

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2011

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission File Number: 1-5672

ITT CORPORATION

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

13-5158950
*(I.R.S. Employer
Identification Number)*

1133 Westchester Avenue, White Plains, NY 10604

(Principal Executive Office)

Telephone Number: (914) 641-2000

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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

As of October 20, 2011, there were outstanding 185.5 million shares of common stock (\$1 par value per share) of the registrant.

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PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

CONSOLIDATED CONDENSED INCOME STATEMENTS (UNAUDITED)
(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)

FOR THE PERIODS ENDED SEPTEMBER 30	Three Months		Nine Months	
	2011	2010	2011	2010
Product revenue	\$ 2,159	\$ 2,052	\$ 6,360	\$ 6,133
Service revenue	822	591	2,405	1,827
Total revenue	2,981	2,643	8,765	7,960
Costs of product revenue	1,401	1,357	4,151	4,085
Costs of service revenue	726	518	2,135	1,608
Total costs of revenue	2,127	1,875	6,286	5,693
Gross profit	854	768	2,479	2,267
Selling, general and administrative expenses	445	396	1,304	1,149
Research and development expenses	64	60	195	183
Transformation costs	132	—	279	—
Asbestos-related costs, net	59	341	91	368
Restructuring and asset impairment charges, net	2	3	10	30
Operating income (loss)	152	(32)	600	537
Interest and non-operating expenses, net	22	16	51	61
Income (loss) from continuing operations before income tax expense	130	(48)	549	476
Income tax expense (benefit)	59	(60)	184	94
Income from continuing operations	71	12	365	382
Income from discontinued operations, net of tax expense (benefit) of \$4, \$1, \$2 and \$(6), respectively	7	133	5	147
Net income	\$ 78	\$ 145	\$ 370	\$ 529
Earnings Per Share:				
Basic:				
Continuing operations	\$ 0.38	\$ 0.07	\$ 1.97	\$ 2.08
Discontinued operations	0.04	0.72	0.03	0.80
Net income	\$ 0.42	\$ 0.79	\$ 2.00	\$ 2.88
Diluted:				
Continuing operations	\$ 0.38	\$ 0.07	\$ 1.96	\$ 2.06
Discontinued operations	0.04	0.71	0.02	0.80
Net income	\$ 0.42	\$ 0.78	\$ 1.98	\$ 2.86
Weighted average common shares – basic	185.5	184.1	185.2	183.8
Weighted average common shares – diluted	186.5	185.3	186.6	185.2
Cash dividends declared per common share	\$ 0.25	\$ 0.25	\$ 0.75	\$ 0.75

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

CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)
 (IN MILLIONS)

FOR THE PERIODS ENDED SEPTEMBER 30	Three Months		Nine Months	
	2011	2010	2011	2010
Net income	\$ 78	\$ 145	\$ 370	\$ 529
Other comprehensive income (loss):				
Net foreign currency translation adjustment	(180)	184	(5)	(27)
Net change in postretirement benefit plans, net of tax benefit of \$338, \$9, \$315 and \$27, respectively	(585)	15	(545)	46
Net change in unrealized gains on investment securities, net of tax expense of \$0, \$3, \$5 and \$1, respectively	(1)	(3)	(12)	(1)
Other comprehensive income (loss)	(766)	196	(562)	18
Total comprehensive (loss) income	\$ (688)	\$ 341	\$ (192)	\$ 547
Disclosure of reclassification adjustment:				
Net foreign currency translation adjustment:				
Foreign currency translation loss	\$ (194)	\$ 184	\$ (19)	\$ (27)
Foreign currency translation loss included in net income	14	—	14	—
Net foreign currency translation adjustment	\$ (180)	\$ 184	\$ (5)	\$ (27)
Net change in postretirement benefit plans, net of tax:				
Amortization of prior service costs, net of tax benefit of less than \$1 for all periods presented	\$ —	\$ —	\$ 1	\$ 1
Amortization of net actuarial loss, net of tax benefit of \$12, \$9, \$36 and \$27, respectively	20	15	58	45
Prior service cost recognized from curtailment, net of tax benefit of \$1	2	—	2	—
Net actuarial loss arising during the period, net of tax benefit of \$353	(606)	—	(606)	—
Net change in postretirement benefit plans, net of tax	\$ (585)	\$ 15	\$ (545)	\$ 46
Net change in unrealized gains on investment securities, net of tax:				
Unrealized (losses) gains arising during period, net of tax benefit (expense) of \$0, \$0, \$1 and \$(2), respectively	\$ (1)	\$ 1	\$ (2)	\$ 3
Gains realized during the period, net of tax expense of \$0, \$3, \$6 and \$3, respectively	—	(4)	(10)	(4)
Net change in unrealized gains on investment securities, net of tax	\$ (1)	\$ (3)	\$ (12)	\$ (1)

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

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

	September 30, 2011 (Unaudited)	December 31, 2010
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,686	\$ 1,032
Receivables, net	2,198	1,944
Inventories, net	1,011	856
Other current assets	652	562
Total current assets	6,547	4,394
Plant, property and equipment, net	1,214	1,205
Goodwill	4,471	4,277
Other intangible assets, net	829	766
Asbestos-related assets	819	930
Other non-current assets	1,208	866
Total non-current assets	8,541	8,044
Total assets	\$ 15,088	\$ 12,438
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 1,116	\$ 1,020
Accrued and other current liabilities	1,755	1,714
Short-term borrowings and current maturities of long-term debt	1,305	11
Total current liabilities	4,176	2,745
Postretirement benefits	2,658	1,733
Long-term debt	1,868	1,354
Asbestos-related liabilities	1,522	1,559
Other non-current liabilities	619	542
Total non-current liabilities	6,667	5,188
Total liabilities	10,843	7,933
Shareholders' Equity:		
Common stock:		
Authorized – 500.0 shares, \$1 par value per share Issued – 207.1 shares and 206.9 shares, respectively		
Outstanding – 185.4 shares and 184.0 shares, respectively(a)	185	183
Retained earnings	5,709	5,409
Total accumulated other comprehensive loss	(1,649)	(1,087)
Total shareholders' equity	4,245	4,505
Total liabilities and shareholders' equity	\$ 15,088	\$ 12,438

(a) Shares outstanding include unvested restricted common stock of 0.9 and 1.0 at September 30, 2011 and December 31, 2010, respectively.

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

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30	2011	2010
Operating Activities		
Net income	\$ 370	\$ 529
Less: Income from discontinued operations	5	147
Income from continuing operations	365	382
Non-cash adjustments to income from continuing operations:		
Depreciation and amortization	257	214
Stock-based compensation	22	23
Non-cash transformation costs	64	—
Changes in assets and liabilities (net of acquisitions):		
Change in receivables	(253)	(105)
Change in inventories	(146)	(40)
Change in accounts payable	137	39
Other, net	6	141
Net Cash – Operating activities	452	654
Investing Activities		
Capital expenditures	(186)	(174)
Acquisitions, net of cash acquired	(309)	(994)
Proceeds from sale of assets and businesses	34	250
Other, net	—	1
Net Cash – Investing activities	(461)	(917)
Financing Activities		
Short-term debt, net	18	206
Long-term debt issued	1,849	1
Long-term debt repaid	(68)	(71)
Issuance of common stock	48	17
Dividends paid	(184)	(176)
Other, net	6	7
Net Cash – Financing activities	1,669	(16)
Exchange rate effects on cash and cash equivalents	(5)	(27)
Net cash from discontinued operations	(1)	2
Net change in cash and cash equivalents	1,654	(304)
Cash and cash equivalents – beginning of year	1,032	1,216
Cash and Cash Equivalents – End of Period	\$ 2,686	\$ 912
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for:		
Interest	\$ 46	\$ 46
Income taxes (net of refunds received)	\$ 169	\$ 289

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

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

**NOTE 1
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation

ITT Corporation is a global multi-industry leader in high-technology engineering and manufacturing, operating through three segments: Defense & Information Solutions (Defense segment), Fluid Technology (Fluid segment) and Motion & Flow Control (Motion & Flow segment). Unless the context otherwise indicates, references herein to "ITT," "the Company," and such words as "we," "us," and "our" include ITT Corporation and its subsidiaries.

The unaudited consolidated condensed financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (SEC) and, in the opinion of management, reflect all adjustments (which include normal recurring adjustments) necessary for a fair presentation of the financial position, results of operations, and cash flows for the periods presented. Certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) have been condensed or omitted pursuant to such SEC rules. We believe that the disclosures made are adequate to make the information presented not misleading. We consistently applied the accounting policies described in ITT's 2010 Annual Report on Form 10-K (2010 Annual Report) in preparing these unaudited financial statements, with the exception of accounting standard updates, described in Note 3, "Recent Accounting Pronouncements," adopted on January 1, 2011. Certain prior year amounts have been reclassified to conform to current year presentation, as described within these Notes to the Consolidated Condensed Financial Statements. These financial statements should be read in conjunction with the financial statements and notes thereto included in our 2010 Annual Report.

Foreign Currency Translation

The national currencies of our foreign companies are generally the functional currencies. Balance sheet accounts are translated at the exchange rate in effect at the end of each period; income statement accounts are translated at the average rates of exchange prevailing during the period. Gains and losses on foreign currency translations are reflected in the cumulative translation adjustments component of shareholders' equity. Net gains or losses from foreign currency transactions are reported currently in selling, general and administrative expenses, and in the third quarter of 2011 include \$14 of losses generally pertaining to legacy transactions.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Estimates are revised as additional information becomes available. Estimates and assumptions are used for, but not limited to, asbestos-related liabilities and recoveries from insurers and other responsible parties, postretirement obligations and assets, revenue recognition, income tax contingency accruals and valuation allowances, goodwill impairment testing and contingent liabilities. Actual results could differ from these estimates.

Financial Periods

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

NOTE 2 COMPANY TRANSFORMATION

On January 12, 2011, the Company announced that its Board of Directors had unanimously approved a plan to separate the Company's businesses into three independent, publicly traded companies (the Transformation). Under the Transformation, ITT will execute tax-free spinoffs to shareholders of its water-related businesses (Xylem) and its Defense segment (Exelis). Xylem will include the Water & Wastewater division, including its analytical instrumentation component, and the Residential & Commercial Water division, as well as the Flow Control division that is currently reported within the Motion & Flow segment. The Industrial Process division, which is currently reported within the Fluid segment, will continue to operate as a division of ITT. After completion of the Transformation, ITT shareholders will own shares in all three corporations. Following the Transformation, ITT will continue to trade on the New York Stock Exchange as an industrial company that supplies highly engineered solutions in the aerospace, transportation, energy and industrial markets.

On September 9, 2011, we received a private letter ruling from the Internal Revenue Service that ITT's separation of the assets and liabilities constituting each of the Exelis business, the Xylem business and the new ITT business, as well as the planned distribution of the shares of Exelis and Xylem common stock to ITT shareholders, will qualify as a tax-free transaction for U.S. federal income tax purposes.

On October 5, 2011, the ITT Board of Directors declared a pro rata dividend of Exelis common stock and Xylem common stock (the Distribution), to be made on October 31, 2011, or such other date whereby conditions to the distribution are satisfied or waived, to ITT's shareholders of record as of the close of business on October 17, 2011 (the Record Date). Each ITT shareholder will receive a dividend of one share of Exelis common stock and one share of Xylem common stock for every one share of ITT common stock held on the Record Date.

As a result of the Transformation, upon consummation of the spin, we will reorganize to a new management and segment reporting structure. As part of these organizational changes, we will assess new reporting units and perform valuations to determine the assignment of goodwill to any new reporting units based on their relative fair values. We will also test the recoverability of goodwill based on the identification of any new reporting units.

During the three and nine month periods ended September 30, 2011, we recognized pre-tax expenses of \$132 and \$279, respectively, related to the Transformation. The components of transformation costs incurred during these periods are presented below.

For the Periods Ended September 30, 2011	Three Months	Nine Months
Transformation Costs:		
Non-cash asset impairment	\$ 9	\$ 64
Advisory fees	32	75
IT costs	36	58
Lease termination and other real estate costs	10	13
Loss on early extinguishment of debt	3	3
Employee retention and other compensation costs	23	36
Other costs	19	30
Transformation costs in operating income	132	279
Tax-related separation (benefit) costs(a)	(4)	10
Total transformation costs before tax benefit	128	289
Income tax benefit	(35)	(87)
Total transformation costs, net of tax impact	\$ 93	\$ 202

- (a) In the third quarter of 2011, we revised our estimate of certain costs to be incurred related to tax-related separation costs. This adjustment resulted in a \$4 net credit (income) for tax-related separation costs during the third quarter of 2011.

The \$64 million non-cash impairment charge includes a \$55 impairment related to a decision to discontinue development of an information technology consolidation initiative and \$9 of impairments to long-lived assets. The table included below provides a rollforward of the Transformation-related accrual for the nine months ended September 30, 2011.

Transformation accrual – 12/31	\$	2
Charges actions during the period		289
Cash payments		(137)
Pension curtailment		(5)
Asset impairment		(64)
Transformation accrual – 9/30	\$	85

To complete the Transformation, we expect major areas of spending to include debt refinancing, tax-related separation costs, information technology investments to build out independent environments for the new companies, advisory fees, and other Transformation activities. Our estimate of the remaining after-tax expense for activities associated with the Transformation is expected to be approximately \$275, of which \$210 is expected to be incurred prior to completion of the Transformation, primarily related to the extinguishment of debt. In addition, the Company anticipates net after-tax cash outflows of approximately \$130 following the Transformation, primarily consisting of additional tax impacts, employee-related costs, capital expenditures for information systems investments, and advisory fees.

NOTE 3 RECENT ACCOUNTING PRONOUNCEMENTS

Recently Adopted Accounting Pronouncements

In December 2010, the Financial Accounting Standards Board (FASB) issued additional guidance applicable to the testing of goodwill for potential impairment. Specifically, for reporting units with zero or negative carrying amounts, an entity is required to perform the second step of the goodwill impairment test (a comparison between the carrying amount of a reporting unit's goodwill to its implied fair value) if it is more likely than not that a goodwill impairment exists, considering any adverse qualitative factors. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. As of the date of our most recent goodwill impairment test, none of our reporting units would have been affected by the application of this guidance as each reporting unit had a carrying amount that exceeded zero.

In April 2010, the FASB issued authoritative guidance permitting use of the milestone method of revenue recognition for research or development arrangements that contain payment provisions or consideration contingent on the achievement of specified events. On January 1, 2011, we adopted the new guidance on a prospective basis. The adoption of this guidance did not have a material impact on our financial condition, results of operations or cash flows.

In October 2009, the FASB issued amended guidance on the accounting for revenue arrangements that contain multiple elements by eliminating the criteria that objective and reliable evidence of fair value for undelivered products or services needs to exist in order to be able to account separately for deliverables and eliminating the use of the residual method of allocating arrangement consideration. The amendments establish a hierarchy for determining the selling price of a deliverable and will allow for the separation of products and services in more instances than previously permitted.

We adopted the new multiple element guidance effective January 1, 2011 for new arrangements entered into or arrangements materially modified on or after that date on a prospective basis. In connection with the adoption of the revised multiple element arrangement guidance, we revised our revenue recognition accounting policies. For multiple deliverable arrangements entered into or materially modified on or after January 1, 2011, we recognize revenue for a delivered element based on the relative selling

price if the deliverable has stand-alone value to the customer and, in arrangements that include a general right of return relative to the delivered element, performance of the undelivered element is considered probable and substantially in the Company's control. The selling price for a deliverable is based on vendor-specific objective evidence of selling price (VSOE), if available, third-party evidence of selling price (TPE), if VSOE is not available, or best estimated selling price (BESP), if neither VSOE nor TPE is available.

The deliverables in our arrangements with multiple elements include various products and may include related services, such as installation and start-up services. For multiple element arrangements entered into or materially modified after adoption of the revised multiple element arrangement guidance, we allocate arrangement consideration based on the relative selling prices of the separate units of accounting determined in accordance with the hierarchy described above. For deliverables that are sold separately, we establish VSOE based on the price when the deliverable is sold separately. We establish TPE, generally for services, based on prices similarly situated customers pay for similar services from third party vendors. For those deliverables for which we are unable to establish VSOE or TPE, we estimate the selling price considering various factors including market and pricing trends, geography, product customization, and profit objectives. Revenue allocated to products and services is generally recognized as the products are delivered and the services are performed, provided all other revenue recognition criteria have been satisfied. The adoption of the new multiple element guidance did not result in a material change in either the units of accounting or the pattern or timing of revenue recognition. Additionally, the adoption of the revised multiple element arrangement guidance did not have a material impact on our financial condition, results of operations or cash flows.

In October 2009, the FASB amended the accounting requirements for software revenue recognition. The objective of this update is to address the accounting for revenue arrangements that contain tangible products and software. Specifically, products that contain software that is "more than incidental" to the product as a whole will be removed from the scope of the software revenue recognition literature. The amendments align the accounting for these revenue transaction types with the amendments described for multiple element arrangements above. We adopted the provisions of this guidance for new or materially modified arrangements entered into on or after January 1, 2011 on a prospective basis. The adoption of this guidance did not have a material impact on our financial condition, results of operations or cash flows.

Accounting Pronouncements Not Yet Adopted

In September 2011, the FASB provided companies with the option to make an initial qualitative evaluation, based on the entity's events and circumstances, to determine the likelihood of goodwill impairment. The result of this qualitative assessment determines whether it is necessary to perform the currently required two-step impairment test. If it is more likely than not that the fair value of a reporting unit is less than its carrying amount, a company would be required to perform the two-step impairment test. This guidance is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011, with early adoption permitted. The Company could elect to apply the option to any goodwill impairment test performed after December 31, 2011; however, the amendments are not expected to have a material effect on the Company's Consolidated Condensed Financial Statements.

In May 2011, the FASB issued guidance intended to achieve common fair value measurements and related disclosures between U.S. GAAP and international accounting standards. The amendments primarily clarify existing fair value guidance and are not intended to change the application of existing fair value measurement guidance. However, the amendments include certain instances where a particular principle or requirement for measuring fair value or disclosing information about fair value measurements has changed. This guidance is effective for the periods beginning after December 15, 2011 and early application is prohibited. We will adopt these amendments on January 1, 2012; however, the amendments are not expected to have a material effect on the Company's Consolidated Condensed Financial Statements.

NOTE 4 ACQUISITIONS & DIVESTITURES

Acquisitions

On September 1, 2011, we acquired 100% of the outstanding shares of YSI Incorporated (YSI) for a purchase price of \$309, net of cash acquired. YSI, which reported 2010 revenues of \$101, is a leading developer and manufacturer of sensors, instruments, software, and data collection platforms for environmental water monitoring. YSI employs 390 people at facilities in the United States, Europe and Asia. Our financial statements include YSI's results of operations and cash flows prospectively from September 1, 2011; however, these results were not material for the three or nine months ended September 30, 2011 and accordingly, pro forma results of operations have not been presented.

The purchase price for YSI was allocated to the net tangible and intangible assets acquired and liabilities assumed based on their preliminary fair values as of September 1, 2011. The excess of the purchase price over the preliminary assets acquired and liabilities assumed was recorded as goodwill. The purchase price allocation is based on a preliminary valuation and our estimates and assumptions are subject to change within the measurement period. The primary areas of the purchase price allocation that are not yet finalized relate to the fair values of certain environmental matters, intangible assets, income taxes, working capital balances and residual goodwill. We expect to obtain information to assist us in determining the fair value of the net assets acquired at the acquisition date during the measurement period.

Of the \$309 purchase price, the aggregate fair value of trademarks was \$49, customer relationships was \$40 and proprietary technology was \$35. Other assets acquired and liabilities assumed as part of the acquisition were \$56 primarily related to working capital balances and \$61 primarily related to deferred tax liabilities, respectively. The excess of the preliminary purchase price over the fair value of net assets acquired was \$190 (which is not expected to be deductible for income tax purposes). The goodwill arising from the acquisition consists largely of the planned expansion of the YSI footprint to new geographic markets, synergies and economies of scale. All of the goodwill has been assigned to the Fluid segment.

During the first nine months of 2010, we spent \$994 on acquisitions, net of cash acquired, primarily due to the acquisitions of Godwin Pumps of America, Inc. and Godwin Holdings Limited (collectively referred to as Godwin) on August 3, 2010 for \$580, which expanded our Fluid segment's presence within the dewatering market in the United States; and the acquisition of Nova Analytics Corporation (Nova) on March 23, 2010 for \$385 which broadened our Fluid segment's portfolio of analytical instrumentation tools.

The results of operations and cash flows from our 2010 acquisitions have been included in our Consolidated Condensed Financial Statements prospectively from their date of acquisition. Pro forma results of operations for acquisitions completed in 2010 have not been presented because the assets, liabilities and results of operations for each business are not considered material to our Consolidated Condensed Financial Statements, either individually or in the aggregate.

Divestitures

On September 8, 2010 we completed the sale of CAS, Inc. (CAS), a component of our Defense segment that was engaged in systems engineering and technical assistance for the U.S. Government. The sale resulted in the recognition of a \$130 after-tax gain reported as a component of income from discontinued operations within our Consolidated Condensed Income Statements. This transaction resulted in a tax benefit of \$4 primarily due to the difference in the book and tax bases of CAS. Subsequent to this divestiture, we do not have any significant continuing involvement in the operations of CAS, nor do we expect significant continuing cash flows from CAS. Accordingly, the financial position, results of operations and cash flows from CAS are reported as a discontinued operation. During the three and nine months ended September 30, 2010, CAS provided third-party revenue of \$46 and \$160, and operating income of \$4 and \$13, respectively, included within discontinued operations.

NOTE 5 RESTRUCTURING AND ASSET IMPAIRMENT CHARGES

During the three and nine months ended September 30, 2011, we recognized restructuring and asset impairment charges of \$2 and \$16, respectively. The year-to-date charge primarily relates to various reduction in force initiatives within our Defense segment. During the three and nine months ended September 30, 2010, we recognized restructuring charges of \$6 and \$42, respectively, primarily related to a strategic realignment of our Defense segment to enable better product portfolio integration, encourage a more coordinated market approach and provide reductions in overhead costs. The Defense segment was renamed ITT Defense & Information Solutions and the previous organizational structure, consisting of seven divisions, was consolidated into three larger divisions. This initiative was substantially completed during 2010.

The table provided below summarizes the presentation of restructuring and asset impairment charges within our Consolidated Condensed Income Statements for the three and nine month periods ended September 30, 2011 and 2010.

For the Periods Ended September 30	Three Months		Nine Months	
	2011	2010	2011	2010
Restructuring costs presented in costs of revenue	\$ —	\$ 3	\$ 6	\$ 12
Restructuring costs presented in operating expenses	—	3	7	30
Asset impairment	2	—	3	—
Total restructuring and asset impairment costs	\$ 2	\$ 6	\$ 16	\$ 42

NOTE 6 INCOME TAXES

Effective Tax Rate

Our quarterly income tax expense is measured using an estimated annual effective tax rate, adjusted for discrete items within the period. The comparison of effective tax rates between periods is significantly affected by discrete items recognized during the periods, the level and mix of earnings by tax jurisdiction and permanent differences. The estimated annual effective tax rate for 2011 and 2010 was comparable before the impact of discrete items.

For the quarter ended September 30, 2011, we recorded income tax expense of \$59, compared to an income tax benefit of \$60 for the comparable prior year period. The 2011 effective rate of 45.4% was increased by approximately 4.1% for costs related to the Transformation, 11.6% for deferred tax asset write-offs and reduced by 3.7% related to the effective settlement of a tax examination. The 2010 benefit is primarily attributable to an additional tax benefit of \$46 related to change in mix of earnings by tax jurisdiction due to the increase in asbestos-related costs. The third quarter 2010 income tax also reflects a \$27 benefit from the reversal of valuation allowances on certain capital loss carryforwards as it became more likely than not that these deferred tax assets would be realized.

Income tax expense for the nine months ended September 30, 2011 and 2010 was \$184 and \$94, respectively, resulting in effective tax rates of 33.5% and 19.7%, respectively. The 2011 effective tax rate was increased by 0.8% for costs related to the Transformation and 2.8% for the write-off of certain historical deferred tax assets. The 2010 effective tax rate was increased by 1.5% due to the impact of the Medicare Part D subsidy reversal and reduced by 1.0% related to the closure of a tax examination.

Uncertain Tax Positions

As of September 30, 2011 and December 31, 2010, we had \$161 and \$192, respectively, of total unrecognized tax benefits recorded. The amount of unrecognized tax benefits that would affect the effective tax rate was \$80 and \$90, at September 30, 2011 and December 31, 2010, respectively. Uncertain tax positions are related to tax years that remain subject to examination by

the relevant taxing authorities. We believe it is reasonably possible that the total amount of unrecognized tax benefits at September 30, 2011 could decrease by \$8 within the next 12 months due to the reversal of a temporary difference.

Discussion of Changes to Deferred Tax Assets

Net deferred tax assets reflected in the Consolidated Condensed Balance Sheet at September 30, 2011 were \$1,044, reflecting a \$275 increase from the \$769 December 31, 2010 balance. This increase primarily relates to the remeasurement of certain postretirement benefit plans, including the U.S. Salaried Retirement Plan (U.S. SRP), at September 30, 2011.

**NOTE 7
EARNINGS PER SHARE**

The following table provides a reconciliation of the data used in the calculation of basic and diluted earnings per share computations for income from continuing operations for the three and nine month periods ended September 30, 2011 and 2010.

For the Periods Ended September 30	Three Months		Nine Months	
	2011	2010	2011	2010
Income from continuing operations	\$ 71	\$ 12	\$ 365	\$ 382
Weighted average common shares outstanding	184.4	182.5	184.0	182.2
Add: Weighted average restricted stock awards outstanding(a)	1.1	1.6	1.2	1.6
Basic weighted average common shares outstanding	185.5	184.1	185.2	183.8
Add: Dilutive impact of stock options	1.0	1.2	1.4	1.4
Diluted weighted average common shares outstanding	186.5	185.3	186.6	185.2
Basic earnings per share from continuing operations	\$ 0.38	\$ 0.07	\$ 1.97	\$ 2.08
Diluted earnings per share from continuing operations	\$ 0.38	\$ 0.07	\$ 1.96	\$ 2.06

(a) Restricted stock awards containing rights to non-forfeitable dividends which participate in undistributed earnings with common shareholders are considered participating securities for purposes of computing earnings per share.

The following table provides the number of shares underlying stock options excluded from the computation of diluted earnings per share for the three and nine month periods ended September 30, 2011 and 2010 because they were anti-dilutive.

For the Periods Ended September 30	Three Months		Nine Months	
	2011	2010	2011	2010
Anti-dilutive stock options	2.6	2.2	1.8	2.1
Average exercise price	\$ 55.26	\$ 54.30	\$ 56.55	\$ 54.42

**NOTE 8
RECEIVABLES, NET**

	September 30, 2011	December 31, 2010
Trade accounts receivable	\$ 1,662	\$ 1,579
Unbilled contract receivables	543	367
Other	43	47
Receivables, gross	2,248	1,993
Allowance for doubtful accounts	(43)	(42)
Allowance for cash discounts	(7)	(7)
Receivables, net	\$ 2,198	\$ 1,944

Unbilled contract receivables represent revenue recognized on construction-type or production-type contracts that arise based on performance attainment which, by contract, though appropriately recognized, cannot be billed to the customer as of the balance sheet date. We expect to bill and collect substantially all of the September 30, 2011 unbilled contract receivables during the next twelve months as billing milestones are completed or units are delivered.

Our outstanding accounts receivable balance, including both trade and unbilled contract receivables from the U.S. Government, was \$917 and \$806 as of September 30, 2011 and December 31, 2010, respectively.

**NOTE 9
INVENTORIES, NET**

	September 30, 2011	December 31, 2010
Finished goods	\$ 247	\$ 231
Work in process	122	88
Raw materials	386	317
Total product inventory	755	636
Production costs of contracts in process	325	296
Less – progress payments	(69)	(76)
Production costs of contracts in process, net	256	220
Inventories, net	\$ 1,011	\$ 856

**NOTE 10
OTHER CURRENT AND NON-CURRENT ASSETS**

	September 30, 2011	December 31, 2010
Current deferred income taxes	\$ 288	\$ 280
Asbestos-related current assets	131	105
Other	233	177
Other current assets	\$ 652	\$ 562
Deferred income tax	\$ 887	\$ 554
Other employee benefit-related assets	108	106
Capitalized software costs	72	118
Other	141	88
Other non-current assets	\$ 1,208	\$ 866

As described in Note 2, "Company Transformation," during the first quarter of 2011 we discontinued the development of an information technology consolidation initiative and recorded a capitalized software impairment charge of \$55.

**NOTE 11
PLANT, PROPERTY AND EQUIPMENT, NET**

	September 30, 2011	December 31, 2010
Land and improvements	\$ 60	\$ 59
Buildings and improvements	700	642
Machinery and equipment	1,897	1,809
Equipment held for lease or rental	149	132
Furniture, fixtures and office equipment	238	231
Construction work in progress	132	160
Other	49	29
Plant, property and equipment, gross	3,225	3,062
Less – accumulated depreciation	(2,011)	(1,857)
Plant, property and equipment, net	\$ 1,214	\$ 1,205

Depreciation expense of \$59 and \$174 was recognized in the three and nine month periods ended September 30, 2011, respectively, and \$48 and \$135 for the three and nine month periods ended September 30, 2010, respectively.

**NOTE 12
GOODWILL AND OTHER INTANGIBLE ASSETS, NET**

Goodwill

The following table provides a rollforward of the carrying amount of goodwill for the nine months ended September 30, 2011 by segment.

	DEFENSE	FLUID	MOTION & FLOW	TOTAL
Goodwill — 12/31	\$ 2,156	\$ 1,634	\$ 487	\$ 4,277
Foreign currency	—	2	1	3
Acquisitions	—	190	3	193
Other	(2)	—	—	(2)
Goodwill — 9/30	\$ 2,154	\$ 1,826	\$ 491	\$ 4,471

Other Intangible Assets, Net

	SEPTEMBER 30, 2011			DECEMBER 31, 2010		
	GROSS CARRYING AMOUNT	ACCUMULATED AMORTIZATION	NET INTANGIBLES	GROSS CARRYING AMOUNT	ACCUMULATED AMORTIZATION	NET INTANGIBLES
Customer and distributor relationships	\$ 903	\$ (368)	\$ 535	\$ 855	\$ (312)	\$ 543
Proprietary technology	144	(42)	102	109	(35)	74
Trademarks	36	(13)	23	35	(10)	25
Patents and other	29	(20)	9	32	(18)	14
Indefinite-lived intangibles	160	—	160	110	—	110
Other Intangible Assets	\$ 1,272	\$ (443)	\$ 829	\$ 1,141	\$ (375)	\$ 766

Intangible assets related to the acquisition of YSI included \$49 of trademarks, \$40 of customer relationships and \$35 of proprietary technology. The customer relationships are expected to be amortized over a weighted average period of 19 years and the proprietary technology is expected to be amortized over a weighted average period of 18 years. The trademarks have been assigned an indefinite life.

Amortization expense related to finite-lived intangible assets was \$23 for both three month periods and \$66 and \$64 for the nine month periods ended September 30, 2011 and 2010, respectively. Estimated amortization expense for the remaining three months of 2011 and each of the five succeeding years is as follows:

Remaining 2011	\$ 23
2012	79
2013	64
2014	59
2015	55
2016	52
Total	\$ 332

**NOTE 13
ACCRUED AND OTHER CURRENT LIABILITIES AND OTHER NON-CURRENT LIABILITIES**

	September 30, 2011	December 31, 2010
Compensation and other employee-related benefits	\$ 625	\$ 625
Customer advances and deferred revenue	470	478
Asbestos-related liability	139	117
Other accrued liabilities	521	494
Accrued and other current liabilities	\$ 1,755	\$ 1,714
Deferred income taxes and other tax-related accruals	\$ 250	\$ 179
Environmental	137	128
Compensation and other employee-related benefits	130	117
Product liability, guarantees and other legal matters	51	52
Other	51	66
Other non-current liabilities	\$ 619	\$ 542

During the first quarter of 2011, we corrected the presentation of amounts in the accompanying Consolidated Condensed Balance Sheets as of December 31, 2010, related to customer advances and deferred revenue by reclassifying \$452 from accounts payable to accrued and other current liabilities. This reclassification had no impact on amounts reported in the 2010 Annual Report's Consolidated Income Statements or net cash from operating activities within the Consolidated Statements of Cash Flows.

**NOTE 14
DEBT**

	September 30, 2011	December 31, 2010
Short-term loans	\$ 17	\$ 1
Current maturities of long-term debt and other	1,251	10
Current deferred gain on interest rate swaps	43	—
Current unamortized discounts and debt issuance costs	(6)	—
Short-term borrowings and current maturities of long-term debt	1,305	11
Non-current maturities of long-term debt	1,855	1,257
Non-current capital leases	16	60
Deferred gain on interest rate swaps	—	45
Unamortized discounts and debt issuance costs(a)	(3)	(8)
Long-term debt	1,868	1,354
Total debt	\$ 3,173	\$ 1,365

(a) Debt issuance costs of \$15 associated with the September 2011 issuance for Exelis and Xylem have been presented within Other Assets as of September 30, 2011.

Principal payments required per year on our outstanding long-term notes and debentures for the next five years and thereafter are \$0, \$2, \$500, \$0, \$850 and \$1,754, respectively, however we have classified \$1,251 of the amounts due with maturity dates in excess of one year as a current maturity of long-term debt due to our extinguishment of this debt in October 2011.

The fair value of total debt, excluding the deferred gain on interest rate swaps, was \$3,360 and \$1,483 as of September 30, 2011 and December 31, 2010, respectively. Fair value was primarily determined using prices for the identical security obtained

from an external pricing service. The table included below provides a summary of outstanding debt with associated maturity dates and interest rates.

	Interest Rate	September 30, 2011		December 31, 2010	
		Carrying Value	Fair Value	Carrying Value	Fair Value
MATURITY DATE:					
May 2014	4.90%	\$ 500	\$ 534	\$ 500	\$ 538
September 2016 (Xylem)	3.55%	600	611	—	—
October 2016 (Exelis)	4.25%	250	254	—	—
May 2019	6.125%	500	572	500	553
October 2021 (Xylem)	4.875%	600	604	—	—
October 2021 (Exelis)	5.55%	400	406	—	—
November 2025	7.40%	250	338	250	311
August 2048	(b)	1	1	1	1
December 2010 - 2014	4.70%	—	—	66	69
Various 2011 - 2022	(c)	38	40	11	11
		\$ 3,139	\$ 3,360	\$ 1,328	\$ 1,483

- (b) Variable rate debt with an interest rate of 0.07% as of September 30, 2011 and 0.19% as of December 31, 2010.
- (c) Includes individually immaterial short-term loans, notes, bonds and capital leases. The weighted average interest rate was 3.73% and 4.86% at September 30, 2011 and December 31, 2010, respectively.

As of September 30, 2011, we were in compliance with all covenants under outstanding debt instruments.

Third Quarter 2011 Issuance of Senior Notes

On September 20, 2011, Exelis Inc. (Exelis), a wholly-owned subsidiary of the Company, issued \$250 million aggregate principal amount of 4.25% senior notes due 2016 (the Exelis 2016 Notes) and \$400 million aggregate principal amount of 5.55% senior notes due 2021 (the Exelis 2021 Notes and, together with the Exelis 2016 Notes, the Exelis Notes) in a private placement to qualified institutional buyers pursuant to Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"). Interest on the Exelis Notes accrues from September 20, 2011 and is payable on April 1 and October 1 of each year, commencing on April 1, 2012. Exelis capitalized debt issuance costs of \$6, presented within Other Assets, associated with the issuance of the Exelis Notes. The public offering price of the Exelis Notes was 99.824% of the principal amount of the Exelis 2016 Notes and 99.762% of the principal amount of the Exelis 2021 Notes. Exelis used the net proceeds received from the offering of the Exelis Notes to pay a portion of a special cash dividend to the Company and for general corporate purposes.

On September 20, 2011, Xylem Inc. (Xylem), a wholly-owned subsidiary of the Company, issued \$600 million aggregate principal amount of 3.550% senior notes due 2016 (the Xylem 2016 Notes) and \$600 million aggregate principal amount of 4.875% senior notes due 2021 (the Xylem 2021 Notes and, together with the Xylem 2016 Notes, the Xylem Notes) in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act. Interest on the Xylem Notes accrues from September 20, 2011. Interest on the Xylem 2016 Notes is payable on March 20 and September 20 of each year, commencing on March 20, 2012. Interest on the Xylem 2021 Notes is payable on April 1 and October 1 of each year, commencing on April 1, 2012. Xylem capitalized debt issuance costs of \$9, presented within Other Assets, associated with the issuance of the Xylem Notes. The public offering price of the Xylem Notes was 99.809% of the principal amount of the Xylem 2016 Notes and 99.935% of the principal amount of the Xylem 2021 Notes. Xylem used the net proceeds received from the offering of the Xylem Notes to pay a special cash dividend to the Company, to repay indebtedness incurred to fund its acquisition of YSI, and for general corporate purposes.

The Exelis and Xylem Notes are initially guaranteed on a senior unsecured basis by ITT. The guarantee will terminate and be automatically and unconditionally released upon the distribution of the common stock of Exelis and Xylem to the holders of the Company's common stock in connection with the spin-off of each of Exelis and Xylem from the Company.

The Exelis and Xylem Notes include covenants which restrict the ability of each of Exelis and Xylem, subject to exceptions, to incur debt secured by liens and engage in sale and lease-back transactions. The Exelis and Xylem Notes also provide for customary events of default. Each of Exelis and Xylem, as the case may be, may redeem each series of the Exelis Notes or the Xylem Notes, as applicable, in whole or in part, at any time at a redemption price equal to the principal amount of the Exelis Notes or the Xylem Notes, as applicable, to be redeemed, plus a make-whole premium. If a change of control triggering event occurs (as defined in the Notes), each of Exelis or Xylem will be required to make an offer to purchase the Exelis Notes or the Xylem Notes, as applicable, at a price equal to 101% of their principal amount plus accrued and unpaid interest to the date of repurchase.

On September 20, 2011, the Company and Exelis entered into a registration rights agreement with respect to the Exelis Notes (the Exelis Registration Rights Agreement) and the Company and Xylem entered into a registration rights agreement with respect to the Xylem Notes (the Xylem Registration Rights Agreement). The Company and Exelis agreed under the Exelis Registration Rights Agreement, and the Company and Xylem agreed under the Xylem Registration Rights Agreement, to (i) file a registration statement on an appropriate registration form with respect to a registered offer to exchange the Exelis Notes or Xylem Notes, as applicable, for new notes, with terms substantially identical in all material respects to the Exelis Notes or Xylem Notes, as applicable, and (ii) cause the registration statement to be declared effective under the Securities Act.

If the exchange offer is not completed within 365 days after the issue date of the Notes or, if required, Exelis and Xylem, as applicable, will use its reasonable best efforts to file and to have declared effective a shelf registration statement relating to the resales of the Exelis Notes and Xylem Notes, as applicable.

If Exelis or Xylem fails to satisfy this obligation (a registration default) under the Exelis Registration Rights Agreement or Xylem Registration Rights Agreement, respectively, the annual interest rate on the Exelis Notes and Xylem Notes, as applicable, will increase by 0.25%. The annual interest rate on the Exelis Notes and Xylem Notes, as applicable, will increase by an additional 0.25% for each subsequent 90-day period during which the registration default continues, up to a maximum additional interest rate of 1.00% per year. If the registration default is corrected, the applicable interest rate on such Exelis Notes or Xylem Notes, as applicable, will revert to the original level.

If Exelis or Xylem must pay additional interest, Exelis or Xylem will pay it to the holders of the Exelis Notes or the Xylem Notes, as applicable, in cash on the same dates that it makes other interest payments on the Exelis Notes and Xylem Notes, as applicable, until the registration default is corrected.

Termination of Capital Lease

During the second quarter of 2011, we notified the lessor of our intent to terminate a sale leaseback agreement entered into in 2004 by repurchasing the leased property. The leased property includes five manufacturing and office facilities. The repurchase occurred on September 28, 2011 when ITT paid the lessor \$66 million related to the capital lease obligation. The termination of the capital lease resulted in a third quarter 2011 charge of \$5 which is presented within Transformation Costs in our Consolidated Condensed Income Statements.

Call For Redemption of 4.90% Senior Notes due 2014 and 6.125% Senior Notes due 2019

On September 20, 2011, ITT called all of its 4.90% Senior Notes due May 2014 (the 2014 Notes) and all of its 6.125% Senior Notes due May 2019 (the 2019 Notes). The 2014 and 2019 Notes were redeemed on October 20, 2011. The redemption price for the 2014 Notes was \$1,098 per \$1,000 par value, plus accrued interest, and the redemption price for the 2019 Notes was \$1,235 per \$1,000 par value, plus accrued interest. The redemption will result in a loss on extinguishment of \$167, plus incidental fees, which will be recorded in the fourth quarter as a Transformation Cost.

Tender Offer for 7.40% Debentures due 2025

On September 20, 2011, we commenced a cash tender offer to purchase up to \$100 in principal of our 7.40% Debentures due November 2025 (the 2025 Notes) pursuant to the satisfaction and discharge provisions of the indenture relating to the 2025 Notes. On October 19, 2011, the tender period expired and, \$88 of principal was tendered. The tender offer resulted in a loss on extinguishment of \$51 which will be recorded in the fourth quarter of 2011 as a Transformation Cost.

Following the completion of the tender offer, on October 21, 2011, we defeased the remaining \$162 of principal on the 2025 Notes pursuant to the satisfaction and discharge provisions in the indenture relating to the 2025 Notes. In order to defease the 2025 Notes, on October 20, 2011, we deposited \$6 of cash and U.S. treasury securities with an aggregate purchase price of \$263 in a trust account. As a result of the defeasance, the 2025 Notes have been extinguished for accounting purposes and are no longer expected to be presented in ITT's consolidated financial statements. The defeasance resulted in a loss on extinguishment of approximately \$107 which will be recorded in the fourth quarter of 2011 as a Transformation Cost.

Third Quarter 2011 Interest Rate Derivatives

Beginning on September 19, 2011, we entered into three forward-starting interest rate swaps and a treasury lock to hedge certain exposure associated with the our plan to extinguish the 2019 Notes and 2025 Notes. The aggregate notional amount of the four contracts is \$350 and the contracts mature in October 2011. We did not attempt to qualify for hedge accounting on the contracts. Accordingly, we recognized a \$2 gain from the change in fair value of the contracts from inception to September 30, 2011. This gain was recorded as a gain on extinguishment of debt within Transformation Costs. In October 2011, all four of the contracts matured and were settled in cash, resulting in a fourth quarter loss of \$5 and an overall loss of \$3 which will be recorded as a loss on extinguishment of debt within Transformation Costs.

**NOTE 15
POSTRETIREMENT BENEFIT PLANS**

The following tables provide the components of net periodic benefit cost for pension plans, disaggregated by U.S. and international plans, and other employee-related benefit plans for the three and nine month periods ended September 30, 2011 and 2010.

Three Months Ended September 30	2011					2010				
	U.S.	Int'l	Total Pension	Other Benefits	Total	U.S.	Int'l	Total Pension	Other Benefits	Total
Net periodic benefit cost:										
Service cost	\$ 30	\$ 6	\$ 36	\$ 1	\$ 37	\$ 27	\$ 4	\$ 31	\$ 1	\$ 32
Interest cost	76	8	84	10	94	77	7	84	10	94
Expected return on plan assets	(102)	(7)	(109)	(6)	(115)	(104)	(6)	(110)	(5)	(115)
Amortization of net actuarial loss	28	1	29	3	32	20	1	21	2	23
Amortization of prior service cost	1	—	1	—	1	1	—	1	—	1
Net periodic benefit cost	33	8	41	8	49	21	6	27	8	35
Loss from curtailment/special termination benefits	5	—	5	—	5	—	—	—	—	—
Total net periodic benefit cost	38	8	46	8	54	21	6	27	8	35
Other changes in plan assets and benefit obligations recognized in other comprehensive income										
Net loss (gain)	949	10	959	—	959	—	—	—	—	—
Prior service cost recognized from curtailment	(3)	—	(3)	—	(3)	—	—	—	—	—
Amortization of net actuarial loss	(28)	(1)	(29)	(3)	(32)	(20)	(1)	(21)	(2)	(23)
Amortization of prior service cost	(1)	—	(1)	—	(1)	(1)	—	(1)	—	(1)
Total change recognized in other comprehensive income	917	9	926	(3)	923	(21)	(1)	(22)	(2)	(24)
Total impact from net periodic benefit cost and changes in other comprehensive income	\$ 955	\$ 17	\$ 972	\$ 5	\$ 977	\$ —	\$ 5	\$ 5	\$ 6	\$ 11

Nine Months Ended September 30	2011					2010				
	U.S.	Int'l	Total Pension	Other Benefits	Total	U.S.	Int'l	Total Pension	Other Benefits	Total
Net periodic benefit cost:										
Service cost	\$ 87	\$ 14	\$ 101	\$ 5	\$ 106	\$ 81	\$ 12	\$ 93	\$ 5	\$ 98
Interest cost	225	24	249	28	277	230	21	251	30	281
Expected return on plan assets	(307)	(20)	(327)	(17)	(344)	(311)	(18)	(329)	(16)	(345)
Amortization of net actuarial loss	82	3	85	9	94	61	2	63	8	71
Amortization of prior service cost	3	—	3	(1)	2	3	—	3	(1)	2
Net periodic benefit cost	90	21	111	24	135	64	17	81	26	107
Loss from curtailment/special termination benefits	5	—	5	—	5	—	—	—	—	—
Total net periodic benefit cost	95	21	116	24	140	64	17	81	26	107
Other changes in plan assets and benefit obligations recognized in other comprehensive income										
Net loss (gain)	949	10	959	—	959	—	—	—	—	—
Prior service cost recognized from curtailment	(3)	—	(3)	—	(3)	—	—	—	—	—
Amortization of net actuarial loss	(82)	(3)	(85)	(9)	(94)	(61)	(2)	(63)	(8)	(71)
Amortization of prior service cost	(3)	—	(3)	1	(2)	(3)	—	(3)	1	(2)
Total change recognized in other comprehensive income	861	7	868	(8)	860	(64)	(2)	(66)	(7)	(73)
Total impact from net periodic benefit cost and changes in other comprehensive income	\$ 956	\$ 28	\$ 984	\$ 16	\$ 1,000	\$ —	\$ 15	\$ 15	\$ 19	\$ 34

We contributed approximately \$76 and \$13 to our various plans during the nine months ended September 30, 2011 and 2010, respectively. Additional contributions ranging between \$8 and \$10 are expected during the remainder of 2011.

Plan Design Changes

Substantially all of ITT's employees are covered under various defined benefit pension plans, defined contribution plans, or both, when they meet the eligibility requirements of the plans. During the third quarter of 2011, the Compensation Committee of ITT's Board of Directors amended the U.S. retirement programs to more closely align to industry practice. The most significant amendment was to the U.S. Salaried Retirement Plan (U.S. SRP) which will be transferred to Exelis at the Distribution Date. These amendments will be effective on completion of the Distribution of Xylem and Exelis. The plan design changes include eliminating future benefit accruals for a significant portion of employees who will remain with ITT or who transfer to Xylem, accelerating vesting for certain plan participants as of the Distribution Date, and recognizing future services for eligibility purposes for a defined period of time. In addition, the U.S. SRP will no longer be offered to new U.S. hires. Employees remaining with ITT or transferring to Xylem and new hires at each company will be eligible for an enhanced employer contribution to their 401(k).

The Compensation Committee of ITT's Board of Directors also approved changes in the U.S. SRP for employees transferring to Exelis. The plan design changes for employees transferring to Exelis include providing an irrevocable one-time election to either continue to participate in the U.S. SRP or to enroll in an enhanced 401(k) with greater matching contributions.

In addition, unrelated to the spinoff, we froze one of our international pension plans.

As a result of the third quarter 2011 changes, ITT remeasured its projected benefit obligations and plan assets for certain U.S. and international pension plans, including the U.S. SRP. These actions resulted in an increase to ITT's net pension liability of \$661, primarily related to the U.S. SRP. The deterioration in the funded status resulted from a decrease in the discount rate used to measure the projected benefit obligations and a decline in the fair value of plan assets during the nine months ended September 30, 2011. In addition, we recorded a curtailment loss of \$5 during the third quarter of 2011. Substantially all of the deterioration in the funded status was recorded as an after-tax adjustment of \$606 to unrecognized actuarial loss included in accumulated other comprehensive income. At September 30, 2011, in the aggregate, ITT's net postretirement liability was \$2,671.

The funded status at the end of 2011 will be remeasured for all postretirement benefit plans using the actual return on assets through December 31, 2011 and will utilize the discount rate at December 31, 2011. Depending on this remeasurement the funded status of our postretirement plans could change materially.

NOTE 16 LONG-TERM INCENTIVE EMPLOYEE COMPENSATION

Our long-term incentive awards program (LTIP) comprises three components: non-qualified stock options (NQOs), restricted stock (RS) and a target cash award (TSR). We account for NQOs and RS as equity-based compensation awards. TSR awards are cash settled and accounted for as liability-based compensation. LTIP employee compensation costs are primarily recorded within Selling, General and Administrative (SG&A) expenses, and are reduced by an estimated forfeiture rate. The following table provides the impact of these costs in our Consolidated Condensed Income Statements for the three and nine month periods ended September 30, 2011 and 2010.

For the Periods Ended September 30	Three Months		Nine Months	
	2011	2010	2011	2010
Compensation costs on equity-based awards	\$ 8	\$ 7	\$ 22	\$ 23
Compensation costs on liability-based awards	2	(7)	7	(7)
Total compensation costs, pre-tax	\$ 10	\$ —	\$ 29	\$ 16
Future tax benefit	\$ 3	\$ —	\$ 9	\$ 4

At September 30, 2011, there was \$56 of unrecognized compensation cost related to non-vested NQOs and RS. This cost is expected to be recognized ratably over a weighted-average period of 1.9 years.

Year-to-Date 2011 LTIP Activity

The majority of our LTIP activity occurs during the first quarter of each year. On March 3, 2011, we granted the 2011 LTIP awards. The grants comprised 0.7 NQOs, 0.5 units of RS and 10.8 TSR units with respective grant date fair values of \$14.86, \$57.68 and \$1.00, respectively. The NQOs vest either on the completion of a three-year service period or annually in three equal installments, as determined by employee level, and have a ten-year expiration period. RS and TSR units vest on the completion of a three-year service period.

The fair value of RS corresponds to the closing price of ITT common stock on the date of grant. The fair value of each NQO grant was estimated on the date of grant, using a binomial lattice pricing model that incorporates multiple and variable assumptions over time, including assumptions such as employee exercise patterns, stock price volatility and changes in dividends. The following table details the assumptions utilized to measure fair value.

Dividend yield	1.73%
Expected volatility	24.75%
Expected life (in years)	7.0
Risk-free rates	3.06%
Weighted-average grant date fair value	\$14.86

Expected volatilities are based on ITT's realized historical stock price volatility and implied volatility derived from traded options on our stock. ITT uses historical data to estimate employee option exercise behavior within the valuation model. Employee groups and option characteristics are considered separately for valuation purposes. The expected life represents an estimate of the period of time options are expected to remain outstanding. The expected life provided above represents the weighted average of expected behavior for certain groups of employees who have historically exhibited different behavior. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of option grant.

The fair value of TSR units is measured on a quarterly basis and corresponds to ITT's total shareholder return as compared to the total shareholder return of other industrial companies within the S&P 500 composite, subject to a multiplier which includes a 200% maximum and 0% minimum payout. The relative performance ranking calculated is adjusted to reflect expected volatility over the remaining term of the award using a Monte Carlo simulation.

During the first nine months of 2011, 1.3 stock options were exercised resulting in proceeds of \$49. Restrictions on 0.4 shares of RS lapsed during the first nine months of 2011 resulting in the issuance of 0.2 shares of common stock. Typically, during the first quarter of each year, cash payments are made to settle TSR awards that vested on December 31st of the preceding year. However, no payments were made during the first quarter of 2011 as the TSR performance metric for the 2008 to 2010 performance period was less than the minimum stipulated in the TSR Award Agreement. During the first quarter of 2010, payments totaling \$18 were made to settle the vested 2007 TSR award.

NOTE 17

COMMITMENTS AND CONTINGENCIES

From time to time, we are involved in legal proceedings that are incidental to the operation of our businesses. Some of these proceedings allege damages relating to environmental exposures, intellectual property matters, copyright infringement, personal injury claims, employment and pension matters, government contract issues and commercial or contractual disputes, sometimes related to acquisitions or divestitures. We will continue to defend vigorously against all claims.

Although the ultimate outcome of any legal matter cannot be predicted with certainty, based on present information, including our assessment of the merits of the particular claim, as well as our current reserves and insurance coverage, we do not expect that any asserted or unasserted legal claims or proceedings, individually or in the aggregate, will have a material adverse effect on our cash flow, results of operations, or financial condition, unless otherwise noted below.

Asbestos Matters

Background

ITT, including its subsidiary Goulds Pumps, Inc. (Goulds), has been joined as a defendant with numerous other companies in product liability lawsuits alleging personal injury due to asbestos exposure. These claims allege that certain products sold by us or our subsidiaries prior to 1985 contained a part manufactured by a third party (e.g., a gasket) which contained asbestos. To the extent these third-party parts may have contained asbestos, it was encapsulated in the gasket (or other) material and was non-

friable. In certain other cases, it is alleged that former ITT companies were distributors for other manufacturers' products that may have contained asbestos.

Activity related to open claims filed against ITT in various state and federal courts alleging injury as a result of exposure to asbestos during the nine-month period was as follows:

	2011(a)
Pending claims – 12/31	103,575
New claims	4,220
Settlements	(1,009)
Dismissals	(2,071)
Pending claims – 9/30	104,715

(a) In September 2010, ITT executed an amended cost-sharing agreement related to a business we disposed of a number of years ago. The amended agreement provides for a sharing of costs for claims resolved between 2010 and 2019 naming ITT or the entity which acquired the disposed business. Claim activity associated with the amended cost-sharing agreement for claims that were not filed against ITT are excluded from the table above.

Frequently, plaintiffs are unable to identify any ITT or Goulds product as a source of asbestos exposure. In addition, in a large majority of claims pending against the Company, plaintiffs are unable to demonstrate any injury. Many of those claims have been placed on inactive dockets (including 39,680 claims in Mississippi). Our experience to date is that a substantial portion of resolved claims have been dismissed without payment by the Company. As a result, management believes that a large majority of the pending claims have little or no settlement value. Because claims are sometimes dismissed in large groups, the average cost per resolved claim as well as the number of open claims can fluctuate significantly from period to period.

