or cause to be made, all needful and proper repairs, renewals, additions, improvements and replacements thereto necessary in order that the business carried on in connection therewith may be properly conducted at all times.

SECTION 5.03. Financial Statements, Reports, Etc. In the case of the Company, furnish to the Administrative Agent for distribution to each Lender:

(a) within 120 days after the end of each fiscal year, its consolidated balance sheet and the related consolidated statements of income and cash flows showing its consolidated financial condition as of the close of such fiscal year and the consolidated results of its operations during such year, all audited by Arthur Andersen LLP or other independent certified public accountants of recognized national standing selected by the Company and accompanied by an opinion of such accountants to the effect that such consolidated financial statements fairly present its financial condition and results of operations on a consolidated basis in accordance with GAAP (it being agreed that the requirements of this paragraph may be satisfied by the delivery pursuant to paragraph (d) below of an annual report on Form 10-K containing the foregoing);

(b) within 90 days after the end of each of the first three fiscal quarters of each fiscal year, its consolidated balance sheet and related consolidated statements of income, cash flow and stockholders' equity, showing its consolidated financial condition as of the close of such fiscal quarter and the consolidated results of its operations during such fiscal quarter and the then elapsed portion of the fiscal year, all certified by one of its Financial Officers as fairly presenting its financial condition and results of operations on a consolidated basis in accordance with GAAP, subject to normal year-end audit adjustments (it being agreed that the requirements of this paragraph may be satisfied by the delivery pursuant to paragraph (d) below of a quarterly report on Form 10-Q containing the foregoing);

(c) concurrently with any delivery of financial statements under paragraph (a) or (b) above, a certificate of a Financial Officer certifying that, to the best of such Financial Officer's knowledge, no Event of Default or Default has occurred or, if such an Event of Default or Default has occurred, specifying the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto;

(d) promptly after the same become publicly available, copies of all reports on forms 10-K, 10-Q and 8-K filed by it with the SEC, or any Governmental Authority succeeding to any of or all the functions of the SEC, or, in the case of the Company, copies of all reports distributed to its shareholders, as the case may be;

(e) promptly, from time to time, such other information as any Lender shall reasonably request through the Administrative Agent; and

(f) concurrently with any delivery of financial statements under paragraph (a) or (b) above, calculations of the financial test referred to in Section 5.12.

SECTION 5.04. Insurance. Keep its insurable properties adequately insured at all times by financially sound and reputable insurers, and maintain such other insurance, to such extent and against such risks, including fire and other risks insured against by extended coverage, as is customary with companies similarly situated and in the same or similar businesses (it being understood that the Borrowers and their Subsidiaries may self-insure to the extent customary with companies similarly situated and in the same or similar businesses).

SECTION 5.05. Obligations and Taxes. Pay and discharge promptly when due all taxes, assessments and governmental charges imposed upon it or upon its income or profits or in respect of its property, as well as all other material liabilities, in each case before the same shall

become delinquent or in default and before penalties accrue thereon, unless and to the extent that the same are being contested in good faith by appropriate proceedings and adequate reserves with respect thereto shall, to the extent required by GAAP, have been set aside.

SECTION 5.06. Litigation and Other Notices. Give the Administrative Agent prompt written notice of the following (which the Administrative Agent shall promptly provide to the Lenders):

(a) the filing or commencement of, or any written threat or written notice of intention of any person to file or commence, any action, suit or proceeding which could reasonably be expected to result in a Material Adverse Effect;

(b) any Event of Default or Default, specifying the nature and extent thereof and the action (if any) which is proposed to be taken with respect thereto; and

(c) any change in any of the Ratings.

SECTION 5.07. Maintaining Records; Access to Properties and Inspections. Maintain financial records in accordance with GAAP and, upon reasonable notice, at all reasonable times, permit any authorized representative designated by the Administrative Agent to visit and inspect the properties of the Company and of any material Subsidiary and to discuss the affairs, finances and condition of the Company and any material Subsidiary with a Financial Officer of the Company and such other officers as the Company shall deem appropriate.

SECTION 5.08. Use of Proceeds. Use the proceeds of the Loans only for the purposes set forth in the recitals to this Agreement.

B. Negative Covenants. Each Borrower covenants and agrees with each Lender and the Administrative Agent that so long as this Agreement shall remain in effect or the principal of or interest on any Loan, any Fees or any other amounts payable hereunder shall be unpaid or any Letters of Credit have not been canceled or have not expired or any amounts drawn thereunder have not been reimbursed in full, unless the Required Lenders shall otherwise consent in writing, it will not, and will not cause or permit any of the Subsidiaries to:

SECTION 5.09. Consolidations, Mergers, and Sales of Assets. Consolidate or merge with or into any other person or sell, lease or transfer all or substantially all of its property and assets, or agree to do any of the foregoing, unless (a) no Default or Event of Default has occurred and is continuing or would have occurred immediately after giving effect thereto, and (b) in the case of a consolidation or merger or transfer of assets involving the Company and in which the Company is not the surviving corporation or sells, leases or transfers all or substantially all of its property and assets, the surviving corporation or person purchasing, leasing or receiving such property and assets is organized in the United States of America or a state thereof and agrees to be bound by the terms and provisions applicable to the Company hereunder.

SECTION 5.10. Limitations on Liens. In the case of the Company, create, suffer to be created, or assume (directly or indirectly) any mortgage, pledge or other lien upon any Principal Property, or permit any Restricted Subsidiary to create, suffer to be created, or assume (directly or indirectly) any mortgage, pledge or other lien upon any Principal Property; provided, however, that this covenant shall not apply to any of the following:

(a) any mortgage, pledge or other lien on any Principal Property hereafter acquired, constructed or improved by the Company or any Restricted Subsidiary which is created or assumed to secure or provide for the payment of any part of the purchase price of such property or the cost of such construction or improvement, or any mortgage, pledge or other lien on any Principal Property existing at the time of acquisition thereof, provided, however, that the mortgage, pledge or other lien shall not extend to any Principal Property theretofore owned by the Company or any Restricted Subsidiary;

(b) any mortgage, pledge or other lien on any Principal Property existing on the date of this Agreement as described in Schedule 5.10;

(c) any mortgage, pledge or other lien existing upon any property of a company which is merged with or into or is consolidated into, or substantially all the assets or shares of capital stock of which are acquired by, the Company or a Restricted Subsidiary, at the time of such merger, consolidation or acquisition, provided that such mortgage, pledge or other lien does not extend to any other Principal Property, other than improvements to the property subject to such mortgage, pledge or other lien;

(d) any pledge or deposit to secure payment of workers' compensation or insurance premiums, or in connection with tenders, bids, contracts (other than contracts for the payment of money) or leases;

(e) any pledge of, or other lien upon, any assets as security for the payment of any tax, assessment or other similar charge by any Governmental Authority or public body, or as security required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or right;

(f) any pledge or lien necessary to secure a stay of any legal or equitable process in a proceeding to enforce a liability or obligation contested in good faith by the Company or a Restricted Subsidiary or required in connection with the institution by the Company or a Restricted Subsidiary of any legal or equitable proceeding to enforce a right or to obtain a remedy claimed in good faith by the Company or a Restricted Subsidiary, or required in connection with any order or decree in any such proceeding or in connection with any contest of any tax or other governmental charge; or the making of any deposit with or the giving of any form of security to any governmental agency or any body created or approved by law or governmental regulation in order to entitle the Company or a Restricted Subsidiary to maintain self-insurance or to participate in any fund in connection with workers' compensation, unemployment insurance, old age pensions or other social security or to share in any provisions or other benefits provided for companies participating in any such arrangement or for liability on insurance of credits or other risks;

(g) any mechanics', carriers', workmen's, repairmen's, or other like liens, if arising in the ordinary course of business, in respect of obligations which are not overdue or liability for which is being contested in good faith by appropriate proceedings;

(h) any lien or encumbrance on property in favor of the United States of America, or of any agency, department or other instrumentality thereof, to secure partial, progress or advance payments pursuant to the provisions of any contract;

(i) any mortgage, pledge or other lien securing any indebtedness incurred in any manner to finance or recover the cost to the Company or any Restricted Subsidiary of any

physical property, real or personal, which prior to or simultaneously with the creation of such indebtedness shall have been leased by the Company or a Restricted Subsidiary to the United States of America or a department or agency thereof at an aggregate rental, payable during that portion of the initial term of such lease (without giving effect to any options of renewal or extension) which shall be unexpired at the date of the creation of such indebtedness, sufficient (taken together with any amounts required to be paid by the lessee to the lessor upon any termination of such lease) to pay in full at the stated maturity date or dates thereof the principal of and the interest on such indebtedness;

(j) any mortgage, pledge or other lien securing indebtedness of a Restricted Subsidiary to the Company or a Restricted Subsidiary, provided that in the case of any sale or other disposition of such indebtedness by the Company or such Restricted Subsidiary, such sale or other disposition shall be deemed to constitute the creation of another mortgage, pledge or other lien not permitted by this clause (j);

(k) any mortgage, pledge or other lien affecting property of the Company or any Restricted Subsidiary securing indebtedness of the United States of America or a State thereof (or any instrumentality or agency of either thereof) issued in connection with a pollution control or abatement program required in the opinion of the Company to meet environmental criteria with respect to manufacturing or processing operations of the Company or any Restricted Subsidiary and the proceeds of which indebtedness have financed the cost of acquisition of such program;

(l) the renewal, extension, replacement or refunding of any mortgage, pledge, lien, deposit, charge or other encumbrance permitted by the foregoing provisions of this covenant upon the same property theretofore subject thereto, or the renewal, extension, replacement or refunding of the amount secured thereby, provided that in each case such amount outstanding at that time shall not be increased; or

(m) any other mortgage, pledge or other lien, provided that immediately after the creation or assumption of such mortgage, pledge or other lien, the total of (x) the aggregate principal amount of indebtedness of the Company and all Restricted Subsidiaries secured by all mortgages, pledges and other liens created or assumed under the provisions of this clause (m), plus (y) the aggregate amount of Capitalized Lease-Back Obligations of the Company and Restricted Subsidiaries under the entire unexpired terms of all leases entered into in connection with sale and lease-back transactions which would have been precluded by the provisions of Section 5.11 but for the satisfaction of the condition set forth in clause (b) thereof, shall not exceed an amount equal to 5% of Consolidated Net Tangible Assets.

The lease of any property by the Company or a Restricted Subsidiary and rental obligations with respect thereto (whether or not arising out of a sale and lease-back of properties and whether or not in accordance with GAAP such property is carried as an asset and such rental obligations are carried as indebtedness on the Company's or a Restricted Subsidiary's balance sheet) shall not in any event be deemed to be the creation of a mortgage, pledge or other lien.

SECTION 5.11. Limitations on Sale and Leaseback Transactions.

In the case of the Company or any Restricted Subsidiary, enter into any arrangement with any person providing for the leasing by the Company or any Restricted Subsidiary of any Principal Property (except for temporary leases for a term of not more than three years and except for leases between the Company and a Restricted Subsidiary or between Restricted Subsidiaries), which property has been or is to be sold or transferred by the Company or such Restricted Subsidiary to such person more than 120 days after the

acquisition thereof or the completion of construction and commencement of full operation thereof, unless either (a) the Company shall apply an amount equal to the greater of the Fair Value of such property or the net proceeds of such sale, within 120 days of the effective date of any such arrangement, to the retirement (other than any mandatory retirement or by way of payment at maturity) of Indebtedness or to the acquisition, construction, development or improvement of properties, facilities or equipment used for operating purposes which are, or upon such acquisition, construction, development or improvement will be, a Principal Property or a part thereof; or (b) at the time of entering into such arrangement, such Principal Property could have been subjected to a mortgage, pledge or other lien securing indebtedness of the Company or a Restricted Subsidiary in a principal amount equal to the Capitalized Lease-Back Obligations with respect to such Principal Property under paragraph (m) of Section 5.10.