The Company records an undiscounted asbestos liability, including legal fees, for costs that the Company is estimated to incur to resolve all pending claims, as well as unasserted claims estimated to be filed over the next 10 years. The Company has also recorded an asbestos asset, comprised predominantly of an insurance asset and expected recoveries from other responsible parties. The asbestos asset represents our best estimate of probable recoveries from third parties for pending claims, as well as unasserted claims estimated to be filed over the next 10 years. The timing and amount of reimbursements will vary due to differing policy terms and certain gaps in coverage as a result of possible insurer insolvencies.

The methodology used to estimate our total liability for pending and unasserted future asbestos claims relies on and includes the following key factors:

- n interpretation of a widely accepted forecast of the population likely to have been occupationally exposed to asbestos;
- n widely accepted epidemiological studies estimating the number of people likely to develop mesothelioma and lung cancer from exposure to asbestos;
- n the Company's historical experience with the filing of non-malignant claims against it and the historical relationship between non-malignant and malignant claims filed against the Company;
- n analysis of the number of likely asbestos personal injury claims to be filed against the Company based on such epidemiological and historical data and the Company's most recent claims experience history;
- n an analysis of the Company's pending cases, by disease type;
- n an analysis of the Company's most recent history to determine the average settlement and resolution value of claims, by disease type;

- n an analysis of the Company's defense costs in relation to its settlement costs and resolved claims;
- n an adjustment for inflation in the future average settlement value of claims and defense costs; and
- n an analysis of the time over which the Company is likely to resolve asbestos claims.

Our methodology determines a point estimate based upon our assessment of the value of each underlying assumption, rather than a range of estimates of reasonably possible outcomes. Projecting future asbestos costs is subject to numerous variables and uncertainties that are inherently difficult to predict. In addition to the uncertainties surrounding the key factors discussed above, other factors include the long latency period prior to the manifestation of the asbestos-related disease, costs of medical treatment, the impact of bankruptcies of other companies that are co-defendants, uncertainties surrounding the litigation process from jurisdiction to jurisdiction and from case to case, and the impact of potential legislative or judicial changes. Furthermore, any predictions with respect to the variables impacting the estimate of the asbestos liability are subject to even greater uncertainty as the projection period lengthens. In light of the uncertainties and variables inherent in the long-term projection of the Company's asbestos liability, although it is probable that the Company will incur additional costs for asbestos claims filed beyond the next 10 years, we do not believe there is a reasonable basis for estimating those costs at this time.

We record an asset that represents our best estimate of probable recoveries from insurers and other responsible parties for the estimated asbestos liabilities. In developing this estimate, the Company considers coverage-in-place and other settlement agreements with its insurers and contractual agreements with other responsible parties, as well as a number of additional factors. These additional factors include current levels of recovery experience, the financial viability of the insurance carriers or other responsible parties, the method by which losses will be allocated to the various insurance policies and the years covered by those policies, and interpretation of the various policy and contract terms and limits and their interrelationships. The timing and amount of reimbursements will vary due to differing policy terms and certain gaps in coverage as a result of some insurer insolvencies. In addition, the Company retains an insurance consulting firm to assist management in estimating probable recoveries for pending asbestos claims and for claims estimated to be filed over the next 10 years based on the analysis of policy terms, the likelihood of recovery assuming the continued viability of those insurance carriers and other responsible parties which are currently solvent and incorporating risk mitigation judgments where policy terms or other factors were not certain.

In the third quarter each year, we conduct a detailed study with the assistance of outside consultants to review and update, as appropriate, the underlying assumptions used to estimate our asbestos liability and related assets. As part of our ongoing review of our net asbestos exposures, each quarter we assess most recent data available for the key inputs and assumptions, comparing the data to the expectations on which the most recent annual liability and asset estimate were based. Additionally, we periodically reassess the time horizon over which a reasonable estimate of unasserted claims can be projected.

Results of Operations

In the third quarter of 2011, we conducted our annual detailed study with the assistance of outside consultants to review and update the underlying assumptions used to estimate our asbestos liability and related assets. During this study, the underlying assumptions were updated based on our actual experience since our last detailed review in the third quarter of 2010, a reassessment of the appropriate reference period of years of experience used in determining each assumption and our expectations regarding future conditions, including inflation. Based on the results of this study, we decreased our estimated undiscounted asbestos liability, including legal fees, by \$44 to \$1,660, reflecting costs that the Company is estimated to incur to resolve all pending claims, as well as unasserted claims estimated to be filed over the next 10 years. The decrease in our estimated liability is a result of several developments, including a reduction in the assumed rate of increase in future average settlement costs and an expectation of lower defense costs relative to indemnities paid. These favorable factors were offset in part by increased activity in several higher-cost jurisdictions, increasing the number of cases expected to be adjudicated.

Further, in the third quarter of 2011, the Company reduced its estimated asbestos-related assets by \$76 to \$950, based on the results of this study. These assets comprise an insurance asset, as well as receivables from other responsible parties. The decrease in our asbestos-related assets is a result of the decrease in the estimated liability and reductions in expected recovery rates from

certain insurers. See discontinued operations discussion below for further information about receivables from parties other than insurers.

The table provided below summarizes the pre-tax asbestos charge for the three and nine month periods ended September 30, 2011 and 2010.

	Three Months		Nine Months	
	2011	2010	2011	2010
Continuing operations	\$ 59	\$ 341	\$ 91	\$ 368
Discontinued operations	(9)	(10)	(6)	(10)
Total	\$ 50	\$ 331	\$ 85	\$ 358

Changes in Financial Position

The Company's estimated asbestos exposure, net of expected recoveries from insurers and other responsible parties, for the resolution of all pending and unasserted asbestos claims estimated to be filed in the next 10 years was \$710 and \$641 as of September 30, 2011 and December 31, 2010, respectively. The following table provides a rollforward of the estimated total asbestos liability and related assets for the nine months ended September 30, 2011.

	Liability	Asset	Net
Balance — 12/31	\$ 1,676	\$ 1,035	\$ 641
Changes in estimate during the period:			
Continuing operations	102	11	91
Discontinued operations	(62)	(56)	(6)
Net cash activity	(56)	(40)	(16)
Balance — 9/30	\$ 1,660	\$ 950	\$ 710

The total asbestos liability as of September 30, 2011 and December 31, 2010 include \$139 and \$117 presented within accrued liabilities, respectively and related assets of \$131 and \$105 represented within other current assets for the respective periods.

The asbestos liability and related receivables are based upon current, known information. However, future events affecting the key factors and other variables for either the asbestos liability or related receivables could cause the actual costs and recoveries to be materially higher or lower than currently estimated. Due to these uncertainties, as well as our inability to reasonably estimate any additional asbestos liability for claims which may be filed beyond the next 10 years, it is not possible to predict the ultimate outcome of the cost of resolving the pending and all unasserted asbestos claims. We believe it is possible that future events affecting the key factors and other variables within the next 10 years, as well as the cost of asbestos claims filed beyond the next 10 years, net of expected recoveries, could have a material adverse effect on our financial position, results of operations or cash flows.

Discontinued Operations:

At September 30, 2011 and December 31, 2010, \$230 and \$292 of the liability and \$229 and \$285 of the asset related to a business which we disposed of a number of years ago that is reported as a discontinued operation. In September 2010 we executed an amended cost sharing agreement with the entity that acquired the disposed business. The amended agreement provides for a sharing of the claims settled between 2010 and 2019 naming ITT or the entity which acquired the disposed business. In the future years, the liability for sharing the claims gradually transitions away from ITT such that ITT will have no responsibility for claims in 8 to 9 years. The amended cost sharing agreement also provides for the sharing of certain insurance policies.

Future Cash Flows:

We have estimated that we will be able to recover 65% of the asbestos costs (defense and settlement costs) for pending claims as well as unasserted claims estimated to be filed over the next 10 years from our insurers or other responsible parties. However, because there are gaps in our insurance coverage, reflecting the insolvency of certain insurers and prior insurance settlements, and we expect that certain policies from some of our insurers will exhaust within the next 10 years, the recovery percentage is expected to decline for potential additional asbestos liabilities. In the tenth year of our estimate of the asbestos claims liability, our insurance recoveries are currently projected to be approximately 20%. Future recoverability rates may also be impacted by other factors, such as future insurance settlements, insolvencies and judicial determinations relevant to our coverage program, which are difficult to predict. Subject to the qualifications regarding uncertainties previously described, it is expected that future annual cash payments, net of recoveries related to pending claims and unasserted claims to be filed within the next 10 years, will extend through approximately 2025 due to the time lag between the filing of a claim and its resolution. These annual net cash outflows are projected to average \$20 over the next five years, as compared to an approximate average \$10 per year over the past three years, and increase to an average of approximately \$50 to \$60 over the remainder of the projection period.

Other Matters

The Company is involved in coverage litigation with various insurers seeking recovery of costs incurred in connection with certain environmental and product liabilities. In a suit filed in 1991, ITT Corporation, et al. v. Pacific Indemnity Corporation et al, Sup. Ct., Los Angeles County, we are seeking recovery of costs related to environmental losses. Discovery, procedural matters, changes in California law, and various appeals have prolonged this case. For several years, the case was on appeal before the California Court of Appeals from a decision by the California Superior Court dismissing certain claims made by ITT. The case is now before the Superior Court, which has scheduled several trials on dispositive issues for early 2012.

On February 13, 2003, we commenced an action, Cannon Electric, Inc. v. Affiliated FM Ins. Co., Sup. Ct., Los Angeles County, seeking recovery of costs related to asbestos product liability losses described above. During this coverage litigation, we entered into coverage-in-place settlement agreements with ACE, Wausau and Utica Mutual dated April 2004, September 2004, and February 2007, respectively. These agreements provide specific coverage for the Company's legacy asbestos liabilities. A trial on several insurers coverage obligations for Goulds Pumps, Inc., is scheduled for November 2011. We continue to negotiate coverage in place agreements with other insurers. Where those negotiations are not productive, we will request that a trial be scheduled.

On March 27, 2007, we reached a settlement relating to an investigation of our ITT Night Vision Division's compliance with the International Traffic in Arms Regulations (ITAR) pursuant to which we pled guilty to two violations, based on the export of defense articles without a license and the omission of material facts in required export reports. We were assessed a total of \$50 in fines, forfeitures and penalties. We also entered into a Deferred Prosecution Agreement with the U.S. Government which deferred action regarding a third count of violations related to ITAR pending our implementation of a remedial action plan, including the appointment of an independent monitor. We were also assessed a deferred prosecution monetary penalty of \$50 which is being reduced for monies spent, during the five-year period following the date of the Plea Agreement, to accelerate and further the development and fielding of advanced night vision technology. On April 12, 2011, the Department of Justice dismissed the deferred third count of the Deferred Prosecution Agreement. This dismissal terminates any further obligation of the Company under the Deferred Prosecution Agreement with the exception of our obligation to pay \$50 as identified above. Management believes that this matter will not have a material adverse effect on our consolidated condensed financial position, results of operations or cash flows.

**NOTE 18
GUARANTEES**

We have a number of guarantees outstanding at September 30, 2011, the substantial majority of which pertain to our performance under long-term sales contracts. We did not have any recorded loss contingencies under these performance guarantees as of September 30, 2011 or December 31, 2010 as the likelihood of nonperformance by ITT or ITT's subsidiaries is considered remote. We also have certain third-party guarantees that may be affected by various conditions and external factors,

some of which could require that payments be made under such guarantees. We do not consider the maximum exposure or current recorded liabilities under our third-party guarantees to be material either individually or in the aggregate. We do not believe such payments would have a material adverse impact on the financial position, results of operations or cash flows on a consolidated basis.

In December 2007, we entered into a sale leaseback agreement for our corporate aircraft, with the aircraft leased to ITT under a five-year operating lease and provided a residual value guarantee to the lessor for the future value of the aircraft. During the second quarter of 2011, we purchased the aircraft from the lessor for \$50, the price stated in the sale leaseback agreement, and as such the sale leaseback agreement and the associated residual value guarantee were terminated. In connection with the second quarter purchase transaction we settled the previously recorded \$22 loss and recognized an additional charge of \$3, presented within SG&A expenses. In the third quarter of 2011, we sold an aircraft that was classified as held for sale as of June 30, 2011. The sale resulted in proceeds of \$26 and a pre-tax gain of \$3 presented within the SG&A expenses of our Consolidated Condensed Income Statements.

**NOTE 19
SEGMENT INFORMATION**

The Company's segments are reported on the same basis used internally for evaluating performance and for allocating resources. Our three reportable segments are referred to as: Defense & Information Solutions (Defense segment), Fluid Technology (Fluid segment), and Motion & Flow Control (Motion & Flow segment). Corporate and Other consists of corporate office expenses including compensation, benefits, occupancy, depreciation, and other administrative costs, as well as charges related to certain matters, such as the planned spinoff transaction, and asbestos and environmental matters, that are managed at a corporate level and are not included in the business segments in evaluating performance or allocating resources. Assets of the business segments exclude general corporate assets, which principally consist of cash, deferred tax assets, asbestos-related receivables, certain property, plant and equipment, and certain other assets.

Defense – The businesses in this segment are those that directly serve the military and government agencies with products and services. Products include tactical communications equipment, electronic warfare and force protection equipment, radar systems, integrated structures equipment and imaging and sensor equipment, which include night vision goggles, as well as weather, location, surveillance and other related technologies. Services include air traffic management, information and cyber solutions, large-scale systems engineering and integration and defense technologies. The U.S. Government accounted for approximately 88% of Defense segment revenue during the three and nine month periods ended September 30, 2011 and 2010.

Fluid – Our Fluid segment is a provider of water transport and wastewater treatment systems, pumps and related technologies, and other water and fluid control products with residential, commercial, and industrial applications.

Motion & Flow – Our Motion & Flow segment comprises a group of businesses providing products and services for the areas of transportation, defense, aerospace, industrial, computer, telecommunications, medical, marine, and food & beverage. The Motion & Flow businesses primarily serve the high end of their markets, with highly engineered products, high brand recognition, a focus on new product development and operational excellence.

Three Months Ended September 30

	2011 – Revenue			2010 – Revenue		
	Product	Service	Total	Product	Service	Total
Defense	\$ 744	\$ 785	\$ 1,529	\$ 810	\$ 556	\$ 1,366
Fluid	1,034	35	1,069	884	33	917
Motion & Flow	384	2	386	361	2	363
Eliminations	(3)	—	(3)	(3)	—	(3)
Total	\$ 2,159	\$ 822	\$ 2,981	\$ 2,052	\$ 591	\$ 2,643

Nine Months Ended September 30	2011 – Revenue			2010 – Revenue		
	Product	Service	Total	Product	Service	Total
Defense	\$ 2,109	\$ 2,265	\$ 4,374	\$ 2,538	\$ 1,724	\$ 4,262
Fluid	3,035	134	3,169	2,498	96	2,594
Motion & Flow	1,224	6	1,230	1,106	7	1,113
Eliminations	(8)	—	(8)	(9)	—	(9)
Total	\$ 6,360	\$ 2,405	\$ 8,765	\$ 6,133	\$ 1,827	\$ 7,960

For the Periods Ended September 30	Operating Income				Operating Margin			
	3M 2011	3M 2010	9M 2011	9M 2010	3M 2011	3M 2010	9M 2011	9M 2010
Defense	\$ 178	\$ 178	\$ 456	\$ 513	11.6%	13.0%	10.4%	12.0%
Fluid	144	115	430	336	13.5%	12.5%	13.6%	13.0%
Motion & Flow	49	46	170	144	12.7%	12.7%	13.8%	12.9%
Corporate and Other	(219)	(371)	(456)	(456)	—	—	—	—
Total	\$ 152	\$ (32)	\$ 600	\$ 537	5.1%	(1.2)%	6.8%	6.7%

Nine Months Ended September 30	Total Assets		Plant, Property & Equipment, Net		Capital Expenditures		Depreciation & Amortization	
	2011	2010(a)	2011	2010(a)	2011	2010	2011	2010
Defense	\$ 4,415	\$ 4,149	\$ 459	\$ 434	\$ 55	\$ 73	\$ 100	\$ 99
Fluid	4,763	4,055	502	518	83	50	109	69
Motion & Flow	1,490	1,372	227	230	31	26	42	39
Corporate and Other	4,420	2,862	26	23	17	25	6	7
Total	\$ 15,088	\$ 12,438	\$ 1,214	\$ 1,205	\$ 186	\$ 174	\$ 257	\$ 214

(a) Amounts reflect balances as of December 31, 2010.

The operations from one of our subsidiaries reported within the Fluid segment as of December 31, 2010 was reclassified during the first quarter of 2011 and is now reported within the Motion & Flow segment. Prior periods presented in the tables above have been retrospectively adjusted to reflect this change.

**NOTE 20
SUBSEQUENT EVENTS**

Board Approval for Distribution of Exelis Inc. and Xylem Inc. Common Stock

On October 5, 2011, the ITT Board of Directors declared a pro rata dividend of Exelis Common Stock and Xylem Common Stock, to be made on October 31, 2011, or such other date whereby conditions to the Distribution are satisfied or waived, to ITT's shareholders of record as of the close of business on October 17, 2011. Each ITT stockholder will receive a dividend of one share of Exelis Common Stock and one share of Xylem Common Stock for every one share of ITT Common Stock that they hold on the Record Date.

Board Approval for ITT Common Stock Reverse Stock Split

On October 5, 2011, the ITT Board of Directors approved a reverse stock split of ITT Common Stock at a ratio of one share for every two shares held. The reverse stock split will be affected after market close on October 31, 2011. The effect of the reverse stock split has not been reflected in these financial statements.

Board Declares ITT Fourth Quarter 2011 Dividend

On October 5, 2011, the Board declared a quarterly dividend in respect of the fourth quarter, after giving effect to the reverse stock split, of 9.1 cents per share to shareholders of record on November 11, 2011 (equivalent to 4.55 cents per share on a pre-reverse stock split basis). The ITT cash dividend will be payable December 31, 2011.

New Revolving Credit Facilities

ITT Revolving Credit Facility

On October 25, 2011, we entered into a competitive advance and revolving credit facility agreement (the ITT 2011 Revolving Credit Agreement) with a consortium of third party lenders including JP Morgan Chase Bank, N.A., as administrative agent, and Citibank, N.A. as syndication agent. Upon its effectiveness at the Distribution, this agreement replaced our existing \$1,500 three-year revolving credit facility due August 2013. The ITT 2011 Revolving Credit Agreement provides for a four-year maturity with a one-year extension option upon satisfaction of certain conditions, and comprises an aggregate principal amount of up to \$500 of (i) revolving extensions of credit (the revolving loans) outstanding at any time, (ii) competitive advance borrowing option which will be provided on an uncommitted competitive advance basis through an auction mechanism (the competitive advances), and (iii) letters of credit in a face amount up to \$100 at any time outstanding. Subject to certain conditions, we are permitted to terminate permanently the total commitments and reduce commitments in minimum amounts of \$10. We are also permitted, subject to certain conditions, to request that lenders increase the commitments under the facility by up to \$200 for a maximum aggregate principal amount of \$700. Voluntary prepayments are permitted in minimum amounts of \$50.

At our election, the interest rate per annum applicable to the competitive advances will be based on either (i) a Eurodollar rate determined by reference to LIBOR, plus an applicable margin offered by the lender making such loans and accepted by us or (ii) a fixed percentage rate per annum specified by the lender making such loans. At our election, interest rate per annum applicable to the revolving loans will be based on either (i) a Eurodollar rate determined by reference to LIBOR, adjusted for statutory reserve requirements, plus an applicable margin or (ii) a fluctuating rate of interest determined by reference to the greatest of (a) the prime rate of JPMorgan Chase Bank, N.A., (b) the federal funds effective rate plus one-half of 1% or (c) the 1-month LIBO rate, adjusted for statutory reserve requirements, plus 1%, in each case, plus an applicable margin.

Our obligations under the credit facility will be unconditionally guaranteed by each of our direct or indirect domestic subsidiaries.

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

Exelis & Xylem Revolving Credit Facilities

On October 25, 2011, both Exelis and Xylem entered into separate four-year credit facility agreements with underlying terms and conditions similar to the ITT 2011 Revolving Credit Agreement described above. On its effectiveness, the Exelis credit facility will provide for a four-year maturity, with potential one year extension option, and comprises an aggregate principal amount of up to \$600 million and a maximum principal amount of \$800. On its effectiveness, the Xylem credit facility will provide for a four-year

maturity, with potential one year extension option, and comprises an aggregate principal amount of up to \$600 million and a maximum principal amount of \$800. The Exelis and Xylem credit facilities require each company not to permit the ratio of consolidated total indebtedness to consolidated EBITDA (leverage ratio) to exceed 3.50 to 1.00 at any time. On October 28, 2011, Exelis borrowed \$240 under the revolving credit facility.

Extinguishment of Debt

On October 20, 2011, we completed the early retirement of all debentures outstanding under the 4.90% May 2014 Senior Notes and 6.125% May 2019 Senior Notes. In addition, on October 19, 2011 we completed a tender offer for our 2025 Notes through which \$88 of debentures was extinguished. In addition, on October 21, 2011 we defeased the remaining \$162 of 2025 Notes that were not tendered pursuant to the satisfaction and discharge provisions of the indenture relating to the 2025 Notes. The early retirement of these debt instruments will result in a fourth quarter 2011 loss on the extinguishment of debt of \$325, which will be offset in part by the realization of a deferred gain on interest rate swaps. See Note 14 to our Consolidated Condensed Financial Statements for further information regarding the extinguishment of debt.

Agreements with Exelis and Xylem Related to the Transformation

On October 25, 2011, ITT, Exelis, and Xylem executed the various agreements that will govern the ongoing relationships between the three companies after the Distribution and provide for the allocation of employee benefits, income taxes, and certain other liabilities and obligations attributable to periods prior to the Distribution. The executed agreements include the Distribution Agreement, Benefits and Compensation Matters Agreement, Tax Matters Agreement, and Master Transition Services Agreement and a number of on-going commercial relationships. The Distribution Agreement also provides for certain indemnifications and cross-indemnifications among ITT, Exelis, and Xylem. The indemnifications address a variety of subjects, including asserted and unasserted product liability matters (e.g., asbestos claims, product warranties), which relate to products sold prior to the Distribution Date. The indemnifications are absolute and indefinite. The indemnification associated with pending and future asbestos claims does not expire. Effective upon the Distribution, we intend for certain intercompany work orders and/or informal intercompany commercial arrangements to be converted into third-party contracts based on ITT's standard terms and conditions.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(In millions, except per share amounts, unless otherwise stated)

OVERVIEW

ITT Corporation (references herein to "ITT," "the Company," and such words as "we," "us," and "our" include ITT Corporation and its subsidiaries) is a global multi-industry high-technology engineering and manufacturing organization. We generate revenue through the design, manufacture, and sale of a wide range of products that are engineered to deliver extraordinary solutions to meet life's most essential needs — more livable environments, better protection and safety, and breakthrough communications that connect our world. Our products and services provide solutions in the following vital markets: global defense and security, water and fluids management, and motion and flow control. Our portfolio includes three core businesses focused on making a difference in our communities and the world. From climate change and water scarcity to population growth, infrastructure modernization, critical communications and security concerns, ITT is prepared to play a continuing role in developing sustainable solutions to pressing global problems.

Our business is reported in three segments: Defense & Information Solutions (Defense segment), Fluid Technology (Fluid segment), and Motion & Flow Control (Motion & Flow segment). Our Defense segment is a major U.S. aerospace and defense contractor delivering advanced systems and providing technical and operational services. Our Fluid segment is a leading supplier of pumps and systems to transport and control water and other fluids. Our Motion and Flow segment is a manufacturer of highly engineered critical components, such as brake friction materials, electrical connectors and switch applications, used in multiple growth markets.

On January 12, 2011, the Company announced that its Board of Directors had unanimously approved a plan to separate the Company's businesses into three independent, publicly traded companies (the Transformation). Under the Transformation plan, ITT will execute tax-free spinoffs to shareholders of its water-related businesses and its Defense segment. Following completion of the Transformation, ITT will continue to trade on the New York Stock Exchange as an industrial company that supplies highly engineered solutions in the aerospace, transportation, energy and industrial markets. Following the completion of the Transformation, ITT shareholders will own shares in all three corporations. The transaction is anticipated to be completed on October 31, 2011. As a result of the Transformation, we will reorganize to a new management and segment reporting structure.

Executive Summary

ITT reported revenue of \$3.0 billion for the quarter ended September 30, 2011, an increase of 12.8% compared to the corresponding 2010 period, led by significant growth from defense operational services and positive results from each of our Fluid segment divisions. Operating income for the third quarter of 2011 was \$152, reflecting an increase of \$184 from the prior year. These results primarily reflect a \$282 decline in asbestos-related costs as well as growth of 25.2% from our Fluid segment operations, which were partially offset by \$132 of costs related to the Transformation. Income generated from continuing operations during the third quarter of 2011 was \$71 or \$0.38 per diluted share, compared to \$12 or \$0.07 per diluted share during the corresponding 2010 period.

Adjusted income from continuing operations was \$218 for the third quarter of 2011, reflecting an increase of \$18, or 9.0%, over the prior year adjusted amount. Our adjusted income from continuing operations for the third quarter of 2011 translated into \$1.17 per diluted share as compared to \$1.08 per diluted share from the third quarter of 2010. See the "Key Performance Indicators and Non-GAAP Measures," section included within Management's Discussion and Analysis for a reconciliation of the adjusted non-GAAP measures.

Additional highlights for the third quarter of 2011 include the following:

- n Fluid segment organic revenue growth of 7.6%, reflecting growth at each division, driven by oil and gas, mining project business and global dewatering equipment needs with particular strength in emerging markets, and commercial building services growth.
- n Revenue growth of 11.9% within the Defense segment, driven primarily by growth from operational services of \$195, or 52.3%, was partially offset by declines in sales of surge-related equipment. Operating margin declined 140 basis points primarily due to the change in revenue composition.
- n Mixed results in the Motion & Flow segment, as revenue growth in the Motion Technologies and Control Technologies divisions was partially offset by a decline in the Interconnect Solutions division, resulting in overall segment organic revenue growth of \$7, or 1.9%, over the corresponding prior year period.
- n Orders of approximately \$3,239 were received during the quarter, a 14.5% total increase over the prior year, driven by the Defense and Fluid segments.
- n Completion of the YSI Incorporated (YSI) acquisition, which contributed approximately \$10 of revenue to the Fluid segment results.
- n Continued progress and key milestones achieved in connection with ITT's previously announced Transformation, expected to be completed on October 31, 2011.
- n On August 22, 2011, Steven Loranger announced his intention to resign from the positions of Chairman, President and Chief Executive Officer of ITT Corporation. Following the completion of the Transformation, Mr. Loranger will hold a position on the Board of Directors for both Xylem and Exelis.

Further details related to the quarter and year-to-date results are contained in the Results of Operations section.

Known Trends and Uncertainties

The following represents an update of trends and uncertainties from those included in our 2010 Annual Report on Form 10-K which could have a significant impact on our results of operations, financial position and/or cash flows:

- n The U.S. continues to face a complex and changing national security environment, and domestic economic challenges, such as unemployment, federal budget deficits and the growing national debt. Significant uncertainties exist due to the competing priorities to modernize and expand U.S. security capabilities and the efforts to reduce overall government spending, as evidenced by President Obama's recent framework to reduce \$4 trillion in deficit spending, including \$400 billion in savings from "Security Spending" over the next twelve years. In addition, the Department of Defense (DoD) has announced several efficiency initiatives, projecting they will generate \$100 billion in savings, as well as plans to reduce defense spending from its prior plans by \$78 billion over the next five fiscal years. Although reductions to certain programs in which we participate or for which we expect to compete are always possible, we believe that spending on recapitalization, modernization and maintenance of defense and homeland security assets will continue to be a national priority. Based on the FY 2012 DoD budget submitted to Congress by President Obama, we believe that the U.S. Government will continue to place a high priority on the future challenges of modernization and transformation of forces and capabilities. Examples include intelligence, surveillance and reconnaissance, network communications, cyber warfare and security, unmanned aircraft and integrated logistics support. Our portfolio of defense solutions, which covers a broad range of air, sea and ground platforms and applications, aligns with the priorities outlined by the DoD.

The known trends and uncertainties information provided above and in our 2010 Annual Report on Form 10-K represents a list of known trends and uncertainties that could impact our business in the foreseeable future. It should, however, be considered

along with the risk factors identified in Item 1A of our 2010 Annual Report on Form 10-K and our disclosure under the caption "Forward-Looking Statements and Cautionary Statements" at the end of this section.

Key Performance Indicators and Non-GAAP Measures

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

- n "organic revenue" and "organic orders" defined as revenue and orders, respectively, excluding the impact of foreign currency fluctuations and contributions from acquisitions and divestitures. Divestitures include sales of insignificant portions of our business that did not meet the criteria for classification as a discontinued operation. The period-over-period change resulting from foreign currency fluctuations assumes no change in exchange rates from the prior period.
- n "adjusted income from continuing operations" and "adjusted income from continuing operations per diluted share" defined as income from continuing operations and income from continuing operations per diluted share, adjusted to exclude items that may include, but are not limited to, unusual and infrequent non-operating items, such as transformation costs and non-operating tax settlements or adjustments related to prior periods. Special items represent significant charges or credits that impact current results, but may not be related to the Company's ongoing operations and performance. The following table provides a reconciliation of adjusted income from continuing operations, including adjusted earnings per diluted share, for the three and nine months ended September 30, 2011 and 2010.

	Three Months		Nine Months	
	2011	2010	2011	2010
Income from continuing operations	\$ 71	\$ 12	\$ 365	\$ 382
Transformation costs, net of tax ^(a)	93	—	202	—
Asbestos-related costs, net of tax ^(b)	26	205	26	205
Foreign currency translation write-off ^(c)	14	—	14	—
Tax-related special items ^(d)	14	(17)	13	(22)
Adjusted income from continuing operations	\$ 218	\$ 200	\$ 620	\$ 565
Income from continuing operations per diluted share	\$ 0.38	\$ 0.07	\$ 1.96	\$ 2.06
Adjusted income from continuing operations per diluted share	\$ 1.17	\$ 1.08	\$ 3.32	\$ 3.05

(a) See Note 2 to the Consolidated Condensed Financial Statements for further information.

(b) The net asbestos-related costs, net of tax, include costs related to an annual remeasurement of our asbestos assets and liabilities. Quarterly provisions for net asbestos-related costs, net of tax which relate to maintaining a rolling 10-year

projection period are not included as a special item. The following table provides a reconciliation of net asbestos-related costs to adjusted net asbestos-related costs, net of tax, included as a special item.

	Three Months		Nine Months	
	2011	2010	2011	2010
Net asbestos-related costs before taxes	\$ 59	\$ 341	\$ 91	\$ 368
Less: net asbestos-related costs incurred outside annual remeasurement	(18)	(11)	(50)	(38)
Net asbestos-related costs related to annual remeasurement before taxes	41	330	41	330
Tax rate	38.0%	38.0%	38.0%	38.0%
Adjusted net asbestos-related costs, net of tax	\$ 26	\$ 205	\$ 26	\$ 205

See Note 17 to the Consolidated Condensed Financial Statements for further information.

- (c) During the third quarter of 2011, \$14 of foreign currency translation losses were recognized in earnings generally related to legacy transactions and are not related to ongoing operations or performance.
- (d) The 2011 tax-related special items primarily relate to deferred tax asset write-offs of \$15 recorded during the third quarter. The 2010 tax-related special items primarily include the reversal of certain valuation allowances and previously unrecognized tax benefits due to the completion of a tax audit during the second quarter of 2010 and a reduction of deferred tax assets associated with the U.S. Patient Protection and Affordable Care Act (the Healthcare Reform Act). See Note 6 to the Consolidated Condensed Financial Statements for further information.
- n "adjusted segment operating income" defined as segment operating income, adjusted to exclude costs incurred in connection with the Transformation and "adjusted segment operating margin" defined as adjusted segment operating income divided by total segment revenue.
- n "free cash flow" defined as net cash provided by operating activities, as reported in the Statement of Cash Flows, less capital expenditures and other significant items that impact current results which management believes are not related to our ongoing operations and performance. Our definition of free cash flow does not consider certain non-discretionary cash payments, such as debt. The following table provides a reconciliation of free cash flow for the nine month periods ended September 30, 2011 and 2010.

	2011	2010
Net cash provided by operating activities	\$ 452	\$ 654
Capital expenditures(a)	(163)	(174)
Transformation cash payments	137	—
Free cash flow	\$ 426	\$ 480

- (a) Capital expenditures represents capital expenditures as reported in the Statement of Cash Flows, less capital expenditures associated with the Transformation of \$23 and \$0 for the nine month periods ended September 30, 2011 and 2010, respectively.

DISCUSSION OF FINANCIAL RESULTS
Three and Nine Months Ended September 30

	Three Months Ended September 30			Nine Months Ended September 30		
	2011	2010	Change	2011	2010	Change
Revenue	\$ 2,981	\$ 2,643	12.8%	\$ 8,765	\$ 7,960	10.1%
Gross profit	854	768	11.2%	2,479	2,267	9.4%
Gross margin	28.6%	29.1%	(50)bp	28.3%	28.5%	(20)bp
Operating expenses	702	800	(12.3)%	1,879	1,730	8.6%
Expense to revenue ratio	23.5%	30.3%	(680)bp	21.4%	21.7%	(30)bp
Operating income (loss)	152	(32)	575.0%	600	537	11.7%
Operating margin	5.1%	(1.2)%	630bp	6.8%	6.7%	10bp
Interest and non-operating expenses, net	22	16	37.5%	51	61	(16.4)%
Income tax expense (benefit)	59	(60)	198.3%	184	94	95.7%
Effective tax rate	45.4%	—	—	33.5%	19.7%	1,380bp
Income from continuing operations	\$ 71	\$ 12	491.7%	\$ 365	\$ 382	(4.5)%

REVENUE

Revenue for the three and nine months ended September 30, 2011 increased \$338, or 12.8%, and \$805, or 10.1%, respectively. The following table illustrates the impact from organic growth, recent acquisitions, and fluctuations in foreign currency, in relation to consolidated revenue for the three and nine month periods ended September 30, 2011.

	Three Months		Nine Months	
	\$ Change	% Change	\$ Change	% Change
2010 Revenue	\$ 2,643		\$ 7,960	
Organic growth	235	8.9%	390	4.9%
Acquisitions	47	1.8%	251	3.2%
Foreign currency translation	56	2.1%	164	2.0%
Total change in revenue	338	12.8%	805	10.1%
2011 Revenue	\$ 2,981		\$ 8,765	

Revenue from acquisitions of \$47 and \$251 for the three and nine months ended September 30, 2011, respectively, primarily relates to our purchase of Godwin in August of 2010. The three month revenue from acquisitions figure also include one month of YSI activity and the nine month figure includes approximately three months of activity from our Nova Analytics Corporation (Nova) acquisition in March of 2010. The results from these three acquisitions are reported within our Fluid segment. The following table illustrates the three and nine month 2011 and 2010 revenue of our business segments, which is followed by a discussion of revenue results at the segment level.

	Three Months Ended September 30			Nine Months Ended September 30		
	2011	2010	Change	2011	2010	Change
Defense	\$ 1,529	\$ 1,366	11.9%	\$ 4,374	\$ 4,262	2.6%
Fluid	1,069	917	16.6%	3,169	2,594	22.2%
Motion & Flow	386	363	6.3%	1,230	1,113	10.5%
Eliminations	(3)	(3)	—	(8)	(9)	—
Total	\$ 2,981	\$ 2,643	12.8%	\$ 8,765	\$ 7,960	10.1%

Defense & Information Solutions

Revenue generated within our Defense segment reflects both positive and negative results, as benefits from recent service contract awards were offset by revenue declines from surge-related equipment. The higher concentration of service revenue reflected in the 2011 year-to-date results are in line with longer term expectations for revenue mix.

The following table provides total revenue and year-over-year change by Defense segment division for the three and nine months ended September 30, 2011 and comparable prior year periods.

	Three Months Ended September 30			Nine Months Ended September 30		
	2011	2010	Change	2011	2010	Change
Information Systems	\$ 794	\$ 559	42.0%	\$ 2,282	\$ 1,734	31.6%
Electronic Systems	438	559	(21.6)%	1,214	1,697	(28.5)%
Geospatial Systems	308	257	19.8%	902	852	5.9%
Eliminations	(11)	(9)	—	(24)	(21)	—
Defense segment revenue	\$ 1,529	\$ 1,366	11.9%	\$ 4,374	\$ 4,262	2.6%

Revenue from the Information Systems division, our service-based business, increased \$235 and \$548 for the three and nine months ended September 30, 2011, respectively, primarily due to new contract wins on K-BOSSS (Kuwait Base Operations and Security Support Services), surge-related efforts for support of the U.S. Armed Services in Kuwait and Afghanistan (APS-5), SCNS (Space Communication and Networks Services) and other classified programs. K-BOSSS provided revenue of approximately \$130 and \$328 in the quarter and year-to-date periods, respectively, the APS-5 Kuwait and Afghanistan efforts provided \$51 and \$296, respectively, SCNS provided \$28 and \$47, respectively, while other classified programs contributed \$41 and \$80, respectively. The increase in revenue was partially offset by lower sales on the GMASS (Global Maintenance and Supply Services) contract of approximately \$5 and \$126 for the quarter and year-to-date periods, respectively, as well as by the DACS (Data and Analysis Center for Software) contract of approximately \$13 and \$84 for the quarter and year-to-date periods, respectively, which ended in 2010.

Revenue from the Electronic Systems division, a product-based business, decreased \$121 and \$483 for the three and nine months ended September 30, 2011, respectively, primarily due to volume declines in CREW 2.1 (Counter RCIED Electronic Warfare) and special jammer products of approximately \$57 and \$242, respectively, SINCGARS (Single Channel Ground and Airborne Radio Systems) platforms of approximately \$27 and \$115, respectively, and Special Operations — SIRFC Systems of approximately \$34 and \$44, respectively. Our CREW 2.1, Special Jammer products, and SINCGARS programs benefited from the urgent and compelling needs in past years; however, sales volumes began receding in 2009 due to reduced U.S. troop deployment and programmatic timing. The CREW 2.1 program has reached maturity and we do not expect significant sales to occur under this program going forward.

Revenue from the Geospatial Systems division increased \$51 and \$50 for the three and nine month ended September 30, 2011. The increase in third quarter revenue is primarily due to volume increase in the GPS OCX (Next Generation GPS Control Segment) program, which is now at full production and Night Vision goggles under Omni-7 contract of \$4 and \$36, respectively, and other U.S. Government contracts of approximately \$11. The increase in revenue for the nine months period is due primarily to \$39 attributable to our GPS (Global Positioning System) programs, \$40 related to our NextView — Worldview3 contract, and Omni-7 contract, which was partially offset by declines of approximately \$30 related to other classified programs.

Orders received during the third quarter of 2011 increased by 11.7% or \$184 to \$1,719 and increased 24.4% or \$858 to \$4,328 during the nine months ended September 30, 2011. The increase in funding awards was primarily attributable to K-BOSSS, SCNS, and AFNS contracts within our Information Systems division, our Band C contract within our Electronic Systems division as well as a combination of international and domestic awards. The overall increase more than offset declines in order input within the counter-IED product line, SINCGARS, Automated Dependent Surveillance-Broadcast (ADS-B) system, GeoEye2, Night Vision Goggles, and classified programs within our Geospatial Systems division.

On September 30, 2011, total backlog was \$12.3 billion compared to \$11.5 billion at the end of 2010. The increase relates to key contract wins for TAC-SWACAA (Total Army Communications Southwest Asia, Central Asia and Africa), APS-5, KBOSSS, GPS III EMD (Engineering, Manufacturing and Design), and electronic warfare systems on the Special Operations Aircraft (SOA) contract, partially offset by lower order input for Night Vision goggles under Omni-7 contract and SINGARS. Total backlog includes both funded backlog (firm orders for which funding is contractually obligated by the customer) and unfunded backlog (firm orders for which funding is not currently contractually obligated by the customer), which represents firm orders and potential options on multi-year contracts, excluding protested awards and potential orders under indefinite delivery / indefinite quantity (IDIQ) contracts. Backlog is converted into sales as work is performed or deliveries are made. The level of order activity related to Defense programs can be affected by the timing of government funding authorizations and project evaluation cycles. Year-over-year comparisons could, at times, be impacted by these factors, among others.

Fluid Technology

Revenue generated with the Fluid segment reflects organic growth across each division driven by significant mining and oil and gas projects, global dewatering performance, public utility strength in Latin America, and residential building services. Our results also reflect growth from acquisitions of \$42 or 4.6% during the third quarter of 2011 and \$240 or 9.3% during the year-to-date 2011 period. Godwin, a dewatering business acquired in August 2010, has exceeded internal expectations driven by increasing dewatering demands in the oil and gas markets. The following table provides total organic revenue by division for the three months and nine months ended September 30, 2011.

	Three Months Ended September 30			Nine Months Ended September 30		
	2011	2010	Organic Growth	2011	2010	Organic Growth
Water & Wastewater	\$ 513	\$ 488	5.1%	\$ 1,408	\$ 1,308	7.6%
Residential & Commercial Water	305	279	9.3%	910	832	9.4%
Industrial Process	186	167	11.4%	547	507	7.9%
Eliminations	(17)	(17)	—	(56)	(53)	—
Fluid organic revenue	\$ 987	\$ 917	7.6%	\$ 2,809	\$ 2,594	8.3%
Impact from acquisitions	42	—	4.6%	240	—	9.3%
Impact from foreign currency	40	—	4.4%	120	—	4.6%
Fluid segment revenue	\$ 1,069	\$ 917	16.6%	\$ 3,169	\$ 2,594	22.2%

Revenue from the Water & Wastewater division grew \$97, or 19.9%, during the third quarter, including benefits of \$42 from acquisitions and \$30 from foreign currency translation adjustments. Organic revenue growth of 5.1% generated during the third quarter was driven by dewatering strength from natural gas extraction projects and flood support within the U.S. and the mining industry in Australia. The 2011 quarter-to-date results also reflect an increased sales volume in Northern Europe, and strong performance in Latin America from treatment and transport sales into the public utility markets, partially offset by decreased volume in Southern Europe. Revenue for the year-to-date period grew \$429, or 32.8%, including benefits of \$237 from acquisitions and \$92 from foreign currency translation adjustments. Organic revenue growth of 7.6% for the year-to-date period resulted from an increased volume of dewatering equipment utilized in the Australian mining industry, and includes benefits from a large Middle Eastern wastewater treatment project and an Australian municipal treatment project, as well as an overall increase in volume within the Northern European region.

Revenue from the Residential & Commercial Water division grew \$35, or 12.5% during the third quarter and \$103, or 12.4% during the first nine months of 2011, which included a \$9 and \$24 benefit from foreign currency translation adjustments, respectively. The organic revenue growth of 9.3% for the three months ended September 30, 2011 was provided primarily by strong performance in the residential, industrial and agriculture end markets in the U.S., as well as from pricing initiatives. Organic revenue growth of 9.4% for the nine months ended September 30, 2011 was driven by increased volume in the commercial building services, light industrial and agriculture markets and by pricing initiatives executed throughout the period. A portion of the

growth within the commercial building services market was derived from new products such as e-SV, a high-efficiency vertical multi-stage pump.

Revenue from the Industrial Process division grew \$21, or 12.6%, during the third quarter, and \$50, or 9.9%, during the first nine months of 2011. The third quarter and year-to-date results reflect project growth in both the mining and oil and gas markets, principally in Latin America and the Middle East. Revenue from the mining and oil & gas markets was up approximately 37% and 24%, respectively, which drove organic growth in emerging markets of approximately 29%. The nine month 2011 results also reflect a solid year-over-year increase in our global aftermarket business.

Orders received during the third quarter of 2011 increased by \$204, or 21.9%, including benefits of \$40 from acquisitions and \$44 from foreign currency translation adjustments. The Industrial Process division generated order growth of \$57 or 31.8%, driven primarily by key chemical, oil and gas and mining project wins in both the Middle East and Latin America. The Water & Wastewater division generated order growth of \$117, or 23.2%, including \$40 and \$33 from acquisitions and favorable foreign currency, respectively, as well as significant order performance in both transport and treatment in various geographic markets, including emerging markets, however, Southern Europe continues to present challenging conditions. The Residential & Commercial Water division generated order growth of \$28 or 10.4%, including \$9 from favorable foreign currency translation, primarily due to increasing activity in the U.S., Asia Pacific, Africa, Middle East and Latin America regions, which more than offset softness in Europe.

Motion & Flow Control

Revenue growth for the three and nine months ended September 30, 2011 was primarily driven by increased sales volume of friction and aerospace-related products, although growth was experienced across the majority of our business and markets. The following table provides total organic revenue by division for the three months and nine months ended September 30, 2011 and comparable prior year periods.

	Three Months Ended September 30			Nine Months Ended September 30		
	2011	2010	Change	2011	2010	Change
Motion Technologies	\$ 140	\$ 132	6.1%	\$ 471	\$ 435	8.3%
Interconnect Solutions	98	109	(10.1)%	310	309	0.3%
Control Technologies	80	70	14.3%	241	204	18.1%
Flow Control	53	53	—	169	169	—
Eliminations	(1)	(1)	—	(3)	(4)	—
Motion & Flow organic revenue	370	363	1.9%	1,188	1,113	6.7%
Impact from foreign currency	16	—	4.4%	42	—	3.8%
Motion & Flow segment revenue	\$ 386	\$ 363	6.3%	\$ 1,230	\$ 1,113	10.5%

Revenue from the Motion Technologies division grew \$19 during the third quarter of 2011, including \$11 from foreign currency translation adjustments. Sales of brake pads increased 5.1%, reflecting growth throughout the majority of Europe, U.S. and emerging markets. Sales of shock absorbers increased 12.5%, related to growth in railway equipment. Revenue for the year-to-date period grew \$64, including a \$28 benefit from foreign currency translation adjustments, primarily driven by growing emerging market rail equipment activity and strong aftermarket brake pad demand, as well as a growing share in the automotive original equipment market. These results compare to strong first nine months of 2010 results that benefited from a restocking of automotive equipment driven by past European stimulus programs.

Revenue from the Interconnect Solutions division declined \$8, or 7.1% during the third quarter of 2011, principally driven by weakness in the communications market, reflecting a decline in sales of smartphone and PC card products, and in the industrial markets, driven by softer demand in Europe. This weakness was partially offset by growth in heavy equipment driven by platform wins in China and Europe and agricultural and construction equipment strength. Sales within the rail and oil and gas markets generated modest growth during the quarter. Revenue performance for the year-to-date period was impacted by the factors

discussed above, as strength in our markets earlier in the year has been effectively offset by the weakness in certain end markets described above.

Revenue from the Control Technologies division grew \$11, or 15.7% during the third quarter of 2011, driven by high-speed rail products, strength across our industrial market primarily in control-related equipment, and sales of aerospace aftermarket equipment. Growth within the aerospace market was primarily driven by aftermarket sales of OPTO actuators, switches and seat locks. Results within the industrial market reflect strength across all product classes. Revenue growth of \$39, or 19.1% for the nine months ended September 30, 2011 was led by aerospace-related aftermarket equipment and increased volume of our advanced passenger seat technology utilized in China's expansion of high-speed rail infrastructure.

Revenue from the Flow Control division was relatively flat for both the third quarter and nine month period ending September 30, 2011. The division's results were impacted by a decline in the marine market and in volume of specialty industrial equipment. The weakness in the marine and specialty industrial markets was partially offset by an increased sales volume of actuation valves and market share growth within the food and beverage markets from new customer relationships and increased distribution of beverage processing equipment. During the first quarter of 2011, we launched Rainperfect and Aquacharge and expect our new product pipeline will yield several additional new product launches in the fourth quarter and in 2012. Revenue derived from new product introductions was \$3 and \$7 for the three and nine months of 2011.

GROSS PROFIT

Gross profit for the third quarter 2011 increased \$86, or 11.2%. Increased volume and price impacts from our Fluid segment drove the increase, while the Defense segment's increased sales volume was partially offset by an unfavorable change in sales mix. For the nine months ended September 30, 2011 gross profit increased \$212 or 9.4%, reflecting growth from our Fluid and Motion & Flow segments driven by positive volume/price increases and from the 2010 Fluid segment acquisitions. The Defense segment was impacted by a significant shift in its overall revenue composition, as higher-margin equipment sales such as SINGARS and CREW 2.1 were replaced by lower-margin operational services. Similar factors impacted the year-to-date gross profit results. The following table provides gross profit and margin by segment for the three and nine months ended September 30, 2011.

	Three Months Ended September 30			Nine Months Ended September 30		
	2011	2010	Change	2011	2010	Change
Defense	\$ 331	\$ 315	5.1%	\$ 896	\$ 965	(7.2)%
Fluid	407	338	20.4%	1,203	948	26.9%
Motion & Flow	116	115	0.9%	380	354	7.3%
Total gross profit	\$ 854	\$ 768	11.2%	\$ 2,479	\$ 2,267	9.4%
Gross margin:						
Consolidated	28.6%	29.1%	(50)bp	28.3%	28.5%	(20)bp
Defense	21.6%	23.1%	(150)bp	20.5%	22.6%	(210)bp
Fluid	38.1%	36.9%	120bp	37.8%	36.5%	130bp
Motion & Flow	30.1%	31.7%	(160)bp	30.9%	31.8%	(90)bp

OPERATING EXPENSES

Operating expenses decreased \$98 during the three months ended September 30, 2011. The quarter-to-date decrease primarily reflects a \$282 decline in asbestos-related costs, partially offset by \$132 of Transformation-related costs. Operating expenses increased \$149 during the nine months ended September 30, 2011. The year-to-date increase includes costs of \$279 related to the Transformation and incremental operating costs associated with the business acquisitions completed during 2010,

partially offset by a \$277 decline in asbestos-related costs. The following table provides further information by expense type, as well as a breakdown of operating expense by segment.

	Three Months Ended September 30			Nine Months Ended September 30		
	2011	2010	Change	2011	2010	Change
Selling, general and administrative expenses	\$ 445	\$ 396	12.4%	\$ 1,304	\$ 1,149	13.5%
Research and development expenses	64	60	6.7%	195	183	6.6%
Transformation costs	132	—	(a)	279	—	(a)
Asbestos-related costs, net	59	341	(82.7)%	91	368	(75.3)%
Restructuring and asset impairment charges, net	2	3	(33.3)%	10	30	(66.7)%
Total operating expenses	\$ 702	\$ 800	(12.3)%	\$ 1,879	\$ 1,730	8.6%
By Segment:						
Defense	\$ 153	\$ 136	12.5%	\$ 439	\$ 452	(2.9)%
Fluid	263	223	17.9%	773	611	26.5%
Motion & Flow	67	69	(2.9)%	208	210	(1.0)%
Corporate & Other	219	372	(41.1)%	459	457	0.4%

(a) Not meaningful

Defense & Information Solutions

Operating expenses incurred within our Defense segment increased \$17, or 12.5%, for the three months ended September 30, 2011, primarily related to a 17.5% increase in selling and marketing expense related to international marketing efforts which was partially offset by lower intangible amortization expense of \$3. Operating expenses for the nine months ended September 30, 2011 decreased by \$13 or 2.9%, primarily related to a \$15 decline in restructuring costs and \$13 reduction in R&D spending. The decline in R&D spending is primarily due to the completion of certain R&D projects for integrated electronic warfare systems, other radio frequency technologies and space systems. The year-to-date decline in restructuring and R&D costs was partially offset by a \$10 increase in SG&A expenses, primarily attributable to additional program-related spending required to support significant program growth and increase in selling and marketing expense which is partially offset by a reduction in intangible amortization expense of \$9. The Defense segment incurred transformation costs of \$4 and \$5 during the three and nine months ended September 30, 2011.

Fluid Technology

Operating expenses incurred within our Fluid segment increased \$40 or 17.9%, during the third quarter of 2011, primarily due to transformation costs of \$22 related to a long-lived asset impairment and advisory fees. In addition, SG&A expenses increased \$14, or 6.8%, during the three months ended September 30, 2011 primarily related to additional selling and marketing costs. Operating expenses for the nine months ended September 30, 2011 increased \$162 or 26.5%, primarily related to the additional costs associated with the operations of 2010 acquisitions of Godwin and Nova, as well as our September 2011 acquisition of YSI. Additionally, the Fluid segment recognized transformation costs of \$25 and an increase in year-to-date R&D spending \$18 related to an increase in investments across a number of product lines, including analytical instrumentation business.

Motion & Flow Control

Operating expenses incurred within our Motion and Flow segment were relatively flat for both the three and nine months ended September 30, 2011, as rising costs from commodities were offset by global strategic sourcing and other cost-saving initiatives.

Corporate & Other

Corporate and other operating expenses decreased \$153 or 41.1% as a decline in asbestos-related costs of \$282 was partially offset by an increase of \$106 of transformation costs. For the year-to-date period the increase of \$2 or 0.4% reflects a \$277 decline in asbestos-related costs, offset by an additional \$249 of transformation costs. See further discussion of transformation costs and asbestos-related costs below. In addition to the asbestos and transformation impacts, Corporate & Other operating expenses reflect increased SG&A expenses of \$22 or 68.8%, for the third quarter of 2011, primarily resulting from the recognition of foreign currency impacts previously deferred in cumulative translation adjustment in equity, as well as the recognition of additional environmental costs. Corporate and other SG&A expenses increased \$29, or 32.2%, during the nine months ended September 30, 2011, primarily due to the recognition of foreign currency impacts previously deferred in cumulative translation adjustment in equity, increased environmental costs and additional information technology costs.

Transformation Costs

During the three and nine month periods ended September 30, 2011, we recognized pre-tax expenses of \$132 and \$279, respectively, related to the Transformation. The components of transformation costs incurred during these periods are presented below.

For the Periods Ended September 30, 2011	Three Months	Nine Months
Transformation Costs:		
Non-cash asset impairment(a)	\$ 9	\$ 64
Advisory fees	32	75
IT costs	36	58
Lease termination and other real estate costs	10	13
Loss on early extinguishment of debt	3	3
Employee retention and other compensation costs	23	36
Other costs	19	30
Transformation costs in operating income	132	279
Tax-related separation (benefit) costs(b)	(4)	10
Total transformation costs before tax benefit	128	289
Income tax benefit	(35)	(87)
Total transformation costs, net of tax impact	\$ 93	\$ 202

(a) The \$64 million non-cash impairment charge includes a \$55 impairment related to a decision to discontinue development of an information technology consolidation initiative and \$9 of impairments to long-lived assets.