SECTION 5.12. Consolidated EBITDA to Consolidated Interest Expense. Permit the ratio of (a) Consolidated EBITDA to (b) Consolidated Interest Expense for any period of four fiscal quarters to be less than 3.75 to 1.0.

ARTICLE VI

EVENTS OF DEFAULT

In case of the happening of any of the following events (each an "Event of Default"):

(a) any representation or warranty made or deemed made in or in connection with the execution and delivery of this Agreement or any Local Currency Addenda or the Borrowings or issuances of Letters of Credit hereunder shall prove to have been false or misleading in any material respect when so made, deemed made or furnished;

(b) default shall be made in the payment of any principal of any Loan or the reimbursement with respect to any L/C Disbursement when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or by acceleration thereof or otherwise;

(c) default shall be made in the payment of any interest on any Loan or L/C Disbursement or any Fee or any other amount (other than an amount referred to in paragraph (b) above) due hereunder, when and as the same shall become due and payable, and such default shall continue unremedied for a period of ten days;

(d) default shall be made in the due observance or performance of any covenant, condition or agreement contained in Section 5.01, 5.09, 5.10, 5.11 or 5.12 or in any Local Currency Addendum and, in the case of any default under Section 5.10, such default shall continue for 30 days;

(e) default shall be made in the due observance or performance of any covenant, condition or agreement contained herein or in any other Loan Document (other than those specified in clauses (b), (c) or (d) above) and such default shall continue unremedied for a period of 30 days after notice thereof from the Administrative Agent or any Lender to the Company;

(f) the Company or any Subsidiary shall (i) fail to pay any principal or interest, regardless of amount, due in respect of any Indebtedness in a principal amount in excess of \$20,000,000, beyond the period of grace, if any, provided in the agreement or instrument

under which such Indebtedness was created, or (ii) fail to observe or perform any other term, covenant, condition or agreement contained in any agreement or instrument evidencing or governing any such Indebtedness, or any other event shall occur or condition shall exist, beyond the period of grace, if any, provided in such agreement or instrument, if the effect of any failure referred to in this clause (ii) is to cause, or to permit the holder or holders of such Indebtedness or a trustee on its or their behalf (with or without the giving of notice) to cause, such Indebtedness to become due prior to its stated maturity;

(g) an involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of the Company, or of a substantial part of the property or assets of the Company or any Subsidiary with assets having gross book value in excess of \$25,000,000, under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal or state bankruptcy, insolvency, receivership or similar law, (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Company or for a substantial part of the property or assets of the Company or any Subsidiary with assets having gross book value in excess of \$25,000,000 or (iii) the winding up or liquidation of the Company; and such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(h) the Company or any Subsidiary with assets having a gross book value in excess of \$25,000,000 shall (i) voluntarily commence any proceeding or file any petition seeking relief under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal or state bankruptcy, insolvency, receivership or similar law, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or the filing of any petition described in (g) above, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Company or for a substantial part of the property or assets of the Company, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, (vi) become unable, admit in writing its inability or fail generally to pay its debts as they become due or (vii) take any action for the purpose of effecting any of the foregoing;

(i) one or more final judgments shall be entered by any court against the Company or any of the Subsidiaries for the payment of money in an aggregate amount in excess of \$100,000,000 and such judgment or judgments shall not have been paid, covered by insurance, discharged or stayed for a period of 60 days, or a warrant of attachment or execution or similar process shall have been issued or levied against property of the Company or any of the Subsidiaries to enforce any such judgment or judgments;

(j) an ERISA Event shall have occurred that, in the opinion of the Required Lenders, when taken together with all other such ERISA Events, could reasonably be expected to result in a Material Adverse Effect; or

(k) a Change in Control shall occur;

then, and in every such event (other than an event with respect to the Company or any Subsidiary with assets having gross book value in excess of \$25,000,000 described in paragraph (g) or (h) above), and at any time thereafter during the continuance of such event, the Administrative Agent, at the request of the Required Lenders, shall, by notice to the Company, take any or all of the following actions, at the same or different times: (i) terminate forthwith the Commitments, (ii) declare the Loans then

outstanding to be forthwith due and payable in whole or in part, whereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrowers accrued hereunder, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived anything contained herein to the contrary notwithstanding, (iii) require the Borrowers to deposit with the Administrative Agent cash collateral in an amount equal to the aggregate L/C Exposures to secure the Borrowers' reimbursement obligations under Section 2.23; and, in the case of any event with respect to the Company or any Subsidiary having a gross book value in excess of \$25,000,000 described in paragraph (g) or (h) above, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrowers accrued hereunder shall automatically become due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived anything contained herein to the contrary notwithstanding, and the Borrowers shall deposit with the Administrative Agent cash collateral in an amount equal to the aggregate L/C Exposure to secure the Borrowers' reimbursement obligations under Section 2.23.

ARTICLE VII

GUARANTEE

The Company unconditionally and irrevocably guarantees the due and punctual payment and performance, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, of the Guaranteed Obligations. The Company further agrees that the Guaranteed Obligations may be extended or renewed, in whole or in part, without notice or further assent from it and that it will remain bound upon its guarantee notwithstanding any extension or renewal of any Guaranteed Obligations.

The Company waives presentment to, demand of payment from and protest to the Borrowing Subsidiaries of any of the Guaranteed Obligations, and also waives notice of acceptance of its guarantee and notice of protest for nonpayment. The obligations of the Company hereunder shall not be affected by (a) the failure of any Lender to assert any claim or demand or to enforce any right or remedy against the Borrowing Subsidiaries under the provisions of this Agreement or otherwise; (b) any rescission, waiver, amendment or modification of any of the terms or provisions of this Agreement, any guarantee or any other agreement; or (c) the failure of any Lender to exercise any right or remedy against any other guarantor of the Guaranteed Obligations.

The Company further agrees that its guarantee constitutes a guarantee of payment when due and not of collection, and waives any right to require that any resort be had by the Administrative Agent or any Lender to any security, if any, held for payment of the Guaranteed Obligations or to any balance of any deposit account or credit on its books, in favor of the Borrowing Subsidiaries or any other person.

The obligations of the Company hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of the Guaranteed Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of the Company hereunder shall not be discharged or impaired or otherwise affected by the failure of the Administrative Agent or any Lender to assert any claim or demand or to enforce any remedy under this Agreement, any guarantee or any other agreement, by any waiver or modification of any provision

thereof, by any default, failure or delay, wilful or otherwise, in the performance of the Guaranteed Obligations, or by any other act or omission which may or might in any manner or to any extent vary the risk of the Company or otherwise operate as a discharge of the Company as a matter of law or equity.

To the extent permitted by applicable law, the Company waives any defense based on or arising out of any defense available to the Borrowing Subsidiaries, including any defense based on or arising out of any disability of the Borrowing Subsidiaries, or the unenforceability of the Guaranteed Obligations or any part thereof from any cause, or the cessation from any cause of the liability of the Borrowing Subsidiaries, other than final payment in full of the Guaranteed Obligations. The Administrative Agent and the Lenders may, at their election, foreclose on any security held by one or more of them by one or more judicial or non-judicial sales, or exercise any other right or remedy available to them against the Borrowing Subsidiaries, or any security without affecting or impairing in any way the liability of the Company hereunder except to the extent the Guaranteed Obligations have been fully and finally paid. The Company waives any defense arising out of any such election even though such election operates to impair or to extinguish any right of reimbursement or subrogation or other right or remedy of the Company against the Borrowing Subsidiaries or any security.

The Company further agrees that its guarantee shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of principal of or interest on any Guaranteed Obligation is rescinded or must otherwise be restored by any Lender upon the bankruptcy or reorganization of any Borrowing Subsidiary or otherwise.

In furtherance of the foregoing and not in limitation of any other right which the Administrative Agent or any Lender may have at law or in equity against the Company by virtue hereof, upon the failure of any Borrowing Subsidiary to pay any Guaranteed Obligation when and as the same shall become due, whether at maturity, by acceleration, after notice of prepayment or otherwise, the Company hereby promises to and will, upon receipt of written demand by the Administrative Agent or any Lender, forthwith pay or cause to be paid to the Administrative Agent or such Lender in cash the amount of such unpaid Guaranteed Obligation.

The Company hereby irrevocably waives and releases any and all rights of subrogation, indemnification, reimbursement and similar rights which it may have against or in respect of the Borrowing Subsidiaries at any time relating to the Guaranteed Obligations, including all rights that would result in its being deemed a "creditor" of the Borrowing Subsidiaries under the United States Code as now in effect or hereafter amended, or any comparable provision of any successor statute.

ARTICLE VIII

THE ADMINISTRATIVE AGENT

In order to expedite the transactions contemplated by this Agreement, Chemical Bank is hereby appointed to act as Administrative Agent on behalf of the Lenders and the Issuing Banks. Each of the Lenders and the Issuing Banks hereby irrevocably authorizes the Administrative Agent to take such actions on behalf of such Lender or Issuing Bank and to exercise such powers as are specifically delegated to the Administrative Agent by the terms and provisions hereof, together with such actions and powers as are reasonably incidental thereto. The Administrative Agent is hereby expressly authorized by the Lenders and the Issuing Banks, without hereby limiting any implied authority, (a) to receive on behalf of the Lenders and the Issuing Banks all payments of principal of and

interest on the Loans and all other amounts due to the Lenders and the Issuing Banks hereunder, and promptly to distribute to each Lender or Issuing Bank its proper share of each payment so received; (b) to give notice on behalf of each of the Lenders to the Borrowers of any Event of Default of which the Administrative Agent has actual knowledge acquired in connection with its agency hereunder; and (c) to distribute to each Lender copies of all notices, financial statements and other materials delivered by the Borrowers pursuant to this Agreement as received by the Administrative Agent.

Neither the Administrative Agent nor any of its directors, officers, employees or agents shall be liable as such for any action taken or omitted by any of them except for its or his or her own gross negligence or willful misconduct, or be responsible for any statement, warranty or representation herein or the contents of any document delivered in connection herewith, or be required to ascertain or to make any inquiry concerning the performance or observance by the Borrowers of any of the terms, conditions, covenants or agreements contained in this Agreement. The Administrative Agent shall not be responsible to the Lenders for the due execution, genuineness, validity, enforceability or effectiveness of this Agreement or other instruments or agreements. The Administrative Agent may deem and treat the Lender which makes any Loan as the holder of the indebtedness resulting therefrom for all purposes hereof until it shall have received notice from such Lender, given as provided herein, of the transfer thereof. The Administrative Agent shall in all cases be fully protected in acting, or refraining from acting, in accordance with written instructions signed by the Required Lenders and, except as otherwise specifically provided herein, such instructions and any action or inaction pursuant thereto shall be binding on all the Lenders. The Administrative Agent shall, in the absence of knowledge to the contrary, be entitled to rely on any instrument or document believed by it in good faith to be genuine and correct and to have been signed or sent by the proper person or persons. Neither the Administrative Agent nor any of its directors, officers, employees or agents shall have any responsibility to the Borrowers on account of the failure of or delay in performance or breach by any Lender or Issuing Bank of any of its obligations hereunder or to any Lender or Issuing Bank on account of the failure of or delay in performance or breach by any other Lender or Issuing Bank or the Borrowers of any of their respective obligations hereunder or in connection herewith. The Administrative Agent may execute any and all duties hereunder by or through agents or employees and shall be entitled to rely upon the advice of legal counsel selected by it with respect to all matters arising hereunder and shall not be liable for any action taken or suffered in good faith by it in accordance with the advice of such counsel.

The Lenders hereby acknowledge that the Administrative Agent shall be under no duty to take any discretionary action permitted to be taken by it pursuant to the provisions of this Agreement unless it shall be requested in writing to do so by the Required Lenders.

Subject to the appointment and acceptance of a successor Administrative Agent as provided below, the Administrative Agent may resign at any time by notifying the Lenders and the Company. Upon any such resignation, the Required Lenders shall have the right to appoint a successor Administrative Agent acceptable to the Company. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent which shall be a bank with an office in New York, New York, having a combined capital and surplus of at least \$500,000,000 or an Affiliate of any such bank. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor bank, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 9.05 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Administrative Agent.

With respect to the Loans made by it hereunder, the Administrative Agent in its individual capacity and not as Administrative Agent shall have the same rights and powers as any other Lender and may exercise the same as though it were not the Administrative Agent, and the Administrative Agent and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrowers or any Subsidiary or other Affiliate thereof as if it were not the Administrative Agent.

Each Lender agrees (i) to reimburse the Administrative Agent, on demand, in the amount of its pro rata share (based on its Commitment hereunder or, if the Commitments shall have been terminated, the amount of its outstanding Loans and L/C Exposure) of any expenses incurred for the benefit of the Lenders by the Administrative Agent, including counsel fees and compensation of agents and employees paid for services rendered on behalf of the Lenders, which shall not have been reimbursed by the Borrowers and (ii) to indemnify and hold harmless the Administrative Agent and any of its directors, officers, employees or agents, on demand, in the amount of such pro rata share, from and against any and all liabilities, taxes, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against it in its capacity as the Administrative Agent in any way relating to or arising out of this Agreement or any action taken or omitted by it under this Agreement to the extent the same shall not have been reimbursed by the Borrowers; provided that no Lender shall be liable to the Administrative Agent for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the gross negligence or wilful misconduct of the Administrative Agent or any of its directors, officers, employees or agents. Each Lender agrees that any allocation made in good faith by the Administrative Agent of expenses or other amounts referred to in this paragraph between this Agreement and the Facility A Credit Agreement shall be conclusive and binding for all purposes.

Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement or any related agreement or any document furnished hereunder or thereunder.

ARTICLE IX

MISCELLANEOUS

SECTION 9.01. Notices. Notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed or sent by telecopy, as follows:

(a) if to any Borrower, to ITT Industries, Inc., Red Oak Corporate Park, 4 West Red Oak Lane, Harrison, New York 10604, Attention of Treasurer (Telecopy No. 914-696-2950);

(b) if to the Administrative Agent, to Chemical Bank Agency Services Corp., 140 East 45th Street, 29th Floor, New York, New York 10017, Attention of Mr. Chris Moriarty, (Telecopy No. 212-622-0002), with a copy to Chemical Bank at 270 Park Avenue, New York, New York 10017, Re: ITT Industries, Inc.; and

(c) if to a Lender, to it at its address (or telecopy number) set forth in Schedule 2.01 or in the Assignment and Acceptance pursuant to which such Lender became a party hereto.

All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt if delivered by hand or overnight courier service or sent by telecopy to such party as provided in this Section or in accordance with the latest unrevoked direction from such party given in accordance with this Section.

SECTION 9.02. Survival of Agreement. All covenants, agreements, representations and warranties made by the Borrowers herein and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the Lenders and the Issuing Banks and shall survive the making by the Lenders of the Loans and issuance of Letters of Credit regardless of any investigation made by the Lenders or the Issuing Banks or on their behalf, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any Fee or any other amount payable under this Agreement is outstanding and unpaid, any Letter of Credit is outstanding or the Commitments have not been terminated. The provisions of Sections 2.13, 2.15, 2.19 and 9.05 shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement, the consummation of the transactions contemplated hereby, the repayment of any of the Loans, the expiration of any Letter of Credit, the expiration of the Commitments, the invalidity or unenforceability of any term or provision of this Agreement, or any investigation made by or on behalf of the Administrative Agent or any Lender.

SECTION 9.03. Binding Effect. This Agreement shall become effective on the Effective Date and when it shall have been executed by the Company and the Administrative Agent and when the Administrative Agent shall have received copies hereof (telecopied or otherwise) which, when taken together, bear the signature of each Lender, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the Borrowers shall not have the right to assign any rights hereunder or any interest herein without the prior consent of all the Lenders.

SECTION 9.04. Successors and Assigns. (a) Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of any party that are contained in this Agreement shall bind and inure to the benefit of its successors and assigns.

(b) Each Lender may assign to one or more assignees all or a portion of its interests, rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); provided, however, that (i) except in the case of an assignment to a Lender or an Affiliate of a Lender, the Company must give its prior written consent to such assignment (which consent, if required, shall not be unreasonably withheld in the event an Event of Default has occurred and is continuing), (ii) the parties to each such assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance, and a processing and recordation fee of \$3,000 (provided that, in the case of simultaneous assignment of interests under this Agreement and the Facility A Credit Agreement, the aggregate fee shall be \$3,000), (iii) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire, and (iv) the amount of the Commitment of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$5,000,000 and the amount of the Commitment of such Lender remaining after such assignment shall not be less than \$5,000,000 or shall be zero. Upon acceptance and recording pursuant to paragraph (e) of this Section, from and after the effective date specified in each Assignment and Acceptance, which effective date shall be at least five Business Days after the

execution thereof, (A) the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement and (B) the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto (but shall continue to be entitled to the benefits of Sections 2.13, 2.15, 2.19 and 9.05, as well as to any Fees accrued for its account hereunder and not yet paid)). Notwithstanding the foregoing, any Lender assigning its rights and obligations under this Agreement may retain any Competitive Loans made by it outstanding at such time, and in such case shall retain its rights hereunder in respect of any Loans so retained until such Loans have been repaid in full in accordance with this Agreement.

(c) By executing and delivering an Assignment and Acceptance, the assigning Lender thereunder and the assignee thereunder shall be deemed to confirm to and agree with each other and the other parties hereto as follows: (i) such assigning Lender warrants that it is the legal and beneficial owner of the interest being assigned thereby free and clear of any adverse claim, (ii) except as set forth in (i) above, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement, or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto or the financial condition of the Borrowers or the performance or observance by the Borrowers of any obligations under this Agreement or any other instrument or document furnished pursuant hereto; (iii) such assignee represents and warrants that it is legally authorized to enter into such Assignment and Acceptance; (iv) such assignee confirms that it has received a copy of this Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.03 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (v) such assignee will independently and without reliance upon the Administrative Agent, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (vi) such assignee appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent by the terms hereof, together with such powers as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

(d) The Administrative Agent shall maintain at one of its offices in The City of New York a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and the principal amount of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive in the absence of manifest error and the Borrowers, the Administrative Agent, the Issuing Banks and the Lenders may treat each person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by each party hereto, at any reasonable time and from time to time upon reasonable prior notice.

(e) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee together with an Administrative Questionnaire completed in respect of the assignee (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) above and the written consent of the Company to such assignment, the

Administrative Agent shall (i) accept such Assignment and Acceptance and (ii) record the information contained therein in the Register.

(f) Each Lender may sell participations to one or more banks or other entities in all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); provided, however, that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) each participating bank or other entity shall be entitled to the benefit of the cost protection provisions contained in Sections 2.13, 2.15 and 2.19 to the same extent as if it were the selling Lender (and limited to the amount that could have been claimed by the selling Lender had it continued to hold the interest of such participating bank or other entity), except that all claims made pursuant to such Sections shall be made through such selling Lender, and (iv) the Borrowers, the Administrative Agent, the Issuing Banks and the other Lenders shall continue to deal solely and directly with such selling Lender in connection with such Lender's rights and obligations under this Agreement.

(g) Any Lender or participant may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section, disclose to the assignee or participant or proposed assignee or participant any information relating to the Borrowers furnished to such Lender; provided that, prior to any such disclosure, each such assignee or participant or proposed assignee or participant shall execute an agreement for the benefit of the Company whereby such assignee or participant shall agree (subject to customary exceptions) to preserve the confidentiality of any such information.

(h) The Borrowers shall not assign or delegate any rights and duties hereunder without the prior written consent of all Lenders.

(i) Any Lender may at any time pledge all or any portion of its rights under this Agreement to a Federal Reserve Bank; provided that no such pledge shall release any Lender from its obligations hereunder or substitute any such Bank for such Lender as a party hereto. In order to facilitate such an assignment to a Federal Reserve Bank, each Borrower shall, at the request of the assigning Lender, duly execute and deliver to the assigning Lender a promissory note or notes evidencing the Loans made to such Borrower by the assigning Lender hereunder.

SECTION 9.05. Expenses; Indemnity. (a) The Borrowers agree to pay all reasonable out-of-pocket expenses incurred by the Administrative Agent in connection with entering into this Agreement or in connection with any amendments, modifications or waivers of the provisions hereof, or incurred by the Administrative Agent or any Lender in connection with the enforcement or protection of their rights in connection with this Agreement or in connection with the Loans made or Letters of Credit issued hereunder or under any Local Currency Addendum, including the fees and disbursements of counsel for the Administrative Agent or, in the case of enforcement, the Lenders.

(b) The Borrowers agree to indemnify the Administrative Agent, the Issuing Banks, each Lender, each of their Affiliates and the directors, officers, employees and agents of the foregoing (each such person being called an "Indemnatee") against, and to hold each Indemnatee harmless from, any and all losses, claims, damages, liabilities and related expenses, including reasonable counsel fees and expenses, incurred by or asserted against any Indemnatee arising out of (i) the consummation of the transactions contemplated by this Agreement, (ii) the use of the proceeds of the Loans or issuance of Letters of Credit or (iii) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any Indemnatee is a party thereto; provided that such indemnity shall not, as to any Indemnatee, be available to the extent that such losses, claims, damages, liabilities or related

expenses are determined by a final judgment of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such Indemnatee.

(c) The provisions of this Section shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement, the consummation of the transactions contemplated hereby, the repayment of any of the Loans, the expiration of any Letter of Credit, the invalidity or unenforceability of any term or provision of this Agreement or any investigation made by or on behalf of the Administrative Agent, the Issuing Banks or any Lender. All amounts due under this Section shall be payable on written demand therefor.

SECTION 9.06. APPLICABLE LAW. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK. EACH LETTER OF CREDIT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED IN ACCORDANCE WITH, THE LAWS OR RULES DESIGNATED IN SUCH LETTER OF CREDIT, OR IF NO SUCH LAWS OR RULES ARE DESIGNATED, THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (1993 REVISION), INTERNATIONAL CHAMBER OF COMMERCE, PUBLICATION NO. 500 (THE "UNIFORM CUSTOMS") AND, AS TO MATTERS NOT GOVERNED BY THE UNIFORM CUSTOMS, THE LAWS OF THE STATE OF NEW YORK.

SECTION 9.07. Waivers; Amendment. (a) No failure or delay of the Administrative Agent, the Issuing Banks or any Lender in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent, the Issuing Banks and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies which they would otherwise have. No waiver of any provision of this Agreement or consent to any departure therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on any Borrower or any Subsidiary in any case shall entitle such party to any other or further notice or demand in similar or other circumstances.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrowers and the Required Lenders; provided, however, that no such agreement shall (i) decrease the principal amount of, or extend the maturity of or any scheduled principal payment date or date for the payment of any interest or fees on any Loan or for reimbursement of any L/C Disbursement, or waive or excuse any such payment or any part thereof, or decrease the rate of interest on any Loan or L/C Disbursement, without the prior written consent of each Lender affected thereby, (ii) increase the Commitment or decrease the Facility Fee, L/C Participation Fee of any Lender or other amounts due to any Lender of any Lender without the prior written consent of such Lender, (iii) limit or release the guarantee set forth in Article VII, or (iv) amend or modify the provisions of Section 2.16 or Section 9.04(h), the provisions of this Section or the definition of the "Required Lenders", without the prior written consent of each Lender; provided further, however, that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent or the Issuing Banks hereunder without the prior written consent of the Administrative Agent or the Issuing Banks. Each Lender shall be bound by any waiver, amendment or modification authorized by this Section and any consent by any Lender pursuant to this Section shall bind any assignee of its rights and interests hereunder.