(b) In the third quarter of 2011, we revised our estimate of certain costs to be incurred related to tax-related separation costs. This adjustment resulted in a \$4 net credit (income) for tax-related separation costs during the third quarter of 2011.

To complete the Transformation, we expect major areas of spending to include debt refinancing, tax-related separation costs, information technology investments to build out independent environments for the new companies, advisory fees, and other Transformation activities. Our estimate of the remaining after-tax cash impact of activities associated with the Transformation is expected to be approximately \$275, of which \$210 is expected to be incurred prior to completion of the Transformation, primarily related to the extinguishment of debt. In addition, the Company anticipates net after-tax cash outflows of approximately \$130 following the Transformation, primarily consisting of additional tax impacts, employee-related costs, capital expenditures for information systems investments, and advisory fees.

Asbestos-Related Costs, Net

In the third quarter 2011, we recognized net asbestos related costs of \$59, reflecting a decrease of \$282 as compared to the prior year, primarily reflecting the impact of our annual update to the underlying assumptions used in our liability and asset

estimates. As part of the annual update, the underlying assumptions used to estimate asbestos liabilities and potential recoveries are estimated based on our experience since our last detailed review, the appropriate reference period of experience used in determining each assumption is reassessed, and our expectations regarding future conditions are evaluated.

Based on the results of this annual update in 2011, we decreased our estimated undiscounted asbestos liability, including legal fees, by \$44 to \$1,660, reflecting costs that the Company is estimated to incur to resolve all pending claims, as well as unasserted claims estimated to be filed over the next 10 years. The decrease in our estimated liability is a result of several developments, including a reduction in the assumed rate of increase in future average settlement costs and an expectation of lower defense costs relative to indemnities paid. These favorable factors were offset in part by increased activity in several higher-cost jurisdictions, increasing the number of cases expected to be adjudicated. Our 2011 detailed review of the asbestos-related assets, including estimated recoveries from insurers and other responsible parties, resulted in a \$76 decrease in the recorded asset as a result of the decrease in the estimated liability and reductions in expected recovery rates from certain insurers.

The net asbestos expense is primarily recorded within Corporate and Other; however, a portion of the expense is associated with businesses that were disposed of a number of years ago, and is reported within discontinued operations in our Consolidated Condensed Income Statements. See Note 17 to the Consolidated Condensed Financial Statements for further information on our asbestos-related liability and assets.

Restructuring and Asset Impairment Charges, Net

During the three and nine months ended September 30, 2011, we recognized restructuring and asset impairment charges of \$2 and \$16, respectively. The year-to-date charge primarily relates to various reduction in force initiatives within our Defense segment.

During the three and nine months ended September 30, 2010, we recognized restructuring charges of \$6 and \$42, respectively, primarily related to a strategic realignment of our Defense segment to enable better product portfolio integration, encourage a more coordinated market approach and provide reductions in overhead costs. The Defense segment was renamed ITT Defense & Information Solutions and the previous organizational structure, consisting of seven divisions, was consolidated into three larger divisions. This initiative was substantially completed during 2010.

The table provided below summarizes the presentation of restructuring and asset impairment charges within our Consolidated Condensed Income Statements for the three and nine month periods ended September 30, 2011 and 2010.

For the Periods Ended September 30	Three Months		Nine Months	
	2011	2010	2011	2010
Restructuring costs presented in costs of revenue	\$ —	\$ 3	\$ 6	\$ 12
Restructuring costs presented in operating expenses	—	3	7	30
Asset impairment	2	—	3	—
Total restructuring and asset impairment costs	\$ 2	\$ 6	\$ 16	\$ 42

OPERATING INCOME

Operating income increased by \$184 for the three months ended September 30, 2011 driven primarily by the reduction in asbestos-related costs which was partially offset by costs incurred associated with transformation-related activities. In addition, strong operating income performance at our Fluid segment provided growth of \$29 and \$94 during the 2011 third quarter and nine month periods ended. Operating margin increased 630 basis points to 5.1% during the third quarter of 2011, and 10 basis points to 6.8% during the year-to-date period. Transformation costs equated to a 440 basis point and 320 basis point impact to operating income, respectively, for these periods. The following table illustrates operating income results of our segments, including

operating margin results for the three and nine month periods ended September 30, 2011 and 2010. Further discussion on operating income results is provided below.

	Three Months Ended September 30			Nine Months Ended September 30		
	2011	2010	Change	2011	2010	Change
Defense	\$ 178	\$ 178	—	\$ 456	\$ 513	(11.1)%
Fluid	144	115	25.2%	430	336	28.0%
Motion & Flow	49	46	6.5%	170	144	18.1%
Segment operating income	371	339	9.4%	1,056	993	6.3%
Corporate and Other	(219)	(371)	(41.0)%	(456)	(456)	—
Total operating income (loss)	\$ 152	\$ (32)	575.0%	\$ 600	\$ 537	11.7%
Operating margin:						
Consolidated	5.1%	(1.2)%	630bp	6.8%	6.7%	10bp
Defense	11.6%	13.0%	(140)bp	10.4%	12.0%	(160)bp
Fluid	13.5%	12.5%	100bp	13.6%	13.0%	60bp
Motion & Flow	12.7%	12.7%	—	13.8%	12.9%	90bp

Defense & Information Solutions

Operating income at the Defense segment was relatively consistent for the third quarter of 2011 as compared to the same prior year period, and declined \$57 during the nine months ended September 30, 2011, primarily due to lower demand of surge-related equipment such as CREW 2.1 and SINGGARS and increased volume in our operational services business on contracts such as K-BOSSS and the U.S. Armed Services contracts in Kuwait and Afghanistan. The higher concentration of service revenue is in line with longer term revenue mix expectations and will provide an unfavorable impact to operating margin percentages. The unfavorable impact from change in revenue mix was partially offset by net savings from productivity and other cost saving initiatives.

Fluid Technology

Operating income for our Fluid segment increased \$29 for the quarter and \$94 for the nine months ended September 30, 2011. Organic revenue growth and productivity gains drove operating income increases for both periods and contributions from the Godwin and Nova acquisitions provided incremental benefits of approximately \$5 and \$40, respectively. Operating income was unfavorably impacted by \$22 and \$25 of transformation costs incurred during the three and nine months ended September 30, 2011. Operating income was also impacted by incremental strategic growth investments which were made in the business.

The table included below provides a reconciliation from Fluid segment operating income to adjusted operating income, and a calculation of the corresponding adjusted operating margin.

	Three Months Ended September 30			Nine Months Ended September 30		
	2011	2010	Change	2011	2010	Change
Fluid operating income	\$ 144	\$ 115	25.2%	\$ 430	\$ 336	28.0%
Transformation costs	22	—	—	25	—	—
Fluid adjusted operating income	166	115	44.3%	455	336	35.4%
Fluid adjusted operating margin	15.5%	12.5%	300bp	14.4%	13.0%	140bp

Motion & Flow Control

Operating income for our Motion & Flow segment increased \$3, or 6.5%, for the quarter ended September 30, 2011, primarily driven by strategic pricing actions and improved productivity, which was partially offset by a \$7 unfavorable change in product mix, as well as increasing material and labor costs. Additional impacts to operating income include favorability from foreign currency fluctuations of \$4. Operating income for our Motion & Flow segment increased \$26 or 18.1%, for the nine months ended September 30, 2011, primarily driven by increased sales volume and strategic pricing, partially offset by an unfavorable change in product mix. In addition, foreign currency fluctuations provided a benefit of \$9.

Corporate and Other

Corporate expenses during the third quarter of 2011 decreased \$152, primarily benefiting from the decline in net asbestos-related costs, and were flat over the nine month periods. During the quarter and nine month period, we recognized transformation-related costs of \$106 and \$249, respectively, within Corporate and Other expenses. The quarter and year-to-date periods were also unfavorably impacted by the recognition of foreign currency impacts previously deferred in cumulative translation adjustment in equity. The year-to-date period also reflects the recognition of additional environmental costs and information technology costs incurred in connection with various information technology initiatives.

INTEREST AND NON-OPERATING EXPENSES, NET

	Three Months Ended September 30			Nine Months Ended September 30		
	2011	2010	Change	2011	2010	Change
Interest expense	\$ 23	\$ 26	(11.5)%	\$ 72	\$ 74	(2.7)%
Interest income	4	3	33.3%	10	14	(28.6)%
Miscellaneous (income) expense, net	3	(7)	(142.9)%	(11)	1	(a)
Total interest and non-operating expenses, net	\$ 22	\$ 16	37.5%	\$ 51	\$ 61	(16.4)%

(a) Not meaningful.

The change in total interest and non-operating expenses, net for the quarter ended September 30, 2011, is primarily driven by an \$8 gain realized from the sale of investment securities during the third quarter of 2010. The fluctuation for the nine months ended September 30, 2011, is primarily driven by a \$16 gain realized from the sale of equity securities during the first half of 2011.

INCOME TAX EXPENSE

For the quarter ended September 30, 2011, we recorded income tax expense of \$59, compared to an income tax benefit of \$60 for the comparable prior year period. The 2011 effective rate of 45.4% was increased by approximately 4.1% for costs related to the Transformation, 11.6% for deferred tax asset write-offs and reduced by 3.7% related to the effective settlement of a tax examination. The 2010 benefit is primarily attributable to an additional tax benefit of \$46 related to change in mix of earnings by tax jurisdiction due to the increase in asbestos-related costs of \$118. The third quarter 2010 income tax also reflects a \$27 benefit from the reversal of valuation allowances on certain capital loss carryforwards as it became more likely than not that these deferred tax assets would be realized.

Income tax expense for the nine months ended September 30, 2011 and 2010 was \$184 and \$94, respectively, resulting in effective tax rates of 33.5% and 19.7%, respectively. The 2011 effective tax rate was increased by 0.8% for costs related to the Transformation and 2.8% for the write-off of certain historical deferred tax assets. The 2010 effective tax rate was increased by 1.5% due to the impact of the Medicare Part D subsidy reversal and reduced by 1.0% related to the closure of a tax examination.

INCOME (LOSS) FROM DISCONTINUED OPERATIONS, NET OF TAX

Income from discontinued operations, net of tax, was \$7 and \$5 for the three and nine months ended September 30, 2011, related primarily to asbestos matters associated with a business we disposed of a number of years ago that was reported as a

discontinued operation. Quarter-to-date asbestos-related costs included in discontinued operations was flat as compared to the same prior year period, and increased \$4 in the year-to-date period.

Income from discontinued operations, net of tax, was \$133 and \$147 during the third quarter and nine months ended September 30, 2010, respectively. During the second quarter of 2010 we classified CAS, Inc. (CAS), a component of our Defense segment, as a discontinued operation. CAS was sold on September 8, 2010 and resulted in an after-tax gain on sale of \$130, which includes a \$4 tax benefit primarily resulting from differences between book and tax bases. CAS generated after-tax income from operations prior to its sale of \$4 and \$10 during the quarter and nine months ended September 30, 2010, respectively.

LIQUIDITY

Funding and Liquidity Strategy

Our funding needs are monitored and strategies are executed to meet overall liquidity requirements, including the management of our capital structure on both a short- and long-term basis. Historically, we have generated operating cash flow sufficient to fund our working capital, capital expenditure and financing requirements. Subsequent to the separation, while our ability to forecast future cash flows is more limited, we expect to fund our ongoing working capital, capital expenditure and financing requirements through cash flows from operations via cash on hand, utilizing our borrowing capacity under the revolving credit facility and access to the commercial paper market. If our access to the commercial paper market were adversely affected, we believe that alternative sources of liquidity, including our existing committed credit facility, as described below, would be sufficient to meet our short-term funding requirements.

On September 20, 2011, Exelis and Xylem, wholly-owned subsidiaries of ITT, issued \$1,850 aggregate principal amount of senior notes, as further discussed in Note 14 to our Consolidated Condensed Financial Statements. The Notes are initially guaranteed on a senior unsecured basis by the Company. The guarantee will terminate and be automatically and unconditionally released upon the distribution of Exelis common stock and Xylem common stock in connection with the Transformation. Both Exelis and Xylem used the net proceeds from the debt issuance to pay a special cash dividend to ITT, to fund general corporate purposes and, for Xylem, to repay indebtedness incurred to fund the \$309 acquisition of YSI Incorporated, which closed on September 1, 2011.

The proceeds received by ITT from the special cash dividend were utilized during October 2011 to repay substantially all outstanding ITT long-term debt and commercial paper at September 30, 2011 with the remainder to be used for general corporate purposes.

Our current available cash on hand is predominantly held by our foreign subsidiaries in currencies where we have operations. We manage our worldwide cash requirements considering available funds among the many subsidiaries through which we conduct business and the cost effectiveness with which those funds can be accessed. We continue to look for opportunities to access cash balances in excess of local operating requirements to meet global liquidity needs in a cost-efficient manner. We have and may continue to transfer cash from certain international subsidiaries to the U.S. and other international subsidiaries when it is cost effective to do so. Our intent is to indefinitely reinvest these funds outside of the U.S. However, with the pending distribution of Exelis and Xylem, we expect to review our domestic and foreign cash profile, expected future cash generation and investment opportunities which support our current designation of these funds as being indefinitely reinvested and reassess whether there is a demonstrated need to repatriate funds held internationally to support our U.S. operations. If, as a result of the review, it is determined that all or a portion of the funds are needed for our operations in the U.S., we would be required to accrue and pay U.S. taxes to repatriate these funds.

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

We access the commercial paper market to supplement the cash flows generated internally to provide additional short-term funding for strategic investments and other non-recurring funding requirements. We manage our short-term liquidity through the use of our commercial paper program by adjusting the level of commercial paper borrowings as opportunities to deploy additional capital arise, it is cost effective to do so and a sufficient return on investment can be generated.

Credit Facilities

As of September 30, 2011, we managed our commercial paper program under a three-year revolving \$1.5 billion credit agreement (August 2010 Credit Facility) as disclosed in our 2010 Annual Report on Form 10-K. Effective October 31, 2011 we replaced the August 2010 credit facility with a new four-year revolving \$500 credit agreement (the ITT 2011 Revolving Credit Agreement). In addition, Exelis and Xylem entered into four-year revolving credit agreements which on their effectiveness provide each with aggregate principle amounts of \$600. The revolving credit agreements are intended to provide access to additional liquidity as a source of funding for the commercial paper program, if needed. Our policy is to maintain unused committed bank lines of credit in an amount greater than outstanding commercial paper balances. The interest rate for borrowings under the ITT 2011 Revolving Credit Agreement is generally based on the London Interbank Offered Rate (LIBOR), plus a spread, which reflects our debt rating. The provisions of the ITT 2011 Revolving Credit Agreement require that we maintain an interest coverage ratio, as defined, of 3.0 times. At September 30, 2010 and October 28, 2011, our interest coverage ratio was well in excess of the minimum requirements. On October 28, 2011, Exelis borrowed \$240 from their revolving credit facility. See Note 20 to the Consolidated Condensed Financial Statements for further information on the credit facilities.

Our credit ratings as of October 28, 2011 are as follows:

Rating Agency	Short-Term Ratings	Long-Term Ratings
Standard & Poor's	A-2	BBB+
Moody's Investors Service	P-3	Baa3
Fitch Ratings	F2	A-

In connection with our September 2011 debt issuance our long-term credit rating as published by Moody's Investor Service was adjusted from Baa1 to Baa2. Our credit rating was again adjusted by Moody's in October 2011 to P-3 / Baa3 in connection with the pending distribution of Exelis and Xylem. In addition, subsequent to our January 2011 announced plan to separate ITT into three publicly traded entities, our short-and long-term credit ratings were modified as follows:

- n Standard & Poor's — "CreditWatch Negative"
- n Fitch Ratings — "Ratings Watch Evolving"

The credit rating agencies continue to refine and update their expectations for our credit ratings following the Transformation. Please refer to the rating agency websites and press releases for more information.

Sources and Uses of Liquidity

Our principal source of liquidity is our cash flow generated from operating activities, which provides us with the ability to meet the majority of our short-term funding requirements. The following table summarizes net cash provided by or used in operating, investing and financing activities for the nine months ended September 30.

	2011	2010
Operating Activities	\$ 452	\$ 654
Investing Activities	(461)	(917)
Financing Activities	1,669	(16)
Foreign Exchange	(5)	(27)
Total net cash flow from continuing operations	\$ 1,655	\$ (306)

Net cash provided by operating activities was \$452 for the nine months ended September 30, 2011, representing a decrease of \$202 from the comparable prior year period. Benefits from revenue and segment operating income growth during 2011 were more than offset by an unfavorable change in working capital. The primary drivers impacting working capital include additional inventory purchases within the Fluid and Defense segments and an increase in unbilled receivables from the U.S. government which were partially offset by an increase in accounts payable. The Fluid segment's increased inventory level primarily relates to year-over-year sales growth expectations based on recent order trends. The increase in Defense segment inventory primarily relates to the replenishment of inventory levels for various programs. The increase in unbilled receivables and accounts payable primarily relate to new service program starts, including K-BOSS and APS-5, which have yet to achieve specific billing milestones. Achievement of billing milestones generally precedes the timing of subcontractor payments. In addition to the above, cash provided by operating activities was reduced by spending related to the transformation of \$137 and increased contributions of \$63 to our postretirement benefit plans.

Net cash used in investing activities decreased by \$456 in 2011 as compared to 2010, due to differing levels of acquisition spending between the two periods. During 2011 we spent, \$309 on the acquisition of YSI, whereas in 2010 we spent a total of \$994 primarily on the acquisitions of Nova and Godwin.

Net cash provided by financing activities increased by \$1,685 in 2011 as compared to 2010, primarily related to the issuance of Exelis and Xylem Notes in September 2011 that generated proceeds of approximately \$1,861. During 2011 we utilized \$68 to terminate a capital lease obligation. In 2010, we utilized \$70 to retire two outstanding debentures. Cash from financing activities also included additional inflow of \$31 from the exercise of employee stock options.

Our average daily outstanding commercial paper balance for the three and nine months ended September 30, 2011 was \$212 and \$159, respectively, and the maximum outstanding commercial paper balance during the first nine months of 2011 was \$408 on September 1, 2011. As of September 30, 2011, we had no outstanding commercial paper.

Postretirement Benefit Plan Amendments

As a result of the plan design changes described in Note 15 to the Consolidated Condensed Financial Statements, ITT remeasured its projected benefit obligations and plan assets for certain U.S. and international pension plans, including the U.S. Salaried Retirement Plan (U.S. SRP). These actions resulted in an increase in ITT's net pension liability of \$959, primarily related to the U.S. SRP. At September 30, 2011, in the aggregate, ITT's net postretirement liability was \$2,671.

Effective as of the distribution date, ITT expects to transfer to Exelis and Xylem certain defined benefit pension and other postretirement benefit plans, most significantly the SRP to Exelis. Following the distribution, Exelis and Xylem will assume all liabilities and assets associated with such plans and become the plans' sponsor. The net liabilities associated with such plans to be assumed by Exelis and Xylem are approximately \$2,150 and \$250, respectively, excluding net deferred tax assets of \$800 and \$75 respectively.

Funding of Postretirement Plans

Funding requirements under IRS rules are a major consideration in making contributions to our U.S. postretirement benefit plans. With respect to U.S. qualified postretirement benefit plans, we intend to contribute annually not less than the minimum required by applicable law and regulations. We contributed \$76 to our other postretirement benefit plans and anticipate making further contributions in the range of \$8 to \$10 during the remainder of 2011.

While the Company has significant discretion in making voluntary contributions, the Employee Retirement Income Security Act of 1974, as amended by the Pension Protection Act of 2006 and further amended by the Worker, Retiree, and Employer Recovery Act of 2008 and applicable Internal Revenue Code regulations mandate minimum funding thresholds. Failure to satisfy the minimum funding thresholds could result in restrictions on our ability to amend the plan or make benefit payments. In general, certain benefit restrictions apply when the Adjusted Funding Target Attainment Percentage (AFTAP) of a plan is less than 80%. When the AFTAP is between 80% and 60%, there is a restriction on plan amendments and a partial restriction on accelerated benefit payments (i.e., lump sums cannot exceed 50% of the value of the participants total benefit). Full benefit restrictions apply if the plan's AFTAP falls below 60%. Although mandatory contributions to our U.S. Salaried Retirement Plan were not required during 2011, we will continue to monitor the funded status and minimum funding requirements.

As a result of the changes to our postretirement plans described in Note 15 to the Consolidated Condensed Financial Statements, certain plans were remeasured as of September 30, 2011. As a result of the September 30, 2011 remeasurement, our most significant plan, the U.S. SRP, was 66% funded. For purposes of determining minimum funding thresholds pursuant to the Pension Protection Act of 2006, as amended, the funded status will be determined using a January 1, 2012 measurement. The 2011 AFTAP for the U.S. SRP was 80%. If the funded status on January 1, 2012 was less than 80%, the Company could make additional contributions during 2012 to the U.S. SRP to maintain a funded status of at least 80% based on the January 1, 2012 AFTAP measurement in order to avoid benefit restrictions.

The funded status at January 1, 2012 and future statutory minimum contributions will depend primarily on the return on assets and discount rate, both determined using AFTAP guidelines. Depending on these factors, and the resulting funded status of our pension plans, the level of future statutory minimum contributions could be material.

Capital Resources

Long-term debt is raised through the offering of debt securities primarily within the United States capital markets. Long-term debt is generally defined as any debt with an original maturity greater than 12 months. On September 20, 2011, Exelis and Xylem, issued \$1,850 aggregate principal amount. The Exelis and Xylem Notes are initially guaranteed on a senior unsecured basis by ITT. The guarantee will terminate and be automatically and unconditionally released upon the distribution of the common stock of Exelis and Xylem to the holders of the Company's common stock in connection with the spin-off of each of Exelis and Xylem from the Company. See Note 14 to the Consolidated Condensed Financial Statements for further detail on the debt issuance transactions. In October 2011, we paid \$1,340 and deposited U.S. Treasury securities with an aggregate purchase price of \$263 to retire \$1,251 of long-term debt that was outstanding as of September 30, 2011. Subsequent to this repayment our long-term debt was \$1,855 substantially all of which was issued by Exelis and Xylem in September 2011.

On October 31, 2011, we expect to have sources of long- and short-term funding including access to the capital markets through an unlimited 2009 Shelf Registration Statement, a \$500 commercial paper program and unused credit lines. Our commercial paper program is supported by a four-year revolving \$500 credit agreement. On its effectiveness, Exelis and Xylem will have access to revolving credit facilities of \$600 each. On October 28, 2011, Exelis had debt of \$240 outstanding under their revolving credit facility.

The table provided below has been included as an update to the debt and interest payment obligations disclosed in the contractual obligations table as provided in the 2010 Annual Report on Form 10-K. The amounts provided in the following tables are presented as of September 30, 2011 and October 28, 2011.

	PAYMENTS DUE BY PERIOD				
	TOTAL	LESS THAN 1 YEAR	1-3 YEARS	3-5 YEARS	MORE THAN 5 YEARS
September 30, 2011:					
Debt(1)	\$ 3,106	\$ —	\$ 502	\$ 850	\$ 1,754
Interest payments(2)	1,324	159	317	278	569
October 28, 2011:					
Debt(1)	\$ 1,855	\$ —	\$ 2	\$ 850	\$ 1,003
Interest payments(2)	710	84	168	168	290

- (1) During October 2011, we repaid the \$500 of debt due within one to three years and \$751 of debt due beyond five years. See Note 20 to the Consolidated Condensed Financial Statements for additional information on long-term debt transactions occurring after September 30, 2011.
- (2) Amounts represent estimate of future interest payments on long-term debt outstanding as of the period end date.

CRITICAL ACCOUNTING ESTIMATES

The preparation of ITT's financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. ITT believes the most complex and sensitive judgments, because of their significance to the consolidated financial statements, result primarily from the need to make estimates about the effects of matters that are inherently uncertain. Management's Discussion and Analysis in the 2010 Annual Report describes the critical accounting estimates used in preparation of the Consolidated Condensed Financial Statements. Actual results in these areas could differ from management's estimates. There have been no significant changes in the information concerning ITT's critical accounting estimates as stated in our 2010 Annual Report on Form 10-K.

RECENT ACCOUNTING PRONOUNCEMENTS

During the third quarter of 2011, the Financial Accounting Standards Board provided companies with the option to make an initial qualitative evaluation, based on the entity's events and circumstances, to determine the likelihood of goodwill impairment. The results of this qualitative assessment determine whether it is necessary to perform the currently required two-step impairment test. If it is more likely than not that the fair value of a reporting unit is less than its carrying amount, a company would be required to perform the two-step impairment test. This guidance is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011, with early adoption permitted. The Company could elect to apply the option to any goodwill impairment test performed after December 31, 2011; however, the amendments are not expected to have a material effect on the Company's Consolidated Condensed Financial Statements.

See Note 3 to the Consolidated Condensed Financial Statements for information on recent accounting pronouncements issued prior to the third quarter of 2011.

FORWARD-LOOKING AND CAUTIONARY STATEMENTS

Some of the information included herein includes forward-looking statements intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995 (the "Act"). These forward-looking statements include, but are not limited to, statements about the separation of ITT Corporation (the "Company") into three independent publicly traded companies (the "companies"), the terms and the effect of the separation, the nature and impact of such a separation, capitalization of the companies, future strategic plans and other statements that describe our business strategy, outlook, objectives, plans, intentions or goals, and any discussion of future operating or financial performance. Whenever used, words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "target" and other terms of similar meaning are intended to identify such forward-looking statements. Forward-looking statements are uncertain and to some extent unpredictable, and involve known and unknown risks, uncertainties and other important factors that could cause actual results to differ materially from those expressed, implied in, or reasonably inferred from, such forward-looking statements. Factors that could cause results to differ materially from those anticipated include, but are not limited to:

- n Economic, political and social conditions in the countries in which we conduct our businesses;
- n Changes in U.S. or International government defense budgets;
- n Decline in consumer spending;
- n Sales and revenue mix and pricing levels;
- n Availability of adequate labor, commodities, supplies and raw materials;
- n Interest and foreign currency exchange rate fluctuations and changes in local government regulations;
- n Competition, industry capacity and production rates;
- n Ability of third parties, including our commercial partners, counterparties, financial institutions and insurers, to comply with their commitments to us;
- n Our ability to borrow or refinance our existing indebtedness and availability of liquidity sufficient to meet our needs;
- n Changes in the value of goodwill or intangible assets;
- n Our ability to achieve stated synergies or cost savings from acquisitions or divestitures;
- n The number of personal injury claims filed against the company or the degree of liability;
- n Uncertainties with respect to our estimation of asbestos liability exposures, third party recoveries and net cash flows;
- n Our ability to affect restructuring and cost reduction programs and realize savings from such actions;
- n Government regulations and compliance therewith, including compliance with and costs associated with new Dodd-Frank legislation;
- n Changes in technology;
- n Intellectual property matters;
- n Governmental investigations;
- n Potential future postretirement benefit plan contributions and other employment and pension matters;
- n Contingencies related to actual or alleged environmental contamination, claims and concerns;
- n Changes in generally accepted accounting principles;
- n Other factors set forth in our Annual Report on Form 10-K for the fiscal year ended December 31, 2010 and our other filings with the Securities and Exchange Commission; and
- n In addition, there are risks and uncertainties relating to the planned tax-free spinoffs of Exelis and Xylem, including, whether the transactions will result in any tax liability, the operational and financial profile of the Company or any of its businesses after giving effect to the spinoff transactions and the ability of each business to operate as an independent entity.

The Company undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There has been no material change in the information concerning market risk as stated in our 2010 Annual Report.

ITEM 4. CONTROLS AND PROCEDURES

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

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

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we are involved in legal proceedings that are incidental to the operation of our businesses. Some of these proceedings allege damages relating to environmental exposures, intellectual property matters, copyright infringement, personal injury claims, employment and pension matters, government contract issues and commercial or contractual disputes, sometimes related to acquisitions or divestitures. We will continue to defend vigorously against all claims. See information provided below and Note 17 to the Consolidated Condensed Financial Statements for further information.

Asbestos Proceedings

ITT, including its subsidiary Goulds Pumps, Inc. (Goulds), has been joined as a defendant with numerous other companies in product liability lawsuits alleging personal injury due to asbestos exposure. These claims allege that certain of our products sold prior to 1985 contained a part manufactured by a third party (e.g., a gasket) which contained asbestos. To the extent these third-party parts may have contained asbestos, it was encapsulated in the gasket (or other) material and was non-friable. In certain other cases, it is alleged that former ITT companies were distributors for other manufacturers' products that may have contained asbestos. Frequently, the plaintiffs are unable to identify any ITT or Goulds product as a source of asbestos exposure. In addition, in a large majority of the claims against the Company, the plaintiffs are unable to demonstrate any injury. Many of those claims have been placed on inactive dockets. Our experience to date is that a substantial portion of resolved claims have been dismissed without payment by the Company.

We record a liability for pending asbestos claims and asbestos claims estimated to be filed over the next 10 years. While it is probable that we will incur additional costs for future claims to be filed against the Company, a liability for potential future claims beyond the next ten years is not reasonably estimable due to a number of factors. As of September 30, 2011, we have recorded an undiscounted asbestos-related liability for pending claims and unasserted claims estimated to be filed over the next 10 years of \$1,660, including expected legal fees, and an associated asset of \$950, which represents estimated recoveries from insurers and other responsible parties, resulting in a net asbestos exposure of \$710.

ITEM 1A. RISK FACTORS

There has been no material change in the information concerning risk factors as disclosed in our 2010 Annual Report.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(IN MILLIONS) PERIOD	TOTAL NUMBER OF SHARES PURCHASED	AVERAGE PRICE PAID PER SHARE(1)	TOTAL NUMBER OF SHARES PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS(2)	MAXIMUM DOLLAR VALUE OF SHARES THAT MAY YET BE PURCHASED UNDER THE PLANS OR PROGRAMS(2)
7/1/11 - 7/31/11	—	—	—	\$ 569
8/1/11 - 8/31/11	—	—	—	\$ 569
9/1/11 - 9/30/11	—	—	—	\$ 569

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

(2) On October 27, 2006, a three-year \$1 billion share repurchase program was approved by our Board of Directors. On December 16, 2008, the provisions of the share repurchase program were modified by our Board of Directors to replace the original three-year term with an indefinite term. As of March 31, 2011, we had repurchased 7.1 million shares for \$431, including commission fees, under the \$1 billion share repurchase program. The program is consistent with our capital allocation process, which has centered on those investments necessary to grow our businesses organically and through acquisitions, while also providing cash returns to shareholders. Our strategy for cash flow utilization is to invest in our business, repay debt, pay dividends, execute strategic acquisitions, and repurchase common stock.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 5. OTHER INFORMATION***Distribution Agreement***

On October 25, 2011, we entered into a Distribution Agreement with Exelis and Xylem prior to the Distribution. The Distribution Agreement sets forth our agreements with Exelis and Xylem regarding the principal actions to be taken in connection with the spin-off of Exelis and Xylem from ITT. It also sets forth other agreements that govern certain aspects of our relationship with Exelis and Xylem following the spin-off.

Transfer of Assets and Assumption of Liabilities. The Distribution Agreement provides for those transfers of assets and assumptions of liabilities that are necessary in connection with the spin-off of Exelis and Xylem from ITT so that each of Exelis, Xylem and ITT is allocated the assets necessary to operate its respective business and retains or assumes the liabilities allocated to it in accordance with the distribution plan. The Distribution Agreement also provides for the settlement or extinguishment of certain liabilities and other obligations between and among Exelis, Xylem and ITT. In particular, the Distribution Agreement provides that, subject to the terms and conditions contained in the Distribution Agreement:

- n All of the assets and liabilities (including whether accrued, contingent or otherwise, and subject to certain exceptions) associated with the Defense business of ITT will be retained by or transferred to Exelis or one of its subsidiaries.
- n All of the assets and liabilities (including whether accrued, contingent or otherwise, and subject to certain exceptions) associated with the Water business of ITT will be retained by or transferred to Xylem or one of Xylem's subsidiaries.
- n All other assets and liabilities (including whether accrued, contingent or otherwise, and subject to certain exceptions) of ITT will be retained by or transferred to ITT or one of its subsidiaries (other than Exelis and Exelis's subsidiaries or Xylem and Xylem's subsidiaries).

- n Liabilities (including whether accrued, contingent or otherwise) related to, arising out of or resulting from businesses of ITT that were previously terminated or divested will be allocated among the parties to the extent formerly owned or managed by or associated with such parties or their respective businesses.
- n Each of Exelis and Xylem, respectively, will assume or retain any liabilities (including under applicable federal and state securities laws) relating to, arising out of or resulting from the Form 10 registering its common stock to be distributed by ITT in the spin-off and from any disclosure documents that offer for sale its debt securities issued in connection with the spin-off, subject to exceptions for certain information for which ITT will retain liability.
- n Except as otherwise provided in the Distribution Agreement or any ancillary agreement, each of Exelis and Xylem will be responsible for any costs or expenses incurred by each of Exelis and Xylem in connection with the distribution, including costs and expenses relating to legal counsel, financial advisors and accounting advisory work related to the distribution.
- n In addition, notwithstanding the allocation described above, we, Exelis and Xylem have agreed that (i) ITT will be responsible for, and indemnify each of Exelis and Xylem against, losses related to all of the contingent liabilities (and related costs and expenses) arising out of litigation and claims alleging exposure to asbestos prior to the separation of Exelis and Xylem from ITT (including those that are described in ITT's public filings with the Securities and Exchange Commission) and (ii) each party will, in accordance with each party's designated percentage of responsibility, be responsible for losses related to certain contingent liabilities (and related costs and expenses) in accordance with the Distribution Agreement and any ancillary agreement.

Further Assurances. To the extent that any transfers of assets or assumptions of liabilities contemplated by the Distribution Agreement have not been consummated on or prior to the date of the distribution, the parties have agreed to cooperate to effect such transfers or assumptions as promptly as practicable following the Distribution Date and, in the interim, to take reasonable actions to the extent permitted by applicable law to place the parties in as near as the same position as if such assets or liabilities had been transferred. In addition, each of the parties has agreed to cooperate with each other and use commercially reasonable efforts to take or to cause to be taken all actions, and to do, or to cause to be done, all things reasonably necessary under applicable law or contractual obligations to consummate and make effective the transactions contemplated by the Distribution Agreement and the ancillary agreements.

Representations and Warranties. In general, neither we, Exelis, nor Xylem make any representations or warranties regarding any assets or liabilities transferred or assumed, any consents or approvals that may be required in connection with such transfers or assumptions, the value or freedom from any lien or other security interest of any assets transferred, the absence of any defenses relating to any claim of either party or the legal sufficiency of any conveyance documents, or any other matters. Except as expressly set forth in the Distribution Agreement or in any ancillary agreement, all assets will be transferred on an "as is," "where is" basis.

The Distribution. The Distribution Agreement governs the rights and obligations of the parties regarding the proposed distribution and certain actions that must occur prior to the proposed distribution, such as the election of officers and directors and the adoption of the amended and restated articles of incorporation and amended and restated by-laws.

Conditions. The Distribution Agreement provides that the distribution is subject to several conditions that must be satisfied or waived by ITT in its sole discretion. ITT may, in its sole discretion, at any time prior to the completion of the distribution decide to abandon or modify the distribution.

Termination. The Distribution Agreement provides that it may be terminated by ITT at any time in its sole discretion prior to the date of the distribution.

Release of Claims and Indemnification. We, Exelis and Xylem agree to broad releases pursuant to which we will each release the others and certain related persons specified in the Distribution Agreement from any claims against any of them that arise out of or relate to events, circumstances or actions occurring or failing to occur or alleged to occur or fail to occur or any conditions existing or alleged to exist at or prior to the time of the distribution. These releases are subject to certain exceptions set forth in the Distribution Agreement and the ancillary agreements.

The Distribution Agreement provides for cross-indemnities that, except as otherwise provided in the Distribution Agreement, are principally designed to place financial responsibility for the obligations and liabilities of each of the Exelis and Xylem businesses with Exelis and Xylem, respectively, and financial responsibility for the obligations and liabilities of ITT's business with ITT. Specifically, each party will, and will cause its subsidiaries and affiliates to, indemnify, defend and hold harmless the other parties, their respective affiliates and subsidiaries and each of their respective officers, directors, employees and agents for any losses arising out of or otherwise in connection with:

- n the liabilities or alleged liabilities each such party assumed or retained pursuant to the Distribution Agreement; and
- n any breach by such party of the Distribution Agreement or any ancillary agreement unless such ancillary agreement expressly provides for separate indemnification therein, in which case any such indemnification claims shall be made thereunder.

The amount of each party's indemnification obligations will be subject to reduction by any insurance proceeds received by the party being indemnified. The Distribution Agreement also specifies procedures with respect to claims subject to indemnification and related matters. Indemnification with respect to taxes will be governed solely by the Tax Matters Agreement described below.

Cash Adjustments: Prior to the Distribution, each of Exelis and Xylem will transfer funds to ITT or ITT will transfer funds to Exelis and Xylem so that each of the Exelis and Xylem book cash and cash equivalents balances in their accounts will be equal to \$200 million. The Distribution Agreement provides for a mechanism to adjust the book cash and cash equivalents balance among us, Exelis and Xylem should each of the Exelis and Xylem book cash and cash equivalents balance be greater than or less than \$200 million.

Insurance. Following the spin-off, each of Exelis and Xylem will be responsible for obtaining and maintaining their own insurance coverage, although Exelis and Xylem will continue to have coverage under certain of ITT's pre-spinoff insurance policies for certain matters that occurred prior to the spin-off.

Dispute Resolution. In the event of any dispute arising out of the Distribution Agreement, the general counsels of the parties and such other representatives as the parties designate will negotiate to resolve any disputes among the parties. If the parties are unable to resolve the dispute in this manner within 45 days then, unless agreed otherwise by the parties, the parties will submit the dispute to mediation for an additional period of 45 days. If the parties are unable to resolve the dispute in this manner, the dispute will be resolved through binding arbitration.

Other Matters Governed by the Distribution Agreement. Other matters governed by the Distribution Agreement include access to financial and other information, intellectual property, confidentiality, access to and provision of records and treatment of outstanding guarantees and similar credit support.

The foregoing description of the Distribution Agreement is not complete and is qualified in its entirety by reference to the Distribution Agreement, which is filed as Exhibit 10.1 hereto and incorporated herein by reference.

Benefits and Compensation Matters Agreement

On October 25, 2011, we entered into a Benefits and Compensation Matters Agreement with Exelis and Xylem that will govern the respective rights, responsibilities and obligations of Exelis, Xylem and us after the spin-off with respect to transferred employees, defined benefit pension plans, defined contribution pension plans, nonqualified pension plans, employee health and welfare benefit plans, incentive plans, corporate-owned life insurance, stock equity awards, foreign benefit plans, director plans and collective bargaining agreements. The Benefits and Compensation Matters Agreement provides for the allocation and treatment of assets and liabilities arising out of incentive plans, pension plans and employee welfare benefit programs in which Exelis and Xylem employees participated prior to the spin-off. Generally, Exelis and Xylem will assume or retain sponsorship of, and liabilities relating to, employee compensation and benefit programs relating to Exelis and Xylem current employees. The Benefits and Compensation Matters Agreement will also provide that outstanding ITT equity awards will be equitably adjusted in connection with the spin-off. We expect that all outstanding ITT equity awards held by current employees of Exelis as of the

distribution date will be substituted for Exelis equity awards and all outstanding ITT equity awards held by current employees of Xylem as of the distribution date will be substituted for Xylem equity awards pursuant to the Benefits and Compensation Matters Agreement. We expect that the substitution will preserve the economic value of the cancelled ITT equity awards for employees of Exelis and Xylem as of the distribution date. Subject to the applicable transition periods with respect to certain benefit plans or programs, after the spin-off, employees of Exelis and Xylem will no longer participate in ITT's plans or programs, and Exelis and Xylem will establish plans or programs for their employees as described in the Benefits and Compensation Matters Agreement. Exelis and Xylem will also establish or maintain plans and programs outside of the U.S. as may be required under applicable law or pursuant to the Benefits and Compensation Matters Agreement.

The foregoing description of the Benefits and Compensation Matters Agreement is not complete and is qualified in its entirety by reference to the Benefits and Compensation Matters Agreement, which is filed as Exhibit 10.2 hereto and incorporated herein by reference.

ITT Transitional Trademark License Agreement — Exelis

On October 25, 2011, a subsidiary of ITT entered into an ITT Transitional Trademark License Agreement with Exelis pursuant to which Exelis will license on a non-exclusive basis the right to use the ITT name and trademark in the Defense business for a transitional period while it phases out the use of such trademark in the operation of its business and on certain legacy products so long as they are in production.

The foregoing description of the ITT Transitional Trademark License Agreement — Exelis is not complete and is qualified in its entirety by reference to the ITT Transitional Trademark License Agreement — Exelis, which is filed as Exhibit 10.5 hereto and incorporated herein by reference.

Tax Matters Agreement

On October 25, 2011, we entered into a Tax Matters Agreement with Exelis and Xylem that govern the respective rights, responsibilities and obligations of Exelis, Xylem and us after the spin-off with respect to tax liabilities and benefits, tax attributes, tax contests and other tax sharing regarding U.S. Federal, state, local and foreign income taxes, other tax matters and related tax returns. As subsidiaries of ITT, Exelis and Xylem have (and will continue to have following the spin-off) several liability with ITT to the IRS for the consolidated U.S. Federal income taxes of the ITT consolidated group relating to the taxable periods in which Exelis and Xylem were part of that group. However, the Tax Matters Agreement specifies the portion, if any, of this tax liability for which ITT, Exelis and Xylem will bear responsibility, and ITT, Exelis and Xylem agree to indemnify each other against any amounts for which they are not responsible. The Tax Matters Agreement also provides special rules for allocating tax liabilities in the event that the spin-off is not tax-free. The Tax Matters Agreement provides for certain covenants that may restrict our ability to pursue strategic or other transactions that otherwise could maximize the value of our business and may discourage or delay a change of control that may be considered favorable. Though valid as between the parties, the Tax Matters Agreement will not be binding on the IRS.

The foregoing description of the Tax Matters Agreement is not complete and is qualified in its entirety by reference to the Tax Matters Agreement, which is filed as Exhibit 10.3 hereto and incorporated herein by reference.

Real Estate Matters — Xylem

On October 25, 2011, we entered into a Master Lease Agreement pursuant to which ITT, or certain of its subsidiaries, will lease certain real estate to or from Xylem, or certain of its subsidiaries, that is currently owned by ITT, or certain of its subsidiaries, but currently occupied and operated by one or both parties, in each case for a limited term to help ensure an orderly transition following the distribution.

On September 30, 2011, we entered into a Master Sublease Agreement pursuant to which ITT, or certain of its subsidiaries, will sublease certain real estate to or from Xylem, or certain of its subsidiaries, that is currently leased by ITT, or certain of its subsidiaries, but currently occupied and operated by one or both parties, in each case for a limited term to help ensure an orderly transition following distribution.

The foregoing description of the Master Lease Agreement and Master Sublease Agreement is not complete and is qualified in its entirety by reference to the Master Lease Agreement and Master Sublease Agreement, which are filed as Exhibit 10.6 hereto and incorporated herein by reference.

Transition Services Agreement

On October 25, 2011, we entered into a Master Transition Services Agreement with Exelis and Xylem, under which each of Exelis and Xylem or their respective affiliates will provide us with certain services, and we or certain of our affiliates will provide each of Exelis and Xylem certain services, for a limited time to help ensure an orderly transition for each of Exelis, Xylem and ITT following the distribution.

Under the Master Transition Services Agreement, Exelis and Xylem will receive certain services (including information technology, financial, procurement and human resource services, benefits support services and other specified services) from ITT, Exelis and/or Xylem, and ITT will provide certain services (including information technology, human resources services and other specified services) to Exelis and/or Xylem. We expect these services will be initially provided at cost with scheduled, escalating increases to up to cost plus 10% and are planned to extend for a period of 3 to 24 months in most circumstances.

The foregoing description of the Master Transition Services Agreement is not complete and is qualified in its entirety by reference to the Master Transition Services Agreement, which is filed as Exhibit 10.4 hereto and incorporated herein by reference.

Competitive Advance and Revolving Credit Facility Agreement

On October 25, 2011, ITT Corporation (the "Company"), as borrower, entered into a Four-Year Competitive Advance and Revolving Credit Facility Agreement (the "2011 Credit Agreement"), a senior unsecured revolving credit facility in an aggregate principal amount of up to \$500,000,000, effective as of October 31, 2011, with a syndicate of lenders arranged by J.P. Morgan Securities LLC, Citigroup Global Markets Inc., U.S. Bank National Association and The Bank of Tokyo-Mitsubishi Ufj, Ltd., as Lead Arrangers and Joint Bookrunners, JPMorgan Chase Bank, N.A., as Administrative Agent, and Citibank, N.A., as Syndication Agent, and Barclays Bank Plc, Société Générale, The Royal Bank of Scotland Plc, U.S. Bank National Association, The Bank of Tokyo-Mitsubishi Ufj, Ltd. and Wells Fargo Bank, N.A., as Documentation Agents.

The 2011 Credit Agreement provides for increases of up to \$200,000,000 for a possible maximum total of \$700,000,000 in aggregate principal amount at the request of the Company and with the consent of the institutions providing such increased commitments. The facility made available by the 2011 Credit Agreement will be for working capital and other general corporate purposes (including, without limitation, commercial paper backup), and to repay any amounts outstanding under the Three-Year Competitive Advance Revolving Credit Facility Agreement, dated as of August 9, 2010, among the Company, with a syndicate of lenders arranged by J.P. Morgan Securities Inc. and Citigroup Global Markets Inc., as Joint Lead Arrangers and Joint Bookrunners, JPMorgan Chase Bank, N.A., as Administrative Agent, and Citigroup Global Markets Inc., as Syndication Agent, and The Bank of Tokyo-Mitsubishi Ufj, Ltd., NY Branch, Société Générale, Wells Fargo Bank, N.A., Barclays Bank Plc, The Royal Bank of Scotland Plc and U.S. Bank National Association, as Documentation Agents (the "Existing Credit Agreement").

The 2011 Credit Agreement replaces the Existing Credit Agreement. Two borrowing options are available under the 2011 Credit Agreement: (i) a competitive advance option and (ii) a revolving credit option. The interest rates for the competitive advance option will be obtained from bids in accordance with competitive auction procedures. The interest rates under the revolving credit option will be based either on LIBOR plus spreads, which reflect the Company's debt ratings, or on the Administrative Agent's Alternate Base Rate. Borrowings under the 2011 Credit Agreement are available upon customary terms and conditions for facilities of this type, including a requirement to maintain a ratio of consolidated EBITDA to consolidated interest expense to be not less than 3.00 to 1.00 and a requirement to maintain a leverage ratio to be not greater than 3.00 to 1.00.

Amounts due under the 2011 Credit Facility may be accelerated, among other things, upon an event of default such as a breach of a covenant, material inaccuracy of a representation or the occurrence of bankruptcy, if not otherwise waived or cured. The lenders and the agents (and their respective subsidiaries or affiliates) under the 2011 Credit Agreement have in the past provided,

and may in the future provide, investment banking, underwriting, lending, commercial banking, trust and other advisory services to the Company, its subsidiaries or affiliates. These parties have received, and may in the future receive, customary compensation from the Company, its subsidiaries or affiliates, for such services.

The Company will guarantee the obligations of any of its subsidiaries who become subsidiary borrowers. In addition, significant domestic subsidiaries of the Company will jointly and severally guarantee the obligations of the Company and any subsidiary borrowers.

The foregoing description of the 2011 Credit Agreement is not complete and is qualified in its entirety by reference to the 2011 Credit Agreement, which is filed as Exhibit 10.7 hereto and incorporated herein by reference.

Mine Safety Disclosure

Pursuant to the reporting requirements under Section 1503(a) of the Dodd-Frank Act, the Company is providing the following information: one facility owned and operated by ITT Water and Wastewater Leopold, Inc. is regulated by the Federal Mine Health and Safety Act (MSHA). This facility is a coal processing facility located in Watsonstown, Pennsylvania. In August 2011, the Watsonstown facility was inspected by the MSHA and was issued a minor citation. Corrective actions have been taken and this citation has been terminated by the MSHA inspector.

ITEM 6. EXHIBITS

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

SIGNATURE

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

ITT Corporation

(Registrant)

By: /s/ JANICE M. KLETTNER

Janice M. Klettner
Vice President and Chief Accounting Officer
(Principal accounting officer)

October 28, 2011

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION	LOCATION
(3.1)	Amended and Restated By-laws of ITT Corporation	Incorporated by reference to Exhibit 3.1 of ITT Corporation's Form 8-K Current Report dated October 5, 2011 (CIK No. 216228, File No. 1-5672).
(4.1)	Indenture, dated as of September 20, 2011, between Exelis Inc., ITT Corporation, as guarantor, and Union Bank, N.A., as trustee	Incorporated by reference to Exhibit 4.1 of ITT Corporation's Form 8-K Current Report dated September 21, 2011 (CIK No. 216228, File No. 1-5672).
(4.2)	Indenture, dated as of September 20, 2011, between Xylem Inc., ITT Corporation, as guarantor, and Union Bank, N.A., as trustee	Incorporated by reference to Exhibit 4.2 of ITT Corporation's Form 8-K Current Report dated September 21, 2011 (CIK No. 216228, File No. 1-5672).
(4.3)	Form of Exelis Inc. 4.250% Senior Notes due 2016	Incorporated by reference to Exhibit 4.3 of ITT Corporation's Form 8-K Current Report dated September 21, 2011 (CIK No. 216228, File No. 1-5672).
(4.4)	Form of Exelis Inc. 4.250% Senior Notes due 2021	Incorporated by reference to Exhibit 4.4 of ITT Corporation's Form 8-K Current Report dated September 21, 2011 (CIK No. 216228, File No. 1-5672).
(4.5)	Form of Exelis Inc. 4.250% Senior Notes due 2016	Incorporated by reference to Exhibit 4.5 of ITT Corporation's Form 8-K Current Report dated September 21, 2011 (CIK No. 216228, File No. 1-5672).
(4.6)	Form of Exelis Inc. 4.250% Senior Notes due 2021	Incorporated by reference to Exhibit 4.6 of ITT Corporation's Form 8-K Current Report dated September 21, 2011 (CIK No. 216228, File No. 1-5672).
(4.7)	Registration Rights Agreement, dated as of September 20, 2011, between Exelis Inc., ITT Corporation and Barclays Capital Inc., Citigroup Global Markets Inc. and J.P. Morgan Securities LLC, as representatives of the Initial Purchasers	Incorporated by reference to Exhibit 4.7 of ITT Corporation's Form 8-K Current Report dated September 21, 2011 (CIK No. 216228, File No. 1-5672).
(4.8)	Registration Rights Agreement, dated as of September 20, 2011, between Xylem Inc., ITT Corporation and J.P. Morgan Securities LLC, RBS Securities Inc. and Wells Fargo Securities, LLC., as representatives of the Initial Purchasers	Incorporated by reference to Exhibit 4.8 of ITT Corporation's Form 8-K Current Report dated September 21, 2011 (CIK No. 216228, File No. 1-5672).
(10.1)	Distribution Agreement, dated as of October 25, 2011, among ITT Corporation, Xylem Inc. and Exelis Inc.	Filed herewith.
(10.2)	Benefits and Compensation Matters Agreement, dated as of October 25, 2011, among ITT Corporation, Xylem Inc. and Exelis Inc.	Filed herewith.
(10.3)	Tax Matters Agreement, dated as of October 25, 2011, among ITT Corporation, Xylem Inc. and Exelis Inc.	Filed herewith.
(10.4)	Master Transition Services Agreement, dated as of October 25, 2011, among ITT Corporation, Xylem Inc. and Exelis Inc.	Filed herewith.
(10.5)	ITT Transitional Trademark License Agreement — Exelis, dated as of October 25, 2011, between ITT Manufacturing Enterprises LLC and Exelis Inc.	Filed herewith.

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EXHIBIT NUMBER	DESCRIPTION	LOCATION
(10.6)	Master Lease Agreement and Master Sublease Agreement, dated as of October 25, 2011 and September 30, 2011, respectively	Filed herewith.
(10.7)	Four-Year Competitive Advance and Revolving Credit Facility Agreement, dated as of October 25, 2011 among ITT Corporation and Other Parties Signatory Thereto	Filed herewith.
(31.1)	Certification pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith.
(31.2)	Certification pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith.
(32.1)	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	This Exhibit is intended to be furnished in accordance with Regulation S-K Item 601(b) (32) (ii) and shall not be deemed to be filed for purposes of Section 18 of the Securities Exchange Act of 1934 or incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except as shall be expressly set forth by specific reference.
(32.2)	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	This Exhibit is intended to be furnished in accordance with Regulation S-K Item 601(b) (32) (ii) and shall not be deemed to be filed for purposes of Section 18 of the Securities Exchange Act of 1934 or incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except as shall be expressly set forth by specific reference.
(101)	The following materials from ITT Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011, formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Condensed Income Statements, (ii) Consolidated Condensed Statements of Comprehensive Income, (iii) Consolidated Condensed Balance Sheets, (iv) Consolidated Condensed Statements of Cash Flows and (v) Notes to Consolidated Condensed Financial Statements	Submitted electronically with this report.

DISTRIBUTION AGREEMENT

by and among

ITT CORPORATION,

EXELIS INC.

and

XYLEM INC.

Dated as of October 25, 2011

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DISTRIBUTION AGREEMENT

DISTRIBUTION AGREEMENT (this "Agreement"), dated as of October 25, 2011, by and among ITT Corporation, an Indiana corporation ("ITT"), Exelis Inc., an Indiana corporation ("Exelis") and Xylem Inc., an Indiana corporation ("Xylem"). Each of ITT, Exelis and Xylem is sometimes referred to herein as a "Party" and collectively, as the "Parties". Capitalized terms used and not defined herein shall have the meaning set forth in Section 1.1.