SECTION 9.08. Entire Agreement. This Agreement, the agreements referenced in Section 2.06(b) and the letter agreement attached as Exhibit H constitute the entire contract among the parties relative to the subject matter hereof. Any previous agreement among the parties with respect to the subject matter hereof is superseded by this Agreement. Nothing in this Agreement, expressed or implied, is intended to confer upon any party other than the parties hereto any rights, remedies, obligations or liabilities under or by reason of this Agreement.

SECTION 9.09. Severability. In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 9.10. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original but all of which when taken together shall constitute but one contract, and shall become effective as provided in Section 9.03.

SECTION 9.11. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

SECTION 9.12. Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or obligations of the Company and any Borrowing Subsidiary now or hereafter existing under this Agreement held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement and although such obligations may be unmatured. Each Lender agrees promptly to notify the Company and the Administrative Agent after such setoff and application made by such Lender, but the failure to give such notice shall not affect the validity of such setoff and application. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 9.13. JURISDICTION; CONSENT TO SERVICE OF PROCESS.
 (A) EACH BORROWER HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF ANY NEW YORK STATE COURT OR FEDERAL COURT OF THE UNITED STATES OF AMERICA SITTING IN NEW YORK CITY, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY LOCAL CURRENCY ADDENDA OR ANY LETTER OF CREDIT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. SUBJECT TO THE FOREGOING AND TO PARAGRAPH (B) BELOW, NOTHING IN THIS AGREEMENT SHALL AFFECT ANY RIGHT THAT ANY PARTY HERETO MAY OTHERWISE HAVE TO BRING ANY ACTION OR

PROCEEDING RELATING TO THIS AGREEMENT, ANY LOCAL CURRENCY ADDENDUM OR ANY LETTER OF CREDIT AGAINST ANY OTHER PARTY HERETO IN THE COURTS OF ANY JURISDICTION.

(B) EACH BORROWER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT IT MAY LEGALLY AND EFFECTIVELY DO SO, ANY OBJECTION WHICH IT MAY NOW OR THEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY LOCAL CURRENCY ADDENDUM OR ANY LETTER OF CREDIT IN ANY NEW YORK STATE OR FEDERAL COURT. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(C) EACH PARTY TO THIS AGREEMENT IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 9.01. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY TO THIS AGREEMENT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

SECTION 9.14. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATION IN THIS SECTION.

SECTION 9.15. Addition of Borrowing Subsidiaries. Each Borrowing Subsidiary which shall deliver to the Administrative Agent a Borrowing Subsidiary Agreement executed by such Subsidiary and the Company shall, upon such delivery and without further act, become a party hereto and a Borrower hereunder with the same effect as if it had been an original party to this Agreement.

SECTION 9.16. Conversion of Currencies. (a) If, for the purpose of obtaining judgment in any court, it is necessary to convert a sum owing hereunder in one currency into another currency, each party hereto agrees, to the fullest extent that it may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures in the relevant jurisdiction the first currency could be purchased with such other currency on the Business Day immediately preceding the day on which final judgment is given.

(b) The obligations of the Borrowers in respect of any sum due to any party hereto or any holder of the obligations owing hereunder (the "Applicable Creditor") shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than the currency in which such sum is stated to be due hereunder (the "Agreement Currency"), be discharged only to the extent that, on the Business Day following receipt by the Applicable Creditor of any sum adjudged to be so due in the Judgment Currency, the Applicable Creditor may in accordance with normal banking procedures in the relevant jurisdiction purchase the Agreement Currency with the Judgment Currency; if the amount of the Agreement Currency so purchased is less than the sum originally due to the Applicable Creditor in the

Agreement Currency, the Borrowers agree, as a separate obligation and notwithstanding any such judgment, to indemnify the Applicable Creditor against such loss. The obligations of the Borrowers contained in this Section 9.16 shall survive the termination of this Agreement and the payment of all other amounts owing hereunder.

SECTION 9.17 Execution. Upon execution by the Lenders, this Agreement will be executed with Old ITT as "the Company" all as contemplated by the letter agreement attached as Exhibit H, and upon execution of this Agreement by the Company, the Company shall succeed to the rights and obligations of Old ITT as contemplated in such agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

ITT INDUSTRIES, INC., as Borrower,

by /s/ Richard J. M. Hamilton

Name: Richard J. M. Hamilton
Title: Senior Vice President and Controller

CHEMICAL BANK, individually and as Administrative Agent,

by /s/ Robert K. Gaynor

Name: Robert K. Gaynor
Title: Vice President

ABN AMRO BANK N.V., NEW YORK BRANCH,

by /s/ Frances O'R. Logan

Name: Frances O'R. Logan
Title: Vice President

by /s/ William J. Van Nostrand

Name: William J. Van Nostrand
Title: Vice President

ARAB BANK PLC,

by /s/ Nofal S. Barbar

Name: Nofal S. Barbar
Title: Executive Vice President and
Branch Manager

BANCA COMMERCIALE ITALIANA, NEW
YORK BRANCH,

by /s/ Charles Dougherty

Name: Charles Dougherty
Title: Vice President

BANCA DI ROMA - NEW YORK BRANCH,

by /s/ Ralph L. Riehle

Name: Ralph L. Riehle
Title: First Vice President

by /s/ Luca Balestra

Name: Luca Balestra
Title: Associate Vice President

BANCA NAZIONALE DEL LAVORO S.P.A.,
NEW YORK BRANCH,

by /s/ Giuliano Violetta

Name: Giuliano Violetta
Title: First Vice President

by /s/ Giulio Giovine

Name: Giulio Giovine
Title: Vice President

BANCA POPOLARE DI MILANO,

by /s/ Anthony Franco

Name: Anthony Franco
Title: Executive vice President/
General Manager

by /s/ Nicholas Cinosi

Name: Nicholas Cinosi
Title: Vice President

BANK OF AMERICA NT & SA.