WITNESSETH:

WHEREAS, ITT, acting through its direct and indirect Subsidiaries, currently conducts a number of businesses, including (i) the ITT Retained Business (as defined herein), (ii) the Defense Business (as defined herein) and (iii) the Water Business (as defined herein);

WHEREAS, the Board of Directors of ITT (the "Board") has determined that it is appropriate, desirable and in the best interests of ITT, its shareholders and its other constituents, to separate ITT into three separate, publicly traded companies, one for each of (i) the ITT Retained Business, which shall be owned and conducted, directly or indirectly, by ITT, (ii) the Defense Business, which shall be owned and conducted, directly or indirectly, by Exelis and (iii) the Water Business, which shall be owned and conducted, directly or indirectly, by Xylem;

WHEREAS, in order to effect such separation, the Board has determined that it is appropriate, desirable and in the best interests of ITT, its shareholders and other constituents (i) to enter into a series of transactions after giving effect to which (A) ITT and/or one or more of its Subsidiaries will, collectively, own all of the ITT Retained Assets (as defined herein) and assume (or retain) all of the ITT Retained Liabilities (as defined herein), (B) Exelis and/or one or more of its Subsidiaries will, collectively, own all of the Defense Assets and assume (or retain) all of the Defense Liabilities and (C) Xylem and/or one or more of its Subsidiaries will, collectively, own all of the Water Assets and assume (or retain) all of the Water Liabilities and (ii) for ITT to distribute to the holders of its common stock, par value \$1 per share ("ITT Common Stock"), on a pro rata basis (in each case without consideration being paid by such shareholders) (A) all of the outstanding shares of common stock, par value \$.01 per share, of Exelis (the "Exelis Common Stock") and (B) all of the outstanding shares of common stock, par value \$.01 per share, of Xylem (the "Xylem Common Stock") (such transactions as they may be amended or modified from time to time, collectively, the "Plan of Separation");

WHEREAS, each of ITT, Exelis and Xylem has determined that it is necessary and desirable, on or prior to the Effective Time (as defined herein), (i) to allocate and transfer to the applicable Party or its Subsidiaries those Assets, and to allocate and assign to the applicable Party or its Subsidiaries responsibility for those Liabilities, in respect of the activities of the applicable Businesses of such entities and (ii) to allocate, transfer and assign, as applicable, those Assets and Liabilities in respect of other current and former businesses and activities of ITT and its current and former Subsidiaries;

WHEREAS, it is the intention of the Parties that each of the contributions of Assets to, and the assumption of Liabilities by, Exelis and Xylem together with the corresponding distribution of all of the Exelis Common Stock and the Xylem Common Stock, respectively, qualifies as a reorganization within the meaning of Sections 368(a)(1)(D) and 355 of the Internal Revenue Code of 1986, as amended (the "Code") and that this Agreement is, and is hereby adopted as, a "plan of reorganization" under Section 368 of the Code;

WHEREAS, each of ITT, Exelis and Xylem has determined that it is necessary and desirable to set forth the principal corporate transactions required to effect the Plan of Separation and each

Distribution and to set forth other agreements that will govern certain other matters following the Effective Time.

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

ARTICLE I
DEFINITIONS AND INTERPRETATION

Section 1.1. General. As used in this Agreement, the following terms shall have the following meanings:

- (1) "Action" shall mean any demand, action, claim, suit, countersuit, arbitration, inquiry, subpoena, case, litigation, proceeding or investigation (whether civil, criminal, administrative or investigative) by or before any court or grand jury, any Governmental Entity or any arbitration or mediation tribunal.
- (2) "Affiliate" shall mean, when used with respect to a specified Person, a Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with such specified Person. For the purposes of this definition, "control", when used with respect to any specified Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other interests, by Contract or otherwise. It is expressly agreed that no Party or member of any Group shall be deemed to be an Affiliate of another Party or member of such other Party's Group by reason of having one or more directors in common or by reason of having been under common control of ITT or ITT's shareholders prior to or, in case of ITT's shareholders, after, the Effective Time.
- (3) "Ancillary Agreements" shall mean all of the written Contracts, instruments, assignments, licenses, guarantees, indemnities or other arrangements (other than this Agreement) entered into in connection with the transactions contemplated hereby, including the Conveyancing and Assumption Instruments, the Transition Services Agreement, the Benefits and Compensation Matters Agreement, the Tax Matters Agreement, the License Agreements, the IP Assignments, the Master Lease Agreement and the Master Sublease Agreement (the Transition Services Agreement, the Benefits and Compensation Matters Agreement, the Tax Matters Agreement, the License Agreements, the IP Assignments, the Master Lease Agreement and the Master Sublease Agreement, collectively, the "Specified Ancillary Agreements").
- (4) "Applicable Exelis Percentage" shall mean thirty-nine percent (39%).
- (5) "Applicable ITT Percentage" shall mean twenty-one percent (21%).
- (6) "Applicable Percentage" shall mean (i) as to ITT, the Applicable ITT Percentage, (ii) as to Exelis, the Applicable Exelis Percentage and (iii) as to Xylem, the Applicable Xylem Percentage.
- (7) "Applicable Xylem Percentage" shall mean forty percent (40%).

(8) "Asset Transferors" shall mean the entities transferring Assets to a Defense Asset Transferee, an ITT Asset Transferee or a Water Asset Transferee in order to consummate the transactions contemplated hereby or by the Plan of Separation.

(9) "Assets" shall mean assets, properties, claims, Intellectual Property and other rights (including goodwill), wherever located (including in the possession of vendors or other third parties or elsewhere), of every kind, character and description, whether real, personal or mixed, tangible, intangible or contingent. Except as otherwise specifically set forth herein or in the Tax Matters Agreement, the rights and obligations of the Parties with respect to Taxes shall be governed by the Tax Matters Agreement and, therefore, Taxes shall not be treated as Assets.

(10) "Assume" shall have the meaning set forth in Section 2.2(c); and the terms "Assumed" and "Assumption" shall have their correlative meanings.

(11) "Benefits and Compensation Matters Agreement" shall mean the Benefits and Compensation Matters Agreement by and among ITT, Exelis and Xylem, in the form attached hereto as Exhibit A.

(12) "Business" shall mean the ITT Retained Business, the Water Business or the Defense Business, as applicable.

(13) "Business Day:" means any day that is not a Saturday, a Sunday or any other day on which banks are required or authorized by Law to be closed in The City of New York.

(14) "Business Entity:" shall mean any corporation, partnership, limited liability company, joint venture or other entity which may legally hold title to Assets.

(15) "Change in Control" shall mean, with respect to any of ITT, Exelis or Xylem, the occurrence of any one of the following after the Effective Time: (i) the direct or indirect Transfer (other than by way of merger, amalgamation, arrangement or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of ITT, Exelis or Xylem, as applicable, and those of such Party's Subsidiaries, taken as a whole, to one or more Persons, other than to such Party or one of such Party's Subsidiaries; (ii) the first day on which a majority of the members of the board of directors of ITT, Exelis or Xylem, as applicable, is not composed of Continuing Directors; (iii) the consummation of any transaction including any merger, amalgamation, arrangement or consolidation the result of which is that any Person becomes the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of ITT, Exelis or Xylem, as applicable; (iv) any of ITT, Exelis or Xylem, as applicable, consolidate with, or merge with or into, any Person, or any Person consolidates with, or merges with or into, any of ITT, Exelis or Xylem, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of ITT, Exelis or Xylem, as applicable, or of such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the shares of such Party's Voting Stock outstanding immediately prior to such transaction constitute, or are converted into or exchanged for, a majority of the Voting Stock of the surviving Person immediately after giving effect to such transaction; or (v) the adoption of a plan relating to the liquidation or dissolution (other than a liquidation into a newly formed holding company) of ITT, Exelis or Xylem, as applicable. Notwithstanding the foregoing, a transaction described in clause (iii) above will not be deemed to involve a Change in Control if (a) ITT, Exelis or Xylem, as applicable, becomes a direct or indirect wholly-owned subsidiary of a holding company (which shall include a parent company) and (b)(A) the direct or indirect holders of the Voting Stock of such holding company immediately following that transaction are substantially the same as, and

hold in substantially the same proportions as, the holders of such Party's Voting Stock immediately prior to that transaction or (B) immediately following that transaction no Person (other than a holding company satisfying the requirements of this sentence) is the beneficial owner, directly or indirectly of more than 50% of the then outstanding Voting Stock, measured by voting power, of such holding company. Following any such transaction, references in this definition to ITT, Exelis or Xylem, as applicable, shall be deemed to refer to such holding company. For the purposes of this definition, "person" and "beneficial owner" have the meanings used in Section 13(d) of the Securities Exchange Act of 1934.

(16) "Claims Administration" shall mean the processing of claims made under the Company Policies, including the reporting of losses or claims to insurance carriers (including as a result of reports provided to ITT by Exelis or Xylem), management and defense of claims, the settlement of claims and providing for appropriate releases upon settlement of claims.

(17) "Commission" shall mean the United States Securities and Exchange Commission.

(18) "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 the ITT Retained Business, the Water Business or the Defense Business, or current or past directors, officers, employees or agents of any of the foregoing Businesses, including the Policies identified on Schedule 10.1 hereto.

(19) "Confidential Information" shall mean all non-public, confidential or proprietary Information concerning a Party and/or its Subsidiaries or their past, current or future activities, businesses, finances, assets, liabilities or operations, including any such Information that was acquired by any Party after the Effective Time pursuant to Section 2.6(e), Article VIII or otherwise in accordance with this Agreement, or that was provided to a Party by a third party in confidence, except for any Information that is (i) in the public domain or known to the industry through no fault of the receiving Party or its Subsidiaries, (ii) lawfully acquired after the Effective Time by such Party or its Subsidiaries from other sources not known to be subject to confidentiality obligations with respect to such Information or (iii) independently developed by the receiving Party after the Effective Time without reference to any Confidential Information.

(20) "Consents" shall mean any consents, waivers or approvals from, or notification requirements to, any Person other than a Governmental Entity.

(21) "Continuing Arrangements" shall mean those arrangements set forth on Schedule 1.1(21) and such other commercial arrangements among the Parties that are intended to survive and continue following the Effective Time as expressly set forth in the Transition Services Agreement; provided, however, that for the avoidance of doubt, Continuing Arrangements shall not apply to Third Party Agreements.

(22) "Continuing Directors" shall mean, as of any date of determination, any member of the board of directors of ITT, Exelis or Xylem, as applicable, who (i) was a member of such Party's board of directors at the Effective Time; or (2) was nominated for election, elected or appointed to such Party's board of directors with the approval of a majority of the Continuing Directors who were members of such Party's board of directors at the time of such nomination, election or appointment (either by a specific vote or by approval by such directors of the proxy statement of such Party in which such member was named as a nominee for election as a director).

(23) "Contract" shall mean any agreement, contract, subcontract, obligation, binding understanding, note, indenture, instrument, option, lease, promise, arrangement, release, warranty, license, sublicense, insurance policy, benefit plan, purchase order or legally binding commitment or undertaking of any nature (whether written or oral and whether express or implied).

(24) "Conveyancing and Assumption Instruments" shall mean, collectively, the various Contracts, resolutions and other documents heretofore entered into and to be entered into to effect the Transfer of Assets and the Assumption of Liabilities in the manner contemplated by this Agreement and the Plan of Separation, or otherwise relating to, arising out of or resulting from the transactions contemplated by this Agreement, in such form or forms as the applicable Parties thereto agree.

(25) "Defense Asset Transferees" shall mean the Defense Entities to which Defense Assets shall be or have been transferred by an Asset Transferor in order to consummate the transactions contemplated hereby or by the Plan of Separation.

(26) "Defense Assets" shall mean those Assets that are owned, leased or licensed at or prior to the Effective Time, by IIT and/or any of its Subsidiaries, relating primarily to, used primarily in, or arising primarily from, the Defense Business; provided that no Assets used by more than one Business shall be deemed to be Defense Assets solely because the Defense Business represents the greatest percentage of IIT's revenues, profits or employees or otherwise is the primary user of such Assets on account thereof, and shall include:

(i) any and all Assets reflected on the Exelis Balance Sheet or the accounting records supporting such balance sheet and any Assets acquired by or for Exelis or any member of the Defense Group subsequent to the date of the Exelis Balance Sheet which, had they been so acquired on or before such date and owned as of such date, would have been reflected on the Exelis Balance Sheet if prepared on a consistent basis, subject to any dispositions of any of such Assets subsequent to the date of the Exelis Balance Sheet;

(ii) all Assets of the divisions set forth on Schedule 1.1(26)(ii) (such divisions, the "Defense Divisions") relating primarily to, used primarily in, or arising primarily from, the Defense Business;

(iii) the Assets set forth on Schedule 1.1(26)(iii) and any and all other Assets that are expressly contemplated by this Agreement or any Ancillary Agreement as Assets which have been or are to be Transferred to Exelis or any other member of the Defense Group;

(iv) the ownership interests in those Business Entities set forth on Schedule 1.1(26)(iv) (such entities, the "Defense Entities"), other than Exelis;

(v) all rights, title and interest in and to the owned real property set forth on Schedule 1.1(26)(v), including all land and land improvements, structures, buildings and building improvements, other improvements, fixtures and appurtenances located thereon;

(vi) all right, title and interest in, to and under the leases or subleases of the real property set forth on Schedule 1.1(26)(vi) (the "Defense Leases"), including, to the extent provided for in the Defense Leases, any land and land improvements, structures,

buildings and building improvements, other improvements and appurtenances located thereon;

(vii) to the extent not provided in clauses (v) and (vi) of this definition, all fixtures, machinery, equipment, apparatuses, computer hardware and other electronic data processing and communications equipment, tools, instruments, furniture, office equipment, automobiles, trucks, aircraft and other transportation equipment, special and general tools, test devices, molds, tooling, dies, prototypes and models and other tangible personal property located at a physical site of which the ownership or leasehold interest remains with or is being Transferred to a member of the Defense Group, except as otherwise expressly provided in this Agreement or in the Transition Services Agreement;

(viii) all inventories, including products, goods, materials, parts, raw materials, work-in-process and supplies, relating primarily to, used primarily in, or arising primarily from, the Defense Business;

(ix) all Defense Contracts and any rights or claims arising thereunder;

(x) all Intellectual Property relating primarily to, used primarily in, or arising primarily from, the Defense Business, including the registrations and applications set forth on Schedule 1.1(26)(g), subject, as applicable, to any License Agreement;

(xi) all licenses, permits, approvals and authorizations which have been issued by any Governmental Entity and which relate primarily to, are used primarily in, or arise primarily from, the Defense Business;

(xii) all Information (including information used in creating the Exelis Form 10) relating primarily to, used primarily in, or arising primarily from, the Defense Business; provided, however, that to the extent any Information used in the Defense Business is (A) commingled with information used in the ITT Retained Business or the Water Business or (B) recorded in the ITT Group's or the Water Group's electronic systems, stored in facilities owned or leased by the ITT Group or the Water Group or stored in third party storage facilities pursuant to storage arrangements to which the ITT Group and/or the Water Group is party as of the Effective Time, then (1) the original version of such Information: in the event of clause (A) of this Section 1.1.26(xii), shall be retained by ITT in accordance with Schedule 8.1(b) hereto and all Parties shall have equal rights to use such information and in the event of clause (B) of this Section 1.1.26(xii), shall remain in such electronic systems or storage facilities, as applicable, and be retained in accordance with Schedule 8.1(b); (2) Exelis shall have the right to access such Information and make reasonable copy thereof and (3) any such copy shall be included in the Defense Assets; provided, further, with respect to clauses (A) and (B) of this Section 1.1.26(xii), that to the extent such copy shall not have been made prior to the Effective Time, subject to the reimbursement of the actual out-of-pocket expenses (which shall not include the costs of salaries and benefits of employees of such Party or any pro rata portion of overhead or other costs of employing such employees which would have been incurred by such employees' employer regardless of the employees' service with respect to the foregoing) incurred by the Party retaining the original version of such Information in providing access to such Information and to the provisions of this Agreement, Exelis shall have the right to access such Information and make such copy at any time following the Effective Time and such copy shall be included in the Defense Assets;

(xiii) all deposits, prepaid expenses, letters of credit and performance and surety bonds relating primarily to, used primarily in, or arising primarily from, the Defense Business;

(xiv) all bonds, notes, debentures or other debt securities issued by any Person and held by any member of the Defense Group, all loans, advances or other extensions of credit or capital contributions to any Person on the books of any member of the Defense Group and all other investments in securities of any Person held by any member of the Defense Group;

(xv) subject to Article X, any rights of any member of the Defense Group under any Policies, including any rights thereunder arising after the Effective Time in respect of any Policies that are occurrence policies and all rights in the nature of insurance, indemnification or contribution; provided, that ownership of the Company Policies shall remain with the ITT Group; and

(xvi) any claims, counterclaims, setoffs, rights of recoupment, equity rights or defenses, whether known or unknown, that ITT and/or any of its Subsidiaries may have with respect to any Defense Assets or Defense Liabilities.

Notwithstanding the foregoing, the Defense Assets shall not include any Assets that are expressly contemplated by this Agreement or by any Specified Ancillary Agreement (or the Schedules hereto or thereto) as Assets to be retained by or Transferred to any member of the ITT Group or the Water Group, as the case may be, including any Assets (A) specified in clauses (i) through (xvi) of the definition of ITT Retained Assets, or (B) specified in clauses (i) through (xvi) of the definition of Water Assets.

(27) "Defense Business" shall mean the businesses conducted through the Electronic Systems, Geospatial Systems, Information Systems and Mission Systems segments of ITT prior to the Effective Time, including, for the avoidance of doubt, the businesses of (i) the Defense Entities and the Defense Divisions, (ii) any other division, Subsidiary, line of business or investment of ITT or any of its Subsidiaries managed or operated prior to the Effective Time by any Defense Entity, unless such other division, Subsidiary, line of business or investment is an ITT Retained Entity, an ITT Retained Division, a Water Entity or a Water Division and (iii) those business entities acquired or established by or for Exelis or any of the Subsidiaries thereof after the Effective Time.

(28) "Defense Contracts" shall mean the following Contracts to which ITT or any of its Subsidiaries is a party as of the date hereof or becomes a party prior to the Effective Time or becomes a party after the Effective Time in respect of quotations, proposals and bids that were pending as of the date hereof or by which it or any of its Subsidiaries or any of their respective Assets is bound as of the date hereof or becomes bound prior to the Effective Time, whether or not in writing, except for any such Contract or part thereof (i) that is expressly contemplated not to be Transferred by any member of the ITT Group or the Water Group to the Defense Group or (ii) that is expressly contemplated to be Transferred to (or remain with) any member of the ITT Group or the Water Group, in each case, pursuant to any provision of this Agreement or any Specified Ancillary Agreement:

(i) any Contract entered into in the name of, or expressly on behalf of, any division, business unit or member of the Defense Group;

(ii) any Contract that relates primarily to the Defense Business, including any contract providing for the acquisition or disposition of a Defense Entity or Defense Assets;

(iii) any Contract that relates primarily to the Defense Business that was awarded after the Effective Time and for which the quotation, proposal, or bid was pending as of the date hereof;

(iv) any Contract that represents or underlies any Defense Assets or Defense Liabilities;

(v) any Contract or part thereof that is otherwise expressly contemplated pursuant to this Agreement (including pursuant to Section 2.2(b)) or any of the Ancillary Agreements to be assigned to any member of the Defense Group; and

(vi) any guarantee, indemnity, representation or warranty of or in favor of any member of the Defense Group.

(29) "Defense Group" shall mean Exelis and each Person that is a direct or indirect Subsidiary of Exelis immediately after the Effective Time, and each Person that becomes a Subsidiary of Exelis after the Effective Time, and shall include the Defense Entities.

(30) "Defense Indemnitees" shall mean each member of the Defense Group and each of their respective Affiliates from and after the Effective Time and each member of the Defense Group's and such respective Affiliates' respective directors, officers, employees and agents and each of the heirs, executors, successors and assigns of any of the foregoing.

(31) "Defense Liabilities" shall mean any and all Liabilities relating primarily to, arising primarily out of or resulting primarily from: (a) the operation or conduct of the Defense Business, as conducted at any time prior to, on or after the Effective Time (including any Liability relating to, arising out of or resulting from any act or failure to act by any director, officer, employee, agent or representative (whether or not such act or failure to act is or was within such Person's authority) of the Defense Group); (b) the operation or conduct of any business conducted by any member of the Defense Group at any time after the Effective Time (including any Liability relating to, arising out of or resulting from any act or failure to act by any director, officer, employee, agent or representative (whether or not such act or failure to act is or was within such Person's authority) of the Defense Group); or (c) any Defense Assets, whether arising prior to, on or after the Effective Time, including:

(i) any and all Liabilities reflected on the Exelis Balance Sheet or the accounting records supporting such balance sheet and any Liabilities incurred by or for Exelis or any member of the Defense Group subsequent to the date of the Exelis Balance Sheet which, had they been so incurred on or before such date, would have been reflected on the Exelis Balance Sheet if prepared on a consistent basis, subject to any discharge of any of such Liabilities subsequent to the date of the Exelis Balance Sheet;

(ii) any Liabilities to the extent relating to, arising out of or resulting from, the Defense Contracts;

(iii) the Applicable Exelis Percentage of any Shared Contingent Liability;

(iv) the liabilities set forth on Schedule 1.1(31)(iv) (the “Specified Defense Liabilities”);

(v) any Liabilities assumed or retained by the Defense Group pursuant to this Agreement or the Ancillary Agreements;

(vi) any Liabilities arising prior to, at or after the Effective Time for any infringement by the Defense Business of the Intellectual Property of any other Person or breach by the Defense Business of any Contract relating to Intellectual Property;

(vii) all Liabilities arising prior to, at or after the Effective Time to the extent resulting from any (A) violation prior to the Effective Time of any Environmental Laws by the Defense Group, any Defense Discontinued Operation or the conduct of the Defense Business, (B) use, treatment, or disposal prior to the Effective Time of Materials of Environmental Concern by or on behalf of the Defense Group, any Defense Discontinued Operation or in the conduct of the Defense Business or (C) presence of Materials of Environmental Concern at, or release of Materials of Environmental Concern from, any Defense Assets or any Defense Discontinued Operation; provided that Liabilities of the type described in this subsection (vii) relating to real estate that is an ITT Retained Asset or a Water Asset pursuant to this Agreement, shall not be Defense Liabilities but shall instead be, respectively, ITT Retained Liabilities and Water Liabilities;

(viii) any Liabilities relating to, arising out of or resulting from, any division, Subsidiary, line of business or investment of ITT or any of its Subsidiaries managed or operated at any time prior to the Effective Time by the Defense Entities and sold, transferred or otherwise discontinued prior to the Effective Time, including the divisions, Subsidiaries, lines of business or investments set forth on Schedule 1.1(31)(vii), unless such division, Subsidiary, line of business or investment is listed on Schedule 1.1(69)(viii) or Schedule 1.1(101)(viii) (each such division, Subsidiary, line of business or investment, a “Defense Discontinued Operation”);

(ix) for the avoidance of doubt, any Liabilities relating primarily to, arising primarily out of or resulting primarily from, the operation or conduct of the Defense Business by any Business Entity that is an ITT Retained Entity or a Water Entity under this Agreement but has conducted the Defense Business at any time prior to the Effective Time;

(x) any Liabilities relating to, arising out of or resulting from any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated in the Exelis Form 10 or the Exelis Offering Memorandum, or necessary to make the statements therein not misleading, with respect to all information contained in, or incorporated by reference into, the Exelis Form 10, the Exelis Offering Memorandum and any other Disclosure Documents filed by Exelis in connection with the Distribution or as contemplated by this Agreement, other than with respect to the ITT Disclosure Sections;

(xi) Specified Shared Expenses to the extent provided in Section 5.3;

(xii) for the avoidance of doubt, and without limiting any other matters that may constitute Defense Liabilities, any Liabilities relating to, arising out of or resulting from the claims, proceedings, litigation and disputes listed on [Schedule 1.1\(31\)\(xii\)](#); and

(xiii) any Liabilities relating primarily to, arising primarily out of or resulting primarily from, a workers compensation claim brought by or on behalf of an employee employed at any time in the Defense Business or any Defense Discontinued Operation, except in the case where such employee was employed in either the Water Business or any Water Discontinued Operation or the ITT Retained Business or any ITT Discontinued Operation subsequent to such employee's final employment in the Defense Business or Defense Discontinued Operations, as applicable, in which case the Liability shall be retained by Xylem or ITT, respectively.

Notwithstanding the foregoing, the Defense Liabilities shall not include any Liabilities that are expressly (A) contemplated by this Agreement or by any Specified Ancillary Agreement (or the Schedules hereto or thereto) as Liabilities to be Assumed by any member of the ITT Group or the Water Group, as the case may be, including any Liabilities specified (1) in the definition of ITT Retained Liabilities, including clauses (i) through (xiii) thereof, or (2) in clauses (i) through (xiii) of the definition of Water Liabilities, or (B) discharged pursuant to [Section 2.4](#) of this Agreement.

(32) "[Disclosure Documents](#)" shall mean any registration statement (including any registration statement on Form 10) or other document filed with the Commission by or on behalf of any Party or any of its controlled Affiliates, and also includes any information statement, prospectus, offering memorandum, offering circular or similar disclosure document, whether or not filed with the Commission or any other Governmental Entity, which offers for sale or registers the Transfer or distribution of any security of such Party or any of its controlled Affiliates.

(33) "[Distribution](#)" shall mean, collectively, the Exelis Distribution and the Xylem Distribution.

(34) "[Distribution Agent](#)" shall mean The Bank of New York Mellon.

(35) "[Distribution Date](#)" shall mean the date on which ITT distributes all of the issued and outstanding shares of Exelis Common Stock and Xylem Common Stock to the holders of ITT Common Stock.

(36) "[Distribution Record Date](#)" shall mean such date as may be determined by ITT's Board as the record date for the Distribution.

(37) "[Effective Time](#)" shall mean 12:01 a.m., New York time, on the Distribution Date.

(38) "[Environmental Laws](#)" shall mean all Laws relating to pollution, protection of the environment, or protection against harmful or deleterious substances.

(39) "[Excluded Policies](#)" shall mean (i) the Policies listed on [Schedule 10.9\(a\)](#) and (ii) the Policies issued prior to 1986 that insure the Business Entities or Assets directly or indirectly acquired in the transactions set forth on [Schedule 10.9\(b\)](#).

- (40) "Exelis Balance Sheet" shall mean the pro forma balance sheet of the Defense Group, including the notes thereto, as of June 30, 2011, included in the Exelis Form 10.
- (41) "Exelis Offering Memorandum" shall mean the offering memorandum, dated September 15, 2011, relating to the private offering by Exelis Inc. of senior unsecured notes.
- (42) "Exelis Common Stock" shall have the meaning set forth in the recitals hereto.
- (43) "Exelis 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 the Exelis Common Stock owned by ITT on the basis of one (1) share of Exelis Common Stock for each outstanding share of ITT Common Stock.
- (44) "Exelis Form 10" shall mean the registration statement on Form 10 (Registration No. 001-35228) filed by Exelis with the Commission under the Securities Exchange Act of 1934, as amended, in connection with the Exelis Distribution, including any amendment or supplement thereto.
- (45) "Exelis Information Statement" shall mean the Information Statement attached as an exhibit to the Exelis Form 10 to be sent to the holders of shares of ITT Common Stock in connection with the Exelis Distribution, including any amendment or supplement thereto.
- (46) "Exelis Target Cash Balance" shall mean \$200 million.
- (47) "Final Determination" shall have the meaning set forth in the Tax Matters Agreement.
- (48) "Financing Arrangements" shall mean (i) the senior unsecured notes to be issued by each of Exelis and Xylem on or prior to the Distribution Date and (ii) the four-year unsecured senior revolving credit facilities to be entered into by each of Exelis and Xylem on or prior to the Distribution Date.
- (49) "Force Majeure" shall mean, with respect to a Party, an event beyond the control of such Party (or any Person acting on its behalf), which by its nature could not have been foreseen by such Party (or such Person), or, if it could have been foreseen, was unavoidable, and includes acts of God, storms, floods, riots, labor unrest, pandemics, nuclear incidents, fires, sabotage, civil commotion or civil unrest, interference by civil or military authorities, acts of war (declared or undeclared) or armed hostilities or other national or international calamity or one or more acts of terrorism or failure of energy sources or distribution facilities.
- (50) "Governmental Approvals" shall mean any notices or reports to be submitted to, or other registrations or filings to be made with, or any consents, approvals, licenses, permits or authorizations to be obtained from, any Governmental Entity.
- (51) "Governmental Entity" shall mean any nation or government, any state, municipality or other political subdivision thereof and any entity, body, agency, commission, department, board, bureau or court, whether domestic, foreign or multinational, exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any executive official thereof.

(52) “Group” shall mean (i) with respect to ITT, the ITT Group, (ii) with respect to Exelis, the Defense Group and (iii) with respect to Xylem, the Water Group.

(53) “Income Taxes” shall have the meaning set forth in the Tax Matters Agreement.

(54) “Indebtedness” shall mean, with respect to any Person, (i) the principal value, prepayment and redemption premiums and penalties (if any), unpaid fees and other monetary obligations in respect of any indebtedness for borrowed money, whether short term or long term, including all obligations evidenced by bonds, debentures, notes, other debt securities or similar instruments, (ii) any indebtedness arising under any capital leases (excluding, for the avoidance of doubt, any real estate leases), whether short term or long term, (iii) all liabilities secured by any lien on any assets of such Person, (iv) all liabilities under any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement or other similar agreement designed to protect such Person against fluctuations in interest rates, (v) all interest bearing indebtedness for the deferred purchase price of property or services, (vi) all liabilities under any letters of credit, performance bonds, bankers acceptances or similar obligations, (vii) all interest, fees and other expenses owed with respect to indebtedness described in the foregoing clauses (i) through (vi), and (viii) without duplication, all guarantees of indebtedness referred to in the foregoing clauses (i) through (vii).

(55) “Indemnifiable Loss” and “Indemnifiable Losses” shall mean any and all damages, losses, deficiencies, Liabilities, obligations, penalties, judgments, settlements, claims, payments, fines, interest, costs and expenses (including the costs and expenses of any and all Actions and demands, assessments, judgments, settlements and compromises relating thereto and the reasonable costs and expenses of attorneys’, accountants’, consultants’ and other professionals’ fees and expenses incurred in the investigation or defense thereof or the enforcement of rights hereunder), excluding special, consequential, reputational, indirect or punitive damages (other than special, consequential, indirect, reputational and/or punitive damages awarded by a court of competent jurisdiction in connection with a Third Party Claim (and in such a case, only to the extent awarded in such Third Party Claim)) and/or Liabilities or requirements related to Taxes.

(56) “Information” shall mean information, content, and data in written, oral, electronic, computerized, digital or other tangible or intangible media, including (i) books and records, whether accounting, legal or otherwise, ledgers, studies, reports, surveys, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, marketing plans, customer names and information, communications, correspondence, materials, product literature, artwork, files, documents, policies, procedures and manuals, research and analyses of any nature, including operational, technical or legal and (ii) financial and business information, including earnings reports and forecasts, macro-economic reports and forecasts, all cost information, sales and pricing data, business plans, market evaluations, surveys and credit-related information.

(57) “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 deductible or retention.

(58) “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.

(59) "Intellectual Property" shall mean all worldwide intellectual property, proprietary and industrial property rights of any kind, including all (i) patents, patent applications, inventions and invention disclosures and utility models, (ii) trademarks, service marks, corporate names, trade names, domain names, logos, slogans, designs, trade dress and other designations of source or origin, together with the goodwill symbolized by any of the foregoing ("Trademarks"), (iii) copyrights and copyrightable subject matter, including software, code, algorithms, databases, compilations and documentation, (iv) technology, trade secrets, know-how, processes, formulae, models, methodologies, discoveries, ideas, concepts, techniques, designs, specifications, drawings, blueprints, diagrams, models and prototypes, (v) moral rights and rights of privacy and publicity, (vi) all registrations, applications, continuations, continuations-in-part, divisionals, reissues, re-examinations, substitutions, renewals, extensions and foreign counterparts thereof and (vii) all rights and remedies against infringement, misappropriation, or other violation of the foregoing prior to the Effective Time.

(60) "IP Assignments" shall mean the short-form assignment documents executed for the purpose of recording the transfer of registered Intellectual Property with the United States Patent and Trademark Office or any other applicable office in any applicable foreign jurisdiction.

(61) "ITT Asset Transferee" shall mean the ITT Retained Entities to which ITT Retained Assets shall be or have been transferred by an Asset Transferor in order to consummate the transactions contemplated hereby or by the Plan of Separation.

(62) "ITT Common Stock" shall mean the issued and outstanding shares of common stock of ITT, par value \$1 per share.

(63) "ITT Disclosure Sections" shall mean all information set forth in, or omitted from, the sections of the Exelis Form 10, the Xylem Form 10, the Exelis Offering Memorandum or the Xylem Offering Memorandum, identified on Schedule 1.1(63).

(64) "ITT Group" shall mean ITT and each Person that is a direct or indirect Subsidiary of ITT immediately after the Effective Time, and each Business Entity that becomes a Subsidiary of ITT after the Effective Time, and shall include the ITT Retained Entities.

(65) "ITT Indemnitees" shall mean each member of the ITT Group and each of their respective Affiliates from and after the Effective Time and each member of the ITT Group's and such Affiliates' respective directors, officers, employees and agents and each of the heirs, executors, successors and assigns of any of the foregoing.

(66) "ITT Retained Assets" shall mean any and all Assets that are owned, leased or licensed, at or prior to the Effective Time, by ITT and/or any of its Subsidiaries, that are not Defense Assets or Water Assets, including:

(i) all Assets of the divisions of ITT set forth on Schedule 1.1(66)(i) (such divisions, the "ITT Retained Divisions");

(ii) any and all other Assets that are expressly contemplated by this Agreement or any Ancillary Agreement as Assets which have been or are to be remain with ITT or any other member of the ITT Group;

- (iii) the ownership interests in those Business Entities that are set forth on Schedule 1.1(66)(iii) (such entities, the “ITT Retained Entities”), other than ITT;
- (iv) all rights, title and interest in and to the owned real property set forth on Schedule 1.1(66)(iv), including all land and land improvements, structures, buildings and building improvements, other improvements and appurtenances located thereon;
- (v) all right, title and interest in, to and under the leases or subleases of the real property set forth on Schedule 1.1(66)(v) (the “ITT Retained Leases”), including, to the extent provided for in any ITT Retained Lease, any land and land improvements, structures, buildings and building improvements, other improvements and appurtenances located thereon;
- (vi) to the extent not provided in clauses (iv) and (v) of this definition, all fixtures, machinery, equipment, apparatuses, computer hardware and other electronic data processing and communications equipment, tools, instruments, furniture, office equipment, automobiles, trucks, aircraft and other transportation equipment, special and general tools, test devices, molds, tooling, dies, prototypes and models and other tangible personal property located at a physical site of which the ownership or leasehold interest is not being Transferred to a member of the Defense Group or the Water Group, except as otherwise expressly provided in this Agreement or in the Transition Services Agreement;
- (vii) all inventories, including products, goods, materials, parts, raw materials, work in process and supplies;
- (viii) all ITT Retained Contracts and any rights or claims arising thereunder;
- (ix) all Intellectual Property, including the registrations and applications set forth on Schedule 1.1(66)(ix), subject, as applicable, to any License Agreement;
- (x) all licenses, permits, approvals and authorizations which have been issued by any Governmental Entity;
- (xi) all Information; provided, however, that to the extent any Information used in the ITT Retained Business is (A) commingled with information used in the Defense Business or the Water Business, the original version of such Information shall be retained by ITT in accordance with Schedule 8.1(b) hereto, all Parties shall have equal rights to use such information and each of Exelis and Xylem shall have the right to access such Information and make reasonable copy thereof, which copy shall be included in the Defense Assets or Water Assets, as the case may be or (B) stored in facilities owned or leased by the Defense Group or the Water Group or stored in third party storage facilities pursuant to storage arrangements with the Defense Group or the Water Group, the original version of such Information shall remain in such storage facilities and be retained in accordance with Schedule 8.1(b), ITT shall have the right to access such Information and make reasonable copy thereof and any such copy shall be included in the ITT Retained Assets; provided, further, with respect to clause (B) of this Section 1.1.66(xi), that to the extent such copy shall not have been made prior to the Effective Time, subject to the reimbursement of the actual out-of-pocket expenses (which shall not include the costs of salaries and benefits of employees of such Party or any pro rata portion of overhead or other costs of employing such employees which would have been incurred by such employees’ employer regardless of the employees’ service with respect to the

foregoing) incurred by the Party retaining the original version of such Information in providing access to such Information and to the provisions of this Agreement, ITT shall have the right to access such Information and make such copy at any time following the Effective Time and such copy shall be included in the ITT Retained Assets;

(xii) all deposits, prepaid expenses, letters of credit and performance and surety bonds;

(xiii) all bonds, notes, debentures or other debt securities issued by any Person and held by any member of the ITT Group, all loans, advances or other extensions of credit or capital contributions to any Person on the books of any member of the ITT Group and all other investments in securities of any Person held by any member of the ITT Group;

(xiv) subject to Article X, any rights of any member of the ITT Group under any Policies, including any rights thereunder arising after the Effective Time in respect of any Policies that are occurrence policies and all rights in the nature of insurance, indemnification or contribution;

(xv) the Assets set forth on Schedule 1.1(66)(xy); and

(xvi) any claims, counterclaims, setoffs, rights of recoupment, equity rights or defenses, whether known or unknown, that ITT and/or any of its Subsidiaries may have with respect to any ITT Retained Assets and ITT Retained Liabilities.

Notwithstanding the foregoing, the ITT Retained Assets shall not include any Assets that are expressly contemplated by this Agreement or by any Specified Ancillary Agreement (or the Schedules hereto or thereto) as Assets to be Transferred to any member of the Defense Group or the Water Group, as the case may be, including any Assets (A) specified in clauses (i) through (xvi) of the definition of Defense Assets or (B) specified in clauses (i) through (xvi) of the definition of Water Assets.

(67) "ITT Retained Business" shall mean the businesses of (i) the ITT Retained Entities and the ITT Retained Divisions, (ii) any other division, Subsidiary, line of business or investment managed or operated by ITT or any of its Subsidiaries prior to the Effective Time, including the businesses conducted through the Control Technologies, Interconnect Solutions, Motion Technologies and Industrial Process segments of ITT prior to the Effective Time, unless such other division, Subsidiary, line of business or investment is included in the definitions of Defense Business or Water Business and (iii) those business entities acquired or established by or for ITT or any of the Subsidiaries thereof after the Effective Time.

(68) "ITT Retained Contracts" shall mean any Contracts to which ITT or any of its Subsidiaries (other than members of the Defense Group or the Water Group) is a party as of the date hereof or becomes a party prior to the Effective Time or by which it or any of its Subsidiaries or any of their respective Assets is bound as of the date hereof or becomes bound prior to the Effective Time, whether or not in writing, except for any such Contract or part thereof that is a Defense Contract or a Water Contract, including:

(i) any Contract entered into in the name of, or expressly on behalf of, any division, business unit or member of the ITT Group;

- (ii) any Contract that relates primarily to the ITT Retained Business, including any contract providing for the acquisition or disposition of an ITT Retained Entity or any ITT Retained Assets;
- (iii) any Contract that represents or underlies any ITT Retained Assets or ITT Retained Liabilities;
- (iv) any Contract or part thereof that is otherwise expressly contemplated pursuant to this Agreement (including pursuant to Section 2.2(b)) or any of the Ancillary Agreements to be assigned to any member of the ITT Group; and
- (v) guarantee, indemnity, representation or warranty of or in favor of any member of the ITT Group.

(69) "ITT Retained Liabilities" shall mean any and all Liabilities of the ITT Group that are not Defense Liabilities or Water Liabilities, including:

- (i) any and all Liabilities relating primarily to, arising primarily out of or resulting primarily from: (a) the operation or conduct of the ITT Retained Business, as conducted at any time prior to, at or after the Effective Time (including any Liability relating to, arising out of or resulting from any act or failure to act by any director, officer, employee, agent or representative (whether or not such act or failure to act is or was within such Person's authority) of the ITT Group); (b) the operation or conduct of any business conducted by any member of the ITT Group at any time prior to, on or after the Effective Time (including any Liability relating to, arising out of or resulting from any act or failure to act by any director, officer, employee, agent or representative (whether or not such act or failure to act is or was within such Person's authority) of the ITT Group); or (c) any ITT Retained Assets, whether arising prior to, on or after the Effective Time;
- (ii) any Liabilities to the extent relating to, arising out of or resulting from, the ITT Retained Contracts;
- (iii) the Applicable ITT Percentage of any Shared Contingent Liability;
- (iv) the liabilities set forth on Schedule 1.1(69)(iv) (the "Specified ITT Retained Liabilities");
- (v) any Liabilities assumed or retained by the ITT Group pursuant to this Agreement or the Ancillary Agreements;
- (vi) any Liabilities arising prior to, at or after the Effective Time for any infringement by the ITT Retained Business of the Intellectual Property of any other Person or breach by the ITT Retained Business of any Contract relating to Intellectual Property;
- (vii) all Liabilities arising prior to, at or after the Effective Time to the extent resulting from any (A) violation prior to the Effective Time of any Environmental Laws by the ITT Group, any ITT Discontinued Operation or the conduct of the ITT Retained Business, (B) use, treatment, or disposal prior to the Effective Time of Materials of Environmental Concern by or on behalf of the ITT Group, any ITT Discontinued

Operation or in the conduct of the ITT Retained Business or (C) presence of Materials of Environmental Concern at, or release of Materials of Environmental Concern from, any ITT Retained Assets or any ITT Discontinued Operation; provided that Liabilities of the type described in this subsection (vii) relating to real estate that is a Defense Asset or a Water Asset pursuant to this Agreement, shall not be ITT Retained Liabilities but shall instead be, respectively, Defense Liabilities and Water Liabilities;

(viii) any Liabilities relating to, arising out of or resulting from, any division, Subsidiary, line of business or investment managed or operated by ITT or any of its Subsidiaries at any time prior to the Effective Time and sold, transferred or otherwise discontinued prior to the Effective Time, including the divisions, Subsidiaries, lines of business or investments set forth on Schedule 1.1(69)(viii), unless such division, Subsidiary, line of business or investment is included in Schedule 1.1(31)(viii) or Schedule 1.1(101)(viii) (each such division, Subsidiary, line of business or investment, an "ITT Discontinued Operation");

(ix) for the avoidance of doubt, any Liabilities relating primarily to, arising primarily out of or resulting primarily from, the operation or conduct of the ITT Retained Business by any Business Entity that is an Defense Entity or a Water Entity under this Agreement but has conducted the ITT Retained Business at any time prior to the Effective Time;

(x) any Liabilities relating to, arising out of or resulting from any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to all information contained in, or incorporated by reference into, the ITT Disclosure Sections;

(xi) Specified Shared Expenses to the extent provided in Section 5.3;

(xii) for the avoidance of doubt, and without limiting any other matters that may constitute ITT Retained Liabilities, any Liabilities relating to, arising out of or resulting from the claims, proceedings, litigation and disputes listed on Schedule 1.1(69)(xii); and

(xiii) any Liabilities relating primarily to, arising primarily out of or resulting primarily from, a workers compensation claim brought by or on behalf of an employee employed at any time in the ITT Retained Business or any ITT Discontinued Operation, except in the case where such employee was employed in either the Defense Business or any Defense Discontinued Operation or the Water Business or any Water Discontinued Operation subsequent to such employee's final employment in the ITT Retained Business or ITT Discontinued Operations in which case the Liability shall be retained by Exelis or Xylem, respectively.

Notwithstanding the foregoing, the ITT Retained Liabilities shall not include any Liabilities that are (A) expressly contemplated by this Agreement or by any Specified Ancillary Agreement (or the Schedules hereto or thereto) as Liabilities to be Assumed by any member of the Defense Group or the Water Group, as the case may be, including any Liabilities specified (1) in clauses (i) through (xiii) of the definition of Defense Liabilities or (2) in clauses (i) through (xiii) of the definition of Water Liabilities or (B) expressly discharged pursuant to Section 2.4 of this Agreement.

For the avoidance of doubt, no Liability shall be an ITT Retained Liability solely as a result of ITT being named as party to or in any Action relating to any Defense Liability or Water Liability due to ITT's status as the remaining and legacy Business Entity, or as a result of its status as the former direct or indirect stockholder of any Business Entity.

(70) "ITT Target Cash Balance" shall mean \$600 million.

(71) "Law" shall mean any U.S. or non-U.S. federal, national, supranational, state, provincial, local or similar statute, law, ordinance, regulation, rule, code, income tax treaty, order, requirement or rule of law (including common law) or other binding directives of any Governmental Entity.

(72) "Liabilities" shall mean any and all Indebtedness, liabilities, costs, expenses, interest and obligations, whether accrued or fixed, absolute or contingent, matured or unmatured, reserved or unreserved, or determined or determinable, including those arising under any Law, claim, demand, Action, whether asserted or unasserted, or order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Entity and those arising under any Contract or any fines, damages or equitable relief which may be imposed and including all costs and expenses related thereto. Except as otherwise specifically set forth herein or in the Tax Matters Agreement, the rights and obligations of the Parties with respect to Taxes shall be governed by the Tax Matters Agreement and, therefore, Taxes shall not be treated as Liabilities.

(73) "LIBOR" shall mean an interest rate per annum equal to the applicable three-month London Interbank Offer Rate for deposits in United States dollars published in the *Wall Street Journal*.

(74) "License Agreements" shall mean the agreements set forth on Schedule 1.1(74).

(75) "Master Lease Agreement" shall mean the Master Lease Agreement by and among each of the landlords and tenants party thereto, dated as of October 25, 2011.

(76) "Master Sublease Agreement" shall mean the Master Sublease Agreement by and between each of the sublessors and sublessees party thereto, dated as of September 30, 2011.

(77) "Materials of Environmental Concern" shall mean: any gasoline or petroleum (including crude oil or any fraction thereof) or petroleum products, polychlorinated biphenyls, urea-formaldehyde insulation, asbestos, pollutants, contaminants, molds, and radioactivity; any substance classified or regulated as hazardous or toxic (or words of similar meaning); and any other substances regulated pursuant to or that could give rise to liability under any applicable Environmental Law.

(78) "NYSE" shall mean the New York Stock Exchange.

(79) "Person" shall mean any natural person, firm, individual, corporation, business trust, joint venture, association, company, limited liability company, partnership or other organization or entity, whether incorporated or unincorporated, or any Governmental Entity.

(80) "Plan of Separation" shall have the meaning set forth in the recitals.

(81) "Policies" shall mean insurance policies and insurance contracts of any kind

(other than life and benefits policies or contracts), including primary, excess and umbrella policies, commercial general liability policies, fiduciary liability, automobile, aircraft, property and casualty, workers' compensation and employee dishonesty insurance policies and bonds, together with the rights, benefits and privileges thereunder.

(82) "Records" shall mean any Contracts, documents, books, records or files.

(83) "Security Interest" shall mean any mortgage, security interest, pledge, lien, charge, claim, option, right to acquire, voting or other restriction, right-of-entry, covenant, condition, easement, encroachment, restriction on transfer, or other encumbrance of any nature whatsoever, excluding restrictions on transfer under securities Laws.

(84) "Shared Contingent Liabilities" shall mean any of the Liabilities set forth on Schedule 1.1(84).

(85) "Specified Shared Expenses" shall mean any costs and expenses relating to the items or categories set forth on Schedule 1.1(85) and shall be shared in the manner specified in Section 5.3.

(86) "Subsidiary" shall mean with respect to any Person (i) a corporation, fifty percent (50%) or more of the voting or capital stock of which is, as of the time in question, directly or indirectly owned by such Person and (ii) any other Person in which such Person, directly or indirectly, owns fifty percent (50%) or more of the equity or economic interest thereof or has the power to elect or direct the election of fifty percent (50%) or more of the members of the governing body of such entity.

(87) "Tax" shall have the meaning set forth in the Tax Matters Agreement.

(88) "Tax Contest" shall have the meaning of the definition of "Audit" as set forth in the Tax Matters Agreement.

(89) "Tax Matters Agreement" shall mean the Tax Matters Agreement by and among ITT, Exelis and Xylem, in the form attached hereto as Exhibit B.

(90) "Tax Return" shall have the meaning set forth in the Tax Matters Agreement.

(91) "Third Party Agreements" shall mean any of the following Contracts, arrangements, course of dealings or understandings:

(i) any agreements, arrangements, commitments or understandings to which any Person other than the Parties and their respective Groups is a party hereto (it being understood that to the extent that the rights and obligations of the Parties and the members of their respective Groups under any such Contracts constitute Water Assets or Water Liabilities, Defense Assets or Defense Liabilities or ITT Retained Assets or ITT Retained Liabilities, such Contracts shall be assigned or retained pursuant to Article II); and

(ii) any agreements, arrangements, commitments or understandings to which any non-wholly-owned Subsidiary of ITT, Exelis or Xylem, as the case may be, is a Party.

(92) “Transfer” shall have the meaning set forth in Section 2.2(b)(i); and the term “Transferred” shall have its correlative meaning.

(93) “Transition Services Agreement” shall mean the Master Transition Services Agreement by and among ITT, Exelis and Xylem, in the form attached hereto as Exhibit C.

(94) “Voting Stock” 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 equity interests entitled so to vote or participate only upon the happening of some contingency.

(95) “Water Asset Transferee” shall mean the Water Entities to which Water Assets shall be or have been transferred by an Asset Transferor in order to consummate the transactions contemplated hereby or by the Plan of Separation.

(96) “Water Assets” shall mean those Assets that are owned, leased or licensed, at or prior to the Effective Time, by ITT and/or any of its Subsidiaries, relating primarily to, used primarily in, or arising primarily from, the Water Business, and shall include:

(i) any and all Assets reflected on the Xylem Balance Sheet or the accounting records supporting such balance sheet and any Assets acquired by or for Xylem or any member of the Water Group subsequent to the date of the Xylem Balance Sheet which, had they been so acquired on or before such date and owned as of such date, would have been reflected on the Xylem Balance Sheet if prepared on a consistent basis, subject to any dispositions of any of such Assets subsequent to the date of the Xylem Balance Sheet;

(ii) all Assets of the divisions of ITT set forth on Schedule 1.1(96)(ii) (such divisions, the “Water Divisions”) relating primarily to, used primarily in, or arising primarily from, the Water Business;

(iii) the Assets set forth on Schedule 1.1(96)(iii) and any and all other Assets that are expressly contemplated by this Agreement or any Ancillary Agreement as Assets which have been or are to be Transferred to Xylem or any other member of the Water Group;

(iv) the ownership interests in those Business Entities set forth on Schedule 1.1(96)(iv) (such entities, the “Water Entities”), other than Xylem;

(v) all rights, title and interest in and to the owned real property set forth on Schedule 1.1(96)(v), including all land and land improvements, structures, buildings and building improvements, other improvements and appurtenances located thereon;

(vi) all rights, title and interest in, and to and under the leases or subleases of the real property set forth on Schedule 1.1(96)(vi) (the “Water Leases”) including, to the extent provided for in the Water Leases, any land and land improvements, structures, buildings and building improvements, other improvements and appurtenances;

(vii) to the extent not provided in clauses (v) and (vi) of this definition, all fixtures, machinery, equipment, apparatuses, computer hardware and other electronic

data processing and communications equipment, tools, instruments, furniture, office equipment, automobiles, trucks, aircraft and other transportation equipment, special and general tools, test devices, molds, tooling, dies, prototypes and models and other tangible personal property located at a physical site of which the ownership or leasehold interest remains with or is being Transferred to a member of the Water Group, except as otherwise expressly provided in this Agreement or in the Transition Services Agreement;

(viii) all inventories, including products, goods, materials, parts, raw materials, work-in-process and supplies, relating primarily to, used primarily in, or arising primarily from, the Water Business;

(ix) all Water Contracts and any rights or claims arising thereunder;

(x) all Intellectual Property relating primarily to, used primarily in, or arising primarily from, the Water Business, including the registrations and applications set forth on Schedule 1.1(96)(x), subject, as applicable, to any License Agreement;

(xi) all licenses, permits, approvals and authorizations which have been issued by any Governmental Entity and which relate primarily to, are used primarily in, or arise primarily from, the Water Business;

(xii) all Information (including information used in creating the Xylem Form 10) relating primarily to, used primarily in, or arising primarily from, the Water Business; provided, however, that to the extent any Information used in the Water Business is (A) commingled with information used in the Water Business or the ITT Retained Business or (B) recorded in the ITT Group's or Defense Group's electronic systems, stored in facilities owned or leased by the Defense Group or the ITT Group or stored in third party storage facilities pursuant to storage arrangements with the Defense Group or the ITT Group, then (1) the original version of such Information: in the event of clause (A) of this Section 1.1.96(xii), shall be retained by ITT in accordance with Schedule 8.1(b) hereto and all Parties shall have equal rights to use such information and in the event of clause (B) of this Section 1.1.96(xii), shall remain in such electronic systems or storage facilities, as applicable, and be retained in accordance with Schedule 8.1(b), (2) Xylem shall have the right to access such Information and make reasonable copy thereof and (3) any such copy shall be included in the Water Assets; provided, further, with respect to clauses (A) and (B) of this Section 1.1.96(xii), that to the extent such copy shall not have been made prior to the Effective Time, subject to the reimbursement of the actual out-of-pocket expenses (which shall not include the costs of salaries and benefits of employees of such Party or any pro rata portion of overhead or other costs of employing such employees which would have been incurred by such employees' employer regardless of the employees' service with respect to the foregoing) incurred by the Party retaining the original version of such Information in providing access to such Information and to the provisions of this Agreement, Xylem shall have the right to access such Information and make such copy at any time following the Effective Time and such copy shall be included in the Water Assets;

(xiii) all deposits, prepaid expenses, letters of credit and performance and surety bonds relating primarily to, used primarily in, or arising primarily from, the Water Business;

(xiv) all bonds, notes, debentures or other debt securities issued by any Person

and held by any member of the Water Group, all loans, advances or other extensions of credit or capital contributions to any Person on the books of any member of the Water Group and all other investments in securities of any Person held by any member of the Water Group;

(xv) subject to Article X, any rights of any member of the Water Group under any Policies, including any rights thereunder arising after the Effective Time in respect of any Policies that are occurrence policies and all rights in the nature of insurance, indemnification or contribution; provided that ownership of the Company Policies shall remain with the ITT Group; and

(xvi) any claims, counterclaims, setoffs, rights of recoupment, equity rights or defenses, whether known or unknown, that ITT and/or any of its Subsidiaries may have with respect to any Water Assets and Water Liabilities.

Notwithstanding the foregoing, the Water Assets shall not include any Assets that are expressly contemplated by this Agreement or by any Specified Ancillary Agreement (or the Schedules hereto or thereto) as Assets to be retained by or Transferred to any member of the Defense Group or the ITT Group, as the case may be, including any Assets (A) specified in clauses (i) through (xvi) of the definition of Defense Assets or (B) specified in clauses (i) through (xvi) of the definition of ITT Retained Assets.

(97) "Water Business" shall mean the businesses conducted through the Residential & Commercial Water, Water & Wastewater, Analytics and Flow Control segments of ITT prior to the Effective Time, including, for the avoidance of doubt, the businesses of (i) the Water Entities and the Water Divisions, (ii) any other division, Subsidiary, line of business or investment of ITT or any of its Subsidiaries managed or operated prior to the Effective Time by any Water Entity, unless such other division, Subsidiary, line of business or investment is a Defense Entity, a Defense Division an ITT Retained Entity or an ITT Retained Division and (iii) those business entities acquired or established by or for Xylem or any of the Subsidiaries thereof after the Effective Time.

(98) "Water Contracts" shall mean the following Contracts to which ITT or any of its Subsidiaries is a party as of the date hereof or becomes a party prior to the Effective Time or becomes a party after the Effective Time in respect of quotations, proposals and bids that were pending as of the date hereof or by which it or any of its Subsidiaries or any of their respective Assets is bound as of the date hereof or becomes bound prior to the Effective Time, whether or not in writing, except for any such Contract or part thereof (i) that is expressly contemplated not to be Transferred by any member of the ITT Group or the Defense Group to the Water Group or (ii) that is expressly contemplated to be Transferred to (or remain with) any member of the ITT Group or the Defense Group, in each case, pursuant to any provision of this Agreement or any Specified Ancillary Agreement:

- (i) any Contract entered into in the name of, or expressly on behalf of, any division, business unit or member of the Water Group;
- (ii) any Contract that relates primarily to the Water Business, including any contract providing for the acquisition or disposition of a Water Entity or Water Assets;
- (iii) any Contract that relates primarily to the Water Business that was awarded after the Effective Date and for which the quotation, proposal, or bid was

pending as of the date hereof:

(iv) any Contract that represents or underlies any Water Assets or Water Liabilities;

(v) any Contract or part thereof that is otherwise expressly contemplated pursuant to this Agreement (including pursuant to Section 2.2(b)) or any of the Ancillary Agreements to be assigned to any member of the Water Group; and

(vi) any guarantee, indemnity, representation or warranty of or in favor of any member of the Water Group.

(99) "Water Group" shall mean Xylem and each Person that is a direct or indirect Subsidiary of Xylem immediately after the Effective Time, and each Person that becomes a Subsidiary of Xylem after the Effective Time, and shall include the Water Entities.

(100) "Water Indemnitees" shall mean each member of the Water Group and each of their respective Affiliates from and after the Effective Time and each member of the Water Group's and such respective Affiliates' respective directors, officers, employees and agents and each of the heirs, executors, successors and assigns of any of the foregoing.

(101) "Water Liabilities" shall mean any and all Liabilities relating primarily to, arising primarily out of or resulting primarily from: (a) the operation or conduct of the Water Business, as conducted at any time prior to, at or after the Effective Time (including any Liability relating to, arising out of or resulting from any act or failure to act by any director, officer, employee, agent or representative (whether or not such act or failure to act is or was within such Person's authority) of the Water Group); (b) the operation or conduct of any business conducted by any member of the Water Group at any time after the Effective Time (including any Liability relating to, arising out of or resulting from any act or failure to act by any director, officer, employee, agent or representative (whether or not such act or failure to act is or was within such Person's authority) of the Water Group); or (c) any Water Assets, whether arising prior to, at or after the Effective Time, including:

(i) any and all Liabilities reflected on the Xylem Balance Sheet or the accounting records supporting such balance sheet and any Liabilities incurred by or for Xylem or any member of the Water Group subsequent to the date of the Xylem Balance Sheet which, had they been so incurred on or before such date, would have been reflected on the Xylem Balance Sheet if prepared on a consistent basis, subject to any discharge of any of such Liabilities subsequent to the date of the Xylem Balance Sheet;

(ii) any Liabilities to the extent relating to, arising out of or resulting from, the Water Contracts;

(iii) the Applicable Xylem Percentage of any Shared Contingent Liability;

(iv) The liabilities set forth on Schedule 1.1(101)(iv) (the "Specified Water Liabilities");

(v) any Liabilities assumed or retained by the Water Group pursuant to this Agreement or the Ancillary Agreements;

(vi) any Liabilities arising prior to, at or after the Effective Time for any infringement by the Water Business of the Intellectual Property of any other Person or breach by the Water Business of any Contract relating to Intellectual Property;

(vii) all Liabilities arising prior to, at or after the Effective Time to the extent resulting from any (A) violation prior to the Effective Time of any Environmental Laws by the Water Group, any Water Discontinued Operation or the conduct of the Water Business, (B) use, treatment, or disposal prior to the Effective Time of Materials of Environmental Concern by or on behalf of the Water Group, any Water Discontinued Operation or in the conduct of the Water Business or (C) presence of Materials of Environmental Concern at, or release of Materials of Environmental Concern from, any Water Assets or any Water Discontinued Operation; provided that Liabilities of the type described in this subsection (vii) relating to real estate that is a Defense Asset or an ITT Retained Asset pursuant to this Agreement, shall not be Water Liabilities but shall instead be, respectively, Defense Liabilities and ITT Retained Liabilities;

(viii) any Liabilities relating to, arising out of or resulting from, any division, Subsidiary, line of business or investment of ITT or any of its Subsidiaries managed or operated at any time prior to the Effective Time by the Water Entities and sold, transferred or otherwise discontinued prior to the Effective Time, including the divisions, Subsidiaries, lines of business or investments set forth on Schedule 1.1(101)(viii), unless such division, Subsidiary, line of business or investment is listed on Schedule 1.1(31)(viii) or Schedule 1.1(69)(viii) (each such division, Subsidiary, line of business or investment, a "Water Discontinued Operation");

(ix) for the avoidance of doubt, any Liabilities relating primarily to, arising primarily out of or resulting primarily from, the operation or conduct of the Water Business by any Business Entity that is an ITT Retained Entity or a Defense Entity under this Agreement but has conducted the Water Business at any time prior to the Effective Time;

(x) any Liabilities relating to, arising out of or resulting from any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated in the Xylem Form 10 or the Xylem Offering Memorandum, or necessary to make the statements therein not misleading, with respect to all information contained in, or incorporated by reference into, the Xylem Form 10, the Xylem Offering Memorandum and any other Disclosure Documents filed by Xylem in connection with the Distribution or as contemplated by this Agreement, other than with respect to the ITT Disclosure Sections;

(xi) Specified Shared Expenses to the extent provided in Section 5.3; and

(xii) for the avoidance of doubt, and without limiting any other matters that may constitute Water Liabilities, any Liabilities relating to, arising out of or resulting from the claims, proceedings, litigation and disputes listed on Schedule 1.1(101)(xii); and

(xiii) Any Liabilities relating primarily to, arising primarily out of or resulting primarily from, a workers compensation claim brought by or on behalf of an employee employed at any time in the Water Business or any Water Discontinued Operation, except in the case where such employee was employed in either the Defense Business or any Defense Discontinued Operation or the ITT Retained Business or any ITT

Discontinued Operation subsequent to such employee's final employment in the Water Business or Water Discontinued Operations, as applicable, in which case the Liability shall be retained by Exelis or ITT, respectively.

Notwithstanding the foregoing, the Water Liabilities shall not include any Liabilities that are expressly (A) contemplated by this Agreement or by any Specified Ancillary Agreement (or the Schedules hereto or thereto) as Liabilities to be Assumed by any member of the Defense Group or the ITT Group, as the case may be, including any Liabilities specified (1) in clauses (i) through (xiii) of the definition of Defense Liabilities or (2) in the definition of ITT Retained Liabilities, including clauses (i) through (xiii) thereof, or (B) discharged pursuant to [Section 2.4](#) of this Agreement.

(102) "[Xylem Balance Sheet](#)" shall mean the pro forma balance sheet of the Water Group, including the notes thereto, as of June 30, 2011, as filed with the Xylem Form 10.

(103) "[Xylem Offering Memorandum](#)" shall mean the offering memorandum, dated September 15, 2011, relating to the private offering by Xylem Inc. of senior unsecured notes.

(104) "[Xylem Common Stock](#)" shall have the meaning set forth in the recitals hereto.

(105) "[Xylem 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 the Xylem Common Stock owned by ITT on the basis of one (1) share of Xylem Common Stock for each outstanding share of ITT Common Stock.

(106) "[Xylem Form 10](#)" shall mean the registration statement on Form 10 (Registration No. 001-35229) filed by Water with the Commission under the Securities Exchange Act of 1934, as amended, in connection with the Xylem Distribution, including any amendment or supplement thereto.

(107) "[Xylem Information Statement](#)" shall mean the Information Statement attached as an exhibit to the Xylem Form 10 to be sent to the holders of shares of ITT Common Stock in connection with the Xylem Distribution, including any amendment or supplement thereto

(108) "[Xylem Target Cash Balance](#)" shall mean \$200 million.

Section 1.2. [References; Interpretation](#). References in this Agreement to any gender include references to all genders, and references to the singular include references to the plural and vice versa. Unless the context otherwise requires, the words "include", "includes" and "including" when used in this Agreement shall be deemed to be followed by the phrase "without limitation". Unless the context otherwise requires, references in this Agreement to Articles, Sections, Annexes, Exhibits and Schedules shall be deemed references to Articles and Sections of, and Annexes, Exhibits and Schedules to, this Agreement. Unless the context otherwise requires, the words "hereof", "hereby" and "herein" and words of similar meaning when used in this Agreement refer to this Agreement in its entirety and not to any particular Article, Section or provision of this Agreement. The words "written request" when used in this Agreement shall include email. In the event of any inconsistency or conflict which may arise in the application or interpretation of any of the definitions set forth in [Section 1.1](#), for the purpose of determining what is and is not included in such definitions, any item explicitly included on a Schedule referred to in any such definition shall take priority over any provision of the text thereof.

ARTICLE II
THE SEPARATION

Section 2.1. General. Subject to the terms and conditions of this Agreement, the Parties shall use, and shall cause their respective Affiliates to use, their respective commercially reasonable efforts to consummate the transactions contemplated hereby, a portion of which may have already been implemented prior to the date hereof. It is the intent of the Parties that after consummation of the transactions contemplated hereby ITT shall have been restructured, to the extent necessary, such that following the consummation of such restructuring, subject to Section 2.6, (i) ITT shall own the equity interests of all the ITT Retained Entities (other than ITT), all of ITT's and its Subsidiaries' right, title and interest in and to the ITT Retained Assets shall be owned or held by the ITT Group, the ITT Retained Business shall be conducted by the ITT Group and all of the ITT Retained Liabilities shall be Assumed directly or indirectly by (or remain with) the ITT Group, (ii) Exelis shall own the equity interests of all the Defense Entities (other than Exelis), all of ITT's and its Subsidiaries' right, title and interest in and to the Defense Assets shall be owned or held by the Defense Group, the Defense Business shall be conducted by the Defense Group and all of the Defense Liabilities shall be Assumed directly or indirectly by (or remain with) the Defense Group, and (iii) Xylem shall own the equity interests of all the Water Entities (other than Xylem), all of ITT's and its Subsidiaries' right, title and interest in and to the Water Assets shall be owned or held by the Water Group, the Water Business shall be conducted by the Water Group and all of the Water Liabilities shall be Assumed directly or indirectly by (or remain with) the Water Group.

Section 2.2. Restructuring: Transfer of Assets: Assumption of Liabilities.

(a) Restructuring. At or prior to the Effective Time, to the extent not already completed and except for the Transfers set forth on Schedule 2.2(a), the costs of which shall be shared equally by the parties to such Transfers, ITT will take such steps (which may include transfer of shares or other equity interests, formation of new entities and/or declaration of dividends) as may be necessary or desirable to cause (i) ITT to directly or indirectly own the ITT Retained Entities (other than ITT), (ii) Exelis to directly or indirectly own the Defense Entities (other than Exelis) and (iii) Xylem to directly or indirectly own the Water Entities (other than Xylem); provided, that the Parties shall use their commercially reasonable efforts to cause the transfers set forth on Schedule 2.2(a), to occur as soon as practicable following the Effective Time.

(b) Transfer of Other Assets. At or prior to the Effective Time, to the extent not already completed (and it being understood that some of such Transfers may occur following the Effective Time in accordance with Section 2.2(a) or Section 2.6), pursuant to the Conveyancing and Assumption Instruments:

(i) ITT shall, or shall cause the applicable Asset Transferors to, transfer, contribute, distribute, assign and/or convey or cause to be transferred, contributed, distributed, assigned and/or conveyed ("Transfer") to (A) the respective ITT Asset Transferees, all of the applicable Asset Transferors' right, title and interest in and to the ITT Retained Assets, (B) Exelis and/or the respective Defense Asset Transferees, all of its and the applicable Asset Transferors' right, title and interest in and to the Defense Assets and (C) Xylem and/or the respective Water Asset Transferees, all of its and the applicable Asset Transferors' right, title and interest in and to the Water Assets.

(ii) Any costs and expenses incurred after the Effective Time and on or prior to the second anniversary of the Distribution Date to effect any Transfer contemplated by this Section 2.2(b) (including any transfer effected pursuant to Section 2.6) shall be shared equally between the Asset Transferor and the applicable ITT Asset Transferee, Defense Asset Transferee or Water

Asset Transferee, with any costs and expenses incurred following such second anniversary to be the exclusive responsibility of the applicable ITT Asset Transferee, Defense Asset Transferee or Water Asset Transferee. Other than costs and expenses incurred and reimbursed in accordance with the foregoing, nothing in this Section 2.2(b) shall require any member of any Group to incur any material obligation or grant any material concession for the benefit of any member of any other Group in order to effect any transaction contemplated by this Section 2.2(b).

(c) Assumption of Liabilities. Except as otherwise specifically set forth in any Specified Ancillary Agreement, from and after the Effective Time (i) ITT shall, or shall cause a member of the ITT Group to, accept, assume (or, as applicable, retain) and perform, discharge and fulfill, in accordance with their respective terms (“Assume”), all of the ITT Retained Liabilities, (ii) Exelis shall, or shall cause a member of the Defense Group to, Assume all the Defense Liabilities and (iii) Xylem shall, or shall cause a member of the Water Group to, Assume all the Water Liabilities, in each case, regardless of (A) when or where such Liabilities arose or arise, (B) whether the facts upon which they are based occurred prior to, on or subsequent to the Effective Time, (C) where or against whom such Liabilities are asserted or determined or (D) whether arising from or alleged to arise from negligence, recklessness, violation of Law, fraud or misrepresentation by any member of the ITT Group, the Defense Group or the Water Group, as the case may be, or any of their past or present respective directors, officers, employees, agents, Subsidiaries or Affiliates.

(d) Consents. The Parties shall use their commercially reasonable efforts to obtain the required Consents to Transfer any Assets, Contracts, licenses, permits and authorizations issued by any Governmental Entity or parts thereof as contemplated by this Agreement.

(e) Notwithstanding anything herein to the contrary, no Contract or other asset shall be transferred if it would violate applicable Law or, in the case of any Contract, the rights of any third party to such Contract.

Section 2.3. Treatment of Shared Contracts. Without limiting the generality of the obligations set forth in Sections 2.2(a) and (b):

(a) Unless the Parties otherwise agree or the benefits of any Contract described in this Section are expressly conveyed to the applicable Party pursuant to an Ancillary Agreement, any Contract that is (1) listed on Schedule 2.3(a), (2) an ITT Retained Asset but inures in part to the benefit or burden of any member of the Water Group or the Defense Group, as the case may be, (3) a Water Asset but inures in part to the benefit or burden of any member of the ITT Group or the Defense Group, as the case may be or (4) a Defense Asset but inures in part to the benefit or burden of any member of the ITT Group or the Water Group, as the case may be (each, a “Shared Contract”), shall be assigned in part to the applicable member(s) of the applicable Group, if so assignable, or appropriately amended prior to, on or after the Effective Time, so that each Party or the members of their respective Groups as of the Effective Time shall be entitled to the rights and benefits, and shall Assume the related portion of any Liabilities, inuring to their respective Businesses; provided, however, that (x) in no event shall any member of any Group be required to assign (or amend) any Shared Contract in its entirety or to assign a portion of any Shared Contract (including any Policy) which is not assignable (or cannot be amended) by its terms (including any terms imposing consents or conditions on an assignment where such consents or conditions have not been obtained or fulfilled) and (y) if any Shared Contract cannot be so partially assigned by its terms or otherwise, cannot be amended or has not for any other reason been assigned or amended, or if such assignment or amendment would impair the benefit the parties thereto derive from such Shared Contract, (1) at the reasonable request of the Party (or the member of such Party’s Group) to which the benefit of such Shared Contract inures in part, the Party for which such Shared Contract is, as applicable, an ITT Retained Asset, Defense Asset or Water Asset shall, and shall cause each of its

respective Subsidiaries to, for a period ending not later than eighteen (18) months after the Distribution Date (unless the term of such Shared Contract ends at a later date, in which case for a period ending on such date), take such other reasonable and permissible actions to cause such member of the Water Group, the Defense Group or the ITT Group, as the case may be, to receive the benefit of that portion of each Shared Contract that relates to the Water Business, the Defense Business or the ITT Retained Business, as the case may be (in each case, to the extent so related) as if such Shared Contract had been assigned to (or amended to allow) a member of the applicable Group pursuant to this Section 2.3 and to bear the burden of the corresponding Liabilities (including any Liabilities that may arise by reason of such arrangement) as if such Liabilities had been Assumed by a member of the applicable Group pursuant to this Section 2.3 and (II) the Party to which the benefit of such Shared Contract inures in part shall use commercially reasonable efforts to enter into a separate contract pursuant to which it procures such rights and obligations as are necessary such that it no longer needs to avail itself of the arrangements provided pursuant to this Section 2.3(a); provided that, other than in the event of gross negligence or willful misconduct of the Party for which such Shared Contract is, as applicable, an ITT Retained Asset, Defense Asset or Water Asset, such Party, and such Party's applicable Subsidiaries shall not be liable for any actions or omissions taken in accordance with clause (y) of this Section 2.3(a).

(b) Each of ITT, Exelis and Xylem shall, and shall cause the members of its Group to, (A) treat for all Income Tax purposes the portion of each Shared Contract inuring to its respective Businesses as Assets owned by, and/or Liabilities of, as applicable, such Party as of the Effective Time and (B) neither report nor take any Income Tax position (on a Tax Return or otherwise) inconsistent with such treatment (unless required by a change in applicable Tax Law or good faith resolution of a Tax Contest relating to Income Taxes).

Section 2.4. Intercompany Accounts.

(a) Except as set forth in Section 7.1(b), all (i) intercompany receivables, payables and loans (other than receivables, payables and loans otherwise specifically provided for under this Agreement, under any Ancillary Agreement or under any Continuing Arrangements as set forth on Schedule 1.1(21), and other than payables created or required hereby or by any Ancillary Agreement or any Continuing Arrangements), if any, and (ii) intercompany balances, including in respect of any cash balances, any cash balances representing deposited checks or drafts or any cash held in any centralized cash management system (A) between any member of the ITT Group, on the one hand, and any member of the Defense Group or the Water Group, on the other hand or (B) between any member of the Defense Group, on the one hand, and any member of the Water Group, on the other hand, in each case, which exist and are reflected in the accounting records of the relevant Parties immediately prior to the Effective Time, shall be settled or capitalized, in each case as of the Effective Time, as may be agreed prior to the Effective Time by ITT, Exelis and/or Xylem, and their respective subsidiaries, as applicable. Each of the Parties shall, and shall cause their respective Subsidiaries to, take all actions and do all things reasonably necessary on its part, or such Subsidiaries' part, under applicable Law or contractual obligations to consummate and make effective the transactions contemplated by such agreement or agreements in respect of such settlements or capitalizations.

(b) As between any two Parties (and the members of their respective Group) all payments and reimbursements received after the Effective Time by any Party (or member of its Group) that relate to a Business, Asset or Liability of another Party (or member of its Group), shall be held by such Party in trust for the use and benefit of the Party entitled thereto (at the expense of the Party entitled thereto) and, promptly upon receipt by such Party of any such payment or reimbursement, such Party shall pay or shall cause the applicable member of its Group to pay over to the Party entitled thereto the amount of such payment or reimbursement without right of set-off.

Section 2.5. Limitation of Liability; Intercompany Contracts.

(a) No Party shall have any Liability to any other Party in the event that any Information exchanged or provided pursuant to this Agreement which is an estimate or forecast, or which is based on an estimate or forecast, is found to be inaccurate, except for such estimates as may be prepared in connection with Section 3.5, which shall be addressed as provided therein.

(b) No Party or any Subsidiary thereof shall be liable to any other Party or any Subsidiary of any other Party based upon, arising out of or resulting from any Contract, arrangement, course of dealing or understanding between or among it and any other Party existing at or prior to the Effective Time (other than this Agreement, any Ancillary Agreement, any Continuing Arrangements, any Third Party Agreements, as set forth in Section 7.1(b) or any Contract entered into in connection herewith or in order to consummate the transactions contemplated hereby or thereby and except as provided in any thereof) and each Party hereby terminates any and all Contracts, arrangements, courses of dealing or understandings between or among it and any other Party effective as of the Effective Time (other than this Agreement, any Ancillary Agreement, any Continuing Arrangements, any Third Party Agreements, as set forth in Section 7.1(b) or any Contract entered into in connection herewith or in order to consummate the transactions contemplated hereby or thereby or by the Plan of Separation and except as provided in any thereof), provided, however, that with respect to any Contract, arrangement, course of dealing or understanding between or among the Parties or any Subsidiaries thereof discovered after the Effective Time, the relevant Parties agree that such Contract, arrangement, course of dealing or understanding shall nonetheless be deemed terminated as of the Effective Time with the only liability of the Parties in respect thereof to be the obligations incurred between the Parties pursuant to such Contract, arrangement, course of dealing or understanding between the Effective Time and the time of discovery or later termination of any such Contract, arrangement, course of dealing or understanding.

Section 2.6. Transfers Not Effected at or Prior to the Effective Time; Transfers Deemed Effective as of the Effective Time.

(a) To the extent that any Transfers contemplated by this Article II shall not have been consummated at or prior to the Effective Time, the Parties shall use commercially reasonable efforts to effect such Transfers as promptly following the Effective Time 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 and their respective Subsidiaries shall cooperate and use commercially reasonable efforts to seek to obtain, in accordance with applicable Law, any necessary Consents or Governmental Approvals for the Transfer of all Assets and Assumption of all Liabilities to the fullest extent permitted by applicable Law contemplated to be Transferred and Assumed pursuant to this Article II. In the event that any such Transfer of Assets or Assumption of Liabilities has not been consummated, from and after the Effective Time (i) the Party retaining such Asset shall thereafter hold such Asset in trust for the use and benefit of the Party entitled thereto (at the expense of the Party entitled thereto) and (ii) the Party intended to Assume such Liability shall, or shall cause the applicable member of its Group to, pay or reimburse the Party retaining such Liability for all amounts paid or incurred in connection with the retention of such Liability. To the extent the foregoing applies to any Contracts to be assigned for which any necessary Consents or Governmental Approvals are not received prior to the Effective Time, the treatment of such Contracts shall, for the avoidance of doubt, be subject to Sections 2.8 and 2.9, to the extent applicable. In addition, the Party retaining such Asset or Liability shall, insofar as reasonably possible and to the extent permitted by applicable Law, treat such Asset or Liability in the ordinary course of business in accordance with past practice and take such other actions as may be reasonably requested by the Party to which such Asset is to be Transferred or by the Party Assuming such Liability in order to place such Party, insofar as reasonably possible, in the same position as if such Asset or Liability had been Transferred or Assumed as

contemplated hereby and so that all the benefits and burdens relating to such Asset or Liability, including possession, use, risk of loss, potential for gain, and dominion, control and command over such Asset or Liability, are to inure from and after the Effective Time to the member or members of the ITT Group, the Water Group or the Defense Group entitled to the receipt of such Asset or required to Assume such Liability. In furtherance of the foregoing, the Parties agree that, as of the Effective Time, subject to Section 2.2(e) and Section 2.9(b), each Party 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.

(b) If and when the Consents, Governmental Approvals and/or conditions, the absence or non-satisfaction of which caused the deferral of Transfer of any Asset or deferral of the Assumption of any Liability pursuant to Section 2.6(a), are obtained or satisfied, the Transfer, assignment, Assumption or novation of the applicable Asset or Liability shall be effected in accordance with and subject to the terms of this Agreement (including Section 2.2) and/or the applicable Ancillary Agreement, and shall, to the extent possible without the imposition of any undue cost on any Party, be deemed to be effective as of the Effective Time.

(c) Following the second anniversary of the Distribution Date, the Party retaining any Asset or Liability due to the deferral of the Transfer of such Asset or the deferral of the Assumption of such Liability pursuant to Section 2.6(a) or otherwise shall not be obligated, in connection with the foregoing, to expend any money unless the necessary funds are advanced, assumed, or agreed in advance to be reimbursed by the Party entitled to such Asset or the Person intended to be subject to such Liability, other than reasonable attorneys' fees and recording or similar or other incidental fees, all of which shall be promptly reimbursed by the Party entitled to such Asset or the Person intended to be subject to such Liability.

(d) In furtherance of the foregoing, if prior to 12:01 a.m., New York time, on December 1, 2011 (the "Petrobras Time"), Petróleo Brasileiro S.A. ("Petrobras") shall not have paid any part of the amount of BRL 11,942,000 it owes to ITT Brasil Equipamentos para Bombeamento e Tratamento de Agua e Efluentes Ltda. (such entity, "Water Brazil", such amount the "Receivable" and any such part not paid, the "Outstanding Receivable"), then, subject to Section 3.5(h), promptly after Water Brazil receives all or any portion of the Outstanding Receivable, Xylem shall pay and remit to ITT an amount in cash equal to the Outstanding Receivable converted to United States dollars using ITT's published accounting rate (the "Petrobras Conversion Rate") as of the most recent month end prior to the date on which such payment is made; provided, however, that, in the event any part of the Outstanding Receivable is received by Water Brazil after the Petrobras Time but before the date on which ITT shall submit the Statement of Cash Allocation to Exelis and Xylem pursuant to Section 3.5(g), then (i) Xylem's Cash Allocation shall be reduced by any such payment received and (ii) ITT's Cash Allocation shall be increased by the amount of such payment received. Notwithstanding anything to the contrary in this Agreement or the Tax Matters Agreement, if any Taxes (determined on a with and without basis) are incurred by ITT with respect to the receipt or accrual of any payment made pursuant to this Section 2.6(d) (including any payment made pursuant to this sentence), an additional payment shall be made by Xylem to ITT such that any such Taxes are borne equally by ITT and Xylem.

(e) After the Effective Time, each Party (or any member of its Group) may receive mail, packages and other communications properly belonging to another Party (or any member of its Group). Accordingly, at all times after the Effective Time, each Party is hereby authorized to receive and open all mail, packages and other communications received by such Party that belongs to such other Party, and to the extent that they do not relate to the business of the receiving Party, the receiving Party shall promptly

deliver such mail, packages or other communications (or, in case the same also relates to the business of the receiving Party or another Party, copies thereof) to such other Party as provided for in Section 11.6. The provisions of this Section 2.6(g) are not intended to, and shall not, be deemed to constitute an authorization by any Party to permit the other to accept service of process on its behalf and no Party is or shall be deemed to be the agent of any other Party for service of process purposes.

(f) With respect to Assets and Liabilities described in Section 2.6(a), each of ITT, Exelis and Xylem shall, and shall cause the members of its respective Group to, (i) treat for all Income Tax purposes (A) the deferred Assets as assets having been Transferred to and owned by the Party entitled to such Assets not later than the Effective Time and (B) the deferred Liabilities as liabilities having been Assumed and owned by the Person intended to be subject to such Liabilities not later than the Effective Time and (ii) neither report nor take any Income Tax position (on a Tax Return or otherwise) inconsistent with such treatment (unless required by a change in applicable Tax Law or good faith resolution of a Tax Contest relating to Income Taxes).

Section 2.7. Conveyancing and Assumption Instruments. In connection with, and in furtherance of, the Transfers of Assets and the Assumptions of Liabilities contemplated by this Agreement, the Parties shall execute or cause to be executed, on or after the date hereof by the appropriate entities to the extent not executed prior to the date hereof, any Conveyancing and Assumption Instruments necessary to evidence the valid Transfer to the applicable Party or member of such Party's Group of all right, title and interest in and to its accepted Assets and the valid and effective Assumption by the applicable Party of its Assumed Liabilities for Transfers and Assumptions to be effected pursuant to New York Law or the Laws of one of the other states of the United States or, if not appropriate for a given Transfer or Assumption, and for Transfers or Assumptions to be effected pursuant to non-U.S. Laws, in such form as the Parties shall reasonably agree, including the Transfer of real property by mutually acceptable conveyance deeds as may be appropriate and in form and substance as may be required by the jurisdiction in which the real property is located. The Transfer of capital stock shall be effected by means of executed stock powers and notation on the stock record books of the corporation or other legal entities involved, or by such other means as may be required in any non-U.S. jurisdiction to Transfer title to stock and, only to the extent required by applicable Law, by notation on public registries.

Section 2.8. Further Assurances; Ancillary Agreements.

(a) In addition to and without limiting the actions specifically provided for elsewhere in this Agreement, including Section 2.6, each of the Parties shall cooperate with each other and use (and shall cause its respective Subsidiaries and Affiliates to use) commercially reasonable efforts, at and after the Effective Time, to take, or to cause to be taken, all actions, and to do, or to cause to be done, all things reasonably necessary on its part under applicable Law or contractual obligations to consummate and make effective the transactions contemplated by this Agreement and the Ancillary Agreements.

(b) Without limiting the foregoing, at and after the Effective Time, each Party shall cooperate with the other Parties, and without any further consideration, but at the expense of the requesting Party from and after the Effective Time, to execute and deliver, or use commercially reasonable efforts to cause to be executed and delivered, all instruments, including instruments of Transfer or title, and to make all filings with, and to obtain all Consents and/or Governmental Approvals, any permit, license, Contract, indenture or other instrument (including any Consents or Governmental Approvals), and to take all such other actions as such Party may reasonably be requested to take by any other Party from time to time, consistent with the terms of this Agreement and the Ancillary Agreements, in order to effectuate the provisions and purposes of this Agreement and the Ancillary Agreements and the Transfers of the applicable Assets and the assignment and Assumption of the applicable Liabilities and the other transactions contemplated hereby and thereby. Without limiting the foregoing, each Party

shall, at the reasonable request, cost and expense of any other Party, take such other actions as may be reasonably necessary to vest in such other Party such title and such rights as possessed by the transferring Party to the Assets allocated to such other Party under this Agreement or any of the Ancillary Agreements, free and clear of any Security Interest, if and to the extent it is practicable to do so.

(c) Without limiting the foregoing, in the event that any Party receives any Assets to be transferred to another Party pursuant to this Agreement or the Ancillary Agreements, such Party agrees to promptly return or cause the return of such Assets to the applicable Party at such latter Party's expense.

(d) At or prior to the Effective Time, each of ITT, Exelis and Xylem shall enter into, and/or (where applicable) shall cause a member or members of their respective Group to enter into, the Ancillary Agreements and any other Contracts in respect of the Distributions reasonably necessary or appropriate in connection with the transactions contemplated hereby and thereby.

Section 2.9. Novation of Liabilities; Indemnification.

(a) Each Party, at the request of another Party, shall use commercially reasonable efforts to obtain, or to cause to be obtained, any Consent, Governmental Approval, substitution or amendment required to novate or assign to the fullest extent permitted by applicable Law all obligations under Contracts and Liabilities for which a member of such requesting Party's Group and a member of such first Party's Group (such first Party, the "Other Party") are jointly or severally liable and that do not constitute Liabilities of such Other Party hereunder, or, if permitted by applicable Law, to obtain in writing the unconditional release of all parties to such arrangements (other than any member of the Group who Assumed or retained such Liability as set forth in this Agreement), so that, in any such case, the members of the applicable Group shall be solely responsible for such Liabilities; provided, however, that no Party shall be obligated to pay any consideration therefor to any third party from whom any such Consent, Governmental Approval, substitution or amendment is requested (unless such Party is fully reimbursed by the requesting Party).

(b) If the Parties are unable to obtain, or to cause to be obtained, any such required Consent, Governmental Approval, release, substitution or amendment, the Other Party or a member of such Other Party's Group shall continue to be bound by such Contract, license or other obligation that does not constitute a Liability of such Other Party and, unless not permitted by Law or the terms thereof, as agent or subcontractor for such Party, the Party or member of such Party's Group who Assumed or retained such Liability as set forth in this Agreement (the "Liable Party") shall, or shall cause a member of its Group to, pay, perform and discharge fully all the obligations or other Liabilities of such Other Party or member of such Other Party's Group thereunder from and after the Effective Time. For the avoidance of doubt, in furtherance of the foregoing, the Liable Party or a member of such Liable Party's Group, as agent or subcontractor of the Other Party or a member of such Other Party's Group, to the extent reasonably necessary to pay, perform and discharge fully any Liabilities, or retain the benefits (including pursuant to Section 2.6) associated with such Contract or license, is hereby granted the right to, among other things, (i) prepare, execute and submit invoices under such Contract or license in the name of ITT, (ii) send correspondence relating to matters under such Contract or license in the name of ITT, (iii) file Actions in the name of ITT in connection with such Contract or license and (iv) otherwise exercise all rights in respect of such Contract or license in the name of ITT; provided that (y) such actions shall be taken in the name of ITT only to the extent reasonably necessary or advisable in connection with the foregoing and (z) to the extent that there shall be a conflict between the provisions of this Section 2.9(b) and the provisions of any more specific arrangement between a member of such Liable Party's Group and a member of such Other Party's Group, such more specific arrangement shall control. The Liable Party shall indemnify each Other Party and hold each of them harmless against any Liabilities (other than Liabilities of such Other Party) arising in connection therewith; provided, that the Liable Party shall have

no obligation to indemnify any Other Party with respect to any matter to the extent that such Liabilities arise from such Other Party's willful breach, knowing violation of Law, fraud, misrepresentation or gross negligence in connection therewith, in which case such Other Party shall be responsible for such Liabilities. The Other Party shall, without further consideration, promptly pay and remit, or cause to be promptly paid or remitted, to the Liable Party or, at the direction of the Liable Party, to another member of the Liable Party's Group, all money, rights and other consideration received by it or any member of its Group in respect of such performance by the Liable Party (unless any such consideration is an Asset of such Other Party pursuant to this Agreement). If and when any such Consent, Governmental Approval, release, substitution or amendment shall be obtained or such agreement, lease, license or other rights or obligations shall otherwise become assignable or able to be novated, the Other Party shall, to the fullest extent permitted by applicable Law, promptly Transfer or cause the Transfer of all rights, obligations and other Liabilities thereunder of such Other Party or any member of such Other Party's Group to the Liable Party or to another member of the Liable Party's Group without payment of any further consideration and the Liable Party, or another member of such Liable Party's Group, without the payment of any further consideration, shall Assume such rights and Liabilities to the fullest extent permitted by applicable Law. Each of the applicable Parties shall, and shall cause their respective Subsidiaries to, take all actions and do all things reasonably necessary on its part, or such Subsidiaries' part, under applicable Law or contractual obligations to consummate and make effective the transactions contemplated by this [Section 2.9](#).

Section 2.10. Guarantees; Letters of Credit.

(a) Except for those guarantees and/or letters of credit set forth on [Schedule 2.10\(a\)](#) where ITT shall remain as guarantor or obligor and the applicable Party shall indemnify and hold harmless the ITT Indemnitees for any Indemnifiable Loss arising from or relating thereto (in accordance with the provisions of [Article VII](#)) or as otherwise specified in any Ancillary Agreement, at or prior to the Effective Time or as soon as practicable thereafter, (i) ITT shall (with the reasonable cooperation of the applicable member of the Water Group or Defense Group) use its commercially reasonable efforts to have any member of the Water Group and/or the Defense Group removed as guarantor of or obligor for any ITT Retained Liability to the fullest extent permitted by applicable Law, including in respect of those guarantees set forth on [Schedule 2.10\(a\)\(i\)](#), to the extent that they relate to ITT Retained Liabilities, (ii) Exelis shall (with the reasonable cooperation of the applicable member of the ITT Group or any Defense Group) use commercially reasonable efforts to have any member of the ITT Group and/or the Water Group removed as guarantor of or obligor for any Defense Liability to the fullest extent permitted by applicable Law, including in respect of those guarantees set forth on [Schedule 2.10\(a\)\(ii\)](#), to the extent that they relate to Defense Liabilities and (iii) Xylem shall (with the reasonable cooperation of the applicable member of the ITT Group or Defense Group) use commercially reasonable efforts to have any member of the ITT Group and/or the Defense Group removed as guarantor of or obligor for any Water Liability, to the fullest extent permitted by applicable Law, including in respect of those guarantees set forth on [Schedule 2.10\(a\)\(iii\)](#), to the extent that they relate to Water Liabilities.

(b) At or prior to the Effective Time, to the extent required to obtain a release from a guaranty (a "Guaranty Release"):

(i) of any member of the ITT Group, Exelis and/or Xylem shall, as applicable, execute a guaranty agreement substantially in the form of the existing guaranty or such other form as is agreed to by the relevant parties to such guaranty agreement, except to the extent that such existing guaranty contains representations, covenants or other terms or provisions either (A) with which Exelis or Xylem, as the case may be, would be reasonably unable to comply or (B) which would be reasonably expected to be breached;

(ii) of any member of the Defense Group, ITT and/or Xylem shall, as applicable, execute a guaranty agreement substantially in the form of the existing guaranty or such other form as is agreed to by the relevant parties to such guaranty agreement, except to the extent that such existing guaranty contains representations, covenants or other terms or provisions either (A) with which ITT or Xylem, as the case may be, would be reasonably unable to comply or (B) which would be reasonably expected to be breached; and

(iii) of any member of the Water Group, ITT and/or Exelis, shall, as applicable, execute a guaranty agreement substantially in the form of the existing guaranty or such other form as is agreed to by the relevant parties to such guaranty agreement, except to the extent that such existing guaranty contains representations, covenants or other terms or provisions either (A) with which ITT or Exelis, as the case may be, would be reasonably unable to comply or (B) which would be reasonably expected to be breached.

(c) If ITT, Exelis or Xylem is unable to obtain, or to cause to be obtained, any such required removal as set forth in clauses (a) and (b) of this Section 2.10, (i) the relevant member of the ITT Group, Defense Group or Water Group, as applicable, that has assumed the underlying Liability with respect to such guaranty shall indemnify and hold harmless the guarantor or obligor for any Indemnifiable Loss arising from or relating thereto (in accordance with the provisions of Article VII) and shall or shall cause one of its Subsidiaries, as agent or subcontractor for such guarantor or obligor to pay, perform and discharge fully all the obligations or other Liabilities of such guarantor or obligor thereunder and (ii) each of ITT, Exelis and Xylem, on behalf of themselves and the members of their respective Groups, agree (except in the case of Exelis as permitted in accordance with Section 2.9(b) or 2.11) not to renew or extend the term of, increase its obligations under, or Transfer to a third party, any loan, guarantee, lease, contract or other obligation for which another Party or member of such Party's Group is or may be liable without the prior written consent of such other Party, unless all obligations of such other Party and the other members of such Party's Group with respect thereto are thereupon terminated by documentation reasonably satisfactory in form and substance to such Party; provided, however, with respect to leases, in the event a Guaranty Release is not obtained and the relevant beneficiary wishes to extend the term of such guaranteed lease, then such beneficiary shall have the option of extending the term if it provides such security as is reasonably satisfactory to the guarantor under such guaranteed lease.

Section 2.11. Post Closing Exelis Contracts. Following the Effective Time, in connection with Contracts that would otherwise be entered into by Exelis following the Effective Time that are (a) the continuation, extension, renewal, option exercise, follow-on, or work related, to Defense Contracts pending novation pursuant to Section 2.9 and (b) Contracts, including quotations, proposals or bids for new opportunities, in each case primarily relating to the Defense Business, including such Contracts that are subject to security-related accreditation or facility security clearance requirements to be eligible to bid or perform such Contracts (such Contracts set forth in clauses (a) and (b), collectively, the "Post Closing Exelis Contracts"), ITT shall be, or shall continue to be, the contracting party for such Contracts until such time when, after Exelis shall have obtained the necessary novations, accreditations, clearances or assignments to enter into such Contracts and submit such bids, such Contracts shall have been Transferred to Exelis (such time, the "Post Closing Exelis Contracts Transfer Time"). In furtherance of the foregoing, Exelis shall use commercially reasonable efforts to, as promptly as practicable following the Effective Time, (a) obtain such necessary clearances, (ii) effect the Transfer of any such Post Closing Exelis Contracts, including any Assets and Liabilities thereunder, to Exelis and (iii) procure the release of ITT from any obligations or Liabilities thereunder to the fullest extent permitted by applicable Law. For the avoidance of doubt, from and after the Effective Time and until the Post Closing Exelis Contracts Transfer Time, such Post Closing Exelis Contracts, and any Assets and Liabilities thereunder, shall be subject to the provisions of Sections 2.6, 2.8 and 2.9, as applicable, including the Liable Party's obligation to indemnify the Other Party in connection with such Contracts or Liabilities pursuant to

Section 2.9(b); it being understood that, with respect to Section 2.9, ITT shall be the Other Party and Exelis shall be the Liable Party.

Section 2.12. Disclaimer of Representations and Warranties. EACH OF ITT (ON BEHALF OF ITSELF AND EACH MEMBER OF THE ITT GROUP), EXELIS (ON BEHALF OF ITSELF AND EACH MEMBER OF THE DEFENSE GROUP), AND XYLEM (ON BEHALF OF ITSELF AND EACH MEMBER OF THE WATER GROUP) UNDERSTANDS AND AGREES THAT, EXCEPT AS EXPRESSLY SET FORTH HEREIN, IN ANY ANCILLARY AGREEMENT OR IN ANY CONTINUING ARRANGEMENT, NO PARTY TO THIS AGREEMENT, ANY ANCILLARY AGREEMENT OR ANY OTHER AGREEMENT OR DOCUMENT CONTEMPLATED BY THIS AGREEMENT, ANY ANCILLARY AGREEMENTS OR OTHERWISE, IS REPRESENTING OR WARRANTING IN ANY WAY AS TO THE ASSETS, BUSINESSES OR LIABILITIES CONTRIBUTED, TRANSFERRED OR ASSUMED AS CONTEMPLATED HEREBY OR THEREBY, AS TO ANY CONSENTS OR GOVERNMENTAL APPROVALS REQUIRED IN CONNECTION HEREWITH OR THEREWITH, AS TO THE VALUE OR FREEDOM FROM ANY SECURITY INTERESTS OF, OR ANY OTHER MATTER CONCERNING, ANY ASSETS OF SUCH PARTY, OR AS TO THE ABSENCE OF ANY DEFENSES OR RIGHT OF SETOFF OR FREEDOM FROM COUNTERCLAIM WITH RESPECT TO ANY ACTION OR OTHER ASSET, INCLUDING ACCOUNTS RECEIVABLE, OF ANY PARTY, OR AS TO THE LEGAL SUFFICIENCY OF ANY CONTRIBUTION, ASSIGNMENT, DOCUMENT, CERTIFICATE OR INSTRUMENT DELIVERED HEREUNDER TO CONVEY TITLE TO ANY ASSET OR THING OF VALUE UPON THE EXECUTION, DELIVERY AND FILING HEREOF OR THEREOF. EXCEPT AS MAY EXPRESSLY BE SET FORTH HEREIN OR IN ANY ANCILLARY AGREEMENT, ALL SUCH ASSETS ARE BEING TRANSFERRED ON AN "AS IS, WHERE IS" BASIS (AND, IN THE CASE OF ANY REAL PROPERTY, BY MEANS OF A QUITCLAIM OR SIMILAR FORM DEED OR CONVEYANCE) AND THE RESPECTIVE TRANSFERREES SHALL BEAR THE ECONOMIC AND LEGAL RISKS THAT (I) ANY CONVEYANCE SHALL PROVE TO BE INSUFFICIENT TO VEST IN THE TRANSFEREE GOOD TITLE, FREE AND CLEAR OF ANY SECURITY INTEREST AND (II) ANY NECESSARY CONSENTS OR GOVERNMENTAL APPROVALS ARE NOT OBTAINED OR THAT ANY REQUIREMENTS OF LAWS OR JUDGMENTS ARE NOT COMPLIED WITH.

ARTICLE III

CERTAIN ACTIONS AT OR PRIOR TO THE DISTRIBUTIONS

Section 3.1. Articles of Incorporation; By-laws.

(a) Exelis. On or prior to the Distribution Date, all necessary actions shall be taken to adopt the form of Articles of Incorporation and By-laws filed by Exelis with the Commission as exhibits to the Exelis Form 10, to be effective as of the Effective Time.

(b) Xylem. On or prior to the Distribution Date, all necessary actions shall be taken to adopt the form of Articles of Incorporation and By-laws filed by Xylem with the Commission as exhibits to the Xylem Form 10, to be effective as of the Effective Time.

Section 3.2. Directors.

(a) ITT. On or prior to the Distribution Date, ITT shall take all necessary actions, including procuring the resignations of the directors named on Schedule 3.2(a), such that, at the Effective Time, its Board shall include the individuals named on Schedule 3.2(a)

(b) Exelis. On or prior to the Distribution Date, ITT shall take all necessary action to cause the Board of Directors of Exelis to include, at the Effective Time, the individuals identified in the Exelis Information Statement as director nominees of Exelis.

(c) Xylem. On or prior to the Distribution Date, ITT shall take all necessary action to cause the Board of Directors of Xylem to include, at the Effective Time, the individuals identified in the Xylem Information Statement as director nominees of Xylem.

Section 3.3. Officers.

(a) ITT. On or prior to the Distribution Date, ITT shall take all necessary actions, including procuring the resignations of its officers, such that at the Effective Time its officers shall be the individuals named on Schedule 3.3(a).

(b) Exelis. On or prior to the Distribution Date, ITT shall take all necessary action to cause the individuals identified as such in the Exelis Information Statement to be officers of Exelis as of the Effective Time.

(c) Xylem. On or prior to the Distribution Date, ITT shall take all necessary action to cause the individuals identified as such in the Xylem Information Statement to be officers of Xylem as of the Effective Time.

Section 3.4. Resignations and Removals.

(a) Exelis. On or prior to the Distribution Date or as soon thereafter as practicable, (i) ITT shall cause all its employees and any employees of its Subsidiaries (excluding any employees of any member of the Defense Group) to resign or be removed, effective as of the Effective Time, from all positions as officers or directors of any member of the Defense Group in which they serve, and (ii) Exelis shall cause all its employees and any employees of its Subsidiaries to resign, effective as of the Effective Time, from all positions as officers or directors of any members of the ITT Group or the Water Group in which they serve.

(b) Xylem. On or prior to the Distribution Date or as soon thereafter as practicable, (i) ITT shall cause all its employees and any employees of its Subsidiaries (excluding any employees of any member of the Water Group) to resign or be removed, effective as of the Effective Time, from all positions as officers or directors of any member of the Water Group in which they serve, and (ii) Xylem shall cause all its employees and any employees of its Subsidiaries to resign, effective as of the Effective Time, from all positions as officers or directors of any members of the ITT Group or the Defense Group in which they serve.

(c) No Person shall be required by any Party to resign from any position or office with another Party if such Person is disclosed in the applicable Information Statement as the Person who is to hold such position or office following the applicable Distribution.

Section 3.5. Cash Adjustments.

(a) Exelis. Subject to Section 3.5(c), prior to the Distribution Date, either (i) Exelis shall transfer funds to ITT or (ii) ITT shall transfer funds to Exelis, such that Exelis' book cash and cash equivalents balance in its accounts immediately prior to the Effective Time shall equal the Exelis Target Cash Balance.

(b) Xylem. Subject to Section 3.5(c), prior to the Distribution Date, either (i) Xylem shall transfer funds to ITT or (ii) ITT shall transfer funds to Xylem, such that Xylem's book cash and cash equivalents balance in its accounts immediately prior to the Effective Time shall equal the Xylem Target Cash Balance.

(c) ITT. Notwithstanding Sections 3.5(a) and (b), prior to the Distribution Date, ITT shall retain funds or funds shall be transferred to ITT such that ITT's book cash and cash equivalents balance in its accounts immediately prior to the Effective Time shall equal the ITT Target Cash Balance. If on the Business Day prior to the Distribution Date, after making the adjustments contemplated in Sections 3.5(a) and (b), the actual aggregate book cash and cash equivalents balance of the Parties is greater than or equal to the sum of the Exelis Target Cash Balance, the Xylem Target Cash Balance and the ITT Target Cash Balance, as calculated above, ITT shall retain funds or funds shall be transferred to ITT such that ITT's book cash and cash equivalents balance in its accounts immediately prior to the Effective Time shall equal the sum of the ITT Target Cash Balance plus any excess above such sum.

(d) Promptly following the Distribution Date, and in any event not later than twenty (20) days thereafter, ITT shall (i) prepare, as of 12:01 a.m., New York time, on the Distribution Date, an exhibit (the "Statement of Cash Detail") which includes, for each of ITT, Exelis and Xylem: (A) the book cash and cash equivalents balance of such Party as of 12:01 a.m., New York time, on the Distribution Date (each a "Distribution Date Cash Balance") and (B) a proposal, which shall not involve any repatriation of cash (but which may, for the avoidance of doubt, involve either on or off-shore transfers), for the payment in a tax efficient manner by any applicable Party to any other Party of such other amounts as are necessary so that each Party's Distribution Date Cash Balance equals the requisite amount pursuant to Sections 3.5(a), (b) and (c) ("Reallocation Payments") and (ii) deliver such Statement of Cash Detail to each other Party for review (the day the Statement of Cash Detail is so delivered, the "Statement Completion Date"). In preparing the Statements of Cash Detail, the elements thereof shall be prepared (1) in accordance with GAAP applied on a consistent basis and with the same accounting principles, practices, methodologies and policies historically used by ITT in connection with the preparation of its audited financial statements, (2) subject to the foregoing clause (1), in a statement calculated based on the example set forth in Schedule 3.5(d), and (3) in a manner consistent with the terms of this Agreement.

(e) Each Party receiving the Statement of Cash Detail and their respective accountants shall be entitled to make reasonable inquiries of ITT, the applicable other Party and/or their respective accountants and senior officers, at reasonable times, upon reasonable advance notice, and without unreasonable interference to such Parties' operations, regarding the Statement of Cash Detail with respect to such Parties. Within five (5) days of the Statement Completion Date (such 5-day period, the "Cash Detail Review Period"), each Party shall (i) complete its review of the Statement of Cash Detail and (ii) submit to ITT and the other applicable Party a letter stating its concurrence or disagreement with the accuracy of the Statement of Cash Detail with respect to such Party ("Response Letter") and specifying any specific items on the Statement of Cash Detail with which such Party disagrees (each, a "Disputed Item"), it being understood that all other items in the Statement of Cash Detail other than the Disputed Items shall be deemed agreed to by the Parties. Unless a Party delivers a Response Letter by the last day of the Cash Detail Review Period, such Party shall be deemed to have accepted ITT's Statement of Cash Detail and the calculations therein shall become final and binding upon ITT and such Party.

(f) Following the delivery of the Response Letter, ITT and the applicable Party or Parties shall in good faith attempt promptly to resolve all disagreements as to the computation of all Disputed Items within a ten (10) day period (or longer, as mutually agreed by the Parties after delivery of the Response Letter). Any items not in dispute or resolved during such period shall be deemed to be final. Following such ten (10) day period, ITT and the applicable Party shall submit any remaining Disputed Items (and only such remaining Disputed Items) to Ernst & Young, LLP or, if such firm is unable or

unwilling to act, such other Person as shall be agreed upon by the parties hereto in writing (in any such case, the "Accountant") for determination. The determination of the Accountant with respect to all remaining Disputed Items and the Reallocation Payments shall be completed within fifteen (15) days after the appointment of the Accountant, shall be determined in accordance with this Agreement and shall be final and binding upon ITT and the applicable Party. With respect to each Disputed Item subject to resolution by the Accountant, the Accountant shall adopt a position that is either equal to the applicable Party's proposed position, equal to ITT's proposed position, or any amount as so determined by the Accountant between the positions proposed by such Party and ITT. The fees, costs and expenses of the Accountant shall be allocated by the Accountant at the time the Accountant's determination is rendered with respect to all the remaining Disputed Items as follows: (A) if the Accountant resolves all of the remaining Disputed Items in favor of one Party's position, then all such fees, costs and expenses (and the reasonable attorney's fees and expenses of such Party) shall be paid by the other Party or, if applicable, equally among the two other Parties maintaining different positions; and (B) if the Accountant does not resolve all of the remaining Disputed Items in favor of one Party's position, then such fees, costs and expenses (and the reasonable attorney's fees and expenses of the applicable Parties) shall be paid in inverse proportion as the Parties may prevail on matters resolved by the Accountant, based on the dollar amount of each Disputed Item resolved in favor of each Party.

(g) Within seven (7) days of the final resolution of all Disputed Items as to Exelis and Xylem in accordance with Sections 3.5(g) and (f) above, but in no event later than December 29, 2011, ITT shall submit to Exelis and Xylem a statement calculated based on the example in Schedule 3.5(d) (the "Statement of Cash Allocation") indicating the final allocation of cash to each Party as finally determined in accordance with this Section 3.5 (each, a "Cash Allocation").

(h) Notwithstanding anything to the contrary herein, if prior to the Petrobras Time, Petrobras shall not have paid the entire Receivable to Water Brazil, then (i) ITT's Cash Allocation shall be reduced by an amount equal to (A) the excess, if any, of the principal amount of BRL12,270,000 plus interest thereon, under the credit facility entered into between Citibank and Water Brazil in May 2011, over any amount paid by Petrobras in respect of the Receivable, (B) converted to United States dollars using the Petrobras Conversion Rate as of the most recent month end prior to the date on which each Party's Cash Allocation is finally determined and (ii) Xylem's Cash Allocation shall be increased by the same amount; provided, however, that, in the event any part of the Outstanding Receivable is received by Water Brazil after the Petrobras Time but before the date on which ITT shall submit the Statement of Cash Allocation to Exelis and Xylem pursuant to Section 3.5(g), then ITT's Cash Allocation shall be increased in accordance with Section 2.6(d)(ii) and Xylem's Cash Allocation shall be decreased by the same amount.

(i) The Statement of Cash Allocation shall provide for payments among the Parties in accordance with the following principles:

(i) If the difference between any Party's Cash Allocation and such Party's Distribution Date Cash Balance is less than \$1,000,000, then such Party shall not be entitled to any adjustment pursuant to this Section 3.5. If the difference between any Party's Cash Allocation and such Party's Distribution Date Cash Balance is more than \$1,000,000, then such Party shall be entitled to receive payments, in a tax efficient manner and not involving any repatriation of cash, from such other Party or Parties whose Distribution Date Cash Balance exceeds its Cash Allocation such that after giving effect to such payments each Party's Distribution Date Cash Balance shall equal its Cash Allocation, and each such Party shall be obligated to pay, or cause to be paid, to such other Party, or its designee, the amount of such shortfall.