by /s/ Ambrish D. Thanawala

Name: Ambrish D. Thanawala
Title: Vice President

BANK OF HAWAII,

by /s/ John R. Landgraf

Name: John R. Landgraf
Title: Officer

THE BANK OF NEW YORK,

by /s/ Mary Anne Zagroba

Name: Mary Anne Zagroba
Title: Vice President

THE BANK OF NOVA SCOTIA,

by /s/ J. Alan Edwards

Name: J. Alan Edwards
Title: Authorized Signatory

THE BANK OF TOKYO TRUST COMPANY,

by /s/ Amanda S. Ryan

Name: Amanda S. Ryan
Title: Vice President

BANKERS TRUST COMPANY,

by /s/ Katherine A. Judge

Name: Katherine A. Judge
Title: Vice President

BARCLAYS BANK PLC,

by /s/ John C. Livingston

Name: John C. Livingston
Title: Associate Director

BAYERISCHE LANDESBANK GIROZENTRALE,
CAYMAN ISLANDS BRANCH,

by /s/ Wilfried Freudenberger

Name: Wilfried Freudenberger
Title: Executive Vice President and
General Manager

by /s/ Peter Oberman

Name: Peter Oberman
Title: Senior Vice President
Manager Lending Division

CIBC, INC.,

by /s/ J. Domkowski

Name: J. Domkowski
Title: Vice President

THE CHASE MANHATTAN BANK, N.A.,

by /s/ David B. Townsend

Name: David B. Townsend
Title: Managing Director

CITIBANK, N.A.,

by /s/ Elizabeth A. Palermo

Name: Elizabeth A. Palermo
Title: Attorney-in-Fact

COMERICA BANK,

by /s/ Cheryl W. Ewers

Name: Cheryl W. Ewers
Title: Account Officer

COMMERZBANK AKTIENGESELLSCHAFT,
GRAND CAYMAN BRANCH,

by /s/ Thomas Ausfahl

Name: Thomas Ausfahl
Title: Assistant Vice President

by /s/ Robert Donohue

Name: Robert Donohue
Title: Vice President

COMPAGNIE FINANCIERE DE CIC ET DE
L'UNION EUROPEENNE,

by /s/ Eric Longuet

Name: Eric Longuet
Title: Vice President

by /s/ Albert M. Calo

Name: Albert M. Calo
Title: Vice President

CREDIT LYONNAIS, NEW YORK BRANCH,

by /s/ Robert Ivosevich

Name: Robert Ivosevich
Title: Senior Vice President

CREDIT SUISSE,

by /s/ Robert B. Potter

Name: Robert B. Potter
Title: Member of Senior Management

by /s/ Chris T. Horgan

Name: Chris T. Horgan
Title: Associate

CREDITO ITALIANO, S.P.A.,

by /s/ Harmon P. Butler

Name: Harmon P. Butler
Title: First Vice President and
Deputy Manager

by /s/ Saiyed A. Abbas

Name: Saiyed A. Abbas
Title: Assistant Vice President

THE DAI-ICHI KANGYO BANK, LTD., NEW
YORK BRANCH,

by /s/ Timothy White

Name: Timothy White
Title: Vice President

DEN DANSKE BANK, AKTIESELSKAB,
CAYMAN ISLANDS BRANCH,

by /s/ Bent V. Christensen

Name: Bent V. Christensen
Title: Vice President

by /s/ Mogens Sondergaard

Name: Mogens Sondergaard
Title: Vice President

DEUTSCHE BANK AG, NEW YORK BRANCH
AND/OR CAYMAN ISLANDS BRANCH,

by /s/ Hans-Josef Thiele

Name: Hans-Josef Thiele
Title: Vice President

by /s/ Stephan A. Wiedermann

Name: Stephan A. Wiedermann
Title: Vice President

DG BANK DEUTSCHE GENOSSENSCHAFTSBANK,

by /s/ Mark K. Connelly

Name: Mark K. Connelly
Title: Vice President

by /s/ Karen A. Brinkman

Name: Karen A. Brinkman
Title: Vice President

DRESDNER BANK AG, NEW YORK BRANCH
AND GRAND CAYMAN BRANCH,

by /s/ J. Michael Leffler

Name: J. Michael Leffler
Title: Senior Vice President

by /s/ Ernest C. Fung

Name: Ernest C. Fung
Title: Vice President

FIRST INTERSTATE BANK OF CALIFORNIA,

by /s/ William J. Baird

Name: William J. Baird
Title: Senior Vice President

by /s/ Judy A. Maahs

Name: Judy A. Maahs
Title: Assistant Vice President

THE FIRST NATIONAL BANK OF BOSTON,

by /s/ Kevin F. Malone

Name: Kevin F. Malone
Title: Director

THE FIRST NATIONAL BANK OF CHICAGO,

by /s/ Randall L. Faust

Name: Randall L. Faust
Title: Assistant Vice President

FIRST UNION NATIONAL BANK OF NORTH
CAROLINA,

by /s/ Mark M. Harden

Name: Mark M. Harden
Title: Vice President

THE FUJI BANK, LIMITED, NEW YORK
BRANCH,

by /s/ Gina M. Kearns

Name: Gina M. Kearns
Title: Vice President and Manager

THE INDUSTRIAL BANK OF JAPAN, LIMITED,
NEW YORK BRANCH,

by /s/ John V. Veltri

Name: John V. Veltri
Title: Senior Vice President

ISTITUTO BANCARIO SAN PAOLO DI TORINO
SPA,

by /s/ Wendell Jones

Name: Wendell Jones
Title: Vice President

by /s/ Ettore Viazzo

Name: Ettore Viazzo
Title: Vice President

KREDIETBANK N.V.,

by /s/ Armen Karozichian

Name: Armen Karozichian
Title: Vice President

by /s/ Robert Snauffer

Name: Robert Snauffer
Title: Vice President

LLOYDS BANK PLC,

by /s/ Paul D. Briamonte

Name: Paul D. Briamonte
Title: Vice President B374

by /s/ Stephen J. Attree

Name: Stephen J. Attree
Title: Assistant Vice President A088

LTCB TRUST COMPANY,

by /s/ Rene O. LeBlanc

Name: Rene O. LeBlanc
Title: Senior Vice President

THE MITSUBISHI BANK, LIMITED,

by /s/ Paula Mueller

Name: Paula Mueller
Title: Vice President

THE MITSUBISHI TRUST AND BANKING CORPORATION,

by /s/ Patricia Loret de Mola

Name: Patricia Loret de Mola
Title: Senior Vice President

MORGAN GUARANTY TRUST COMPANY OF NEW YORK,

by /s/ George J. Stapleton

Name: George J. Stapleton
Title: Vice President

NATIONAL WESTMINSTER BANK PLC, NASSAU BRANCH,

by /s/ Anne Marie Torre

Name: Anne Marie Torre
Title: Vice President

NATIONSBANK, N.A.,

by /s/ James T. Gilland

Name: James T. Gilland
Title: Senior Vice President

THE NIPPON CREDIT BANK LTD.,

by /s/ Peter Capitelli

Name: Peter Capitelli
Title: Vice President and Manager

THE NORTHERN TRUST COMPANY,

by /s/ Daryl M. Robicsek

Name: Daryl M. Robicsek
Title: Vice President

PNC BANK, NATIONAL ASSOCIATION,

by /s/ Tom Partridge

Name: Tom Partridge
Title: Commercial Banking Officer

ROYAL BANK OF CANADA,

by /s/ Rainer R. Kraft

Name: Rainer R. Kraft
Title: Manager

THE SAKURA BANK, LIMITED, NEW YORK
BRANCH,

by /s/ Masahiro Nakajo

Name: Masahiro Nakajo
Title: Senior Vice President and Manager

THE SANWA BANK LIMITED, NEW YORK
BRANCH,

by /s/ Stephen C. Small

Name: Stephen C. Small
Title: Vice President and Area Manager

SOCIETE GENERALE,

by /s/ Sedare Coradin

Name: Sedare Coradin
Title: Vice President

THE SUMITOMO BANK, LIMITED, NEW
YORK BRANCH,

by /s/ Yoshinori Kawamura

Name: Yoshinori Kawamura
Title: Joint General Manager

SUNTRUST BANK, ATLANTA

by /s/ Mary M. Smith

Name: Mary M. Smith
Title: Banking Officer

by /s/ Craig W. Farnsworth

Name: Craig W. Farnsworth
Title: Vice President

SWISS BANK CORPORATION, NEW YORK
BRANCH,

by /s/ Susan N. Isquith

Name: Susan N. Isquith
Title: Director Credit Risk Management

by /s/ Edward J. McDonnell III

Name: Edward J. McDonnell III
Title: Associate Director
International Finance Division

THE TOKAI BANK, LIMITED,

by /s/ Stuart Schulman

Name: Stuart Schulman
Title: Senior Vice President

THE TORONTO-DOMINION BANK,

by /s/ Randall Bingham

Name: Randall Bingham
Title: Managing Director

UNION BANK OF SWITZERLAND, NEW YORK
BRANCH,

by /s/ Robert W. Casey Jr.

Name: Robert W. Casey Jr.
Title: Vice President

by /s/ Daniel R. Strickford

Name: Daniel R. Strickford
Title: Assistant Treasurer

WESTDEUTSCHE LANDESBANK
GIROZENTRALE, NEW YORK AND CAYMAN
ISLANDS BRANCHES,

by /s/ A. Kumbie

Name: A. Kumbie
Title: Managing Director

by /s/ MPM Ransley

Name: MPM Ransley
Title: Associate

THE YASUDA TRUST AND BANKING
COMPANY LIMITED, NEW YORK BRANCH,

by /s/ Rohn M. Laudenschlager

Name: Rohn M. Laudenschlager
Title: Senior Vice President

FORM OF COMPETITIVE BID REQUEST

Chemical Bank, as Administrative Agent
for the Lenders referred to below,
270 Park Avenue
New York, NY 10017

Attention: []

Dear Ladies and Gentlemen:

The undersigned, _____ (the "Borrower"), refers to the Five-Year Competitive Advance and Revolving Credit Facility Agreement dated as of November 2, 1995 (as it may be amended, modified, extended or restated from time to time, the "5-Year Agreement"), among the Borrower, the Borrowing Subsidiaries parties thereto, the Lenders named therein and Chemical Bank, as Administrative Agent. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the 5-Year Agreement. The Borrower hereby gives you notice pursuant to Section 2.03(a) of the 5-Year Agreement that it requests a Competitive Borrowing under the 5-Year Agreement, and in that connection sets forth below the terms on which such Competitive Borrowing is requested to be made:

- (A) Date of Competitive Borrowing (which is a Business Day) _____
- (B) Principal amount of Competitive Borrowing (1) _____
- (C) Interest rate basis (2) _____
- (D) Interest Period and the last day thereof (3) _____

Upon acceptance of any or all of the Loans offered by the Lenders in response to this request, the Borrower shall be deemed to have represented and warranted that the conditions to lending specified in Section 4.01(b) and (c) of the 5-Year Agreement have been satisfied.

Very truly yours,

[NAME OF BORROWER],

by

Name:
Title:[Financial Officer]

(1) Not less than \$10,000,000 (and in integral multiples of \$5,000,000) or greater than the Total Commitment then available.

(2) Eurocurrency Competitive Loan Fixed Rate Loan.

(3) Which shall be subject to the definition of "Interest Period" and end not later than the Maturity Date.

FORM OF NOTICE OF COMPETITIVE BID REQUEST

[Name of Lender]
[Address]

[Date]

Attention: []

Dear Ladies and Gentlemen:

Reference is made to the 5-Year Competitive Advance and Revolving Credit Facility Agreement dated as of November 2, 1995 (as it may hereafter be amended, modified, extended or restated from time to time, the "5-Year Agreement"), among ITT Industries, Inc. [, _____] (the "Borrower"), the Borrowing Subsidiaries parties thereto, the Lenders parties thereto and Chemical Bank, as Administrative Agent. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the 5-Year Agreement. The Borrower made a Competitive Bid Request on _____, 19[], pursuant to Section 2.03(a) of the 5-Year Agreement, and in that connection you are invited to submit a Competitive Bid by [Date]/[Time]. (1) Your Competitive Bid must comply with Section 2.03(b) of the 5-Year Agreement and the terms set forth below on which the Competitive Bid Request was made:

- (A) Date of Competitive Borrowing _____
- (B) Principal amount of Competitive Borrowing _____
- (C) Interest rate basis _____
- (D) Interest Period and the last day thereof. _____

Very truly yours,

CHEMICAL BANK,
as Administrative Agent,

by _____
Name:
Title:

(1) The Competitive Bid must be received by the Administrative Agent (i) in the case of Eurocurrency Competitive Loans, not later than 10:00 a.m., New York City time, four Business Days before a proposed Competitive Borrowing, and (ii) in the case of Fixed Rate Loans, not later than 10:00 a.m., New York City time, one Business Day before a proposed Competitive Borrowing.

FORM OF COMPETITIVE BID

Chemical Bank, as Administrative Agent
for the Lenders referred to below,
270 Park Avenue
New York, N.Y. 10017

[Date]

Attention: []

Dear Ladies and Gentlemen:

The undersigned, [Name of Lender], refers to the Five-Year Competitive Advance and Revolving Credit Facility Agreement dated as of November 2, 1995 (as it may be amended, modified, extended or restated from time to time, the "5-Year Agreement"), among ITT Industries, Inc. [, _____] (the "Borrower"), the Borrowing Subsidiaries parties thereto, the Lenders and Chemical Bank, as Administrative Agent. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the 5-Year Agreement. The undersigned hereby makes a Competitive Bid pursuant to Section 2.03(b) of the 5-Year Agreement, in response to the Competitive Bid Request made by the Borrower on _____, 19[], and in that connection sets forth below the terms on which such Competitive Bid is made:

- (A) Principal Amount (1) _____
- (B) Competitive Bid Rate (2) _____
- (C) Interest Period and last day thereof _____

The undersigned hereby confirms that it is prepared, subject to the conditions set forth in the 5-Year Agreement, to extend credit to the Borrower upon acceptance by the Borrower of this bid in accordance with Section 2.03(d) of the 5-Year Agreement.

Very truly yours,

[NAME OF LENDER],

by _____
Name:
Title:

(1) Not less than \$5,000,000 or greater than the requested Competitive Borrowing and in integral multiples of \$1,000,000. Multiple bids will be accepted by the Administrative Agent.

(2) i.e., LIBO Rate + or - __%, in the case of Eurocurrency Competitive Loans or __%, in the case of Fixed Rate Loans.

FORM OF COMPETITIVE BID ACCEPT/REJECT LETTER

[Date]

Chemical Bank, as Administrative Agent
for the Lenders referred to below
270 Park Avenue
New York, N.Y. 10017

Attention: []

Dear Ladies and Gentlemen:

The undersigned, _____ (the "Borrower"), refers to the Five-Year Competitive Advance and Revolving Credit Facility Agreement dated as of November 2, 1995 (as it may be amended, modified, extended or restated from time to time, the "5-Year Agreement"), among the Borrower, the Borrowing Subsidiaries parties thereto, the Lenders parties thereto and Chemical Bank, as Administrative Agent for the Lenders.

In accordance with Section 2.03(c) of the 5-Year Agreement, we have received a summary of bids in connection with our Competitive Bid Request dated _____, and in accordance with Section 2.03(d) of the 5-Year Agreement, we hereby accept the following bids for maturity on [date]:

Principal Amount	Fixed Rate/Margin	Lender
-----	-----	-----
\$	(%) / (+/- . %)	
\$		

We hereby reject the following bids:

Principal Amount	Fixed Rate/Margin	Lender
-----	-----	-----
\$	(%) / (+/- . %)	
\$		

The \$_____ should be deposited in Chemical Bank account number [] on [date].

Very truly yours,

(NAME OF BORROWER),

by _____
Name:
Title:

FORM OF STANDBY BORROWING REQUEST

Chemical Bank, as Administrative Agent
for the Lenders referred to below,
270 Park Avenue
New York, N.Y. 10017

[Date]

Attention: []

Dear Ladies and Gentlemen:

The undersigned, _____ (the "Borrower"), refers to the Five-Year Competitive Advance and Revolving Credit Facility Agreement dated as of November 2, 1995 (as it may be amended, modified, extended or restated from time to time, the "5-Year Agreement"), among the Borrower, the Borrowing Subsidiaries parties thereto, the Lenders named therein and Chemical Bank, as Administrative Agent. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the 5-Year Agreement. The Borrower hereby gives you notice pursuant to Section 2.04 of the 5-Year Agreement that it requests a Standby Borrowing under the 5-Year Agreement, and in that connection sets forth below the terms on which such Standby Borrowing is requested to be made:

- (A) Date of Standby Borrowing (which is a Business Day) _____
- (B) Principal amount of Standby Borrowing (1) _____
- (C) Interest rate basis (2) _____
- (D) Interest Period and the last day thereof (3) _____

Upon acceptance of any or all of the Loans made by the Lenders in response to this request, the Borrower shall be deemed to have represented and warranted that the conditions to lending specified in Section 4.01(b) and (c) of the 5-Year Agreement have been satisfied.

Very truly yours,

[NAME OF BORROWER],

by

Name:
Title: [Financial Officer]

(1) Not less than \$20,000,000 (and in integral multiples of \$5,000,000) or greater than the Total Commitment then available.

(2) Eurocurrency Standby Loan or ABR Loan.

(3) Which shall be subject to the definition of Interest Period and end not later than the Maturity Date.

[FORM OF]

ASSIGNMENT AND ACCEPTANCE

Dated: _____, 19__

Reference is made to the Five-Year Competitive Advance and Revolving Credit Facility Agreement dated as of November 2, 1995 (the "5-Year Agreement"), among ITT Industries, Inc. (the "Company"), the Borrowing Subsidiaries parties thereto, the lenders parties thereto (the "Lenders") and Chemical Bank, as Administrative Agent for the Lenders. Terms defined in the 5-Year Agreement are used herein with the same meanings.