(j) Any payments made pursuant to this Section 3.5 shall be made by wire transfer of

immediately available funds to the account designated in writing by the relevant Parties.

ARTICLE IV
THE DISTRIBUTIONS

Section 4.1. Stock Dividends to ITT Shareholders.

(a) Exelis. On the Distribution Date, ITT shall cause the Distribution Agent to distribute all of the outstanding shares of Exelis Common Stock then owned by ITT to holders of ITT Common Stock on the Distribution Record Date, and to credit the appropriate number of such shares of Exelis Common Stock to book entry accounts for each such holder or designated transferee or transferees of such holder of Exelis Common Stock. For shareholders of ITT who own ITT Common Stock through a broker or other nominee, their shares of Exelis Common Stock shall be credited to their respective accounts by such broker or nominee. Each holder of ITT Common Stock on the Distribution Record Date (or such holder's designated transferee or transferees) shall be entitled to receive in the Exelis Distribution one (1) share of Exelis Common Stock for every one (1) share of ITT Common Stock held by such shareholder. No action by any such shareholder shall be necessary for such shareholder (or such shareholder's designated transferee or transferees) to receive the applicable number of shares (and, if applicable, cash in lieu of any fractional shares) of Exelis Common Stock such shareholder is entitled to in the Exelis Distribution.

(b) Xylem. On the Distribution Date, ITT shall cause the Distribution Agent to distribute all of the outstanding shares of Xylem Common Stock then owned by ITT to holders of ITT Common Stock on the Distribution Record Date, and to credit the appropriate number of such shares of Xylem Common Stock to book entry accounts for each such holder or designated transferee or transferees of such holder of Xylem Common Stock. For shareholders of ITT who own ITT Common Stock through a broker or other nominee, their shares of Xylem Common Stock shall be credited to their respective accounts by such broker or nominee. Each holder of ITT Common Stock on the Distribution Record Date (or such holder's designated transferee or transferees) shall be entitled to receive in the Xylem Distribution one (1) share of Xylem Common Stock for every one (1) share of ITT Common Stock held by such shareholder. No action by any such shareholder shall be necessary for such shareholder (or such shareholder's designated transferee or transferees) to receive the applicable number of shares (and, if applicable, cash in lieu of any fractional shares) of Xylem Common Stock such shareholder is entitled in the Xylem Distribution.

Section 4.2. Actions in Connection with the Distribution.

(a) Prior to the Distribution Date, each of Exelis and Xylem shall file such amendments and supplements to their respective Form 10's as ITT may reasonably request, and such amendments as may be necessary in order to cause the same to become and remain effective as required by Law, including filing such amendments and supplements to their respective Form 10's as may be required by the Commission or federal, state or foreign securities Laws. Each of Exelis and Xylem shall mail to the holders of ITT Common Stock, at such time on or prior to the Distribution Date as ITT shall determine, the Information Statement included in its Form 10, as well as any other information concerning Exelis or Xylem, as applicable, their business, operations and management, the Plan of Separation and such other matters as ITT shall reasonably determine are necessary and as may be required by Law. Promptly after receiving a request from ITT, to the extent requested, each of Exelis and Xylem shall prepare and, in accordance with applicable Law, file with the Commission any such documentation that ITT reasonably determines is necessary or desirable to effectuate the applicable Distribution, and ITT, Exelis and Xylem shall each use commercially reasonable efforts to obtain all necessary approvals from the Commission with respect thereto as soon as practicable.

(b) Each of Exelis and Xylem shall use commercially reasonable efforts in preparing, filing with the Commission and causing to become effective, as soon as reasonably practicable (but in any case prior to the Effective Time), effective registration statements or amendments thereof which are required in connection with the establishment of, or amendments to, any employee benefit plans of such Party.

(c) To the extent not already approved and effective, each of Exelis and Xylem shall use commercially reasonable efforts to have approved and made effective, the respective application for the original listing of the Xylem Common Stock and Exelis Common Stock, as applicable, to be distributed in the applicable Distribution on the NYSE, subject to official notice of distribution.

(d) Each Party shall provide all cooperation reasonably requested by the other Parties that is necessary or desirable in connection with the Financing Arrangements.

(e) Nothing in this Section 4.2 shall be deemed to shift or otherwise impose Liability for any portion of such Form 10's or Information Statements to ITT.

Section 4.3. Sole Discretion of ITT. ITT shall, in its sole and absolute discretion, determine the Distribution Date, the Effective Time and all other terms of the Distribution, including the form, structure and terms of any transactions and/or offerings to effect the Distribution and the timing of and conditions to the consummation thereof. In addition, ITT may, in accordance with Section 11.11, at any time and from time to time until the completion of the Distribution decide to abandon the Xylem Distribution and/or the Exelis Distribution or modify or change the terms of the Xylem Distribution and/or the Exelis Distribution, including by accelerating or delaying the timing of the consummation of all or part of the Distribution. Without limiting the foregoing, ITT shall have the right not to complete the Distribution if, at any time prior to the Effective Time, the Board shall have determined, in its sole discretion, that the Distribution is not in the best interests of ITT or its shareholders or other constituents, that a sale or other alternative is in the best interests of ITT or its shareholders or other constituents or that it is not advisable at that time for Exelis or Xylem to separate from ITT.

Section 4.4. Conditions to Distribution. Subject to Section 4.3, the following are conditions to the consummation of the Distribution. The conditions are for the sole benefit of ITT and shall not give rise to or create any duty on the part of ITT or the Board to waive or not waive any such condition.

(a) The applicable Form 10 shall have been declared effective by the Commission, no stop order suspending the effectiveness thereof shall be in effect, no proceedings for such purpose shall be pending before or threatened by the Commission, and the applicable Information Statement shall have been mailed to the holders of ITT Common Stock;

(b) With respect to the (i) Xylem Distribution, the Xylem Common Stock to be delivered in the Xylem Distribution shall have been approved for listing on the NYSE, subject to official notice of distribution and (ii) Exelis Distribution, the Exelis Common Stock to be delivered in the Exelis Distribution shall have been approved for listing on the NYSE, subject to official notice of distribution;

(c) Prior to the Distribution Date, ITT shall have obtained an opinion from Simpson Thacher & Bartlett LLP, its tax counsel, in form and substance satisfactory to ITT (in its sole discretion), as to the satisfaction of certain conditions necessary for such Distribution, together with certain related transactions, to qualify as a reorganization under Sections 355 and 368(a)(1)(D) of the Code;

(d) Prior to the Distribution Date, ITT shall have obtained a private letter ruling from the Internal Revenue Service in form and substance satisfactory to ITT (in its sole discretion), and such ruling shall remain in effect as of such Distribution Date, to the effect, among other things, that such

Distribution, together with certain related transactions, will qualify as a reorganization under Sections 355 and 368(a)(1)(D) of the Code;

(e) Prior to the Distribution Date, the Board shall have obtained opinions from a nationally recognized valuation firm, in form and substance satisfactory to ITT, with respect to the capital adequacy and solvency of each of ITT, Exelis and Xylem;

(f) Any material Governmental Approvals and other Consents necessary to consummate the applicable Distribution or any portion thereof shall have been obtained and be in full force and effect, it being understood that, for the avoidance of doubt, the Governmental Approvals and Consents contemplated by Section 2.6 and Section 2.9 shall not be deemed necessary to consummate any Distribution;

(g) No order, injunction or decree issued by any Governmental Entity of competent jurisdiction or other legal restraint or prohibition preventing the consummation of all or any portion of the applicable Distribution shall be pending, threatened, issued or in effect, and no other event outside the control of ITT shall have occurred or failed to occur that prevents the consummation of all or any portion of the applicable Distribution;

(h) No other events or developments shall have occurred or failed to occur prior to the Distribution Date that, in the judgment of the Board, would result in the Distribution having a material adverse effect on ITT or its shareholders;

(i) The Financing Arrangements described in the applicable Information Statements as having occurred prior to an applicable Distribution shall have been consummated on or prior to the applicable Distribution;

(j) The Restructuring shall have been completed, except for such steps as ITT in its sole discretion shall have determined may be completed after the Effective Time;

(k) The actions and events set forth in Sections 3.1, 3.2, 3.3 and 3.4 shall have occurred;

(l) The Board shall have authorized the Distribution, which authorization may be given or withheld at its absolute and sole discretion;

(m) In the event the Distribution is for any reason postponed more than one hundred twenty (120) days after October 5, 2011, the Board shall have redetermined, as of such postponed Distribution Date, that the Distribution satisfies the requirements of Indiana Business Corporation Law governing distributions; and

(n) Each Ancillary Agreement shall have been executed by each party thereto.

ARTICLE V

CERTAIN COVENANTS

Section 5.1. No Solicit; No Hire. None of ITT, Exelis or Xylem or any member of their respective Groups shall, from the Effective Time through and including the date set forth on Schedule 5.1, without the prior written consent of the applicable Party, directly or indirectly, recruit, solicit, hire or retain any person who is an employee specified on Schedule 5.1 of any other Party or its Subsidiaries as of the Effective Time or induce, or attempt to induce, any such employee to terminate his or her

employment with, or otherwise cease his or her relationship with, any other Party or its Subsidiaries; provided, however, that (i) nothing in this Section 5.1 shall be deemed to prohibit any general solicitation for employment through advertisements and search firms not specifically directed at employees of such other applicable Party or, except with respect to employees defined as “CEOs” and “Directly Reporting Employees” on Schedule 5.1, any hiring as a result thereof; provided, that the applicable Party has not encouraged or advised such firm to approach any such employee or Party and (ii) the prohibitions of this Section 5.1 shall not apply (A) with respect to employees who have been terminated by a Party and (B) following a Change in Control of ITT, Exelis or Xylem, as applicable, with respect to the employees of such Party. The Parties agree that irreparable damage may occur in the event that the provisions of this Section 5.1 were not performed in accordance with their specific terms. Accordingly, it is hereby agreed that the Parties shall be entitled to seek an injunction or injunctions to enforce specifically the terms and provisions hereof in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity.

Section 5.2. Intellectual Property. Each Party shall not use or exploit the Intellectual Property of the other Parties after the Effective Time, except (i) as permitted in the Ancillary Agreements, (ii) as required by applicable Law; (iii) as permitted by the “fair use” doctrine or defense, or (iv) for neutral, non-trademark use of the other Parties’ Trademarks to describe the history of each Party’s respective business.

Section 5.3. Administration of Specified Shared Expenses. ITT shall be responsible for administering each Specified Shared Expense. Each Party shall be responsible for payment of its Applicable Percentage of any Specified Shared Expense, except with respect to (i) certain Specified Shared Expenses that are otherwise allocated among the Parties pursuant to the Tax Matters Agreement and (ii) certain Specified Shared Expenses otherwise allocated among the parties as set forth on Schedule 1.1(85). ITT shall invoice each of Exelis and Xylem on a quarterly basis, and Exelis and Xylem shall each promptly following invoice reimburse ITT for its allocable share of such Specified Shared Expenses. In addition, ITT shall, in connection with each invoice, provide a quarterly estimated budget (for informational and planning purposes only) to Exelis and Xylem of Specified Shared Expenses for the following quarter.

Section 5.4. Cooperation. From and after the Effective Time, each Party shall, and shall cause each of its respective Affiliates and employees to, (i) provide reasonable cooperation and assistance to each other Party (and any member of their respective Groups) in connection with the completion of the Plan of Separation (including assisting in the preparation of the Distributions), (ii) provide knowledge transfer regarding its applicable Business or ITT’s historical business, (iii) reasonably assist each other Party in the orderly and efficient transition in becoming an independent company to the extent set forth in the Transition Services Agreement and (iv) reasonably assist each other Party to which such Party is providing or has provided services, as applicable, pursuant to the Transition Services Agreement, in connection with requests for information from, audits or other examinations of, such other Party by a Governmental Entity; in each case, except as may otherwise be agreed to by the Parties in writing, at no additional cost to the Party requesting such assistance other than for the actual out-of-pocket costs (which shall not include the costs of salaries and benefits of employees of such Party or any pro rata portion of overhead or other costs of employing such employees which would have been incurred by such employees’ employer regardless of the employees’ service with respect to the foregoing) incurred by any such Party, if applicable. In furtherance of, and without limiting, the foregoing, each Party shall make reasonably available those employees with particular knowledge of any function or service of which another Party was not allocated the employees, agents or consultants involved in such function or service in connection with the Plan of Separation (including, employee benefits functions, risk management, etc.).

Section 5.5. Periodic Meetings. Unless otherwise agreed to by the Parties, at least once

during each fiscal quarter during the two (2) year period following the Distribution Date, the Parties shall hold a meeting for the purpose of sharing Information related to this Agreement, any Shared Contingent Liabilities or the preparation of any Party's financial statements. Each Party shall designate between one (1) and three (3) persons as its standing representatives for such meetings. The Managing Party shall be responsible for scheduling such meeting at reasonably consistent and convenient times and on no less than thirty (30) days' notice. The Parties' standing representatives and others may participate in such meetings in person or other medium by which all participants may hear each other.

Section 5.6. Board of Directors. Each of Exelis and Xylem agrees that, without the prior written consent of the two other Parties, it shall not nominate a slate of directors to be elected at its shareholders meeting to be held in 2013 (the "2013 Meetings") as a result of which (i) 50% or more of the members of its Board of Directors shall have served as directors or executive officers of ITT at any time during the twelve-month period immediately preceding the Effective Time (each, a "Legacy Director") or (ii) any member of its Board of Directors shall be a Legacy Director who is also a director of ITT following the Effective Time, including any Legacy Director who would be nominated to serve as a director of ITT at its shareholders meeting to be held in 2013. In furtherance of the foregoing, (x) in the absence of agreement as to which Legacy Directors shall not be nominated for election at the 2013 Meetings to serve on Exelis' and/or Xylem's respective Board of Directors, as the case may be, the individuals identified on Schedule 5.6 shall not be nominated by the applicable Board of Directors to stand for re-election at such meetings, and (y) ITT shall not nominate the individuals identified on Schedule 5.6 to serve on ITT's Board at such meeting, unless such individuals will not be nominated for election to the Board of Directors of either Exelis or Xylem at such meeting.

Section 5.7. Office Space.

(a) Exelis Headquarters Office Space. Exelis' corporate headquarters as of the Effective Time will be located at 1650 Tysons Boulevard, Suite 1700, McLean, Virginia 22102.

(b) Xylem Headquarters Office Space. Xylem's corporate headquarters as of the Effective Time will be located at 1133 Westchester Avenue, Suite N200, White Plains, New York 10604 (the "White Plains Headquarters") on a transitional basis.

(c) ITT Headquarters Office Space. ITT's corporate headquarters as of the Effective Time will be located at 1133 Westchester Avenue, Suite 3000, White Plains, New York 10604.

(d) Headquarters. From and after the Effective Time, ITT's and Xylem's headquarters shall be located in physically segregated spaces on separate floors, with each of ITT and Xylem having its own security systems. Xylem agrees that it shall vacate the White Plains Headquarters on or before the second anniversary of the Distribution Date.

Section 5.8. Night Vision.

(a) Each Party acknowledges that it has read and is familiar with the Administrative Compliance Agreement between the United States Army and ITT dated as of October 11, 2007 (the "ACA") and the Consent Agreement between the United States Department of State and ITT dated as of December 21, 2007 (the "Consent Agreement") and all of ITT's obligations thereunder.

(b) The Parties agree that from and after the Effective Time, Exelis shall, and shall cause its Subsidiaries to, (A) satisfy and comply in all respects with ITT's obligation to pay the "Deferred Prosecution Monetary Penalty" (as defined in the ACA (as defined therein) and (B) pay all out-of-pocket fees and expenses associated with the "Independent Monitor" (as defined in the ACA), in each case as if

Exelis were a party to the ACA.

(c) Subject to Section 5.8(b), from and after the Effective Time, each of ITT, Exelis and Xylem (i) shall, and shall cause their respective Subsidiaries to, comply with the ACA and the Consent Agreement in all respects as applicable to the ITT Retained Business, the Water Business and the Defense Business, respectively, and (ii) shall indemnify and hold the other Parties' Indemnitees harmless for any Indemnifiable Losses arising out of or resulting from or incurred in connection with any violation (as determined in connection with any final judgment or settlement agreement under which the relevant Party has Liability) of the ACA or the Consent Agreement by, respectively, the ITT Group, the Water Group and/or the Defense Group, including, for the avoidance of doubt, reasonable expenses incurred by any ITT Indemnitee, Defense Indemnitee or Water Indemnitee, as applicable, in respect of any Action arising from such violation or alleged violation.

(d) Each of ITT, Exelis and/or Xylem, as applicable, shall promptly notify the other Parties in writing and in reasonable detail of any Action arising from any action or omission or alleged action or omission of any member of the ITT Group, the Defense Group and/or the Water Group, as applicable, in violation of Section 5.8(c)(i); provided, however, that no such notification shall be required unless the applicable Party shall have received a written notice or other written communication from a Governmental Entity in connection with such Action. Each such Party shall cooperate with each other Party involved in any such Action in the defense of such Action and make available to each other Party (i) its and its Subsidiaries' officers, directors, employees, counsel and agents to assist in such defense, to the extent that such Persons may reasonably be required in connection with such defense and (ii) all witnesses, pertinent Information, materials and information in its Group's possession or under its Group's control relating to such defense, as are reasonably required in connection with such defense. For the avoidance of doubt, except as otherwise specifically set forth in this Section 5.8(d), the provisions of clauses (b), (e), (f) and (g) of Section 7.5 shall apply, *mutatis mutandis*, to any Third Party Claims arising out of this Section 5.8.

Section 5.9. SEC Settlement.

(a) Each Party acknowledges that it has read and is familiar with the Consent and Final Judgment entered in *Securities and Exchange Commission v. ITT Corporation*, Case No. 1:09-cv-00272-RJL, in the United States District Court for the District of Columbia the (collectively, the "Final Judgment") and all of ITT's obligations thereunder.

(b) From and after the Effective Time, each of ITT, Exelis and Xylem shall, and shall cause their respective Subsidiaries to, comply with the Final Judgment in all respects as applicable to the ITT Retained Business, the Defense Business and the Water Business, respectively.

(c) Each of ITT, Exelis and/or Xylem, as applicable, shall promptly notify the other Parties in writing and in reasonable detail of any Action arising from any action or omission or alleged action or omission of any member of the ITT Group, the Defense Group and/or the Water Group, as applicable, in violation of the Final Judgment; provided, however, that no such notification shall be required unless the applicable Party shall have received a written notice or other written communication from a Governmental Entity in connection with such Action. Each such Party shall cooperate with each other Party involved in such Action in such defense and make available to each other Party (i) its and its Subsidiaries' officers, directors, employees, counsel and agents to assist in such defense, to the extent that such Persons may reasonably be required in connection with such defense and (ii) all witnesses, pertinent Information, materials and information in its Group's possession or under its Group's control relating to such defense, as are reasonably required in connection with such defense. For the avoidance of doubt, except as otherwise specifically set forth in this Section 5.9(c), the provisions of clauses (b), (e), (f) and

(g) of [Section 7.5](#) shall apply, *mutatis mutandis*, to any Third Party Claims arising out of this [Section 5.9](#).

(d) Each of ITT, Exelis and Xylem shall indemnify and hold the other Parties' Indemnitees harmless for any violation (as determined in connection with any final judgment or settlement agreement under which the relevant Party has Liability) of the Final Judgment by, respectively, the ITT Group, the Defense Group and/or the Water Group, including their respective officers, employees, agents and attorneys and all Persons in active participation with the aforementioned who received actual notice of the Final Judgment, including, for the avoidance of doubt, reasonable expenses incurred by any ITT Indemnitee, Defense Indemnitee or Water Indemnitee, as applicable, in respect of any Action arising from such violation or alleged violation.

ARTICLE VI

SHARED CONTINGENT LIABILITIES

Section 6.1. Shared Contingent Liabilities. From and after the Effective Time, except as otherwise expressly set forth in this [Article VI](#) or the Tax Matters Agreement (with respect to Taxes) and without limiting the indemnification provisions of [Article VII](#), ITT, Exelis and Xylem shall each be responsible for (i) its Applicable Percentage of any Shared Contingent Liabilities pursuant to and in accordance with the relevant provisions of [Article VII](#) and, without duplication, (ii) its Applicable Percentage of any Specified Shared Expenses related to or arising out of any Shared Contingent Liability. Any amounts owed in respect of any Shared Contingent Liabilities other than Specified Shared Expenses (which are addressed pursuant to [Section 5.3](#)) shall be remitted promptly after the Party entitled to such amount provides an invoice (including reasonable supporting Information with respect thereto and a calculation of the amounts owed by each Party based on such Party's Applicable Percentage) to the Party or Parties owing such amount and such costs and expenses shall be included in the calculation of the amount of the applicable Shared Contingent Liability in determining the reimbursement obligations of the other Parties with respect thereto; provided, however, that if so directed by the Party providing the invoice, in lieu of remitting amounts directly to the Party providing the invoice, the owing Party shall remit the owed amount directly to the appropriate third party or parties or to an account established by the invoicing Party for the benefit of the Parties, in which case each Party shall contribute its Applicable Percentage of such amount to such account for the benefit of the Parties. It shall not be a defense to any obligation by any Party to pay any amounts, whether pursuant to this [Article VI](#) or in respect of Indemnifiable Losses pursuant to Article VII, in respect of any Shared Contingent Liability that (i) such Party was not consulted in the defense or management thereof, (ii) that such Party's views or opinions as to the conduct of such defense were not accepted or adopted, (iii) that such Party does not approve of the quality or manner of the defense thereof or (iv) that such Shared Contingent Liability was incurred by reason of a settlement rather than by a judgment or other determination of Liability (even if, subject in each case to [Section 7.5\(f\)](#), such settlement was effected without the consent or over the objection of such Party). Notwithstanding the foregoing, no Party shall be required to pay its share of any final settlement in connection with any Shared Contingent Liability unless the final settlement agreement in connection therewith shall provide for a full and unconditional release of such Party.

Section 6.2. Management of Shared Contingent Liabilities.

(a) "Managing Party," shall initially mean ITT or such other Party as may be identified on [Schedule 1.1\(84\)](#); provided, however, another Party may become the Managing Party with respect to any Shared Contingent Liabilities or other matters set forth in this Agreement upon the prior written agreement of each of the Parties.

(b) Except as provided in the Tax Matters Agreement (with respect to management of Tax

Contests), the Managing Party shall, on behalf of the other Parties, have sole and exclusive authority to, and shall actively and diligently, commence, prosecute, manage, control, conduct or defend (or assume or conduct the defense of) or otherwise determine all matters whatsoever (including, as applicable, litigation strategy and choice of legal counsel or other professionals) with respect to, on behalf of the other Parties, any Action or Third Party Claim with respect to a Shared Contingent Liability (including with respect to those Shared Contingent Liabilities set forth on Schedule 1.1(84)). The Managing Party shall use its commercially reasonable efforts to promptly notify the other Parties in the event that it receives notice of any Shared Contingent Liability including any claim or demand relating thereto; provided, that the failure to provide such notice shall not give rise to any rights on the part of the other Parties against the Managing Party or affect any other provision of this Section 6.2, except to the extent any Party is actually and materially prejudiced thereby in a manner different from any other Party. No Party other than the Managing Party shall consent to the entry of any judgment or enter into any settlement with respect to any Shared Contingent Liability without the prior written consent of the Managing Party and the other Party. For the avoidance of doubt, any settlement by the Managing Party shall be subject to Section 7.5(f).

(c) The Managing Party shall on a quarterly basis, or if a material development occurs as soon as reasonably practicable thereafter, inform the other Parties of the status of and developments relating to any matter involving a Shared Contingent Liability and provide copies of any material document, notices or other materials related to such matters; provided, that the failure to provide any such information shall not be a basis for liability of the Managing Party except and solely to the extent the receiving Party shall have been actually and materially prejudiced thereby in a manner different than any other Party. Each Party shall cooperate fully with the Managing Party in its management of any of such Shared Contingent Liability and shall take such actions in connection therewith that the Managing Party reasonably requests (including providing access to such Party's Records and other Information and employees as set forth in Section 6.3).

(d) In the event of any dispute as to whether any Liability is a Shared Contingent Liability as set forth in Section 6.4(b), the Managing Party may, but shall not be obligated to, commence prosecution or other assertion of such claim or right pending resolution of such dispute. In the event that the Managing Party commences any such prosecution or assertion and, upon resolution of the dispute (pursuant to Article IX or otherwise), it is determined that such Liability is not a Shared Contingent Liability and that such Liability belongs to another Party, pursuant to the provisions of this Agreement or any Ancillary Agreement, the Managing Party shall cease the prosecution or assertion of such right or claim and the applicable Parties shall cooperate to transfer the control thereof to the applicable other Party. In such event, the applicable other Party shall promptly reimburse the Managing Party (or any other Party who has fronted costs and expenses) for all out-of-pocket costs and expenses incurred to such date in connection with the prosecution or assertion of such claim or right (which shall not include the costs of salaries and benefits of employees of the Managing Party or any pro rata portion of overhead or other costs of employing such employees which would have been incurred by such employees' employer regardless of the employees' service with respect to the foregoing).

Section 6.3. Access to Information; Certain Services; Expenses.

(a) Access to Information and Employees by the Managing Party. Unless otherwise prohibited by Law, in connection with the management and disposition of any Shared Contingent Liability, each of the Parties shall make readily available to and afford to the Managing Party and its authorized accountants, counsel and other designated representatives reasonable access, subject to appropriate restrictions for classified Information, Confidential Information or Privileged Information, to the employees, properties, Records and other Information of such Party and the members of such Party's Group insofar as such access relates to the relevant Shared Contingent Liability; it being understood by the Parties that such access as well as any services provided pursuant to Section 6.3(b) below may require

a significant time commitment on the part of such Party's employees and that any such commitment shall not otherwise limit any of the rights or obligations set forth in this Article VI; it also being understood that such access and such services provided shall not unreasonably interfere with any of such Party's employees' normal functions. Nothing in this Section 6.3(a) shall require any Party to violate any agreement with any third party regarding the confidentiality of confidential and proprietary information relating to that third party or its business; provided, however, that in the event that a Party is required to disclose any such Information, such Party shall use commercially reasonable efforts to seek to obtain such third party's written consent to the disclosure of such Information.

(b) Certain Services. Each of ITT, Exelis and Xylem shall make available to the others, upon reasonable written request, its and its Subsidiaries' officers, directors, employees, counsel and agents to assist in the management (including, if applicable, as witnesses in any Action) of any Shared Contingent Liabilities to the extent that such Persons may reasonably be required in connection with the prosecution, defense or day-to-day management of any Shared Contingent Liability. In respect of the foregoing, Schedule 1.1(84) sets forth certain identified Shared Contingent Liabilities, respectively, and identify (but do not limit) those employees and agents who shall assist the Managing Party in its management of such Shared Contingent Liabilities.

(c) Costs and Expenses Relating to Access by the Managing Party. Except as otherwise provided in any Ancillary Agreement, the provision of access and other services pursuant to this Section 6.3 (including by the Managing Party) shall be borne by the Party providing such access and services (other than for actual out-of-pocket costs and expenses, which shall constitute Specified Shared Expenses) and shall be shared by the other Parties accordingly.

(d) Other Specified Shared Expenses. The Managing Party (and the Party or Parties providing assistance to the Managing Party pursuant to Section 6.3(b)) shall be entitled, upon presentation of reasonable supporting documentation thereof, to reimbursement by the other Parties (in accordance with their Applicable Percentages) of any out-of-pocket costs and expenses (which shall include, in the case of the Managing Party, the pro rata portion of the costs of salaries and benefits of such employees with respect to whom at least 30% of their professional time over period of one-month or greater is dedicated to the management or defense of such Shared Contingent Liability) related to or arising out of defending or managing any such Shared Contingent Liability from Exelis and Xylem, as applicable, from time to time when invoiced, but no more frequently than quarterly, in advance of a final determination or resolution of any Action related to a Shared Contingent Liability. Specified Shared Expenses in respect of Shared Contingent Liabilities shall also include the reasonable out-of-pocket costs and expenses of defending, managing or providing assistance to the Managing Party pursuant to Section 6.3(b) with respect to any Third Party Claim that is a Shared Contingent Liability, which shall include any amounts with respect to a bond, prepayment or similar security or obligation required (or determined to be advisable by the Managing Party) to be posted by the Managing Party in respect of any claim and shall not include the costs of salaries and benefits of employees or any pro rata portion of overhead or other costs of employing such employees which would have been incurred by such employees' employer regardless of the employees' service with respect to the foregoing).

Section 6.4. Notice Relating to Shared Contingent Liabilities: Disputes.

(a) In the event that any Party or any member of such Party's Group or any of their respective Affiliates, becomes aware of (i) any Liability that may be a Shared Contingent Liability, (ii) any matter or occurrence that has given or could give rise to a Shared Contingent Liability or (iii) any matter that is material and is reasonably relevant to the Managing Party's ongoing or future management, prosecution, defense and/or administration of any Shared Contingent Liability, such Party shall promptly (but in any event within thirty (30) days of becoming aware, unless, by its nature the subject matter of

such notice would require earlier notice) notify each of the Managing Party and the other Party of any such matter (setting forth in reasonable detail the subject matter thereof); provided, however, that no Party shall be liable for the failure to provide such notice except and solely to the extent the Managing Party and the other Party shall have been actually prejudiced as a result of such failure in a manner different than any other Party.

(b) In the event that any Party disagrees whether a claim, obligation or Liability is a Shared Contingent Liability or whether such claim, obligation or Liability is a Liability allocated to one of the Parties pursuant to this Agreement or any Ancillary Agreement, then such matter shall be resolved pursuant to and in accordance with the dispute resolution provisions set forth in Article IX.

Section 6.5. Cooperation with Governmental Entity. If, in connection with any Shared Contingent Liability, a Party is required by Law to respond to and/or cooperate with a Governmental Entity, such Party shall be entitled to cooperate and respond to such Governmental Entity after, to the extent practicable under the specific circumstances, consultation with the Managing Party with respect to such Shared Contingent Liability; provided, that to the extent such consultation was not practicable such Party shall promptly inform the Managing Party of such cooperation and/or response to the Governmental Entity and the subject matter thereof. In the event that any Party is requested or required by any Governmental Entity in connection with any Shared Contingent Liability pursuant to written or oral question or request for Information or documents in any legal or administrative proceeding, review, interrogatory, subpoena, investigation, demand, or similar process, such Party shall notify the Managing Party promptly of the request or requirement and such Party's response thereto, and shall use commercially reasonable efforts to consult with the Managing Party with respect to the nature of such Party's response to the extent practicable and not in violation of any attorney-client Privilege or legal process.

Section 6.6. Default. In the event that one or more of the Parties defaults in any full or partial payment in respect of any Shared Contingent Liability (as provided in this Article VI and in Article VII), including the payment of the costs and expenses of the Managing Party, then each non-defaulting Party (including ITT) shall be required to pay its relative Applicable Percentage of the amount in default; provided, however, that any such payment by a non-defaulting Party shall in no way release the defaulting Party from its obligations to pay its obligations in respect of such Shared Contingent Liability (both for past and future obligations) and any non-defaulting Party may exercise any available legal remedies available against such defaulting Party.

ARTICLE VII INDEMNIFICATION

Section 7.1. Release of Pre-Distribution Claims.

(a) Except (i) as provided in Section 7.1(b), (ii) as may be otherwise expressly provided in this Agreement or in any Ancillary Agreement and (iii) for any matter for which any Party is entitled to indemnification pursuant to this Article VII, each Party (A) for itself and each member of its respective Group, their respective Affiliates as of the Effective Time and all Persons who at any time prior to the Effective Time were directors, officers, agents or employees of any member of their Group (in their respective capacities as such), in each case, together with their respective heirs, executors, administrators, successors and assigns, does hereby remise, release and forever discharge the other Parties and the other members of such other Parties' Group, their respective Affiliates and all Persons who at any time prior to the Effective Time were shareholders, directors, officers, agents or employees of any member of such other Parties (in their respective capacities as such), in each case, together with their respective heirs,

executors, administrators, successors and assigns, from any and all Liabilities whatsoever, whether at Law or in equity (including any right of contribution), whether arising under any Contract, by operation of Law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the Effective Time, including in connection with the Plan of Separation and all other activities to implement the Restructuring and the Distributions and any of the other transactions contemplated hereunder and under the Ancillary Agreements and (B) in any event will not, and will cause its respective Subsidiaries not to, bring any Action or claim against any member of the other Groups in respect of any such Liabilities.

(b) Nothing contained in [Section 7.1\(a\)](#), [Section 2.4\(a\)](#) and [Section 2.5\(b\)](#) shall impair or otherwise affect any right of any Party and, as applicable, a member of such Party's Group, to enforce this Agreement, any Ancillary Agreement or any agreements, arrangements, commitments or understandings contemplated in this Agreement or in any Ancillary Agreement to continue in effect after the Effective Time. In addition, nothing contained in [Section 7.1\(a\)](#) shall release any person from:

(i) any Liability Assumed, Transferred or allocated to a Party or a member of such Party's Group pursuant to or contemplated by, or any other Liability of any member of such Group under, this Agreement or any Ancillary Agreement including (A) with respect to any Shared Contingent Liability, (B) with respect to ITT, any ITT Retained Liability, (C) with respect to Exelis, any Defense Liability and (D) with respect to Xylem, any Water Liability;

(ii) any Liability for the sale, lease, construction, manufacture or receipt of goods, property or services purchased, obtained or used in the ordinary course of business by a member of one Group from or on behalf of a member of any other Group prior to the Effective Time;

(iii) any Liability provided in or resulting from any other Contract or understanding that is entered into after the Effective Time between any Party (and/or a member of such Party's or Parties' Group), on the one hand, and any other Party or Parties (and/or a member of such Party's or Parties' Group), on the other hand;

(iv) any Liability with respect to any Continuing Arrangements set forth on [Schedule 1.1\(21\)](#);

(v) any Liability that the Parties may have with respect to indemnification pursuant to this Agreement or otherwise for claims brought against the Parties by third Persons, which Liability shall be governed by the provisions of this Agreement and, in particular, this [Article VII](#) and, if applicable, the appropriate provisions of the Ancillary Agreements; and

(vi) any Liability of any Party in respect of third party claims involving products manufactured or services provided by more than one of the Defense Business, Water Business and ITT Retained Business (e.g. products sold by one Business including components manufactured by another Business, or services provided by one Business using products manufactured by another Business) prior to the Effective Time.

In addition, nothing contained in [Section 7.1\(a\)](#) shall release ITT from indemnifying any director, officer or employee of Exelis and Xylem who was a director, officer or employee of ITT or any of its Affiliates prior to the Effective Time or the Distribution Date, as the case may be, to the extent such director, officer or employee is or becomes a named defendant in any Action with respect to which he or she was entitled to such indemnification pursuant to then existing obligations.

(c) Each Party shall not, and shall not permit any member of its Group to, make any claim, demand or offset, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against any other Party or any member of any other Party's Group, or any other Person released pursuant to Section 7.1(a), with respect to any Liabilities released pursuant to Section 7.1(a).

(d) It is the intent of each Party, by virtue of the provisions of this Section 7.1, to provide, to the fullest extent permitted by applicable Law, for a full and complete release and discharge of all Liabilities existing or arising from all acts and events occurring or failing to occur or alleged to have occurred or to have failed to occur and all conditions existing or alleged to have existed at or before the Effective Time, whether known or unknown, between or among any Party (and/or a member of such Party's Group), on the one hand, and any other Party or Parties (and/or a member of such Party's or parties' Group), on the other hand (including any contractual agreements or arrangements existing or alleged to exist between or among any such members at or before the Effective Time), except as specifically set forth in Sections 7.1(a) and 7.1(b). At any time, at the reasonable request of any other Party, each Party shall cause each member of its respective Group and, to the extent practicable, each other Person on whose behalf it released Liabilities pursuant to this Section 7.1 to execute and deliver releases, to the fullest extent permitted by applicable Law, reflecting the provisions hereof.

Section 7.2. Indemnification by ITT. Except as otherwise specifically set forth in any provision of this Agreement or of any Ancillary Agreement, following the Effective Time, ITT shall and shall cause the other members of the ITT Group to indemnify, defend and hold harmless the Water Indemnitees and the Defense Indemnitees from and against any and all Indemnifiable Losses of the Water Indemnitees and the Defense Indemnitees, respectively, arising out of, by reason of or otherwise in connection with (a) the ITT Retained Liabilities or alleged ITT Retained Liabilities or (b) any breach by ITT of any provision of this Agreement or any Ancillary Agreement unless such Ancillary Agreement expressly provides for separate indemnification therein, in which case any such indemnification claims shall be made thereunder.

Section 7.3. Indemnification by Exelis. Except as otherwise specifically set forth in any provision of this Agreement or of any Ancillary Agreement, following the Effective Time, Exelis shall and shall cause the other members of the Defense Group to indemnify, defend and hold harmless the ITT Indemnitees and the Water Indemnitees from and against any and all Indemnifiable Losses of the ITT Indemnitees and the Water Indemnitees, respectively, arising out of, by reason of or otherwise in connection with (a) the Defense Liabilities or alleged Defense Liabilities or (b) any breach by Exelis of any provision of this Agreement or any Ancillary Agreement unless such Ancillary Agreement expressly provides for separate indemnification therein, in which case any such indemnification claims shall be made thereunder.

Section 7.4. Indemnification by Xylem. Except as otherwise specifically set forth in any provision of this Agreement or of any Ancillary Agreement, following the Effective Time, Xylem shall and shall cause the other members of the Water Group to indemnify, defend and hold harmless the ITT Indemnitees and the Defense Indemnitees from and against any and all Indemnifiable Losses of the ITT Indemnitees and the Defense Indemnitees, respectively, arising out of, by reason of or otherwise in connection with (a) the Water Liabilities or alleged Water Liabilities or (b) any breach by Xylem of any provision of this Agreement or any Ancillary Agreement unless such Ancillary Agreement expressly provides for separate indemnification therein, in which case any such indemnification claims shall be made thereunder.

Section 7.5. Procedures for Indemnification.

(a) Other than with respect to Third Party Claims, which shall be governed by [Section 7.5\(b\)](#), and Shared Contingent Liabilities, which shall be governed by [Section 6.4](#), each ITT Indemnitee, Defense Indemnitee and Water Indemnitee (each, an “[Indemnitee](#)”) shall notify in writing, with respect to any matter that such Indemnitee has determined has given or could give rise to a right of indemnification under this Agreement or any Ancillary Agreement, the Party which is or may be required pursuant to this [Article VII](#) or pursuant to any Ancillary Agreement to make such indemnification (the “[Indemnifying Party](#)”), within thirty (30) days of such determination, stating the amount of the Indemnifiable Loss claimed, if known, and method of computation thereof, and referring to the provisions of this Agreement in respect of which such right of indemnification is claimed by such Indemnitee or arises; provided, however, that the failure to provide such written notice shall not release the Indemnifying Party from any of its obligations except and solely to the extent the Indemnifying Party shall have been actually prejudiced as a result of such failure. Each such Indemnitee shall provide the applicable Indemnifying Party with reasonable access, upon reasonable prior written notice and during normal business hours, in a manner so as not to unreasonably interfere in any material respect with the normal business operations of such Indemnitee, to its books and records, properties and personnel relating to the claim the Indemnitee has determined has given or could give rise to a right of indemnification under this Agreement or any Ancillary Agreement.

(b) [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 or may be entitled to indemnification pursuant to this Agreement or any Ancillary 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 thirty (30) days) after receipt by such Indemnitee of written notice of the Third Party Claim; provided, however, that the failure to provide notice of any such Third Party Claim pursuant to this or the preceding sentence shall not release the Indemnifying Party from any of its obligations except and solely to the extent the Indemnifying Party shall have been actually prejudiced as a result of such failure. If any Party shall receive notice or otherwise learn of the assertion of a Third Party Claim which may reasonably be determined to be a Shared Contingent Liability, such Party, as appropriate, shall give the Managing Party written notice thereof within thirty (30) days after such Person becomes aware of such Third Party Claim subject to and in compliance with [Section 6.4](#). Thereafter, the Indemnitee shall deliver to the Indemnifying Party (and, if applicable, to the Managing Party), promptly (and in any event within five (5) 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.

(c) Other than in the case of (i) a Shared Contingent Liability (the defense of which shall be assumed and controlled by the Managing Party), (ii) Taxes addressed in the Tax Matters Agreement, or (iii) claims in respect of the matters referred to in [Sections 5.8](#) and [5.9](#), which shall be addressed as set forth therein, an Indemnifying Party shall be entitled to participate in the defense of any Third Party Claim and, if it so chooses, to assume the defense thereof, at such Indemnifying Party’s own cost and expense and by such Indemnifying Party’s own counsel, that is reasonably acceptable to the applicable Indemnitees, within thirty (30) days of the receipt of such notice from such Indemnitees; provided, however, that the Indemnifying Party shall not be entitled to assume the defense of any Third Party Claim to the extent such Third Party Claim (x) is an allegation of a criminal violation or (ii) seeks injunctive relief against the Indemnitee. In connection with the Indemnifying Party’s defense of a Third Party Claim, such Indemnitee shall have the right to employ separate counsel and to participate in (but not control) the defense, compromise, or settlement thereof, at its own expense and, in any event, shall cooperate with the Indemnifying Party in such defense and make available to the Indemnifying Party, at the Indemnifying Party’s expense, all witnesses, pertinent information, materials and information in such Indemnitee’s possession or under such Indemnitee’s control relating thereto as are reasonably required by the Indemnifying Party; provided, however, that in the event of a conflict of interest between the Indemnifying Party and the applicable Indemnitee(s), such Indemnitee(s) shall be entitled to retain, at the

Indemnifying Party's expense, separate counsel as required by the applicable rules of professional conduct with respect to such matter; provided, further, that if (i) the Third Party Claim is not a Shared Contingent Liability and (ii) the Indemnifying Party has assumed the defense of the Third Party Claim but has specified, and continues to assert, any reservations or exceptions to such defense or to its liability therefor, then, in any such case, the reasonable fees and expenses of one separate counsel for all Indemnitees shall be borne by the Indemnifying Party.

(d) Notwithstanding any assumption of defense of a Third Party Claim by an Indemnifying Party in accordance with Section 7.5(c), in the event that in the course of defending such Third Party Claim the Indemnifying Party or another Party shall become aware that the subject matter of such Third Party Claim relates to a Liability of another Party and not to a Liability of such Indemnifying Party, then the Indemnifying Party shall, subject to the prior written consent of the other Party to which such Liability belongs, use commercially reasonable efforts to transfer the defense of such claim to such other Party, and shall thereafter cooperate fully with such other Party in such defense and make available to such other Party, at such Party's expense, all witnesses, pertinent Information, materials and information in such Indemnifying Party's possession or under such Indemnifying Party's control relating to such Third Party Claim as are reasonably required by such other Party.

(e) Other than in the case of a Shared Contingent Liability, if an Indemnifying Party fails for any reason to assume responsibility for defending a Third Party Claim within the time specified, such Indemnitee may defend such Third Party Claim at the cost and expense of the Indemnifying Party. If the Indemnitee is conducting the defense against any such Third Party Claim, the Indemnifying Party shall cooperate with the Indemnitee in such defense and make available to the Indemnitee, at the Indemnitee's expense, all witnesses, pertinent Information, and material in such Indemnifying Party's possession or under such Indemnifying Party's control relating thereto as are reasonably required by the Indemnitee.

(f) Unless the Indemnifying Party has failed to assume the defense of the Third Party Claim in accordance with the terms of this Agreement (including in respect of the matters referred to in Sections 5.8 and 5.9), no Indemnitee may settle or compromise any Third Party Claim (with any Shared Contingent Liability governed by Article VI) without the prior written consent of the Indemnifying Party, which consent shall not be unreasonably withheld or delayed.

(g) In the case of a Third Party Claim (including in respect of a Shared Contingent Liability), no Indemnifying Party shall consent to entry of any judgment or enter into any settlement of the Third Party Claim without the prior written consent of the Indemnitee (not to be unreasonably withheld or delayed) if the effect thereof is to permit any injunction, declaratory judgment, other order or other non-monetary relief, to be entered, directly or indirectly, against any Indemnitee; it being understood that in the case of a Third Party Claim that is a Shared Contingent Liability, the Managing Party shall be subject to the same requirement to seek the consent of the other Parties in connection with any such judgment or settlement.

(h) Notwithstanding anything to the contrary in this Article VII, subject to Article VI, the Managing Party shall, on behalf of the other Parties, have sole and exclusive authority to, and shall actively and diligently, commence, prosecute, manage, control, conduct or defend (or assume or conduct the defense of) or otherwise determine all matters whatsoever (including, as applicable, litigation strategy and choice of legal counsel or other professionals) with respect to any Action or Third Party Claim with respect to a Shared Contingent Liability.

(i) Except as otherwise set forth in Sections 5.1, 5.8, 5.9, Article VI and 8.6, or as set forth in any Ancillary Agreement, absent fraud or willful misconduct by an Indemnifying Party, the indemnification provisions of this Article VII shall be the sole and exclusive remedy of an Indemnitee for

any monetary or compensatory damages or losses resulting from any breach of this Agreement and each Indemnitee expressly waives and relinquishes any and all rights, claims or remedies such Person may have with respect to the foregoing other than under this [Article VII](#) against any Indemnifying Party. For the avoidance of doubt, all disputes in respect of this [Article VII](#) shall be resolved in accordance with [Article IX](#).

Section 7.6. Cooperation in Defense and Settlement.

(a) With respect to any Third Party Claim that is not a Shared Contingent Liability and that implicates two or more Parties in any material respect due to the allocation of Liabilities, responsibilities for management of defense and related indemnities pursuant to this Agreement or any of the Ancillary Agreements, the applicable Parties agree to use commercially reasonable efforts to cooperate fully and maintain a joint defense (in a manner that will preserve for all Parties any Privilege with respect thereto). The Party that is not responsible for managing the defense of any such Third Party Claim shall, upon reasonable request, be consulted with respect to significant matters relating thereto and may, if necessary or helpful, retain counsel to assist in the defense of such claims.

(b) Each of ITT, Exelis and Xylem agrees that at all times from and after the Effective Time, if an Action is commenced by a third party naming two (2) or more Parties (or any member of such Parties' respective Groups) as defendants and with respect to which one or more named Parties (or any member of such Party's respective Group) is a nominal defendant and/or such Action is otherwise not a Liability allocated to such named Party under this Agreement or any Ancillary Agreement, then the other Party or Parties shall use commercially reasonable efforts to cause such nominal defendant to be removed from such Action, as soon as reasonably practicable.

Section 7.7. Indemnification Payments. Indemnification required by this [Article VII](#) shall be made by periodic payments of the amount of Indemnifiable Losses in a timely fashion during the course of the investigation or defense, as and when bills are received or an Indemnifiable Loss incurred.

Section 7.8. Indemnification Obligations Net of Insurance Proceeds and Other Amounts.

(a) Any Indemnifiable Loss subject to indemnification pursuant to this [Article VII](#) including, for the avoidance of doubt, in respect of any Shared Contingent Liability, shall be calculated (i) net of insurance proceeds that actually reduce the amount of the Indemnifiable Loss, (ii) net of any proceeds received by the Indemnitee from any third party for indemnification for such Liability that actually reduce the amount of the Indemnifiable Loss ("[Third Party Proceeds](#)") and (iii) net of any Tax benefits actually realized in accordance with, and subject to, the principles set forth or referred to in Section 8.3 of the Tax Matters Agreement, and increased in accordance with, and subject to, the principles set forth in Section 8.3 of the Tax Matters Agreement. Accordingly, the amount which any Indemnifying Party is required to pay pursuant to this Article VII to any Indemnitee pursuant to this Article VII shall be reduced by any Insurance Proceeds or Third Party Proceeds theretofore actually recovered by or on behalf of the Indemnitee in respect of the related Indemnifiable Loss. If an Indemnitee receives a payment required by this Agreement from an Indemnifying Party in respect of any Indemnifiable Loss (an "[Indemnity Payment](#)") and subsequently receives Insurance Proceeds or Third Party Proceeds, then the Indemnitee shall pay to the Indemnifying Party an amount equal to the excess of the Indemnity Payment received over the amount of the Insurance Proceeds or Third Party Proceeds had been received, realized or recovered before the Indemnity Payment was made.

(b) The Parties acknowledge that the indemnification provisions hereof do not relieve any insurer who would otherwise be obligated to pay any claim to pay such claim. In furtherance of the foregoing, the Indemnitee shall use commercially reasonable efforts to seek to collect or recover any

Insurance Proceeds and any Third Party Proceeds (other than Insurance Proceeds under an arrangement where future premiums are adjusted to reflect prior claims in excess of prior premiums or Insurance Proceeds under the Excluded Policies) to which the Indemnitee is entitled in connection with any Indemnifiable Loss for which the Indemnitee seeks indemnification pursuant to this Article VII; provided, that the Indemnitee's inability to collect or recover any such Insurance Proceeds or Third Party Proceeds (despite having used commercially reasonable efforts) shall not limit the Indemnifying Party's obligations hereunder.

Section 7.9. Additional Matters: Survival of Indemnities.

(a) The indemnity agreements contained in this Article VII shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of any Indemnitee; (ii) the knowledge by the Indemnitee of Indemnifiable Losses for which it might be entitled to indemnification hereunder; and (iii) any termination of this Agreement following the Effective Time.

(b) The rights and obligations of each Party and their respective Indemnitees under this Article VII shall survive the sale or other Transfer by any Party or its respective Subsidiaries of any Assets or businesses or the assignment by it of any Liabilities, with respect to any Indemnifiable Loss of any Indemnitee related to such Assets, businesses or Liabilities.

ARTICLE VIII

PRESERVATION OF RECORDS; ACCESS TO INFORMATION; CONFIDENTIALITY; PRIVILEGE

Section 8.1. Preservation of Corporate Records.

(a) Except to the extent otherwise contemplated by any Ancillary Agreement, a Party providing Records or access to Information to another Party under this Article VIII 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 (which shall not include the costs of salaries and benefits of employees of such Party or any pro rata portion of overhead or other costs of employing such employees which would have been incurred by such employees' employer regardless of the employees' service with respect to the foregoing), as may be reasonably incurred in providing such Records or access to Information. Without limiting the foregoing, for a period of six (6) years following the Distribution Date, ITT shall be entitled to receive from each of Exelis and Xylem, upon the presentation of invoices therefor, payments for one third (1/3) of any amounts paid by any member of the ITT Group to Cornerstone Records Management ("Nova") in connection with any storage agreements entered into between Nova and any member of the ITT Group to the extent covering periods ending on or prior to such six (6) year anniversary; provided that no later than three (3) months prior to the end of such six (6) year period, the Parties shall hold a meeting for the purpose of considering in good faith and determining whether to continue to share such amounts beyond such six (6) year period.

(b) The Parties shall comply with those document retention policies as shall be set forth on Schedule 8.1(b) hereto or otherwise established and agreed to in writing by their respective authorized officers at or prior to the Effective Time in respect of Records and related matters.

(c) Notwithstanding anything to the contrary herein and other than with respect to Tax Records (in which event the provisions of the Tax Matters Agreement shall govern), if on or before the sixth (6th) anniversary of the Distribution Date ITT (or any Affiliate of ITT) wishes to destroy any Records that were in existence as of the Effective Date and are stored pursuant to storage agreements with Nova, then ITT shall (or shall cause such Affiliate to) give sixty (60) days' prior written notice, including

a reasonable description of the Records it wishes to destroy, to the other Parties and (to the extent permitted by applicable Law) each other Party shall have the right at its option and expense, upon prior written notice given within such sixty (60) day period to the other two Parties, to take possession or make copies of such Records within thirty (30) days after the date such notice is given by such Party to the other Parties, it being understood that in the event both other Parties wish to take possession of such Records, such Parties shall (i) agree on which Party shall be entitled to retain such Records and (ii) share equally the reasonable costs incurred by the other non-destroying Party in making copy of such Records within such thirty (30) day period.

Section 8.2. Financial Statements and Accounting. Each Party agrees to provide the following assistance and reasonable access to its properties, Records, other Information and personnel set forth in this Section 8.2, (i) at any time, with the consent of the other applicable Party (not to be unreasonably withheld or delayed) for reasonable business purposes relating to financial reporting; (ii) from the Effective Time until the completion of each Party's audit for the fiscal year ending December 31, 2012, in connection with the preparation and audit of each Party's financial statements for the fiscal years ended December 31, 2011 and 2012, the printing, filing and public dissemination of such financial statements and the audit of each Party's internal controls over financial reporting and management's assessment thereof and management's assessment of each Party's disclosure controls and procedures, if required; (iii) in the event that any Party changes its independent auditors within two (2) years following the Distribution Date, then such Party may request reasonable access on the terms set forth in this Section 8.2 for a period of up to one hundred and eighty (180) days from such change; and (iv) to the extent reasonably necessary to respond (and for the limited purpose of responding) to any written request or official comment from a Governmental Entity, such as in connection with responding to a comment letter from the Commission. Without limiting the foregoing, each Party agrees as follows:

(a) Financial Statements. Each Party shall provide reasonable access to the other Party on a timely basis to all Information reasonably required to meet its schedule for the preparation, printing, filing, and public dissemination of its quarterly and annual financial statements and for management's assessment of the effectiveness of its disclosure controls and procedures and its internal controls over financial reporting in accordance with Items 307 and 308, respectively, of Regulation S-K and, to the extent applicable to such Party, its auditor's audit of its internal controls over financial reporting and management's assessment thereof in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 and the Commission's and the Public Company Accounting Oversight Board's rules and auditing standards thereunder, if required (such assessments and audit being referred to as the "Internal Control Audit and Management Assessments"). Without limiting the generality of the foregoing, each Party shall provide all required financial and other Information with respect to itself and its Subsidiaries to its auditors in a sufficient and reasonable time and in sufficient detail to permit its auditors to take all steps and perform all reviews necessary to provide sufficient assistance, if requested, to each other Party's auditors with respect to Information to be included or contained in such other Party's annual financial statements and to permit such other Party's auditors and management to complete the Internal Control Audit and Management Assessments, for 2011 and 2012.

(b) Access to Personnel and Records. Except to the extent otherwise contemplated by the Ancillary Agreements, each Party shall authorize its respective auditors to make reasonably available to each other Party's auditors (each such other Party's auditors, collectively, the "Other Parties' Auditors") both the personnel who performed or are performing the annual audits of such audited Party (each such Party with respect to its own audit, the "Audited Party") and work papers related to the annual audits of such Audited Party (subject to the execution of any reasonable and customary access letters that such Audited Party's auditors may require in connection with the review of such work papers by such Other Parties' Auditors), in all cases within a reasonable time prior to such Audited Party's auditors' opinion date, so that the Other Parties' Auditors are able to perform the procedures they reasonably consider

necessary to take responsibility for the work of the Audited Party's auditors as it relates to their auditors' report on such other Party's financial statements, all within sufficient time to enable such other Party to meet its timetable for the printing, filing and public dissemination of its annual financial statements. Each Party shall make reasonably available to the Other Parties and to such Other Parties' Auditors and management its personnel and Records and other Information in a reasonable time prior to the Other Parties' Auditors' opinion date and other Parties' management's assessment date so that the Other Parties' Auditors and other Parties' management are able to perform the procedures they reasonably consider necessary to conduct the Internal Control Audit and Management Assessments for 2011 and 2012.

(c) Annual Reports. Each Party shall deliver to the other Parties a reasonably complete draft of the first report to be filed with the Commission (or otherwise) that includes its respective financial statements (in the form expected to be covered by the audit report of such Party's independent auditors) for the year ended December 31, 2011 (such reports, collectively, the "Annual Reports"), on or prior to the time set forth on Schedule 8.2(c); provided, however, that each Party may continue to revise its respective Annual Report prior to the filing thereof, which changes shall be delivered to the other Parties as soon as reasonably practicable. Each Party shall notify the other Parties, as soon as reasonably practicable after becoming aware thereof, of any material accounting differences between the financial statements to be included in such Party's Annual Report and the pro-forma financial statements included, as applicable, in the Exelis Form 10 or the Xylem Form 10 or the Form 8-K to be filed by ITT with the Commission on or about the time of the Distribution. If any such differences are notified by any Party, the Parties shall confer and/or meet as soon as reasonably practicable thereafter, and in any event prior to the filing of any Annual Report, to consult with each other in respect of such differences and the effects thereof on the Parties' Annual Reports.

(d) Nothing in this Article VIII shall require any Party to violate any agreement with any third party regarding the confidentiality of confidential and proprietary Information relating to that third party or its business; provided, however, that in the event that a Party is required under this Section 8.2 to disclose any such Information, such Party shall use commercially reasonable efforts to seek to obtain such third party's written consent to the disclosure of such Information.

Section 8.3. Provision of Corporate Records. Other than in circumstances in which indemnification is sought pursuant to Article VII (in which event the provisions of such Article shall govern) or for matters related to provision of Tax Records (in which event the provisions of the Tax Matters Agreement shall govern) and without limiting the applicable provisions of Article VI, and subject to appropriate restrictions for classified Information, Privileged Information or Confidential Information:

(a) after the Effective Time, upon the prior written request by Exelis or Xylem for specific and identified Information which relates to (x) Exelis or Xylem or the conduct of the Defense Business or the Water Business, as the case may be, prior to the Effective Time or (y) any Ancillary Agreement to which ITT and one or more of Exelis and/or Xylem are parties, as applicable, ITT shall provide, as soon as reasonably practicable following the receipt of such request, appropriate copies of such Information (or the originals thereof if the Party making the request has a reasonable need for such originals) in the possession or control of ITT or any of its Affiliates or Subsidiaries, but only to the extent such items so relate and are not already in the possession or control of the requesting Party;

(b) after the Effective Time, upon the prior written request by ITT or Xylem for specific and identified Information which relates to (x) ITT or Xylem or the conduct of the ITT Retained Business or Water Business, as the case may be, prior to the Effective Time or (y) any Ancillary Agreement to which Exelis and one or more of ITT and/or Xylem are parties, as applicable, Exelis shall provide, as soon as reasonably practicable following the receipt of such request, appropriate copies of such Information (or the originals thereof if the Party making the request has a reasonable need for such originals) in the

possession or control of Exelis or any of its Subsidiaries, but only to the extent such items so relate and are not already in the possession or control of the requesting Party; and

(c) after the Effective Time, upon the prior written request by ITT or Exelis for specific and identified Information which relates to (x) ITT or Exelis or the conduct of the ITT Retained Business or Defense Business, as the case may be, prior to the Effective Time or (y) any Ancillary Agreement to which Xylem and one or more of ITT and/or Exelis are parties, as applicable, Xylem shall provide, as soon as reasonably practicable following the receipt of such request, appropriate copies of such Information (or the originals thereof if the Party making the request has a reasonable need for such originals) in the possession or control of Xylem or any of its Subsidiaries, but only to the extent such items so relate and are not already in the possession or control of the requesting Party;

provided that, to the extent any originals are delivered to any requesting Party pursuant to this Agreement or the Ancillary Agreements, such Party shall, at its own expense, return them to the Party having provided such originals within a reasonable time after the need to retain such originals has ceased.

Section 8.4. Witness Services. Except in the event any Parties are opposing one another in an Action, in which case normal discovery rules shall apply, at all times from and after the Effective Time, each of ITT, Exelis and Xylem shall use its commercially reasonable efforts (including as described on Schedule 8.4) to make available to the others, upon reasonable written request, its and its Subsidiaries' former (to the extent practicable), current (to the extent practicable) and future directors, officers, employees, other personnel and agents of such Party as witnesses and any Records or other Information within its control or which it otherwise has the ability to make available (other than materials covered by any Privilege) to the extent that such Persons (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or Records or other Information may reasonably be required to testify, in the case of Persons, or be provided, in the case of Records or Information, in connection with the prosecution or defense of any Action in which the requesting Party may from time to time be involved (except for claims, demands or Actions between members of each Group). A Party providing a witness to the other Party under this Section shall be entitled to receive from the recipient of such witness services, upon the presentation of invoices therefor, payments for such amounts, relating to supplies, disbursements and other out-of-pocket expenses (which shall not include the costs of salaries and benefits of employees who are witnesses or any pro rata portion of overhead or other costs of employing such employees which would have been incurred by such employees' employer regardless of the employees' service as witnesses), as may be reasonably incurred and properly paid under applicable Law.

Section 8.5. Reimbursement; Other Matters. Except to the extent otherwise contemplated by this Agreement (including Section 6.3) or any Ancillary Agreement, a Party providing Information or access to Information to the other Party under this Article VIII 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 (which shall not include the costs of salaries and benefits of employees of such Party or any pro rata portion of overhead or other costs of employing such employees which would have been incurred by such employees' employer regardless of the employees' service with respect to the foregoing), as may be reasonably incurred in providing such Information or access to such Information.

Section 8.6. Confidentiality.

(a) Notwithstanding any termination of this Agreement, each Party shall hold, and shall cause each of its respective Subsidiaries to hold, and shall cause its and their respective officers, employees, agents, consultants and advisors to hold, in strict confidence, and not to disclose or release or,

except as otherwise permitted by this Agreement or any Ancillary Agreement, use, without the prior written consent of the Party to whom the Confidential Information relates (which may be withheld in such Party's sole and absolute discretion, except where disclosure is required by applicable Law), any and all Confidential Information (as defined herein) concerning or belonging to the other Parties; provided, that each Party may disclose, or may permit disclosure of, Confidential Information (i) to its respective auditors, attorneys, financial advisors, bankers and other appropriate consultants and advisors who have a need to know such Information and are informed of the obligation to hold such Information confidential and in respect of whose failure to comply with such obligations, the applicable Party will be responsible, (ii) if any Party or any of its respective Subsidiaries is required or compelled to disclose any such Confidential Information by judicial or administrative process or by other requirements of Law or stock exchange rule or is advised by outside counsel in connection with a governmental proceeding that it is advisable to do so, (iii) as required in connection with any legal or other proceeding by one Party against any other Party, (iv) as necessary in order to permit a Party to prepare and disclose its financial statements, Tax Returns or other required disclosures, (v) as necessary for a Party to enforce its rights or perform its obligations under this Agreement (including pursuant to Section 2.3) or an Ancillary Agreement, (vi) to Governmental Entities in accordance with applicable procurement regulations and contract requirements or (vii) to other Persons in connection with their evaluation of, and negotiating and consummating, a potential strategic transaction, to the extent reasonably necessary in connection therewith, provided an appropriate and customary confidentiality agreement has been entered into with the Person receiving such Confidential Information. Notwithstanding the foregoing, in the event that any demand or request for disclosure of Confidential Information is made pursuant to clause (ii), (iii), (iv), (v) or (vi) above, each Party, as applicable, shall promptly notify (to the extent permissible by Law) the Party to whom the Confidential Information relates of the existence of such request, demand or disclosure requirement and shall provide such affected Party a reasonable opportunity to seek an appropriate protective order or other remedy, which such Party will cooperate in obtaining to the extent reasonably practicable. In the event that such appropriate protective order or other remedy is not obtained, the Party which faces the disclosure requirement shall furnish only that portion of the Confidential Information that is required to be disclosed and shall take commercially reasonable steps to ensure that confidential treatment is accorded such Confidential Information.

(b) Each Party acknowledges that it and the other members of its Group may have in its or their possession confidential or proprietary Information of third parties that was received under confidentiality or non-disclosure agreements with such third party while such Party and/or members of its Group were part of the ITT Group. Each Party shall comply, and shall cause the other members of its Group to comply, and shall cause its and their respective officers, employees, agents, consultants and advisors (or potential buyers) to comply, with all terms and conditions of any such third-party agreements entered into prior to the Effective Time, with respect to any confidential and proprietary Information of third parties to which it or any other member of its Group has had access.

(c) The Parties agree that irreparable damage may occur in the event that the provisions of this Section 8.6 were not performed in accordance with their specific terms. Accordingly, it is hereby agreed that the Parties shall be entitled to seek an injunction or injunctions to enforce specifically the terms and provisions hereof in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity.

(d) For the avoidance of doubt, the disclosure and sharing of Privileged Information shall be governed by Section 8.7 and not by this Section 8.6.

Section 8.7. Privilege Matters.

(a) Pre-Separation Services. The Parties recognize that legal and other professional services

that have been and will be provided prior to the Effective Time have been and will be rendered for the collective benefit of each of the members of the ITT Group, the Water Group and the Defense Group, and that each of the members of the ITT Group, the Water Group and the Defense Group should be deemed to be the client with respect to such pre-separation services for the purposes of asserting all privileges, immunities, or other protections from disclosure which may be asserted under applicable Law, including attorney-client privilege, business strategy privilege, joint defense privilege, common interest privilege, and protection under the work-product doctrine ("Privilege"). The Parties shall have a shared Privilege with respect to all Information subject to Privilege ("Privileged Information") which relates to such pre-separation services. For the avoidance of doubt, Privileged Information within the scope of this Section 8.7 includes, but is not limited to, services rendered by legal counsel retained or employed by any Party (or any member of such Party's respective Group), including outside counsel and in-house counsel.

(b) Post-Separation Services. The Parties recognize that legal and other professional services will be provided following the Effective Time to each of ITT, Exelis and Xylem. The Parties further recognize that certain of such post-separation services will be rendered solely for the benefit of ITT, Exelis or Xylem, as the case may be, while other such post-separation services may be rendered with respect to claims, proceedings, litigation, disputes, or other matters which involve two or more of ITT, Exelis or Xylem. With respect to such post-separation services and related Privileged Information, the Parties agree as follows:

(i) All Privileged Information relating to any claims, proceedings, litigation, disputes, or other matters which involve two or more of ITT, Exelis or Xylem shall be subject to a shared Privilege among the Parties involved in the claims, proceedings, litigation, disputes, or other matters at issue; and

(ii) Except as otherwise provided in Section 8.7(b)(i), Privileged Information relating to post-separation services provided solely to one of ITT, Exelis or Xylem shall not be deemed shared between the Parties, provided, that the foregoing shall not be construed or interpreted to restrict the right or authority of two or more Parties (x) to enter into any further agreement, not otherwise inconsistent with the terms of this Agreement, concerning the sharing of Privileged Information or (y) otherwise to share Privileged Information without waiving any Privilege which could be asserted under applicable Law.

(c) The Parties agree as follows regarding all Privileged Information with respect to which the Parties shall have a shared Privilege under Section 8.7(a) or (b):

(i) Subject to Section 8.7(c)(iii) and (iv), no Party may waive any Privilege which could be asserted under any applicable Law, and in which any other Party has a shared Privilege, without the consent of the other Party, which shall not be unreasonably withheld or delayed. Consent shall be in writing, or shall be deemed to be granted unless written objection is made within ten (10) days after written notice by the requesting Party to the Party whose consent is sought;

(ii) If a dispute arises between or among the Parties or their respective Subsidiaries regarding whether a Privilege should be waived to protect or advance the interest of any Party, each Party agrees that it shall negotiate in good faith, shall endeavor to minimize any prejudice to the rights of the other Parties, and shall not unreasonably withhold consent to any request for waiver by another Party. Each Party specifically agrees that it shall not withhold consent to waive for any purpose except to protect its own legitimate interests;

(iii) If, within ten (10) days of receipt by the requesting Party of written objection, the

Parties have not succeeded in negotiating a resolution to any dispute regarding whether a Privilege should be waived, and the requesting Party determines that a Privilege should nonetheless be waived to protect or advance its interest, the requesting Party shall provide the objecting Party ten (10) days written notice prior to effecting such waiver. Each Party specifically agrees that failure within ten (10) days of receipt of such notice to commence proceedings in a court of competent jurisdiction to enjoin such disclosure under applicable Law shall be deemed full and effective consent to such disclosure; and

(iv) In the event of any litigation or dispute between or among any of the Parties, or any members of their respective Groups, either such Party may waive a Privilege in which the other Party or member of such Group has a shared Privilege, without obtaining the consent of the other Party; provided, that such waiver of a shared Privilege shall be effective only as to the use of Privileged Information with respect to the litigation or dispute between the relevant Parties and/or the applicable members of their respective Groups, and shall not operate as a waiver of the shared Privilege with respect to third parties.

(d) The transfer of all Information pursuant to this Agreement is made in reliance on the agreement of ITT, Exelis or Xylem as set forth in Sections 8.6 and this Section 8.7, to maintain the confidentiality of Privileged Information and to assert and maintain any applicable Privilege. The access to Information being granted pursuant to Sections 6.3, 7.6, 8.2 and 8.3 hereof, the agreement to provide witnesses and individuals pursuant to Sections 6.3, 7.6 and 8.4 hereof, the furnishing of notices and documents and other cooperative efforts contemplated by Sections 6.5 and 7.6 hereof, and the transfer of Privileged Information between and among the Parties and their respective Subsidiaries pursuant to this Agreement shall not be deemed a waiver of any Privilege that has been or may be asserted under this Agreement or otherwise.

(e) Notwithstanding any provision to the contrary in this Section 8.7, the Audit Management Party (as defined in the Tax Matters Agreement) shall have the authority to disclose or not disclose, in its sole discretion, any and all Privileged Information to (i) any Taxing Authority (as defined in the Tax Matters Agreement) conducting a Tax Contest or (ii) to third parties in connection with the defense of a Tax Contest, including expert witnesses, accountants and other advisors, potential witnesses and other parties whose assistance is deemed, in the sole discretion of the Audit Management Party, to be necessary or beneficial to representing the interests of the Parties hereunder.

Section 8.8. Ownership of Information. Any Information owned by one Party or any of its Subsidiaries that is provided to a requesting Party pursuant to this Article VIII shall be deemed to remain the property of the providing Party. Unless specifically set forth herein, nothing contained in this Agreement shall be construed as granting or conferring rights of license or otherwise in any such Information.

Section 8.9. Other Agreements. The rights and obligations granted under this Article VIII are subject to any specific limitations, qualifications or additional provisions on the sharing, exchange or confidential treatment of Information set forth in any Ancillary Agreement.

ARTICLE IX

DISPUTE RESOLUTION

Section 9.1. Negotiation. 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 the Ancillary Agreements or otherwise arising out of, or in any way related to, this

Agreement or the Ancillary Agreements or the transactions contemplated hereby, including any claim based on contract, tort, statute or constitution (collectively, "Agreement Disputes"), the general counsels of the relevant Parties (or such other individuals designated by the respective general counsels) and/or the executive officers designated by the relevant Parties, shall negotiate for a reasonable period of time to settle such Agreement Dispute; provided, that such reasonable period shall not, unless otherwise agreed by the relevant Parties in writing, exceed forty-five (45) days from the time of receipt by a Party of written notice of such Agreement Dispute ("Dispute Notice"); provided, further, that in the event of any arbitration in accordance with Section 9.3 hereof, the relevant Parties shall not assert the defenses of statute of limitations and laches arising during the period beginning after the date of receipt of the Dispute Notice, and any contractual time period or deadline under this Agreement or any Ancillary Agreement to which such Agreement Dispute relates occurring after the Dispute Notice is received shall not be deemed to have passed until such Agreement Dispute has been resolved; provided further, that the foregoing shall not apply to claims under Section 3.5, which shall be governed by such Section.

Section 9.2. Mediation. If, within forty-five (45) days after receipt by a Party of a Dispute Notice, the Parties have not succeeded in negotiating a resolution of the Agreement Dispute, the Parties agree to submit the Agreement Dispute at the earliest possible date to mediation conducted in accordance with the Mediation Procedure of the International Institute for Conflict Prevention and Resolution ("CPR"), and to bear equally the costs of the mediation; provided, however, that each Party shall bear its own attorneys fees and expenses and other costs in connection with such mediation. The parties agree to participate in good faith in the mediation and negotiations related thereto for a period of thirty (30) days or such longer period as they may mutually agree following the initial mediation session (the "Mediation Period").

Section 9.3. Arbitration. If the Agreement Dispute has not been resolved for any reason after the Mediation Period, 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 Non-Administered Arbitration of the CPR, except as modified herein (the "Rules"). There shall be one arbitrator, which shall be appointed by the Parties within twenty (20) days of receipt by respondent of a copy of the demand for arbitration. If the arbitrator is not timely appointed by the Parties under this Section 9.3, he or she shall be appointed by the CPR in accordance with the Rules, and in any such procedure, each Party shall be given two strikes, excluding strikes for cause. 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, validity or enforceability of this Article IX shall be determined by the arbitrator. In resolving any Agreement Dispute, the Parties intend that the arbitrator shall apply the substantive Laws of the State of New York, without regard to any choice of law principles thereof that would mandate the application of the laws of another jurisdiction. The Parties intend that the provisions to arbitrate set forth herein be valid, enforceable and irrevocable, and any award rendered by the arbitrator shall be final and binding on the Parties. The Parties agree to comply and cause the members of their applicable Group to comply with any award made in any such arbitration proceedings and agree to enforcement of or entry of judgment upon such award, in any court of competent jurisdiction, including (a) the Supreme Court of the State of New York, New York County, or (b) the United States District Court for the Southern District of New York. The arbitrator shall be entitled, if appropriate, to award any remedy in such proceedings, including monetary damages, specific performance and all other forms of legal and equitable relief; provided, however, the arbitrator shall not be entitled to award special, consequential, reputational, indirect or punitive damages unless in connection with indemnification for a Third Party Claim (and in such a case, only to the extent awarded in such Third Party Claim).

Section 9.4. Arbitration Period. Any arbitration proceeding shall be concluded in a maximum of six (6) months from the commencement of the arbitration or such other period as the arbitrator together

with the Parties involved in such proceeding shall deem reasonable.

Section 9.5. Treatment of Negotiations, Mediation and Arbitration. Without limiting the provisions of the Rules, unless otherwise agreed in writing by or among the relevant Parties or permitted by this Agreement, the relevant Parties shall keep, and shall cause the members of their applicable Group to keep, confidential all matters relating to and any negotiation, mediation, conference or discussion or otherwise pursuant to this Article IX, all of which shall be treated as compromise and settlement negotiations for purposes of Rule 408 of the Federal Rules of Evidence and comparable state rules; provided, that such matters may be disclosed (i) to the extent reasonably necessary in any proceeding ancillary to an arbitration hereunder, including to enforce the award or for entry of a judgment upon the award and (ii) to the extent otherwise required by Law or the rules of any stock exchange on which the relevant Party's securities may be listed. Nothing said or disclosed, nor any document produced, in the course of any negotiations, conferences and discussions that is not otherwise independently discoverable shall be offered or received as evidence or used for impeachment or for any other purpose in any current or future arbitration. Nothing contained herein is intended to or shall be construed to prevent any Party from applying to any court of competent jurisdiction for interim measures or other provisional relief in connection with the subject matter of any Agreement Disputes. Without prejudice to such provisional remedies as may be available under the jurisdiction of a court, the arbitral tribunal shall have full authority to grant provisional remedies and to direct the parties to request that any court modify or vacate any temporary or preliminary relief issued by such court, and to award damages for the failure of any Party to respect the arbitral tribunal's orders to that effect.

Section 9.6. Continuity of Service and Performance. Unless otherwise agreed in writing, the Parties shall continue to provide service and honor all other commitments under this Agreement and each Ancillary Agreement during the course of dispute resolution pursuant to the provisions of this Article IX with respect to all matters not subject to such dispute resolution.

Section 9.7. Consolidation. The arbitrator may consolidate an arbitration under this Agreement with any arbitration arising under or relating to the Ancillary Agreements or any other agreement between the parties entered into pursuant hereto, as the case may be, if the subject of the Agreement Disputes thereunder arises out of or relates essentially to the same set of facts or transactions. Such consolidated arbitration shall be determined by the arbitrator appointed for the arbitration proceeding that was commenced first in time.

ARTICLE X

INSURANCE

Section 10.1. Policies and Rights Included Within Assets. (a) The ITT Retained Assets shall include any and all rights of an additional named insured under Policies where ITT is an additional named insured, subject to the terms of such Policies and any limitations or obligations of ITT contemplated by this Article X, 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 Effective Time by any party in or in connection with the conduct of the ITT Retained Business or, to the extent any claim is made against ITT or any of its Subsidiaries, the conduct of the Water Business or the Defense 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 Section 10.1 shall be deemed to constitute (or to reflect) an assignment of such Policies by ITT.

(b) The Defense Assets shall include any and all rights of an insured party under each of the

Company Policies, subject to Sections 10.9 and 10.10 and to the terms of such Company Policies and any limitations or obligations of Exelis contemplated by this Article X or Schedule 10.1, 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 Effective Time by any party in or in connection with the conduct of the Defense Business or, to the extent any claim is made against Exelis or any of its Subsidiaries, the conduct of the ITT Retained Business or the Water 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 Exelis.

(c) The Water Assets shall include any and all rights of an insured party under each of the Company Policies, subject to Sections 10.9 and 10.10 and to the terms of such Company Policies and any limitations or obligations of Xylem contemplated by this Article X or Schedule 10.1, 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 Effective Time by any party in or in connection with the conduct of the Water Business or, to the extent any claim is made against Xylem or any of its Subsidiaries, the conduct of the ITT Retained Business or the Defense 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 Xylem.

Section 10.2. Post-Effective Time Claims. (a) If, subsequent to the Effective Time, any person shall assert a claim against Exelis or any of its Subsidiaries (including where Exelis 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 Effective Time in or in connection with the conduct of the Defense Business or, to the extent any claim is made against Exelis or any of its Subsidiaries (including where Exelis or its Subsidiaries are joint defendants with other persons), the conduct of the ITT Retained Business or the Water 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 shall, at the time such claim is asserted, be deemed to designate, without need of further documentation, Exelis 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 confer, without need of further documentation, but subject to Section 10.10, upon Exelis 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 10.2(a) shall be deemed to constitute (or to reflect) an assignment of the Company Policies, or any of them, to Exelis.

(b) If, subsequent to the Effective Time, any person shall assert a claim against Xylem or any of its Subsidiaries (including where Xylem 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 Effective Time in or in connection with the conduct of the Water Business or, to the extent any claim is made against Xylem or any of its Subsidiaries (including where Xylem or its Subsidiaries are joint defendants with other persons), the conduct of the ITT Retained Business or the Defense 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 shall, at the time such claim is asserted, be deemed to designate, without need of further documentation, Xylem 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 confer, without need of further documentation, but subject to Section 10.10, upon Xylem 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 10.2(b) shall be deemed to constitute (or to reflect) an assignment of the Company Policies, or any of them, to Xylem.

Section 10.3. Administration: Other Matters. (a) Administration. Subject to Section 10.10, from and after the Effective Time, each Party shall be responsible for Claims Administration under Company Policies with respect to its respective Insured Claims; provided, however, that each of Exelis and Xylem shall provide prompt notice to ITT of any claims submitted by them or by their respective Subsidiaries under the Company Policies and of any Insurance Proceeds related thereto. Each Party 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, shall be responsible for any amounts of its respective Insured Claims under Company Policies that fall below applicable deductibles or self-insured retentions, and shall be responsible for obtaining or reviewing the appropriateness of releases upon settlement of its respective Insured Claims under Company Policies. ITT shall, with the consent of the other Parties (not to be unreasonably withheld or delayed), have the sole right to commute or otherwise terminate any Company Policies.

(b) Liability Limitation. ITT, Exelis and Xylem shall not be liable to one another for claims not reimbursed by insurers for any reason not within the control of ITT, Exelis or Xylem, as the case may be, including 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, Exelis or Xylem or any defect in such claim or its processing.

(c) Maximization of Insurance Proceeds. Each Party agrees 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, including, as may be applicable, pursuing recoveries under other insurance policies available to such Party.

(d) Nuclear Policies. ITT shall provide 90 days' written notice to Exelis and Xylem of its intention not to maintain in full force and effect the Company Policies identified as Nuclear Energy Liability Insurance on Schedule 10.1 (the "Nuclear Policies"). Within 60 days of receipt of such notice, Exelis and Xylem, either individually or collectively, may, by written notice to ITT, direct ITT to use commercially reasonable efforts to maintain the Nuclear Policies; provided, that Exelis and/or Xylem, as the case may be, shall pay the full premium for the Nuclear Policies; and, provided further, that ITT shall have no obligation to commence a litigation against one or more insurers in order to maintain the Nuclear Policies.

Section 10.4. Agreement for Waiver of Conflict and Shared Defense. In the event that Insured Claims of more than one Party exist relating to the same occurrence, the relevant Parties shall jointly defend and waive any conflict of interest to the extent necessary to the conduct of the joint defense. Nothing in this Section 10.4 shall be construed to limit or otherwise alter in any way the obligations of the Parties, including those created by this Agreement, by operation of law or otherwise.

Section 10.5. Agreement for Waiver of Conflict and Insurance Litigation and/or Recovery.

Efforts. In the event of any Action by any Party (or all of the Parties) to recover or obtain insurance proceeds, or to defend against any Action by an insurance carrier to deny any Policy benefits, all Parties may join in any such Action and be represented by joint counsel and all Parties shall waive any conflict of interest to the extent necessary to conduct any such Action. Nothing in this Section 10.5 shall be construed to limit or otherwise alter in any way the obligations of the Parties, including those created by this Agreement, by operation of Law, or otherwise.

Section 10.6. Directors and Officers Liability Insurance; Fiduciary Liability Insurance; Employment Practices Liability Insurance; Employed Lawyers Liability Insurance. ITT agrees that, from and after the Distribution Date to the sixth anniversary of the Effective Time, it will maintain in full force and effect the Company Policies identified as Directors & Officers Liability Insurance, Excess Directors & Officers Liability Insurance, Fiduciary Liability Insurance, Employment Practices Liability Insurance and Employed Lawyers Liability Insurance on Schedule 10.1 (or, through the purchase of extended discovery, the full benefits and coverage of such Company Policies) and shall not amend the terms of such Policies in a manner adverse to any persons covered by such insurance. The provisions of this Section 10.6 are intended for the benefit of, and shall be enforceable by, each of the persons covered by those Company Policies referenced in the preceding sentence. For the avoidance of doubt, the provisions of this Section 10.6 also apply to the Directors & Officers Liability Insurance Policies listed under "Germany Casualty" and "United Kingdom Casualty" on Schedule 10.1.

Section 10.7. No Coverage for Post-Effective Occurrences. Each of Exelis and Xylem, on behalf of itself and its Subsidiaries, acknowledges and agrees that it will have no coverage under the Company Policies for acts or events that occur after the Effective Time.

Section 10.8. Cooperation. The Parties agree to use their commercially reasonable efforts to cooperate with respect to the various insurance matters contemplated by this Agreement (including in connection with Policies where ITT is an additional named insured).

Section 10.9. Excluded Policies. Each of Exelis and Xylem, on behalf of itself and its Subsidiaries, disclaims any rights that it otherwise may have under the Excluded Policies and agrees not to submit any claim or to pursue any recovery under any Excluded Policy, it being understood that the Excluded Policies are for the sole benefit of ITT.

Section 10.10. ITT as General Agent and Attorney-in-Fact. Notwithstanding anything to the contrary contained herein, ITT remains the owner and holder of all rights and claims in and to the Company Policies. Should the provisions of Sections 10.1 and 10.2 as they pertain to Exelis and/or Xylem be challenged and/or fail of their purpose, ITT shall act as agent and attorney-in-fact for Exelis and Xylem and thereby effectuate, on behalf of Exelis and Xylem, the provisions of Sections 10.2(a) and 10.2(b) of this Agreement, provided that, Exelis or Xylem, as the case may be, shall pay ITT's reasonable out of pocket costs relating thereto.

Section 10.11. Additional Premiums, Return Premiums and Pro Rata Cancellation Premium Credits. If additional premiums are payable, or return premiums are receivable, on any Company Policies after the Effective Time as a result of an insurance carrier's retrospective audit of insured exposure, each of ITT, Exelis and Xylem shall be responsible for its respective share of any such additional premiums, and shall be entitled to receive its respective share of any such return premiums, that are attributable to a change in its or its Subsidiaries' insured exposure. If cancellation premium credits are received after the Effective Time in connection with the cancellation of any Company Policies, each of ITT, Exelis and Xylem shall be entitled to receive its Applicable Percentage of such cancellation premium credits.

ARTICLE XI
MISCELLANEOUS

Section 11.1. 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, course of dealings 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. In the event and to the extent that there shall be a conflict between the provisions of (a) this Agreement and the provisions of any Specified Ancillary Agreement or Continuing Arrangement, such Specified Ancillary Agreement or Continuing Arrangement shall control and (b) this Agreement and any Ancillary Agreement which is not a Specified Ancillary Agreement, this Agreement shall control unless specifically stated otherwise in such Ancillary Agreement. Except as expressly set forth in this Agreement or any Ancillary Agreement: (i) all matters relating to Taxes and Tax Returns of the Parties and their respective Subsidiaries shall be governed exclusively by the Tax Matters Agreement; and (ii) for the avoidance of doubt, in the event of any conflict between this Agreement or any Ancillary Agreement, on the one hand, and the Tax Matters Agreement, on the other hand, with respect to such matters, the terms and conditions of the Tax Matters Agreement shall govern.

Section 11.2. Ancillary Agreements. Except as expressly set forth herein, 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 11.3. Counterparts. This Agreement may be executed in more than one counterpart, 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 11.4. Survival of Agreements. Except as otherwise contemplated by this Agreement or any Ancillary Agreement, all covenants and agreements of the Parties contained in this Agreement and each Ancillary Agreement shall survive the Effective Time and remain in full force and effect in accordance with their applicable terms.

Section 11.5. Expenses. Except as otherwise provided (i) in this Agreement (including with respect to Specified Shared Expenses, responsibility for which is allocated pursuant to Section 5.3, or (ii) in any Ancillary Agreement, the Parties agree that all out-of-pocket fees and expenses incurred, or to be incurred and directly related to the Plan of Separation and the transactions contemplated hereby (including third party professional fees, fees and expenses incurred in connection with the execution and delivery of this Agreement and such other third party fees and expenses incurred on a non-recurring basis directly as a result of the Plan of Separation, including expenses set forth on Schedule 11.5, and excluding the costs of salaries and benefits of employees or any pro rata portion of overhead or other costs of employing such employees which would have been incurred by such employees' employer regardless of the employees' service with respect to the foregoing) (collectively, "Separation Expenses") shall (A) to the extent set forth on Schedule 11.5, be paid by ITT and (B) otherwise, be paid by the Party generating and/or incurring such expenses. For the avoidance of doubt, except as expressly set forth in this Agreement or any Ancillary Agreements, each Party shall be responsible for its own internal fees (and reimburse any other Party to the extent such Party has paid such costs and expenses on behalf of the responsible Party), costs and expenses (e.g., salaries of personnel working in its respective Business) incurred following the Distribution Date in connection with the Plan of Separation, including any costs and expenses relating to such Party's (or any member of its Group's) Disclosure Documents filed following the Distribution Date in connection with the Plan of Separation (including, printing, mailing and filing fees) or any costs and expenses incurred following the Distribution Date with the continued

listing of such Party's common stock on the NYSE following the Distribution.

Section 11.6. Notices. All notices, requests, claims, demands and other communications under this Agreement and, to the extent applicable and unless otherwise provided therein, under each of the Ancillary Agreements shall be in English, shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by facsimile with receipt confirmed (followed by delivery of an original via overnight courier service) or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 11.6):

To ITT:

ITT Corporation
1133 Westchester Avenue, Suite 3000
White Plains, NY 10604
Attn: General Counsel
Facsimile: (914) 696-2970

To Exelis:

Exelis Inc.
1650 Tysons Boulevard, Suite 1700
McLean, VA 22102
Attn: General Counsel
Facsimile: (703) 790-6407

To Xylem:

Xylem Inc.
1133 Westchester Avenue, Suite N200
White Plains, NY 10604
Attn: General Counsel
Facsimile: (914) 323-5800

Section 11.7. Waivers. Any consent required or permitted to be given by any Party to the other Parties under this Agreement shall be in writing and signed by the Party giving such consent and shall be effective only against such Party (and its Group).

Section 11.8. Assignment. 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 other Parties (not to be unreasonably withheld or delayed), and any attempt to assign any rights or obligations arising under this Agreement without such consent shall be void. Notwithstanding the foregoing, 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. No assignment permitted by this Section 11.8 shall release the assigning Party from liability for the full performance of its obligations under this Agreement.

Section 11.9. Successors and Assigns. The provisions of this Agreement and the obligations

and rights hereunder shall be binding upon, inure to the benefit of and be enforceable by (and against) the Parties and their respective successors and permitted transferees and assigns.

Section 11.10. Termination and Amendment. This Agreement (including Article VII hereof) may be terminated, modified or amended and the Distribution may be amended, modified or abandoned at any time prior to the Effective Time by and in the sole discretion of ITT without the approval of Exelis, Xylem 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 Effective Time, this Agreement may not be terminated, modified or amended except by an agreement in writing signed by ITT, Exelis and Xylem.

Section 11.11. Payment Terms.

(a) Except as expressly provided to the contrary in this Agreement or in any Ancillary Agreement, any amount to be paid or reimbursed by any Party (and/or a member of such Party's Group), on the one hand, to any other Party or Parties (and/or a member of such Party's or Parties' Group), on the other hand, under this Agreement shall be paid or reimbursed hereunder within sixty (60) days after presentation of an invoice or a written demand therefor and setting forth, or accompanied by, reasonable documentation or other reasonable explanation supporting such amount.

(b) Except as expressly provided to the contrary in this Agreement or in any Ancillary Agreement, any amount not paid when due pursuant to this Agreement (and any amount billed or otherwise invoiced or demanded and properly payable that is not paid within sixty (60) days of such bill, invoice or other demand) shall bear interest at a rate per annum equal to LIBOR, from time to time in effect, calculated for the actual number of days elapsed, accrued from the date on which such payment was due up to the date of the actual receipt of payment.

Section 11.12. No Circumvention. The Parties agree not to directly or indirectly take any actions, act in concert with any Person who takes an action, or cause or allow any member of any such Party's Group to take any actions (including the failure to take a reasonable action) such that the resulting effect is to materially undermine the effectiveness of any of the provisions of this Agreement or any Ancillary Agreement (including adversely affecting the rights or ability of any Party to successfully pursue indemnification or payment pursuant to Articles VI and VII).

Section 11.13. Subsidiaries. Each of the Parties 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 at and after the Effective Time, to the extent such Subsidiary remains a Subsidiary of the applicable Party.

Section 11.14. Third Party Beneficiaries. Except (i) as provided in Article VII relating to Indemnitees and for the release under Section 7.1 of any Person provided therein, (ii) as provided in Section 10.6 relating to the directors, officers, employees, fiduciaries or agents provided therein and (iii) as specifically provided in any Ancillary Agreement, this Agreement is solely for the benefit of the Parties 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 11.15. 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 11.16. Exhibits and Schedules.

(a) 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. Nothing in the Exhibits or Schedules constitutes an admission of any liability or obligation of any member of the Defense Group, ITT Group or Water Group or any of their respective Affiliates to any third party, nor, with respect to any third party, an admission against the interests of any member of the Defense Group, ITT Group or Water Group or any of their respective Affiliates. The inclusion of any item or liability or category of item or liability on any Exhibit or Schedule is made solely for purposes of allocating potential liabilities among the Parties and shall not be deemed as or construed to be an admission that any such liability exists.

(b) Subject to the prior written consent of the other Parties (not to be unreasonably withheld or delayed), each Party shall be entitled to update the Schedules from and after the date hereof until the Effective Time.

Section 11.17. Governing Law. This Agreement shall be governed by and construed in accordance with the Laws, but not the Laws governing conflicts of Laws (other than Sections 5-1401 and 5-1402 of the New York General Obligations Law), of the State of New York; provided that the Indiana Business Corporation Law, including the provisions thereof governing the fiduciary duties of directors of a Indiana corporation, shall govern, as applicable, the internal affairs of ITT, Exelis and Xylem, as the case may be.

Section 11.18. Consent to Jurisdiction. Subject to the provisions of Article IX 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, or (b) the United States District Court for the Southern District of New York (the "New York Courts"), for the purposes of any suit, action or other proceeding to compel arbitration or for provisional relief in aid of arbitration in accordance with Article IX or to prevent irreparable harm, and to the non-exclusive jurisdiction of the New York Courts for the enforcement of any award issued thereunder. 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 the New York Courts with respect to any matters to which it has submitted to jurisdiction in this Section 11.18. 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 the New York Courts, 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 11.19. Waiver of Jury Trial. EACH OF THE PARTIES HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH OF THE PARTIES HEREBY (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 HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 11.19.

Section 11.20. 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.

Section 11.21. Force Majeure. No Party (or any Person acting on its behalf) shall have any liability or responsibility for failure to fulfill any obligation (other than a payment obligation) under this Agreement or, unless otherwise expressly provided therein, any Ancillary Agreement, so long as and to the extent to which the fulfillment of such obligation is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. A Party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such event: (a) notify the other applicable Parties of the nature and extent of any such Force Majeure condition and (b) use due diligence to remove any such causes and resume performance under this Agreement as soon as feasible.

Section 11.22. Interpretation. The Parties have participated jointly in the negotiation and drafting of this Agreement. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the Party drafting or causing any instrument to be drafted.

Section 11.23. No Duplication; No Double Recovery. Nothing in this Agreement is intended to confer to or impose upon any Party a duplicative right, entitlement, obligation or recovery with respect to any matter arising out of the same facts and circumstances (including with respect to the rights, entitlements, obligations and recoveries that may arise out of one or more of the following Sections: Section 3.5; Article VI; Section 7.2; Section 7.3; Section 7.4; and Section 7.5).

Section 11.24. Tax Treatment of Payments. Unless otherwise required by a Final Determination, this Agreement or the Tax Matters Agreement or otherwise agreed to among the Parties, for U.S. federal Tax purposes, any payment made pursuant to this Agreement (other than any payment of interest pursuant to Section 11.11) by: (i) Exelis or Xylem to ITT shall be treated for all Tax purposes as a distribution by Exelis or Xylem, as applicable, to ITT with respect to stock of Exelis or Xylem, as applicable, occurring after Exelis and Xylem, as applicable, is directly owned by ITT and immediately before the applicable Distribution; (ii) ITT to Exelis or Xylem shall be treated for all Tax purposes as a tax-free contribution by ITT to Exelis or Xylem, as applicable, with respect to its stock occurring after Exelis or Xylem, as applicable, is directly owned by ITT and immediately before the applicable Distribution; (iii) Exelis or Xylem to Xylem or Exelis, respectively, shall be treated for all Tax purposes as a distribution by the first Party to ITT with respect to stock of such Party occurring after such Party is directly owned by ITT and immediately before the applicable Distribution followed by a tax-free contribution by ITT to the second Party with respect to its stock occurring after such Party is directly owned by ITT and immediately before the applicable Distribution; and in each case, none of the Parties shall take any position inconsistent with such treatment. In the event that a Taxing Authority (as defined in the Tax Matters Agreement) asserts that a Party's treatment of a payment pursuant to this Agreement should be other than as required pursuant to this Agreement (ignoring any potential inconsistent or adverse Final Determination), such Party shall use its commercially reasonable efforts to contest such challenge.

Section 11.25. No Waiver. No failure to exercise and no delay in exercising, on the part of any Party, any right, remedy, power or privilege hereunder or under the other Ancillary Agreements shall operate as a waiver hereof or thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

Section 11.26. No Admission of Liability. The allocation of Assets and Liabilities herein (including on the Schedules hereto) is solely for the purpose of allocating such Assets and Liabilities

among ITT, Exelis and Xylem and is not intended as an admission of liability or responsibility for any alleged Liabilities vis-a-vis any third party, including with respect to the Liabilities of any non-wholly owned subsidiary of ITT, Exelis or Xylem.

[Signature Page Follows]

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: /s/ Aris C. Chicles
Name: Aris C. Chicles
Title: Senior Vice President

EXELIS INC.

By: /s/ Ann D. Davidson
Name: Ann D. Davidson
Title: Vice President, General Counsel & Secretary

XYLEM INC.

By: /s/ Frank R. Jimenez
Name: Frank R. Jimenez
Title: Vice President, General Counsel & Secretary

BENEFITS AND COMPENSATION MATTERS AGREEMENT
DATED AS OF OCTOBER 25, 2011,
AMONG
ITT CORPORATION,
XYLEM INC.
AND
EXELIS INC.

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BENEFITS AND COMPENSATION MATTERS AGREEMENT dated as of October 25, 2011, among ITT CORPORATION, an Indiana corporation (which, together with its subsidiaries, is herein referred to as "ITT"), Xylem Inc., an Indiana corporation, (which, together with its subsidiaries, is herein referred to as "Water"), and Exelis Inc., an Indiana corporation (which, together with its subsidiaries, is herein referred to as "Defense").

WHEREAS, the Board of Directors of ITT (the "Board") has determined that it is appropriate, desirable and in the best interests of ITT, its shareholders and its other constituents, to separate ITT into three separate, publicly traded companies, one for each of (i) the ITT Retained Business, which shall be owned and conducted, directly or indirectly, by ITT, (ii) the Defense Business, which shall be owned and conducted, directly or indirectly, by Defense and (iii) the Water Business, which shall be owned and conducted, directly or indirectly, by Water;

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"), on a pro rata basis (in each case without consideration being paid by such shareholders) (A) all of the outstanding shares of common stock, par value \$.01 per share, of Water (the "Water Common Stock") and (B) all of the outstanding shares of common stock, par value \$.01 per share, of Defense (the "Defense Common Stock") (such transactions as they may be amended or modified from time to time, the "Distribution");

WHEREAS, ITT, Water and Defense have executed a distribution agreement dated as of the date hereof (the "Distribution Agreement") to effectuate such Distribution and allocate and assign certain responsibilities; and

WHEREAS, each of ITT, Water and Defense 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, Water and Defense agree as follows:

1. EMPLOYEES. (a) General. Effective as of the Distribution Date, ITT shall transfer all employees listed on Schedule 1(a)(i) to Water and all such employees shall become Water Employees. Effective as of the Distribution Date, ITT shall transfer all employees listed on Schedule 1(a)(ii) to Defense and all such employees shall become Defense Employees. All Preexisting ITT Employees employed by legal entities that became legal entities of ITT following the Distribution Date shall be ITT Employees. All Preexisting ITT Employees employed by legal entities that became legal entities of Water following the Distribution Date shall be Water Employees. All Preexisting ITT Employees employed by legal entities that became legal entities of Defense following the Distribution Date shall be Defense Employees. Except as expressly identified in this Agreement, Defense shall be liable for all liabilities, claims or controversies involving Defense Employees, Water shall be liable for all liabilities, claims or

controversies involving Water Employees and ITT shall be liable for all liabilities, claims or controversies involving ITT Employees and ITT Retirees.

(b) Schedule of Water Employees and Defense Employees. As of the date of this Agreement, ITT, Water and Defense shall have in good faith determined which individuals who are Preexisting ITT Employees shall become Water Employees and Defense Employees on no later than the Distribution Date. Such lists may be modified only by written consent by each of ITT, Water and Defense on or following the Distribution Date. Prior to the Distribution Date, ITT may modify such lists without the consent of Water and Defense.

(c) Non-Termination of Employment. Except as otherwise expressly provided herein and in compliance with Section 2(d) of this Agreement, no provision of, or event arising under, this Agreement, the Distribution Agreement or any of the Ancillary Agreements shall be construed to create any right, or accelerate entitlement, to any compensation or benefit whatsoever on the part of any Preexisting ITT Employee or other future, present, or former employee of ITT, Water or Defense and any of their respective Subsidiaries.

(d) Employment Agreements. As soon as practicable on or after the execution of this Agreement, ITT, Water and Defense shall use their reasonable best efforts to enter into, or have in place, an employment agreement with each of the Preexisting ITT Employees listed on Schedule 1(d) attached hereto, which employment agreements shall become effective on the Close of the Distribution Date. Water shall assume from ITT the employment agreement of Frank Jimenez, along with the pension assets and liabilities identified in such agreement. Defense shall assume from ITT the employment agreement of Chris Bernhardt. ITT shall continue to be bound by the employment agreement of Denise Ramos.

(e) No Solicit; No Hire. As described in Section 5.1 of the Distribution Agreement and agreed to by ITT, Defense and Water, none of ITT, Water or Defense shall solicit or hire Preexisting ITT Employees for such period following the Effective Time as specified therein, without receiving the written consent of the affected prior employer. In respect of countries whose local laws declare as invalid or unenforceable or prohibit any agreement between employers not to hire employees of the other, ITT, Defense and Water will not have an agreement not to hire employees of the other but agree not to actively solicit the services of each other's employees for such period following the Effective Time as specified in the Distribution Agreement.

2. BENEFIT PROGRAM PARTICIPATION. (a) Except as specifically provided herein with respect to particular compensation or benefit programs, all Water Employees and Defense Employees will cease participation in all ITT benefit plans and programs no later than immediately prior to the Distribution Date; provided that certain Water Employees who participate in the ITT Industries Pension Plan for UK Expatriates, Godwin Pumps Limited Pension Scheme and ITT Retirement Savings Plan, as identified as Items 23 and 24 on Schedule 3(a)(iii) and Item 14 of Schedule 4(a)(iii) shall continue to participate in their respective plans following the Distribution Date, subject to the terms of such plans. As soon as reasonably practicable, ITT will retain liability for all incurred but not yet reported claims of Water Employees and Defense Employees who participate in the ITT welfare benefit plans and programs through the earlier of (i) December 31, 2011 or (ii) the date on which two separate

liability accounts for Water and Defense are created. The separate liability accounts shall correspond to the new bank accounts established by Water and by Defense for new incurred but not yet reported claims. The balance of the new accounts shall be transferred as soon as reasonably practicable following the Distribution Date.

(b) (i) Water shall cause to be recognized each Water Employee's service with ITT for purposes of determining (x) eligibility for vacation benefits, short-term disability and severance benefits and (y) eligibility for vesting under all other employee benefit plans and policies of Water applicable to such Water Employees, to the extent such service was recognized by ITT for such purposes.

(ii) Defense shall cause to be recognized each Defense Employee's service with ITT for purposes of determining (x) eligibility for vacation benefits, short-term disability and severance benefits and (y) eligibility for vesting under all other employee benefit plans and policies of Defense applicable to such Defense 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's, Water's or Defense'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 neither Defense nor any successor entity to Defense may amend or alter the eligibility schedule described for Preexisting ITT Employees under Sections 3(b)(vii) and 3(c)(iv) or the requirement not to reduce or eliminate health benefits under Section 5(b)(ix).

(d) Any Preexisting ITT Employee who, on the Distribution Date, is employed by ITT, Defense or Water shall not be deemed either to have terminated employment or to be in retirement status under any employee benefit plan operated by ITT, Water or Defense. Except to the extent required by law and as otherwise stated in Section 3(b)(vii), any Preexisting ITT Employee who, on the Distribution Date, is employed by ITT, Defense or Water shall not, solely as a result of the Distribution or related transactions, be eligible to receive payment of, or exercise any portability rights in respect of, his or her vested benefit or retirement allowance under any employee benefit plan operated by ITT, Water or Defense; provided, that each Water Employee and each Defense Employee shall receive credit for their service with ITT prior to the Distribution Date from Water or Defense as provided in this Article II. As permitted by Final Treasury Regulation Section 1.409A-1(h)(4), ITT, Water and Defense agree that any employee and any other "service provider" within the meaning of the term as defined in Section 409A of the Code who provides services to ITT immediately before the transactions contemplated hereby and provides services to ITT, Water or Defense after and in connection with such transactions shall not be treated as separating from service for purposes of Section 409A of the Code.

(e) Except as otherwise specified on any of the Schedules, which are specifically incorporated by reference to this Agreement, (i) any ITT Plan maintained by ITT prior to the Distribution Date will continue to be maintained by ITT following the Distribution Date, (ii) any Defense Plan maintained by Defense prior to the Distribution Date will continue to be maintained by Defense following the Distribution Date and (iii) any Water Plan maintained by Water prior to the Distribution Date will continue to be maintained by Water following the Distribution Date. Unless otherwise specified in this Agreement, all assets and liabilities of any

Plan, Defense Plan or Water Plan will remain with and be assumed by the entity maintaining such plan.

3. DEFINED BENEFIT PLANS. (a) List of Defined Benefit Plans. (i) Certain current and former employees of ITT, Water and Defense participate in ITT Group tax qualified defined benefit pension plans made available for certain ITT Group employees in the United States. Schedule 3(a)(i) lists each defined benefit pension plan applicable to Preexisting ITT Employees (the "US Qualified DB Plans").

(ii) Certain current and former employees of ITT, Water and Defense participate in ITT Group tax non-qualified defined benefit pension plans made available for certain ITT Group employees in the United States. Schedule 3(a)(ii) lists each defined benefit pension plan applicable to Preexisting ITT Employees (the "US Non-Qualified DB Plans").

(iii) Certain current and former employees of ITT, Water and Defense participate in ITT Group defined benefit pension plans made available for certain ITT Group employees outside of the United States. Schedule 3(a)(iii) lists each defined benefit pension plan applicable to Preexisting ITT Employees (the "Non-US DB Plans").

(b) US Qualified DB Plans. (i) Continuation of US Qualified DB Plans. Following the Distribution Date, ITT shall continue to sponsor the ITT US Qualified DB Plans as so identified on Schedule 3(a)(i). Following the Distribution Date, Defense shall continue to sponsor the Defense US Qualified DB Plans as so identified on Schedule 3(a)(i). Following the Distribution Date, Water shall continue to sponsor the Water US DB Qualified Plans as so identified on Schedule 3(a)(i). Each of ITT, Defense and Water shall assume all liabilities associated with such plans that it sponsors following the Distribution Date, whether incurred prior to, on or following the Distribution Date; provided, that Defense shall recognize the additional service credit as specified in Section 3(b)(v) of this Agreement. Each of ITT, Defense and Water shall retain all accrued benefits associated with such plans that it sponsors following the Distribution Date, whether accrued prior to, on or following the Distribution Date.

(ii) Adoption of US Qualified DB Plan. Effective as of the Distribution Date, Water shall adopt New ITT Pension Plan for Bargaining Unit Employees, Seneca Falls, New York, which shall have terms similar in all material respects to the ITT Pension Plan for Bargaining Unit Employees, Seneca Falls, New York maintained by ITT and identified as Item 16 on Schedule 3(a)(i). As soon as practicable on or after the Distribution Date, ITT shall transfer to Water the assets and liabilities associated with Water Employees who participated in the ITT Pension Plan for Bargaining Unit Employees, Seneca Falls, New York as identified as Item 16 on Schedule 3(a)(i). Such assets will be transferred in kind to the maximum extent practicable. The plan actuary for such plan shall be responsible for determining the appropriate amount of assets and liabilities to be allocated per employee transferred, in each case in accordance with applicable law.

(iii) Adoption of New Master Trusts. As soon as practicable on or after the Distribution Date, Water shall adopt a new trust that is substantially similar in all material respects to the Master Trust (the "New Water Trust"). Effective as of the Distribution Date, ITT

shall adopt a new trust that is substantially similar in all material respects to the Master Trust (the "New ITT Trust").

(iv) Transfer of Master Trust and Assets. As soon as practicable on or after the Distribution Date, ITT shall transfer to Defense the Master Trust, and Defense shall assume all liabilities associated with such Master Trust. As soon as practicable on or after the Distribution Date, the interests of the US Qualified DB Plans identified on Schedule 3(b)(iv) will be liquidated and cash will be transferred from the Master Trust to the New Water Trust in the amount identified on Schedule 3(b)(iv) and to the New ITT Trust in the amount identified on Schedule 3(b)(iv). All other interests will remain in the Master Trust at Defense.

(v) Transfer of US Qualified DB Plans to Defense. Effective as of the Distribution Date, ITT shall transfer to Defense the defined benefit pension plans identified as Items 1-7 on Schedule 3(a)(i), and Defense shall assume all liabilities associated with such plans, including with respect to accrued benefits thereof.

(vi) Transfer of US Qualified DB Plans to Water. Effective as of the Distribution Date, ITT shall transfer to Water the ITT US Qualified DB Plans identified as Items 19-22 on Schedule 3(a)(i), and Water shall assume all liabilities associated with such plans, including with respect to accrued benefits thereof.

(vii) Additional Retirement Eligibility. (A) Effective as of the Distribution Date, any ITT Employee or any Water Employee who has accrued benefits under the ITT Salaried Retirement Plan as reflected on that plan's records as of the Distribution Date and who is eligible to receive retirement benefits thereunder may elect to commence receipt of that person's retirement benefits under the ITT Salaried Retirement Plan on or after the Distribution Date. Any ITT Employee or Water Employee shall cease earning additional eligibility service at the earliest of the fifth anniversary of the Distribution Date, the date on which the employee is terminated, the date on which benefits attributable to the Traditional Pension Plan formula commence, the date of death or a Change in Control of ITT or Water, respectively (the "Eligibility End Date"). Any ITT Employee or any Water Employee who is eligible to begin retirement as of the Distribution Date who elects to commence receipt of that person's retirement benefits under the ITT Salaried Retirement Plan shall not continue to earn eligibility service following the later of the Distribution Date and the last month preceding the annuity start date. Following the Eligibility End Date, no ITT Employee or Water Employee will receive credit toward the retirement criteria specified in the ITT Salaried Retirement Plan. Except as provided in this Section 3(b)(vii), all accrued benefits under the ITT Salaried Retirement Plan will be frozen with respect to any ITT Employee or any Water Employee as of the Distribution Date.