1. The Assignor hereby sells and assigns, without recourse, to the Assignee, and the Assignee hereby purchases and assumes, without recourse, from the Assignor, effective as of the Effective Date set forth below, the interests set forth below (the "Assigned Interest") in the Assignor's rights and obligations under the 5-Year Agreement, including, without limitation, the interests set forth below in the Commitment of the Assignor on the Effective Date and the Competitive Loans and Standby Loans owing to the Assignor which are outstanding on the Effective Date. Each of the Assignor and the Assignee hereby makes and agrees to be bound by all the representations, warranties and agreements set forth in Section 9.04 of the 5-Year Agreement, a copy of which has been received by each such party. From and after the Effective Date, (i) the Assignee shall be a party to and be bound by the provisions of the 5-Year Agreement and, to the extent of the interests assigned by this Assignment and Acceptance, have the rights and obligations of a Lender thereunder and (ii) the Assignor shall, to the extent of the interests assigned by this Assignment and Acceptance, relinquish its rights and be released from its obligations under the 5-Year Agreement.

2. This Assignment and Acceptance is being delivered to the Administrative Agent together with (i) if the Assignee is organized under the laws of a jurisdiction outside the United States, the forms specified in Section 2.19(g) of the 5-Year Agreement, duly completed and executed by such Assignee, (ii) if the Assignee is not already a Lender under the 5-Year Agreement, an Administrative Questionnaire in the form of Exhibit B to the 5-Year Agreement and (iii) a processing and recordation fee of \$3,000.

3. This Assignment and Acceptance shall be governed by and construed in accordance with the laws of the State of New York.

Date of Assignment:

Legal Name of Assignor:

Legal Name of Assignee:

Assignee's Address for Notices:

Effective Date of Assignment
(may not be fewer than 5 Business
Days after the Date of Assignment):

Facility -----	Principal Amount Assigned (and identifying information as to individual Competitive Loans) -----	Percentage Assigned of Facility/Commitment (set forth, to at least 8 decimals, as a percentage of the Facility and the aggregate Commitments of all Lenders thereunder) -----
Commitment Assigned:	\$ _____	_____ %
Standby Loans:	\$ _____	_____ %
Competitive Loans:	\$ _____	_____ %

The terms set forth and on the reverse side
hereof are hereby agreed to:

Accepted:

ITT INDUSTRIES, INC.,

_____, as
Assignor,

by: _____
Name:
Title:

by: _____
Name:
Title:

_____,
as Assignee,

by: _____
Name:
Title:

[FORM OF]

OPINION OF COUNSEL FOR
ITT INDUSTRIES, INC. (1)

1. ITT Industries, Inc. (i) is a corporation duly organized, validly existing and in good standing under the laws of the State of Indiana, (ii) has all requisite power and authority to own its property and assets and to carry on its business as now conducted, (iii) is qualified to do business in every jurisdiction within the United States where such qualification is required, except where the failure so to qualify would not result in a Material Adverse Effect on ITT Industries, Inc., and (iv) has all requisite corporate power and authority to execute, deliver and perform its obligations under the Agreement and to borrow funds thereunder.

2. The execution, delivery and performance by ITT Industries, Inc. of the Agreement and the borrowings of ITT Industries, Inc. thereunder (collectively, the "Transactions") (i) have been duly authorized by all requisite corporate action and (ii) will not (a) violate (1) any provision of law, statute, rule or regulation (including without limitation, the Margin Regulations), or of the certificate of incorporation or other constitutive documents or by-laws of ITT Industries, Inc., (2) any order of any governmental authority or (3) any provision of any indenture, agreement or other instrument to which ITT Industries, Inc. is a party or by which it or its property is or may be bound, (b) be in conflict with, result in a breach of or constitute (alone or with notice or lapse of time or both) a default under any such indenture, agreement or other instrument or (c) result in the creation or imposition of any lien upon any property or assets of ITT Industries, Inc.

3. The Agreement has been duly executed and delivered by ITT Industries, Inc. and constitutes a legal, valid and binding obligation of ITT Industries, Inc. enforceable against ITT Industries, Inc. in accordance with its terms, subject as to the enforceability of rights and remedies to any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws of general application relating to or affecting the enforcement of creditors' rights from time to time in effect.

4. No action, consent or approval of, registration or filing with, or any other action by, any government authority is or will be required in connection with the Transactions, except such as have been made or obtained and are in full force and effect.

5. Neither ITT Industries, Inc. nor any of its subsidiaries is (a) except as set forth in the next sentence, an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940 (the "1940 Act") or (b) a "holding company" as defined in, or subject

- - - - -

(1) Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the 5-Year Competitive Advance and Revolving Credit Facility Agreement (the Agreement) dated as of October [], 1995, among ITT Industries, Inc., the lenders listed in Schedule 2.01 thereto, and Chemical Bank, as Administrative Agent.

BORROWING SUBSIDIARY AGREEMENT dated as of [], [], among ITT INDUSTRIES, INC., an Indiana corporation (the "Company"), [Name of Subsidiary], a [] corporation ("the Subsidiary"), and CHEMICAL BANK, as administrative agent (the "Administrative Agent") for the lenders (the "Lenders") party to the Five-Year Competitive Advance and Revolving Credit Facility Agreement dated as of November 2, 1995, as amended (the "Agreement"), among the Company, the Administrative Agent and the Lenders.

Under the Agreement, the Lenders have agreed, upon the terms and subject to the conditions therein set forth, to make competitive advance and revolving credit loans and to issue Letters of Credit to the Company and to Subsidiaries (as defined in the Agreement) of the Company which execute and deliver to the Administrative Agent Borrowing Subsidiary Agreements in the form of this Borrowing Subsidiary Agreement. The Company represents that the Subsidiary is a subsidiary (as so defined) of the Company and that the guarantee of the Company contained in Article VII of the Agreement applies to the obligations of the Subsidiary. In consideration of being permitted to borrow or have Letters of Credit issued under the Agreement upon the terms and subject to the conditions set forth therein, the Subsidiary agrees that from and after the date of this Borrowing Subsidiary Agreement it will be, and will be liable for the observance and performance of all the obligations of, a Borrowing Subsidiary under the Agreement, as the same may be amended from time to time, to the same extent as if it had been one of the original parties to the Agreement and that it will furnish to the Administrative Agent and the Lenders copies of its financial statements on an annual basis.

IN WITNESS WHEREOF, the Company and the Subsidiary have caused this Borrowing Subsidiary Agreement to be duly executed by their authorized officers as of the date first appearing above.

ITT INDUSTRIES, INC.

by

Name:
Title:

[NAME OF SUBSIDIARY],

by

Name:
Title:

Accepted as of the date
first appearing above:

CHEMICAL BANK, as Administrative
Agent,

by

Name:
Title:

ISSUING BANK AGREEMENT dated as of [], 1995, between ITT INDUSTRIES, INC., an Indiana corporation ("ITT") and the financial institution identified on Schedule I hereto as the Issuing Bank (the "Issuing Bank").

Reference is made to the 5-Year Competitive Advance and Revolving Credit Facility Agreement dated as of November 2, 1995 (as amended, modified, extended or restated from time to time, the "Credit Agreement"), among ITT, the Borrowing Subsidiaries parties thereto, the Lenders named therein and Chemical Bank, as Administrative Agent. ITT and the Issuing Bank desire to enter into this Agreement in order to provide for Letters of Credit to be issued by the Issuing Bank as contemplated by the Credit Agreement. Accordingly, the parties hereto agree as follows:

SECTION 1. Defined Terms. Capitalized terms used herein and not otherwise defined herein shall have the respective meanings specified in the Credit Agreement. The provisions of Section 1.02 of the Credit Agreement shall apply to this Agreement as though set forth herein.

SECTION 2. Letter of Credit Commitment. The Issuing Bank hereby agrees to be an "Issuing Bank" under, and, subject to the terms and conditions hereof and of the Credit Agreement, to issue Letters of Credit under, the Credit Agreement; provided, however, that Letters of Credit issued by the Issuing Bank hereunder shall be subject to the limitations, if any, set forth on Schedule I hereto, in addition to the limitations set forth in the Credit Agreement.

SECTION 3. Issuance Procedure. In order to request the issuance of a Letter of Credit hereunder, the Account Party (or ITT on behalf of the applicable Account Party) shall hand deliver or telecopy a notice (specifying the information required by Section 2.23(b) of the Credit Agreement) to the Issuing Bank, at its address or telecopy number specified on Schedule I hereto (or such other address or telecopy number as the Issuing Bank may specify by notice to ITT), not later than the time of day (local time at such address) specified on Schedule I hereto prior to the proposed date of issuance of such Letter of Credit. A copy of such notice shall be sent, concurrently, by the applicable Account Party (or ITT on behalf of the applicable Account Party) to the Administrative Agent in the manner specified for Borrowing Requests under the Credit Agreement. Upon receipt of such notice, the Issuing Bank shall consult the Administrative Agent by telephone in order to determine (i) whether the conditions specified in the last sentence of Section 2.23(b) of the Credit Agreement will be satisfied in connection with the issuance of such Letter of Credit and (ii) whether the requested expiration date for such Letter of Credit complies with the proviso to Section 2.23(c) of the Credit Agreement.

SECTION 4. Issuing Bank Fees, Interest and Payments. The Issuing Bank Fees payable to the Issuing Bank in respect of Letters of Credit issued hereunder are specified on Schedule I hereto (and such fees shall be in addition to the Issuing Bank's customary documentary and processing charges in connection with the issuance, amendment or transfer of any Letter of Credit issued hereunder). Each payment of Issuing Bank Fees payable hereunder shall be made not later than 12:00 (noon), local time at the place of payment, on the date when due, in immediately available funds, to the account of the Issuing Bank specified on Schedule I hereto (or to such other account of the Issuing Bank as it may specify by notice to ITT).

SECTION 5. Credit Agreement Terms. Notwithstanding any provision hereof which may be construed to the contrary, it is expressly understood and agreed that (a) this Agreement is supplemental to the Credit Agreement and is intended to constitute an Issuing Bank Agreement, as defined therein (and, as such, constitutes an integral part of the Credit Agreement as though the terms of this Agreement were set forth in the Credit Agreement), (b) each Letter of Credit issued hereunder and each and every L/C Disbursement made under any such Letter of Credit shall constitute a "Letter of Credit" and an "L/C Disbursement", respectively, for all purposes of the Credit Agreement and the other Loan Documents, (c) the Issuing Bank's commitment to issue Letters of Credit hereunder and each and every Letter of Credit requested or issued hereunder shall be subject to the terms and conditions of the Credit Agreement and entitled to the benefits of the Loan Documents and (d) the terms and conditions of the Credit Agreement are hereby incorporated herein as though set forth herein in full and shall supersede any contrary provisions hereof.

SECTION 6. Assignment. The Issuing Bank may not assign its commitment to issue Letters of Credit hereunder without the consent of ITT and prior notice to the Administrative Agent. In the event of an assignment by the Issuing Bank of all its other interests, rights and obligations under the Credit Agreement, then the Issuing Bank's commitment to issue Letters of Credit hereunder shall terminate unless the Issuing Bank, ITT and the Administrative Agent otherwise agree.

SECTION 7. Effectiveness. This Agreement shall not be effective until counterparts hereof executed on behalf of each of ITT and the Issuing Bank have been delivered to and accepted by the Administrative Agent.

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Agreement to be duly executed and delivered as of the date first above written.

ITT INDUSTRIES, INC.,

by

Name:
Title:

[ISSUING BANK],

by

Name:
Title:

Accepted:

CHEMICAL BANK, as
Administrative Agent,

by

Name:
Title:

SCHEDULE I to
Issuing Bank Agreement

- A. Issuing Bank:
- B. Issuing Bank's Address and
Telecopy Number for Notices:
- C. Time of Day by Which Notices
Must be Received A notice requesting the issuance of a Letter
of Credit must be received by the Issuing
Bank by 10:00 a.m. (New York time) not less
than five Business Days prior to the
proposed date of issuance.
- D. Special Terms: The aggregate L/C Exposure in respect of
Letters of Credit issued pursuant to this
Agreement shall not exceed \$[].
- E. Issuing Bank Fees: []% per annum on the average daily
undrawn amount of the Scheduled Letters of
Credit, payable on the same dates that L/C
Participation Fees are payable under the
Credit Agreement.
- F. Issuing Bank's Account for
Payment of Issuing Bank Fees:

[FORM OF]

LOCAL CURRENCY ADDENDUM

To: Chemical Bank, as Administrative Agent

From: ITT Industries, Inc.

1. This Local Currency Addendum is being delivered to you pursuant to Section 2.21(b) of the 5-Year Competitive Bid and Revolving Credit Facility, dated as of November 2, 1995, among ITT Industries, Inc., the Borrowing Subsidiaries parties thereto, the Lenders parties thereto and Chemical Bank, as Administrative Agent (as the same may be amended, supplemented or otherwise modified from time to time, the "Credit Agreement"). Terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

2. The effective date (the "Effective Date") of this Local Currency Addendum will be [].

LOCAL CURRENC(Y)(IES):

LOCAL CURRENCY FACILITY

MAXIMUM BORROWING AMOUNT: \$

LOCAL CURRENCY		Local Currency Lender
LENDERS:	Name of Lender	Maximum Borrowing Amount
		\$

LIST OF DOCUMENTATION GOVERNING LOCAL CURRENCY FACILITY (THE "DOCUMENTATION"):(1)

3. The Company hereby represents and warrants that (i) as of the Effective Date, an Exchange Rate with respect to each Local Currency is determinable by reference to the Reuters currency pages (or comparable publicly available screen), (ii) the Documentation complies in all respects with the requirements of Section 2.21 of the Credit Agreement and (iii)_____

- - - - - (1) Copies of the Documentation must accompany the Local Currency Addendum, together with, if applicable, an English translation thereof (provided, that the Company may instead furnish a summary term sheet in English so long as an English translation of the Documentation is furnished to the Administrative Agent or its counsel within 90 days after the date of delivery of the Local Currency Addendum).

of _____ (2) contains an express acknowledgement that such Local Currency Loan shall be subject to the provisions of Sections 2.21 and 2.22 of the Credit Agreement.

ITT INDUSTRIES, INC.

By _____
Title:

Accepted and Acknowledged:

CHEMICAL BANK, as Administrative Agent

By _____
Title:

[LOCAL CURRENCY LENDER]

By _____
Title:

- - - - -
(2) Provide citation to relevant provision from the Documentation.

ITT Corporation
1330 Avenue of the Americas
New York, NY 10019

November ____, 1995

Chemical Bank, as Administrative Agent
for the Lenders
270 Park Avenue
New York, NY 10019

Attention: Elisabeth Hughes

Dear Sirs:

Reference is made to the 364-Day Competitive Advance and Revolving Credit Facility Agreement and the Five-Year Competitive Advance and Revolving Credit Facility Agreement (collectively, the "Credit Agreements"), each among ITT Industries, an Indiana corporation ("ITT Industries"), the lenders listed in Schedules 2.01 thereto (the "Lenders") and Chemical Bank, as administrative agent for the Lenders (the "Administrative Agent").

1. As contemplated by Section 9.16 of the 364-Day Credit Agreement, and Section 9.17 of the Five-Year Credit Agreement, ITT Corporation, a Delaware corporation ("Old ITT"), and the Administrative Agent, acting on behalf of the Lenders, hereby agree that the Credit Agreements shall be executed on the date hereof and that, except as otherwise provided herein, Old ITT will have all rights and obligations of the "Company" referred to therein.

2. Old ITT agrees that upon the completion of the Distribution, it shall cause ITT Industries to execute, and ITT Industries shall succeed to the rights and obligations of Old ITT under, the Credit Agreements.

3. Old ITT further agrees that prior to each of (a) the successions referred to in paragraph 2 above, (b) the termination and cancellation of the Existing Credit Facilities (as defined in the Credit Agreements), (c) the completion of the Distribution and (d) the satisfaction of

the other conditions set forth in the Credit Agreements, Old ITT shall not make any Borrowing or request the issuance of any Letter of Credit under the Credit Agreements.

This letter agreement shall be deemed to be a part of each of the Credit Agreements and shall have the same effect as if set forth in full therein. The failure of the Borrower to comply with the terms of this letter agreement shall constitute an Event of Default under the Credit Agreements.

Very truly yours,

ITT CORPORATION

by

Name:

Title:

Accepted and agreed to
as of the date first
written above:

CHEMICAL BANK, as Administrative Agent

by

Name:

Title:

ITT INDUSTRIES, INC.
SENIOR EXECUTIVE SEVERANCE PAY PLAN

=====

1. PURPOSE

The purpose of this ITT Industries 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.

2. COVERED EMPLOYEES

Covered employees under this Plan ("Executives") are full-time, regular salaried employees of ITT Industries ("Industries") and of any subsidiary company ("ITT Industries Subsidiary") (collectively or individually as the context requires "Company") who are United States citizens, or who are employed in the United States, in salary grade 26 and above at any time within the two year period immediately preceding the date the Company selects as the Executive's last day of active employment ("Effective Date").

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",
- is terminated with an Effective Date on or after the Executive's Normal Retirement Date as defined herein, or
- terminates employment with the Company prior to the Effective 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.

"Normal Retirement Date" shall mean the first of the month which coincides with or follows the Executive's 65th birthday.

4. SCHEDULE OF SEVERANCE PAY

Severance pay will be provided in accordance with the following Schedule of Severance Pay which sets forth the months of Base Pay which is provided to an Executive based upon the Executive's Years of Service as of the Effective Date.

Years of Service -----	Months of Base Pay -----
Less than 4	12
4	13
5	14
6	15
7	16
8	17
9	18
10	19
11	20
12	21
13	22
14	23

15 or more

24

"Base Pay" shall mean the annual base salary rate payable to the Executive at the Effective Date divided by twelve (12) 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 month (24) period immediately preceding the Effective Date.

"Years of Service" shall mean the total number of completed years of employment since the Executive's Industries system service date to the Effective Date, rounded to the nearest whole year. The Industries system service date is the date from which employment in the Industries system is recognized for purposes of determining eligibility for vesting under the applicable Company retirement plan covering the Executive on the Effective Date.

Notwithstanding the above Schedule of Severance Pay, (i) in no event shall months of Base Pay provided to an Executive exceed the number of months remaining between the Effective Date and the Executive's Normal Retirement Date or (ii) shall severance pay exceed the equivalent of twice the Executive's total annual compensation during the year immediately preceding the Effective 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 ("Salary Continuation"), provided that Industries reserves the right at any time to pay the remaining severance pay in the form of a discounted lump sum.

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 Industries using an interest rate equal to the prime rate at Citibank in effect on the date Industries notifies the Executive that it is exercising its right to pay severance in the discounted lump sum.

Salary Continuation will commence or the discounted lump sum will be paid on the next day following the Effective Date except that where Industries exercises its right to pay the discounted lump sum after the commencement

of Salary Continuation, it will be paid promptly after Industries exercises such right.

In the event of an Executive's death during the period the Executive is receiving Salary Continuation, 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 failing such designation, to the estate of the Executive.

If an Executive is receiving Salary Continuation, 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 Effective Date and normal windup 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 Salary Continuation, the Executive must promptly notify the Company.

Salary Continuation will cease if an Executive is rehired by the Company.

6. BENEFITS DURING SEVERANCE PAY

As long as an Executive is receiving Salary Continuation, except as provided in this Section, the Executive will continue to be eligible for participation in Company employee benefit plans, including without limitation, any non-qualified excess or supplemental benefit plans, in accordance with the provisions of such plans as in effect on the Effective date. An Executive will not be eligible to participate in any Company 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 Effective Date.

7. EXCLUDED EXECUTIVE COMPENSATION PLANS, PROGRAMS, ARRANGEMENTS, AND PERQUISITES

During the period an Executive is receiving Salary Continuation, 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 Effective Date and (vi) any other executive compensation program, plan, arrangement, practice, policy or perquisites unless specifically authorized by Industries in writing. The period during which an Executive is receiving Salary Continuation does not count as service for the purpose of any Industries long-term incentive award program including, but not limited to, the ITT Restricted Stock Award Plan (1984) and any similar plan, and the Industries Long-Term Performance Plan and any similar plan.

8. DIVESTITURE

If an Industries Subsidiary or division of Industries 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 Salary Continuation, 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 Company Covenant Against Disclosure and Assignment of Rights to Intellectual Property; (iv) without Industries' prior consent, induces any employees of the Company to leave their Company employment; (v) without Industries' 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 Industries Code of Conduct or applicable Industries Corporate Policies or any applicable Industries Subsidiary Code or policies, then the

Company will have no further obligation to provide severance pay.

10. RELEASE

No severance pay will be provided under this Plan unless the Executive executes and delivers to Industries a release, satisfactory to Industries, 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 Industries, 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 Industries shall be final, conclusive and binding on all parties affected thereby.

12. TERMINATION OR AMENDMENT

Industries 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 of 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.

13. OFFSET

Any severance pay provided to an Executive under this Plan shall be offset 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 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.

Coordination of severance pay with any pay or benefits provided by any applicable Industries 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. ADOPTION DATE AND AMENDMENTS

This Plan was adopted by ITT on December 12, 1989 ("Adoption Date") and assumed by ITT Indiana, Inc. (renamed ITT Industries, Inc.) on October 10, 1995 and does not apply to any termination of employment which occurred or which was communicated to the Executive prior to the Adoption Date. The Plan was amended effective June 11, 1991.

June 13, 1995

Mr. D. Travis Engen

Dear Travis:

This employment agreement (the "Agreement") is intended to create mutual obligations, and your voluntary acceptance signifies both ITT Industries, Inc. ("Industries") and your commitment to carry out its obligations until its expiration. The Agreement will confirm your employment with Industries in accordance with the following terms and conditions:

1. EMPLOYMENT AND ASSIGNMENT; DILIGENT AND FAITHFUL PERFORMANCE OF DUTIES. Industries agrees to employ you as Chairman and Chief Executive Officer of ITT Industries. In consideration of employment by Industries, you agree to discharge faithfully, diligently, and to the best of your ability, the responsibilities of these offices.

2. TERM OF AGREEMENT. This Agreement will become effective on January 1, 1996 [or Distribution Date] and will terminate on December 31, 1999 unless terminated earlier in accordance with the terms of this Agreement.

3. BASE SALARY, INCENTIVE BONUS AND BENEFITS.

(a) BASE SALARY. Your base salary under this Agreement will be [] per year. Your base salary will be subject to review by Industries from time to time for consideration of possible increases based on your performance and other relevant circumstances. Periodic increases, once granted, will not be subject to revocation and your base salary thereafter will be deemed to include such increases. Your base salary will be payable in accordance with the customary payroll practices of Industries

but, in no event, less frequently than monthly.

(b) OTHER COMPENSATION AND BENEFITS. Subject to review and approval by Industries, you will be eligible for consideration for possible awards under Industries' executive incentive bonus program or any other executive incentive compensation plan. You will also continue to be entitled to participate in the benefit programs of Industries or its subsidiaries for which you are now eligible or for which you may become eligible in accordance with their provisions during the term of this Agreement. Industries shall pay or reimburse you for all reasonable travel and other expenses incurred in connection with the performance of your duties and responsibilities in accordance with such procedures as Industries may from time to time establish.

4. TERMINATION BY INDUSTRIES FOR CAUSE. Industries shall have the right to terminate your employment only for cause, which is limited to action by you involving willfull malfeasance or gross negligence or your failure to act involving material nonfeasance that would tend to have a materially adverse effect on Industries. If your employment is terminated for cause, this Agreement will terminate and Industries will have no further obligations under this Agreement.

5. DISCONTINUANCE OF THE REQUIREMENT TO PROVIDE FULL TIME SERVICES.

If Industries notifies you that it no longer requires your full-time services as Chairman and Chief Executive Officer and you have complied with the terms and conditions of this Agreement, you will receive the following:

(a) BASE SALARY AND INCENTIVE BONUS. In lieu of any further compensation, you will receive in equal monthly installments, (i) for the first twelve months commencing with the first day of the month succeeding the month in which you cease to hold the offices described above (A) an amount equal to the annual salary as determined in

Paragraph 3 hereof ("salary continuation") and (B) an amount equivalent to 75% of one-third of the aggregate amount of the bonuses received by you with respect to each of the three calendar years immediately preceding such event (it being understood that for this purpose the bonus with respect to any year is the bonus presently awarded in the first quarter of the succeeding year) and (ii) for each succeeding twelve months remaining in the term of this Agreement, (A) an amount equivalent to the annual salary as determined in Paragraph 3 hereof and (B) an amount equivalent to 50% of one-third of the aggregate amount of the bonuses received by you with respect to each of the three calendar years immediately preceding such event (it being understood that for this purpose the bonus with respect to any year is the bonus presently awarded in the first quarter of the succeeding year). Notwithstanding the above, payments shall continue until the earlier of (i) the expiration of this Agreement or (ii) in accordance with 5(e) below. Upon your acceptance of other full-time employment, the balance remaining of such aggregate amount may, at Industries' discretion, be paid to you in a lump sum.

(b) OTHER COMPENSATION AND BENEFITS. As long as you are receiving salary continuation, you will continue to be eligible for ongoing participation in Industries' employee medical, dental, and life insurance benefits programs, the ITT Industries Salaried Retirement Plan, the ITT Industries Excess Plan, if applicable, the ITT Industries Investment and Savings Plan and any other applicable retirement or savings plan as well as the exercise of outstanding stock options in accordance with the terms of the applicable stock option plan. If, for any reason at any time, Industries is unable to treat you as being or having been a salaried employee of Industries under any benefits program or plan specifically enumerated in this Agreement (or

any successors to such plans), including the Industries' employee medical, dental and life insurance benefit programs, and the ITT Industries Salaried Retirement Plan, the ITT Industries Excess Plan, if applicable, and the ITT Industries Investment and Savings Plan, during the period that you are receiving salary continuation, and, if, as a result thereof you receive no benefits or reduced benefits under such plans, Industries shall provide such benefits by (i) direct payment to you of the amounts you would have received from such plans had you continued to be eligible or (ii) at Industries option, making available equivalent benefit programs from other sources.

(c) ITEMS OF COMPENSATION AND BENEFITS FOR WHICH YOU WILL NOT BE ELIGIBLE DURING SALARY CONTINUATION. During a period of salary continuation as described in this Paragraph 5(a), you will not be entitled to any compensation not specified in this Agreement, and you will not be eligible to participate in any (i) bonus program, (ii) Industries long term or short term disability plans, (iii) insurance plan primarily covering business travel, (iv) special programs providing incentive for employees who voluntarily terminate their employment, (v) tax or financial advisory services, (vi) new awards under any stock option or stock related plans for executives, (vii) new or revised executive compensation programs that may be introduced by Industries after Industries has advised you that it no longer requires your full-time services and (viii) any other benefit or perquisite not specifically enumerated in this Agreement.

(d) AVAILABILITY IF INDUSTRIES NO LONGER REQUIRES YOUR FULL-TIME SERVICES. If Industries has advised you that it no longer requires your full-time services pursuant to this Paragraph 5 but you are continuing to receive salary continuation, you must continue to be available to render to Industries reasonable assistance, consistent

with the level of your prior position with Industries, at times and locations that are mutually acceptable. In requesting such services, Industries shall take into account any other commitments which you may have.

(e) DISQUALIFYING CONDUCT. If during the period you are receiving Salary Continuation, you (i) engage in any activity which is inimical to the best interests of Industries; (ii) disparage Industries; (iii) fail to comply with any Industries' Covenant Against Disclosure and Assignment of Rights to Intellectual Property; (iv) without Industries' prior consent, induce any employees of Industries to leave employment; (v) without Industries' prior consent, engage in, become affiliated with, or become employed by any business competitive with Industries; or (vi) fail to comply with applicable provisions of the Industries' Code of Conduct or applicable Industries' Corporate Policies or any applicable Industries' Subsidiary Code or policies, then Industries will have no further obligation to provide salary continuation. Also, for a one year period after salary continuation is no longer provided under this Agreement you will not, without Industries' prior consent, induce any employees of Industries to leave employment.

(f) TERMINATION ALLOWANCE UNDER A SEVERANCE PLAN OR POLICY. If you would otherwise ordinarily receive a termination allowance under an Industries' severance plan or termination allowance policy exceeding the amount of base salary remaining under the Agreement at the time of notice by Industries of its intent to terminate your full-time employment, Industries will pay you a termination allowance in accordance with the terms of the Industries' severance plan or termination allowance policy, in lieu of salary continuation under this Agreement. In no case will both termination allowance and amounts under this Agreement (whether lump sum or salary continuation) be paid.

6. ASSIGNMENT. This Agreement is not assignable by you and is not assignable by Industries except to a subsidiary of Industries provided, notwithstanding such assignment, Industries shall remain liable for the performance of all obligations hereunder. This Agreement shall be binding on all successors and assignees of Industries.

7. OTHER AGREEMENTS. Any prior agreement relating to the Assignment of Inventions and Covenant Against Disclosure, and any written agreements not in conflict herewith shall remain in full force and effect.

8. NOTICES. Notices to Industries under this Agreement shall be in writing and delivered to [TITLE - ADDRESS] and notices to you shall be in writing and delivered in person or by mail to your office or to your home address on file with Industries.

9. SEVERABILITY. If, for any reason, any one or more of the provisions or part of a provision contained in this Agreement 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 Agreement 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.

10. HEADINGS OF NO EFFECT. The paragraph headings contained in this Agreement are included solely for convenience of reference and shall not in any way affect the meaning or interpretation of any of the provisions of this Agreement.

11. AMENDMENT. This Agreement cannot be amended, modified or supplemented except by a subsequent written agreement between you and Industries.

12. ENTIRE AGREEMENT AND CHOICE OF LAW. This Agreement contains the entire agreement between you and Industries with respect to employment and services by you and supersedes any and all prior understandings, agreements or correspondence between you and Industries with respect to employment and services. This Agreement will be governed by and construed in accordance with the laws of the State of New York.

13. ARBITRATION. Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

Please execute and return to me the enclosed copy of this Agreement to signify your agreement.

Yours very truly,

ITT Industries, Inc.

By _____

Agreed to and accepted:

D. Travis Engen

DATE

ITT INDUSTRIES
4 West Red Oak Lane
White Plains, NY 10604

U.S. SUBSIDIARIES

Avcron, Inc.
Carbon Industries, Inc.
 Bedcor, Inc
 Belmont Coal Company
 Bradford Coal Company
 Carbon Fuel Co.
 Carbon Fuel Sales Co.
 Crimson Processing Company
 Kentucky Carbon Corp.
 Kentucky Carbon Processing Co.
 Notomine, Inc.
 Peter Creek Development Co. & Subsidiaries
 Wevaco Processing Company
 Winifrede Railroad Co.
 Wescar, Inc.
ITT Cannon, Inc.
ITT Defense & Electronics, Inc.
 ITT Defense International, Inc.
 ITT Defense, Inc.
 ITT Federal Services Corporation
 Base Services, Inc.
 Federal Services International Corp.
 Federal Electric Corporation
 Felec Services, Inc.
 ITT Arctic Services, Inc.,
 ITT Antarctic Services, Inc.
 ITT Commercial Services, Inc.
 ITT Deep Space Services, Inc.
 ITT Employment and Training Systems, Inc.
 ITT Gilfillan Inc.
 ITT Fluid Technology Corporation
 ITT Flygt Corp., Inc.
ITT Automotive, Inc.
 Alfred Teves Technologies, Inc.
 ITT Automotive Electrical Systems, Inc.
 ITT Lester Industries, Inc.
ITT Resource Development Corporation
 ITT Community Development Corp.
 Hammock Dunes Real Estate Co.

Matanzas Realty, Inc.
Palm Coast Inc
Palm Coast Utility Corporation
Sunsport Recreation Corp.
Palm Coast Shopping Center, Inc.
Palm Coast Abstract & Title, Inc.
Palm Coast Mortgage Company
Palm Coast Construction Company
Palm Coast Home Realty, Inc.
Palm Coast Realty, Inc.

ITT Power Systems Corp.

ITT Schadow, Inc.

Sealectro International Corporation

ITT INDUSTRIES
4 West Red Oak Lane
White Plains, NY 10604

FOREIGN SUBSIDIARIES

Flygt Holdings Pty. Ltd.	Australia
ITT Flygt Ltd.	Australia
ITT Flygt GmbH	Austria
Cannon Division	Belgium
ITT Industries Belgium	Belgium
Flygt N.V./S.A.	Belgium
ITT Industries Of Canada Ltd	Canada
A-C Pump Canada	Canada
ITT Aimco	Canada
ITT Barton Instruments	Canada
ITT Cannon Canada	Canada
ITT Commercial Finance	Canada
ITT Engineered Valves	Canada
ITT Felec Services, Inc.	Canada
ITT Fluid Products Canada	Canada
ITT Flygt Canada	Canada
SWF Auto-Electric	Canada
ITT Standard	Canada
ITT Flygt A/S	Denmark
ITT Barton Division	England
ITT Cannon Division U.K.	England
ITT Industries Limited & Subsidiaries	England
Cannon Electric (Great Britain) Ltd.	England
ITT Switches (UK) Ltd.	England
ITT Defense U.K.	England
ITT Jabsco Ltd.	England
ITT Defense Limited	England
ITT Marlow Division	England
ITT Composants Et Instruments	France
ITT Teves Division	France
Alfred Teves Metallwarenfabrik G.M.B.H. & Co. Ohg	Germany
ITT Automotive Europe G.M.B.H.	Germany
ITT Cannon G.M.B.H.	Germany
Deutsche ITT Handels G.M.B.H.	Germany
Deutsche ITT Industries G.M.B.H.	Germany
ITT Flygt GmbH	Germany
Flygt Pumpen G.M.B.H.	Germany
Flygt Werk G.M.B.H.	Germany

ITT Gesellschaft Fur Beteiligungen G.M.B.H.
 & Subsidiaries
 ITT Industrie-Beteiligungsgesellschaft
 ITT Federal Services G.M.B.H.
 R. Schadow G.M.B.H. & Subsidiaries
 Reiss International G.M.B.H.
 Cannon Electric Italiana S.P.A.
 ITT Flygt S.P.A.
 ITT Automotive Italy S.P.A.
 ITT Flygt Ltd.
 ITT Cannon Ltd
 ITT Flygt S.V.
 Koni B.V.
 Bejerlands Automobiell Bedriff N.V.
 ITT Flygt (New Zealand) Ltd.
 ITT Flygt A/S
 Maclaren Controls Ltd.
 Macalister Dundas Limited
 ITT Federal Electric International Espana
 Swf Auto-Electric S.A.
 Alfred Teves S.A.
 Sociedad Industrial De Electromagnetism Sarl
 ITT Multi-Komponent Ab
 Grindex Ab
 Mactec Ab
 ITT Flygt Ab
 Ab Fygt Pumpar
 ITT Flygt International Ab
 ITT Industries Belgium
 Maclaren Controls Limited
 ITT Automotice Enterprises Inc.

Germany
 Germany
 Germany
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 Italy
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 Japan
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