(B) Effective as of the later of the Distribution Date and January 1, 2012, any Defense Employee who has accrued benefits under the ITT Salaried Retirement Plan may make a one-time irrevocable election either to (x) continue earning eligibility and benefit service under the Traditional Pension Plan formula defined in the ITT Salaried Retirement Plan or (y) choose to begin participation in the enhanced employer-contribution portion of the defined contribution plan identified as Item 1 on Schedule 4(a)(i).

(C) Following the Distribution Date, all invested benefits accrued by Preexisting ITT Employees under the ITT Salaried Retirement Plan who have at least one year of service credit as of the Distribution Date, which are attributable to ITT Employees and Water Employees (other than the ability to continue earning eligibility service for up to five years as described above) shall be vested as of the Distribution Date. Unvested benefits attributable to Defense Employees shall remain unchanged and Defense shall remain liable for all benefits (unvested or vested) attributable to Defense Employees.

(c) US Non-Qualified DB Plans. (i) Continuation of US Non-Qualified DB Plans. Following the Distribution Date, ITT shall continue to sponsor the ITT US Non-Qualified DB Plans as so identified on Schedule 3(a)(ii). Following the Distribution Date, Defense shall sponsor the Defense US Non-Qualified DB Plans as so identified on Schedule 3(a)(ii). Following the Distribution Date, Water shall sponsor the Water US Non-Qualified DB Plans as so identified on Schedule 3(a)(ii). Each of ITT, Defense and Water shall assume all liabilities associated with such plans that it sponsors following the Distribution Date, whether incurred prior to, on or following the Distribution Date; provided, that Defense shall recognize the additional service credit as specified in Section 3(c)(iv) of this Agreement. Each of ITT, Defense and Water shall be liable for all accrued benefits associated with such plans that it sponsors following the Distribution Date, whether accrued prior to, on or following the Distribution Date.

(ii) Excess Pension Plans. Effective as of the Distribution Date, ITT shall cause the transfer of the sponsorship of the ITT US Non-Qualified DB Plans identified as Items 1-7 on Schedule 3(a)(ii) to Defense; provided, that Defense shall recognize the additional service credit as specified in Section 3(c)(iv) of this Agreement.

Defense does hereby assume liability for all benefits accrued prior to the Distribution Date under the ITT Excess Pension Plans, the ITT Enhanced Pension Plan, Federal Labs Unfunded 1, EDO Excess Plan — SERP and the Retirement Plan for Non-Management Directors of ITT Corp. identified as Items 1, 3-7 on Schedule 3(a)(ii) for all Preexisting ITT Employees, except as provided in the Ancillary Agreements.

(iii) Ex Gratia Plan. Effective as of the Distribution Date, ITT shall cause the transfer of the Ex Gratia Plan to Defense identified as Item 2 on Schedule 3(a)(ii) along with all liabilities accrued under the plan with the exception of any liabilities identified on Schedule 3(a)(ii).

(iv) Additional Retirement Eligibility. Effective as of the Distribution Date, any ITT Employee and any Water Employee who has accrued benefits under the ITT Excess Pension Plan shall have his or her benefit accruals under the Excess Pension Plans cease as of the date immediately preceding the Distribution Date; provided that, solely for purposes of determining the amount of an employee's Excess Pension Plans benefit under the Excess Pension Plans, such Water Employee or ITT Employee shall be deemed to have incurred a Termination of Employment (as defined in the Excess Pension Plans) as of the Distribution Date; provided however, that for purposes of determining such employee's eligibility for a benefit under the Excess Pension Plans, such Water Employee or ITT Employee shall be credited with the same eligibility service he or she is credited with under the ITT Salaried Retirement Plan as

described in Section 3(b)(vii) herein. Notwithstanding the previous sentence, a Water Employee shall not incur a Termination of Employment under the terms of the Excess Pension Plans until such Water Employee incurs a Termination of Employment with Water and (b) an ITT Employee shall not incur a Termination of Employment under the terms of the Excess Pension Plans until such ITT Employee incurs a Termination of Employment with ITT.

Effective as of the Distribution Date, all accrued benefits under the Excess Pension Plans for ITT Employees and Water Employees who have at least one year of service credit as of the Distribution Date shall become 100 percent vested and nonforfeitable as of the Distribution Date. Unvested benefits attributable to Defense Employees shall remain unchanged and Defense shall be liable for all benefits (unvested or vested) attributable to Defense Employees.

(v) Springing Rabbi Trust. It is contemplated that Defense will enter into a rabbi trust agreement following the Distribution Date that will, only in the event of a Change in Control of Defense, be fully funded with the amounts payable under the US Non-Qualified DB Plans identified as Items 1-7 on Schedule 3(a)(ii) and will pay to each participant the lump-sum amount payable following a Change in Control in accordance with such plans.

(d) Non-US DB Plans, (i) Continuation of Non-US DB Plans. Following the Distribution Date, ITT shall continue to sponsor the ITT Non-US DB Plans as so identified on Schedule 3(a)(iii). Following the Distribution Date, Defense shall continue to sponsor the Defense Non-US DB Plans as so identified on Schedule 3(a)(iii). Following the Distribution Date, Water shall continue to sponsor the Water Non-US DB Plans as so identified on Schedule 3(a)(iii). Each of ITT, Defense and Water shall assume all liabilities associated with such plans that it sponsors following the Distribution Date, whether incurred prior to, on or following the Distribution Date. Each of ITT, Defense and Water shall retain all accrued benefits associated with such plans that it sponsors following the Distribution Date, whether accrued prior to, on or following the Distribution Date. For any ITT Non-US DB Plan not identified on Schedule 3(a)(iii), the entity that maintained such ITT Non-US DB Plan prior to the Distribution Date shall continue to maintain such plan and assume all liabilities associated with such plan following the Distribution Date.

(ii) Adoption of Non-US DB Plan. Effective as of the Distribution Date, Water shall adopt a benefits plan for Water Employees, which shall have terms similar in all material respects to the benefit plan identified on Item 3 of Schedule 3(a)(iii). Each of ITT, Defense and Water shall assume all liabilities associated with the plans that it sponsors following the Distribution Date, whether incurred prior to, on or following the Distribution Date.

(iii) Transfer of Non-US DB Plans. Effective as of the Distribution Date, ITT shall transfer to Water the Non-US DB Plan identified as Item 22 of Schedule 3(a)(iii) (the "British DB Plan"), and Water shall assume all liabilities associated with such plan; provided that the transfer of such plan will be made in accordance with a deed of substitution between Lowara UK Limited, ITT Industries Limited and Pension Trustee Management Limited and a scheme apportionment arrangement deed between the Trustee and the employers participating in such plan.

(iv) Transfer of Non-US Assets and Liabilities. As soon as practicable on or after the Distribution Date, ITT shall transfer to Water the assets and liabilities associated with Water Employees who participated in the Non-US Pension Plans identified as Items 8, 23 and 24 of Schedule 3(a)(iii) prior to the Distribution. Such assets will be transferred in kind to the maximum extent practicable. The plan actuary for each such transfer shall be responsible for determining the appropriate amount of assets and liabilities to be allocated per employee transferred, in each case in accordance with applicable local law.

(v) Transfer of Other Non-US Assets. Notwithstanding any other provision of this Article III, the Plan Actuary for each such Non-US DB Plan shall be responsible for determining the appropriate amount of assets and liabilities to be allocated to comparable plans to be established and adopted by the companies as required pursuant to the provisions of this Article III, in each case in accordance with applicable local law.

(vi) Canadian DB Plans. Effective as of the Distribution Date, any ITT Employee who has accrued benefits under the Non-US DB Plans identified as Items 14 and 15 on Schedule 3(a)(iii) (the "Canadian Salaried DB Plans") will cease participation in the Canadian Salaried DB Plans as of the Distribution Date, shall be vested as of the Distribution Date and shall cease to accrue further benefits under the Canadian Salaried DB Plans following the Distribution Date. Benefit entitlements of ITT Employees under the Canadian Salaried DB Plans shall be determined in accordance with the terms of the plans and applicable local law.

(vii) Additional Retirement Eligibility for British DB Plan. Effective as of September 30, 2011 (or as soon as reasonably practicable after this date), any ITT Employee, Defense Employee or any Water Employee who has accrued benefits under the Non-US DB Plan identified as the British DB Plan as Item 22 on Schedule 3(a)(iii) shall be vested and will be credited for benefit service through December 31, 2011. Such plan will be frozen as of September 30, 2011 (or as soon as reasonably practicable after this date) and Water will continue to sponsor and administer the plan.

Effective as of the Distribution Date, all ITT Employees who participate in the Non-US DB Plan identified as the British DB Plan as Item 22 on Schedule 3(a)(iii) will cease participation in the British DB Plan as of the Distribution Date, shall be vested as of the Distribution Date and shall not continue to earn eligibility service following the Distribution Date. Unvested benefits attributable to Water Employees under the British DB Plan shall remain unchanged and Water shall remain liable for all benefits (unvested or vested) attributable to Water Employees.

4. DEFINED CONTRIBUTION PLANS.

(a) List of Defined Contribution Plans. (i) Certain current and former employees of ITT, Water and Defense participate in ITT Group tax qualified defined contribution plans made available for certain ITT Group employees in the United States. Schedule 4(a)(i) lists each defined contribution plan applicable to Preexisting ITT Employees (the "US Qualified DC Plans").

(ii) Certain current and former employees of ITT, Water and Defense participate in ITT Group non-tax qualified defined contribution plans made available for certain ITT Group employees in the United States. Schedule 4(a)(ii) lists each defined contribution plan applicable to Preexisting ITT Employees (the "US Non-Qualified DC Plans").

(iii) Certain current and former employees of ITT, Water and Defense participate in ITT Group defined contribution plans made available for certain ITT Group employees outside of the United States. Schedule 4(a)(iii) lists each defined contribution plan applicable to Preexisting ITT Employees (the "Non-US DC Plans").

(b) US Qualified DC Plans. (i) Continuation of Existing US Qualified DC Plans. Following the Distribution Date, ITT shall continue to sponsor the US Qualified DC Plans so identified on Schedule 4(a)(i). Following the Distribution Date, Defense shall continue to sponsor the US Qualified DC Plans so identified on Schedule 4(a)(i). Following the Distribution Date, Water shall sponsor the US Qualified DC Plans so identified on Schedule 4(a)(i). All employees who participate in the ITT Salaried Investment and Savings Plan identified as Item 1 on Schedule 4(a)(i) shall be vested immediately on the Distribution Date.

(ii) Adoption of New US Qualified DC Plans. Effective as of the Distribution Date, ITT shall adopt a new defined contribution plan for ITT Employees who participated in the defined contribution plan identified as Item 1 on Schedule 4(a)(i). Effective as of the Distribution Date, Water shall adopt new defined contribution plans for Water Employees who participated in the defined contribution plans identified as Items 1 and 14 on Schedule 4(a)(i).

(iii) Transfer of US Qualified DC Plans. As soon as practicable on or after the Distribution Date, ITT shall cause the transfer of the sponsorship of the ITT Salaried Investment and Savings Plan identified as Item 1 on Schedule 4(a)(i) to Defense and Defense shall cause the transfer of the accounts of all ITT Employees and Water Employees from such plan to the defined contribution plans adopted by ITT and Water, as applicable.

ITT shall cause the transfer of the accounts of all Water Employees from the Goulds Pumps, Inc. Retirement Savings and Investment Plan identified as Item 14 on Schedule 4(a)(i) to a new defined contribution plan maintained by Water. Assets attributable to the accounts identified in this Section 4(b)(iii) will be transferred in kind to the maximum extent practicable. Each of ITT, Defense and Water shall assume all liabilities associated with the plans that it sponsors following the Distribution Date, whether incurred prior to, on or following the Distribution Date.

(iv) ITT Stock Funds. As soon as practicable on or after the Distribution Date, each U.S. Qualified DC Plan identified on Schedule 4(a)(i) that invests in ITT Common Stock will maintain stock funds for each of ITT Common Stock, Water Common Stock and Defense Common Stock (each as adjusted for the Distribution) for a period as determined by the fiduciaries of each such U.S. Qualified DC Plan. Following the Distribution Date, the applicable fiduciaries of each such U.S. Qualified DC Plan shall determine the proper treatment of the stock funds maintained in such U.S. Qualified DC Plans and shall determine the timing of the disposition of shares held in such stock funds and the treatment of the proceeds of sale of such shares.

(c) US Non-Qualified DC Plans, (i) Continuation of Existing US Non-Qualified DC Plans. Following the Distribution Date, ITT shall continue to sponsor the defined contribution plans so identified on Schedule 4(a)(ii). Following the Distribution Date, Defense shall sponsor the defined contribution plans so identified on Schedule 4(a)(ii). Following the Distribution Date, Water shall sponsor the defined contribution plans so identified on Schedule 4(a)(ii).

(ii) Deferred Compensation Plans. Effective as of the Distribution Date, ITT shall remain liable for benefits accrued under the ITT Deferred Compensation Plan identified as Item 2 on Schedule 4(a)(ii) prior to the Distribution Date with respect to ITT Employees and ITT Retirees. Effective as of the Distribution Date, Water shall adopt the Water Deferred Compensation Plan identified as Item 2 on Schedule 4(a)(ii), which shall be identical in all material respects to the ITT Deferred Compensation Plan as in effect immediately prior to the Distribution Date. Effective as of the Distribution Date, Defense shall adopt the Defense Deferred Compensation Plan, which shall be identical in all material respects to the ITT Deferred Compensation Plan identified as Item 2 on Schedule 4(a)(ii) as in effect immediately prior to the Distribution Date. ITT shall cause the transfer of all liabilities for benefits accrued under the ITT Deferred Compensation Plan for such Defense Employees and ITT Retirees listed on Schedule 4(c)(iii) to Defense and for such Water Employees and ITT Retirees listed on Schedule 4(c)(iii) to Water as soon as practicable following the Distribution Date.

Water does hereby assume liability for benefits accrued prior to the Distribution Date under the ITT Deferred Compensation Plan with respect to Water Employees and specific ITT Retirees listed on Schedule 4(c)(iii), including without limitation, such liabilities incurred prior to 1995 identified in the 1995 Employee Matters Agreement. Defense does hereby assume liability for benefits accrued prior to the Distribution Date under the ITT Deferred Compensation Plan with respect to Defense Employees and specific ITT Retirees listed on Schedule 4(c)(iii), including without limitation, such liabilities incurred prior to 1995 identified in the 1995 Employee Matters Agreement.

(iii) Excess Savings Plans. Effective as of the Distribution Date, ITT shall remain liable for benefits accrued under the ITT Excess Savings Plan identified as Item 3 on Schedule 4(a)(ii) prior to the Distribution Date with respect to ITT Employees and ITT Retirees. Effective as of the Distribution Date, Water shall adopt a new excess savings plan, which shall be identical in all material respects to the ITT Excess Savings Plan identified as Item 3 on Schedule 4(a)(ii) as in effect immediately prior to the Distribution Date. Effective as of the Distribution Date, Defense shall adopt a new excess savings plan, which shall be identical in all material respects to the ITT Excess Savings Plan identified as Item 3 on Schedule 4(a)(ii) as in effect immediately prior to the Distribution Date. ITT shall cause the transfer of all liabilities for benefits accrued under the ITT Excess Savings Plan for Defense Employees as reflected on the plan's records to Defense and for Water Employees as reflected on the plan's records to Water as soon as practicable following the Distribution Date. Water does hereby assume liability for benefits accrued prior to the Distribution Date under the ITT Excess Savings Plan with respect to Water Employees, and Defense does hereby assume liability for benefits accrued prior to the Distribution Date under the ITT Excess Savings Plan with respect to Defense Employees.

(d) Non-US DC Plans. (i) Continuation of Non-US DC Plans. Following the Distribution Date, ITT shall continue to sponsor the ITT Non-US DC Plans as so identified on Schedule 4(a)(iii). Following the Distribution Date, Defense shall continue to sponsor the Defense Non-US DC Plans as so identified on Schedule 4(a)(iii). Following the Distribution Date, Water shall continue to sponsor the Water Non-US DC Plans as so identified on Schedule 4(a)(iii). Each of ITT, Defense and Water shall assume all liabilities associated with such plans that it sponsors following the Distribution Date, whether incurred prior to, on or following the Distribution Date. Each of ITT, Defense and Water shall retain all accrued benefits associated with such plans that it sponsors following the Distribution Date, whether accrued prior to, on or following the Distribution Date. For any ITT Non-US DC Plan not identified on Schedule 4(a)(iii), the entity that maintained such ITT Non-US DC Plan prior to the Distribution Date shall continue to maintain such plan and assume all liabilities associated with such plan following the Distribution Date.

(ii) Adoption of Non-US DC Plans. Effective as of the Distribution Date, ITT shall adopt benefits plans for ITT Employees, which shall have terms similar in all material respects to the benefit plans identified on Items 9, 10, 13 and 14 of Schedule 4(a)(iii). Effective as of the Distribution Date, Defense shall adopt benefits plans for Defense Employees, which shall have terms similar in all material respects to the benefit plan identified as the ITT Retirement Savings Plan — ITT Industries (UK) on Item 14 of Schedule 4(a)(iii). Effective as of the Distribution Date, Water shall adopt benefits plans for Water Employees, which shall have terms similar in all material respects to the benefit plans identified on Items 2 and 3 of Schedule 4(a)(iii). Each of ITT, Defense and Water shall assume all liabilities associated with the plans that it sponsors following the Distribution Date, whether incurred prior to, on or following the Distribution Date.

(iii) Transfer of Non-US Assets and Liabilities. As soon as practicable on or after the Distribution Date, ITT shall transfer to Defense the assets and liabilities associated with Defense ITT Group employees who participated in the Non-US DC Plan identified as the ITT Retirement Savings Plan — ITT Industries (UK) as Item 14 of Schedule 4(a)(iii) prior to the Distribution, unless any such employee elects otherwise. As soon as practicable on or after the Distribution Date, ITT shall transfer to Water the assets and liabilities associated with Water ITT Group employees who participated in the Non-US DC Plans identified as Items 2 and 3 of Schedule 4(a)(iii) prior to the Distribution, unless any such employee elects otherwise. As soon as practicable on or after the Distribution Date, Water shall transfer to ITT the assets and liabilities associated with ITT Employees who participated in the Non-US DC Plans identified as Items 7, 8, 13 and 14 of Schedule 4(a)(iii) prior to the Distribution, unless any such employee elects otherwise. Such assets will be transferred in kind to the maximum extent practicable.

5. EMPLOYEE HEALTH AND WELFARE BENEFIT PLANS.

(a) List of Health and Welfare Plans. (i) Certain current and former employees of ITT, Water and Defense participate in ITT Group health and welfare plans made available for certain ITT Group employees in the United States. Schedule 5(a)(i) lists each health and welfare plan applicable to Preexisting ITT Employees (the "US H&W Plans").

(ii) Certain current and former employees of ITT, Water and Defense participate in ITT Group health and welfare plans made available for certain ITT Group employees outside of the United States. Schedule 5(a)(ii) lists each health and welfare plan applicable to Preexisting ITT Employees (the "Non-US H&W Plans").

(b) US H&W Plans. (i) Continuation of Existing US H&W Plans. Following the Distribution Date, ITT shall continue to sponsor the health and welfare plans so identified on Schedule 5(a)(i). Following the Distribution Date, Defense shall continue to sponsor the health and welfare plans so identified on Schedule 5(a)(i). Each of ITT, Defense and Water shall retain all accrued benefits associated with such plans that it sponsors following the Distribution Date, whether accrued prior to, on or following the Distribution Date.

(ii) Adoption of New US H&W Plans. Effective on the earlier of the Distribution Date and December 31, 2011, Defense shall adopt new health and welfare plans, which shall have terms similar in all material respects to the health and welfare plans identified as Items 14, 21, 22, 23, 24, 26, 42, 43, 45 and 46 on Schedule 5(a)(i). Effective on the earlier of the Distribution Date and December 31, 2011, Water shall adopt new health and welfare plans, which shall have terms similar in all material respects to the health and welfare plans identified as Items 14, 21, 22, 23, 24, 26, 42, 43, 45, 46 and 47 on Schedule 5(a)(i).

(iii) Goulds Plans. Effective as of the Distribution Date, Water shall adopt new health and welfare plans substantially similar in all material ways to the Goulds Postretirement Medical Plan and the Goulds Postretirement Life Plan, identified as Items 33 and 39 on Schedule 5(a)(i), respectively. As soon as practicable following the Distribution Date, ITT shall transfer to Water 25% of the assets and 25% of the liabilities of the Goulds Postretirement Medical Plan and the Goulds Postretirement Life Plan, and Water shall be liable for such assets and liabilities as of the date of such transfer.

(iv) Transfer of ITT Employee Benefit Trust. As soon as practicable on or after the Distribution Date, ITT shall transfer to Defense the ITT Employee Benefit Trust, and Defense shall assume all liabilities associated with such trust. As soon as practicable following the Distribution Date, ITT shall transfer to Defense all of the assets and liabilities of the ITT Employee Benefit Trust related to the retiree portion of the plan, and Defense shall be liable for all such assets and liabilities as of the date of such transfer.

(v) ITT Salaried Retiree Health Plan. Effective as of the Distribution Date, the ITT Salaried Retiree Health Plan identified as Item 13 on Schedule 5(a)(i) will provide that for purposes of determining eligibility for post-retirement medical benefits under the ITT Salaried Retiree Health Plan with respect to an eligible salaried Preexisting ITT Employee who on the Distribution Date, becomes a Water Employee or remains an ITT Employee, such Water Employee or ITT Employee shall be credited with the same eligibility service he or she is credited with under the ITT Salaried Retirement Plan as described in Section 3(b)(vii) herein.

(vi) Severance. Effective as of the Distribution Date, each of ITT, Water and Defense shall provide severance plans for all Preexisting ITT Employees which are substantially equivalent to those ITT severance plans covering such employees immediately prior to the

Distribution Date identified as Items 15-19 of Schedule 5(a)(i), with no restriction as to modification by each of ITT, Water and Defense.

(vii) Long-Term Disability Insurance. Effective as of the Distribution Date, Water and Defense shall each adopt long-term disability plans, identical in all material respects to the ITT Long-Term Disability Plan and the ITT Corporation Excess Long-Term Disability Plan identified as Items 23 and 24 of Schedule 5(a)(i), each as in effect on the Distribution Date, covering eligible Water Employees and Defense Employees, respectively.

(viii) Liabilities. ITT shall transfer all liability to Defense 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 (x) ITT shall transfer to Water the liability of ITT with respect to, and any assets attributable to, certain Preexisting ITT Employees identified on Schedule 1(a)(i) whose employment is transferred to Water in connection with the Distribution, and Water does hereby assume such liability, and (y) ITT shall transfer to Defense the liability with respect to, and assets attributable to, certain Preexisting ITT Employees identified on Schedule 1(a)(ii) whose employment is transferred to Defense in connection with the Distribution, and Defense does hereby assume such liability.

(ix) Change in Control. If there is a Change in Control of ITT, Water or Defense during the five-year period following the Distribution Date, then the company in which such Change in Control occurred shall not, during the balance of such five-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 Financial Accounting Standards Board ASC 715). 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 5(b)(ix).

(x) Indemnity. In the event that any of ITT, Water or Defense 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 (iii) above, each such company shall determine whether to provide such consent in its sole and absolute discretion. Each of ITT, Water and Defense 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) Non-US H&W Plans. (i) Continuation of Non-US H&W Plans. Following the Distribution Date, ITT shall continue to sponsor the ITT Non-US H&W Plans as so identified on Schedule 5(a)(ii). Following the Distribution Date, Defense shall continue to sponsor the Defense Non-US H&W Plans as so identified on Schedule 5(a)(ii). Following the Distribution Date, Water shall continue to sponsor the Water Non-US H&W Plans as so identified on Schedule 5(a)(ii). Each of ITT, Defense and Water shall assume all liabilities associated with

such plans that it sponsors following the Distribution Date, whether incurred prior to, on or following the Distribution Date. Each of ITT, Defense and Water shall retain all accrued benefits associated with such plans that it sponsors following the Distribution Date, whether accrued prior to, on or following the Distribution Date. For any ITT Non-US H&W Plan not identified on Schedule 5(a)(ii), the entity that maintained such ITT Non-US H&W Plan prior to the Distribution Date shall continue to maintain such plan and assume all liabilities associated with such plan following the Distribution Date.

(ii) **Adoption of Non-US H&W Plans.** Effective as of the Distribution Date, ITT shall adopt benefits plans for ITT Employees, which shall have terms similar in all material respects to the benefit plans identified on Items 27, 30-35 and 42 of Schedule 5(a)(ii). Effective as of the Distribution Date, Defense shall adopt benefits plans for Defense Employees, which shall have terms similar in all material respects to the benefit plans identified on Items 7, 8, 22 and 23 of Schedule 5(a)(ii). Effective as of the Distribution Date, Water shall adopt benefits plans for Water Employees, which shall have terms similar in all material respects to the benefit plans identified on Items 7-11, 22 and 23 of Schedule 5(a)(ii). Each of ITT, Defense and Water shall assume all liabilities associated with the plans that it sponsors following the Distribution Date, whether incurred prior to, on or following the Distribution Date.

6. **INCENTIVE PLANS.** (a) ITT currently maintains certain annual incentive plans and certain long-term performance plans, each as listed on Schedule 6(a) (the "**Incentive Plans**"), pursuant to which certain Preexisting ITT Employees employed by ITT might become entitled to payments after the Distribution Date with respect to their performance with ITT prior to the Distribution Date.

(b) Effective as of the Distribution Date, ITT shall be and remain liable for all payments accrued prior to the Distribution Date for ITT Employees under the Incentive Plans, including any such payments to be made following the Distribution Date. Effective as of the Distribution Date, Water shall be and remain liable for all payments accrued prior to the Distribution Date for Water Employees under the Incentive Plans, including any such payments to be made following the Distribution Date. Effective as of the Distribution Date, Defense shall be and remain liable for all payments accrued prior to the Distribution Date for Defense Employees under the Incentive Plans, including any such payments to be made following the Distribution Date. ITT, Water and Defense shall cause any such payments under the Incentive Plans to be recognized as compensation without regard to the source of such payments.

As soon as practicable following the Distribution Date, ITT shall transfer any amounts accrued under the Incentive Plans for (i) Water Employees to Water and (ii) Defense Employees to Defense.

(c) All multi-year cash performance awards under the Incentive Plans (the "**TSR Awards**") shall be terminated effective as of the Distribution Date. ITT shall determine the amount to be paid in cash, if any, to each eligible Preexisting ITT Employee under outstanding TSR Awards as described in this Section 6(c). The amount to be paid under the TSR Awards shall be paid in cash on the normal payment schedule of the original TSR Award. ITT shall be liable for and make any such payments to ITT Employees, including any such payments to be made following the Distribution Date. Water shall be liable for and make any such

payments to Water Employees, including any such payments to be made following the Distribution Date. Defense shall be liable for and make any such payments to Defense Employees, including any such payments to be made following the Distribution Date.

For the TSR Awards granted in 2009, ITT shall pay such award in cash to the extent payment is earned according to the original vesting and payment schedule to each eligible Preexisting ITT Employee based on (i) actual performance for the pro rata percentage of the performance period completed on the Distribution Date and (ii) target value for the remaining uncompleted performance period following the Distribution Date.

For the TSR Awards granted in 2010, (i) ITT shall pay such award in cash to the extent payment is earned to each eligible Preexisting ITT Employee based on actual performance for the pro rata percentage of the performance period completed on the Distribution Date, which shall be paid according to the original vesting and payment schedule, and (ii) following the Distribution Date, ITT, Water or Defense shall award to such Preexisting ITT Employee (thereafter, an ITT Employee, a Water Employee or Defense Employee, as applicable) a restricted stock unit ("RSU") for the remaining target value, which RSU shall vest on December 31, 2012 and shall be settled in ITT shares, Water shares or Defense shares, as applicable.

For the TSR Awards granted in 2011, (i) ITT shall pay such award in cash to the extent payment is earned to each eligible Preexisting ITT Employee based on actual performance for the pro rata percentage of the performance period completed on the Distribution Date, which shall be paid according to the original vesting and payment schedule, and (ii) following the Distribution Date, ITT, Water or Defense will award to such Preexisting ITT Employee (thereafter, an ITT Employee, a Water Employee or Defense Employee, as applicable) an RSU for the remaining target value, which RSU shall vest on December 31, 2013 and shall be settled in ITT shares, Water shares or Defense shares, as applicable.

(d) Effective as of the Distribution Date, ITT shall accrue, be and remain liable for all payments for ITT Employees under the ITT Corporation Retention Program as identified on Item 4 of Schedule 6(a). Effective as of the Distribution Date, Water shall accrue, be and remain liable for all payments for Water Employees under the ITT Corporation Retention Program as identified on Item 4 of Schedule 6(a). Effective as of the Distribution Date, Defense shall accrue, be and remain liable for all payments for Defense Employees under the ITT Corporation Retention Program as identified on Item 4 of Schedule 6(a).

7. STOCK OPTIONS AND OTHER AWARDS. (a) Effective as of the day following the Distribution Date, outstanding stock options (whether vested or unvested), stock appreciation rights, RSUs and restricted stock awards (together, "ITT stock awards") under the ITT stock plans listed on Schedule 7(a), as each plan may have been amended from time to time (the "ITT Stock Plans"), shall be treated as follows:

(i) ITT Employees: Retirees. ITT stock awards held by ITT Employees and ITT Retirees shall be adjusted to reflect the Distribution, as provided pursuant to the terms of the ITT Stock Plans, such that they retain ITT stock awards (but not stock awards payable in Water or Defense shares) following the Distribution Date.

(ii) Water Employees. Water Employees holding ITT stock awards shall receive substitute stock awards in respect of Water Common Stock (but not in respect of ITT Common Stock or Defense Common Stock) pursuant to the terms of a stock plan to be adopted by Water as of the Distribution Date (the "Water Stock Plan"), which are deemed 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) Defense Employees. Defense Employees holding ITT stock awards shall receive substitute stock awards in respect of Defense Common Stock (but not in respect of ITT Common Stock or Water Common Stock) pursuant to the terms of a stock plan, to be adopted by Defense as of the Distribution Date (the "Defense Stock Plan"), which are deemed 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) ITT Non-Employee Directors. The Compensation and Personnel Committee of the Board of Directors of ITT has approved the adjustment of any ITT stock awards held by such non-employee directors that have not been exercised as of the Distribution Date to reflect the Distribution, as provided pursuant to the terms of the ITT Stock Plans following the conversion formula used for common shareholders of ITT stock. Such ITT stock awards held by a non-employee director will be adjusted on an "as distributed basis" such that each ITT stock award will be converted into a like number of ITT stock awards based on shares of each of ITT, Water and Defense following the Distribution Date. Generally, vesting and exercisability terms will remain the same, although certain adjustments may be made as the Board of Directors of ITT or the applicable committee thereof shall approve.

(v) Other Provisions. Effective as of the Distribution Date, Water Employees and Defense Employees shall cease active participation in all ITT Stock Plans; provided, however, that Water Employees and Defense Employees shall receive full credit under any substitute stock awards in respect of Water Common Stock and Defense Common Stock, respectively, for their service to ITT Group prior to the Distribution; provided, further, that Water Employees and Defense Employees shall be deemed to participate under the ITT Stock Plans through the day following the Distribution Date for the purposes of any substitute stock awards they received in connection with the Distribution. To the extent that any Preexisting ITT Employee continues to be entitled to future ITT awards following the Distribution Date, such grants may be made in forms that are acceptable to ITT, Water or Defense, as such entity deem adequate.

(b) Manner of Substitution. (i) With respect to each cancelled ITT stock award, the number and exercise price of substitute stock awards granted under the Water Stock Plan or the Defense 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.

(ii) Each holder of ITT Common Stock on the Distribution Record Date (or such holder's designated transferee or transferees) shall be entitled to receive in the Water

Distribution a substitute stock award representing one (1) share of Water Common Stock granted under the Water Stock Plan for every stock award representing one (1) share of ITT Common Stock granted under the ITT Stock Plan held by such holder. No action by any such holder shall be necessary for such holder to receive the applicable substitute stock award representing shares of Water Common Stock such holder is entitled in the Water Distribution.

(iii) Each holder of ITT Common Stock on the Distribution Record Date (or such holder's designated transferee or transferees) shall be entitled to receive in the Defense Distribution a substitute stock award representing ones (1) share of Defense Common Stock granted under the Defense Stock Plan for every stock award representing one (1) share of ITT Common Stock granted under the ITT Stock Plan held by such holder. No action by any such holder shall be necessary for such holder to receive the applicable substitute stock award representing shares of Defense Common Stock such holder is entitled in the Defense Distribution.

(c) Fractional Shares(d) . ITT holders of stock awards under ITT incentive plans on the Distribution Record Date, which would entitle such holders to receive a substitute stock award representing less than one whole share of Water Common Stock or Defense Common Stock, as the case may be, in the applicable Distribution, shall receive (x) if such holders are entitled to receive a substitute stock award representing less than one-half of a whole share of Water Common Stock or Defense Common Stock, as the case may be, such number shall be rounded down to the next whole share of Water Common Stock or Defense Common Stock, or (y) if such holders are entitled to receive a substitute stock award representing at least one-half of a whole share of Water Common Stock or Defense Common Stock, as the case may be, such number shall be rounded up to the next whole share of Water Common Stock or Defense Common Stock, as the case may be. Fractional shares of Water Common Stock or Defense Common Stock shall not be distributed in the Distribution nor credited to book-entry accounts, provided however that fractional shares of ITT, Water or Defense held for the benefit of employees in book-entry accounts with the Company's external administrator may be credited to such accounts. The Distribution Agent shall, as soon as practicable after the Distribution Date distribute to each such holder, or for the benefit of each such beneficial owner, such holder or owner's ratable share of such stock awards, based upon the average gross selling price per share of Water Common Stock or Defense Common Stock, as the case may be, after making appropriate deductions for any amount required to be withheld for United States federal income tax purposes. Notwithstanding the foregoing, in the event of any adjustment, stock split, reverse stock split or other adjustment or change to the capitalization of shares of ITT, Water or Defense that occurs at or following the Distribution, ITT, Water or Defense, as applicable, shall provide for an adjustment of the applicable stock awards then held to reflect such adjustment, stock split, reverse stock split or other adjustment or change to the capitalization of shares prior to the subsequent distribution and the terms of the applicable equity incentive plans will continue to apply to the applicable stock awards.

8. COLI. (a) Effective as of the Distribution Date, the COLI policies underwritten by Northwestern Mutual Life Insurance Company and New York Life covering certain Preexisting ITT Employees who are eligible for participation in the ITT Deferred Compensation Plan shall be allocated among the three companies in accordance with Schedule 8(a).

(b) Effective as of the Distribution Date, COLI policies underwritten by Penn Insurance and Annuity Company as set forth in Schedule 8(b) purchased in connection with supplemental executive life benefits known as "Options C and D" will remain with ITT.

9. DIRECTOR PLANS. (a) Treatment of Current Director Plans. (i) Effective as of the Distribution Date, ITT shall continue the director plans identified on Schedule 9(a) (the "ITT Director Plans"). With respect to any non-employee director of ITT immediately following the Distribution who is not also a director of Water or Defense at such time and who has an accrued benefit under the suspended ITT Directors Retirement Plan, ITT 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 Water or Defense.

(ii) Effective as of the Distribution Date, Defense shall adopt benefits plans for non-employee directors of Defense, which shall have terms similar in all material respects to the ITT Director Plans set forth on Schedule 9(a) (the "Defense Director Plans"), and Water shall adopt benefits plans for non-employee directors of Defense, which shall have terms similar in all material respects to the ITT Director Plans set forth on Schedule 9(a) (the "Water Director Plans").

(iii) As soon as practicable on or after the Distribution Date, ITT shall cause the transfer of the accounts of all non-employee directors of Defense from the ITT Directors Plans to the Defense Director Plans. As soon as practicable on or after the Distribution Date, ITT shall cause the transfer of the accounts of all non-employee directors of Water from the ITT Directors Plans to the Water Director Plans. Such assets will be transferred in kind to the maximum extent practicable.

(b) Adoption of Water Director Plans. Effective as of the Distribution Date, Water shall adopt plans and programs for non-employee directors that are identical in all material respects to the ITT Director Plans. With respect to any non-employee director of Water immediately following the Distribution who has an accrued benefit under any ITT Director Plan, Water 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 or Defense.

(c) Adoption of Defense Director Plans. Effective as of the Distribution Date, Defense shall adopt plans and programs for non-employee directors that are identical in all material respects to the ITT Director Plans(d) . With respect to any non-employee director of Defense immediately following the Distribution who has an accrued benefit under any suspended ITT Director Plan, Defense 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 or Water.

10. COLLECTIVE BARGAINING AGREEMENTS. (a) ITT Collective Bargaining Agreements. ITT shall retain all collective bargaining agreements and associated liabilities so identified on Schedule 10(a) and for each such collective bargaining agreement in effect as of the Distribution Date, ITT shall continue to recognize the union which is a party to such

collective bargaining agreement as the exclusive collective bargaining representative for the ITT Employees covered under the terms of each such collective bargaining agreement.

(b) Water Collective Bargaining Agreements. Water shall expressly assume all collective bargaining agreements and associated liabilities so identified on Schedule 10(a) effective as of the Distribution Date. For each such collective bargaining agreement in effect as of the Distribution Date, Water agrees to recognize the union which is a party to each such collective bargaining agreement as the exclusive collective bargaining representative for the Water Employees covered under the terms of each such collective bargaining agreement.

(c) Defense Collective Bargaining Agreements. Defense shall expressly assume all collective bargaining agreements and associated liabilities so identified on Schedule 10(a) effective as of the Distribution Date. For each such collective bargaining agreement in effect as of the Distribution Date, Defense agrees to recognize the union which is a party to each such collective bargaining agreement as the exclusive collective bargaining representative for the Defense Employees covered under the terms of each such collective bargaining agreement.

(d) EU Directive. Notwithstanding anything to the contrary in this Section 10, in countries in which the European Union Acquired Rights Directive applies, collective bargaining agreements and any other agreements with employee representatives will continue to apply after the Distribution Date to the extent and in the manner provided for by local law.

11. TRANSITION SERVICES. Each of ITT, Water and Defense shall provide such transition services as required by the Transition Services Agreement.

12. 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 Water and/or Defense shall be allocated to the balance sheets of Water or Defense, as appropriate, on the following basis:

(a) All accruals on the balance sheets of Water (including accruals on the balance sheet of Water) and Defense (including accruals on the balance sheet of Defense) which relate to benefit plans sponsored by the respective companies shall be unaffected by the provisions of this Section 12.

(b) With regard to the liabilities recorded by ITT with respect to the ITT Excess Savings Plan that will, in accordance with Section 4(c)(iii), be assumed by Water and Defense, respectively, ITT shall allocate to the respective new employing entity an amount equal to the sum of the plan balances for such affected employees.

(c) For each category of balance sheet account enumerated in this Section 12, 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.

(d) To the extent that a balance sheet account requiring allocation among the companies exists that is not specifically included in this Section 12, ITT shall make the

allocation on a reasonable basis, subject to the agreement of the party in whose favor the allocation is being made.

13. ACCESS TO INFORMATION AND DATA EXCHANGE. (a) Provision of Corporate Records. (i) Consistent with Section 6.3 of the Distribution Agreement, upon the prior written request by Water or Defense 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 Water or Defense, as applicable, ITT 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 or any of its Subsidiaries, but only to the extent such items are not already in the possession of the requesting party; provided, however, that as soon as practicable following the Distribution Date, ITT shall provide copies of all necessary employee documentation for the Water Employees listed on Schedule 1(a)(i) to Water and shall provide copies of all necessary employee documentation for the Water Employees listed on Schedule 1(a)(ii) to Defense.

(ii) After the Distribution Date, upon the prior written request by ITT or Defense for specific and identified Records relating to or affecting ITT or Defense, as applicable, Water 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 Water or any of its Subsidiaries, but only to the extent such items are not already in the possession of the requesting party.

(iii) After the Distribution Date, upon the prior written request by ITT or Water for specific and identified Records relating to or affecting ITT or Water, as applicable, Defense 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 Defense 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) From and after the Distribution Date and consistent with Section 6.3 of the Distribution Agreement, each of ITT, Water and Defense 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 specifically identified by the Distribution Agreement or any Ancillary Agreement, a party providing Records or access to information to the other party under this Section 13 shall be entitled to receive from the recipient, upon the presentation of invoices therefore, 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 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 and its Subsidiaries, (ii) Water and its Subsidiaries and (iii) Defense 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 or (D) as may be required under the USA Patriot Act) 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.

14. 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, Water and Defense 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, in a timely fashion. 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.

15. 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.

16. INDEMNIFICATION. (a) Indemnification by ITT. Except as otherwise specifically set forth in this Agreement or in Article VII of the Distribution Agreement, ITT shall indemnify, defend and hold harmless the Water Indemnitees and the Defense Indemnitees from and against any and all Indemnifiable Losses of the Water Indemnitees and the Defense 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 effective on or after the Distribution Date, (ii) any and all liabilities relating primarily to, arising primarily out of or resulting primarily from the operation or conduct of any ITT Plan or any individual identified as an ITT Employee, (iii) any liability assumed or retained by ITT pursuant to the terms and conditions set forth on Schedule 16(a) of this Agreement or (iv) the breach by ITT of any provision of this Agreement.

(b) Indemnification by Water. Except as otherwise specifically set forth in this Agreement or in Article VII of the Distribution Agreement, Water shall indemnify, defend and hold harmless the ITT Indemnitees and the Defense Indemnitees from and against any and all Indemnifiable Losses of the ITT Indemnitees and the Defense 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 Water effective on or after the Distribution Date, (ii) any and all liabilities relating primarily to, arising primarily out of or resulting primarily from the operation or conduct of any Water Plan or any individual identified as a Water Employee, (iii) any liability assumed or retained by Water pursuant to the terms and conditions set forth on Schedule 16(b) of this Agreement or (iv) the breach by Water of any provision of this Agreement.

(c) Indemnification by Defense. Except as otherwise specifically set forth in this Agreement or in Article VII of the Distribution Agreement, Defense shall indemnify, defend and hold harmless the ITT Indemnitees and the Water Indemnitees from and against any and all Indemnifiable Losses of the ITT Indemnitees and the Water 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 Defense effective on or after the Distribution Date, (ii) any and all liabilities relating primarily to, arising primarily out of or resulting primarily from the operation or conduct of any Defense Plan or any individual identified as a Defense Employee, (iii) any liability assumed or retained by Defense pursuant to the terms and conditions set forth on Schedule 16(c) of this Agreement or (iv) the breach by Defense 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 16, 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 16, 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) Survival of Indemnities. The obligations of ITT, Water and Defense under this Section 16 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.

17. 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, the relevant parties shall adhere to the dispute resolution procedures as described in the Distribution Agreement.

18. MISCELLANEOUS. (a) Complete Agreement; Construction. This Agreement, including the Schedules and 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, course of dealings 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. In the event and to the extent that there shall be a conflict between the provisions of this Agreement and the provisions of the Distribution Agreement, this Agreement shall control unless specifically stated otherwise in the Distribution Agreement.

- (b) Ancillary Agreements. Except as expressly set forth herein, this Agreement is not intended to address, and should not be interpreted to address, the matters specifically and expressly covered by the Ancillary Agreements.
- (c) Counterparts. This Agreement may be executed in more than one counterpart, 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 Effective Time and remain in full force and effect in accordance with their applicable terms.
- (e) Expenses. Except as specifically listed on Schedule 18(e), all out-of-pocket fees and expenses incurred, or to be incurred and directly related to the transactions contemplated hereby shall be paid as described in the Distribution Agreement.
- (f) Notices. All notices, requests, claims, demands and other communications under this Agreement shall be made as described in the Distribution Agreement.
- (g) Waivers. Any consent required or permitted to be given by any party to the other parties under this Agreement shall be in writing and signed by the party giving such consent and shall be effective only against such party.
- (h) Assignment. 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 other parties, and any attempt to assign any rights or obligations arising under this Agreement without such consent shall be void. Notwithstanding the foregoing, 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.
- (i) Successors and Assigns. The provisions of this Agreement and the obligations and rights hereunder shall be binding upon, inure to the benefit of and be enforceable by (and against) the parties and their respective successors and permitted transferees and assigns.
- (j) Termination and Amendment. This Agreement may be terminated, amended, modified or amended and the Distribution may be modified or abandoned at any time prior to the Effective Time by and in the sole discretion of ITT without the approval of Water, Defense 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 Effective Time, this Agreement may not be terminated, modified or amended except by an agreement in writing signed by ITT, Water and Defense.
- (k) Payment Terms. Except as expressly provided to the contrary in this Agreement, any amount to be paid or reimbursed by any party, on the one hand, to any other
-

party or parties, under this Agreement shall be paid or reimbursed hereunder within sixty (60) days after presentation of an invoice or a written demand therefor and setting forth, or accompanied by, reasonable documentation or other reasonable explanation supporting such amount. Except as expressly provided to the contrary in this Agreement, any amount not paid when due pursuant to this Agreement (and any amount billed or otherwise invoiced or demanded and properly payable that is not paid within sixty (60) days of such bill, invoice or other demand) shall bear interest at a rate per annum equal to LIBOR, from time to time in effect, calculated for the actual number of days elapsed, accrued from the date on which such payment was due up to the date of the actual receipt of payment.

(l) **No Circumvention.** The parties agree not to directly or indirectly take any actions, act in concert with any person who takes an action, or cause (including the failure to take a reasonable action) such that the resulting effect is to materially undermine the effectiveness of any of the provisions of this Agreement.

(m) **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 at the Effective Time, to the extent such Subsidiary remains a Subsidiary of the applicable party.

(n) **Third Party Beneficiaries.** This Agreement is solely for the benefit of the parties hereto 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.

(o) **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.

(p) **Schedules.** The 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. Nothing in the Schedules constitutes an admission of any liability or obligation of ITT, Water or Defense or any of their respective Affiliates to any third party, nor, with respect to any third party, an admission against the interests of ITT, Water or Defense or any of their respective Affiliates. The inclusion of any item or liability or category of item or liability on any Schedule is made solely for purposes of allocating potential liabilities among the parties and shall not be deemed as or construed to be an admission that any such liability exists.

(q) **Governing Law.** This Agreement shall be governed by and construed in accordance with the Laws, but not the Laws governing conflicts of Laws (other than Sections 5-1401 and 5-1402 of the New York General Obligations Law), of the State of New York; provided that the Indiana Business Corporation Law, including the provisions thereof governing the fiduciary duties of directors of a Indiana corporation, shall govern, as applicable, the internal affairs of ITT, Defense and Water, as the case may be.

(r) Consent to Jurisdiction. Subject to the provisions of Article XVI 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, or (b) the United States District Court for the Southern District of New York (the "New York Courts"), for the purposes of any suit, action or other proceeding to compel arbitration or for provisional relief in aid of arbitration in accordance with Article IX of the Distribution Agreement or to prevent irreparable harm, and to the non-exclusive jurisdiction of the New York Courts for the enforcement of any award issued thereunder. 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 the New York Courts with respect to any matters to which it has submitted to jurisdiction in this Section 18(r). 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 the New York Courts, 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.

(s) Waiver of Jury Trial. EACH OF THE PARTIES HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH OF THE PARTIES HEREBY (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 HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 18(S).

(t) 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.

(u) Force Majeure. No party (or any person acting on its behalf) shall have any liability or responsibility for failure to fulfill any obligation (other than a payment obligation) under this Agreement, so long as and to the extent to which the fulfillment of such obligation is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. A party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such event: (a) notify the other applicable parties of the nature and extent of any such Force Majeure condition and (b) use due diligence to remove any such causes and resume performance under this Agreement as soon as feasible.

(v) Interpretation. The parties have participated jointly in the negotiation and drafting of this Agreement. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting or causing any instrument to be drafted.

(w) No Duplication; No Double Recovery. Nothing in this Agreement is intended to confer to or impose upon any party a duplicative right, entitlement, obligation or recovery with respect to any matter arising out of the same facts and circumstances.

(x) No Waiver. No failure to exercise and no delay in exercising, on the part of any party, any right, remedy, power or privilege hereunder shall operate as a waiver hereof or thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

(y) No Admission of Liability. The allocation of assets and liabilities herein (including on the Schedules hereto) is solely for the purpose of allocating such assets and liabilities among ITT, Water and Defense and is not intended as an admission of liability or responsibility for any alleged liabilities vis a vis any third party, including with respect to the Liabilities of any non-wholly owned subsidiary of ITT, Water or Defense.

(z) 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.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have duly executed and entered into this Agreement, as of the date first above written.

ITT Corporation

By: /s/ Aris C. Chicles

Name: Aris C. Chicles

Title: Senior Vice President

Xylem Inc.

By: /s/ Frank R. Jimenez

Name: Frank R. Jimenez

Title: Vice President, General Counsel & Secretary

Exelis Inc.

By: /s/ Ann D. Davidson

Name: Ann D. Davidson

Title: Vice President, General Counsel & Secretary

[Signature Page]

19. DEFINITIONS.

As used in the Agreement, the following terms have the following meanings:

“1995 Employee Matters Agreement” means the Employee Benefit Services and Liability Agreement dated as of November 1, 1995, among ITT Corporation, a Delaware corporation, ITT Destinations, Inc., a Nevada corporation, and ITT Hartford Group, Inc., a Delaware corporation.

“Affiliate” has the meaning set forth in the Distribution 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 Transition Services Agreement, the Tax Matters Agreement, the License Agreements, the IP Assignments, the Supply Agreement[s], the Master Lease Agreement and the Master Sublease Agreement.

“Board” has the meaning set forth in the recitals to this Agreement.

“British DB Plan” has the meaning set forth in Section 3 of this Agreement.

“Canadian Salaried DB Plans” has the meaning set forth in Section 3 of this Agreement.

“Change in Control” means (i) where reference is made to a particular ITT Plan (including, without limitation, the 2003 ITT Equity Incentive Plan), the definition of “Change in Control” or “Acceleration Event” in such ITT Plan and (ii) where no reference is made to a particular ITT Plan, with respect to ITT, Defense or Water (each, a “Company,” for the purposes of this definition), the first day that any one or more of the following conditions have been satisfied: (a) a report on Schedule 13D shall be filed with the Securities and Exchange Commission pursuant to Section 13(d) of the Exchange Act disclosing that any person, other than the Company or a Subsidiary or any employee benefit plan sponsored by the Company or a Subsidiary (or related trust), is the beneficial owner directly or indirectly of twenty percent (20%) or more of the outstanding shares of stock of the Company; (b) any person, other than the Company or a Subsidiary, or any employee benefit plan sponsored by the Company or a Subsidiary (or related trust), shall purchase shares pursuant to a tender offer or exchange offer to acquire any of the shares of stock of the Company (or securities convertible into stock of the Company) for cash, securities or any other consideration, provided that after consummation of the offer, the person in question is the beneficial owner, directly or indirectly, of twenty percent (20%) or more of the outstanding shares (calculated as provided in paragraph (d) of Rule 13d-3 under the Exchange Act in the case of rights to acquire shares); (c) the consummation of (i) any consolidation, business combination or merger involving the Company, other than a consolidation, business combination or merger involving the Company in which holders of shares immediately prior to the consolidation, business combination or merger (x) hold fifty percent (50%) or more of the combined voting power of the Company (or the corporation resulting from the consolidation, business combination or merger or the parent of such

corporation) after the merger and (y) have the same proportionate ownership of common stock of the Company (or the corporation resulting from the consolidation, business combination or merger or the parent of such corporation), relative to other holders of shares immediately prior to the consolidation, business combination or merger, immediately after the consolidation, business combination or merger as immediately before; or (ii) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all the assets of the Company; (d) there shall have been a change in a majority of the members of the board of directors of the Company within a 12-month period unless the election or nomination for election by the Company's shareholders of each new director during such 12-month period was approved by the vote of two-thirds of the directors then still in office who (x) were directors at the beginning of such 12-month period or (y) whose nomination for election or election as directors was recommended or approved by a majority of the directors who were directors at the beginning of such 12-month period; or (e) any person, other than the Company or a Subsidiary or any employee benefit plan sponsored by the Company or a Subsidiary (or related trust), becomes the beneficial owner of twenty percent (20%) or more of the shares.

“Conveyancing and Assumption Instruments” has the meaning set forth in the Distribution Agreement.

“Defense” has the meaning set forth in the recitals to this Agreement.

“Defense Business” has the meaning set forth in the Distribution Agreement.

“Defense Common Stock” has the meaning set forth in the recitals to this Agreement.

“Defense Director Plans” has the meaning set forth in Article IX of this Agreement.

“Defense Employees” means persons who, immediately after the Distribution Date, are employed by Defense, including such persons identified on Schedule 1(a)(ii) and such persons absent from work at Defense by reason of layoff, leave of absence or disability.

“Defense Indemnitees” has the meaning set forth in the Distribution Agreement.

“Defense Plans” means such plans, programs and arrangements maintained for the benefit of Defense Employees prior to the Distribution Date.

“Defense Stock Plan” has the meaning set forth in Article VII of this Agreement.

“Distribution” has the meaning set forth in the recitals to this Agreement.

“Distribution Agent” has the meaning set forth in the Distribution Agreement.

“Distribution Agreement” has the meaning set forth in the recitals to this Agreement.

“Distribution Date” has the meaning set forth in the Distribution Agreement.

“Distribution Record Date” has the meaning set forth in the Distribution Agreement.

“Distribution” has the meaning set forth in the recitals to this Agreement.

“Effective Time” has the meaning set forth in the Distribution Agreement.

“Eligibility End Date” has the meaning set forth in Article III of this Agreement.

“Force Majeure” has the meaning set forth in the Distribution Agreement.

“Incentive Plan” has the meaning set forth in Article VI of this Agreement.

“Indemnifiable Losses” has the meaning set forth in the Distribution Agreement.

“Indemnifying Party” has the meaning set forth in Section 16(d) of this Agreement.

“Indemnitee” has the meaning set forth in Section 16(d) of this Agreement.

“Insurance Proceeds” has the meaning set forth in the Distribution Agreement.

“ITT” has the meaning set forth in the recitals to this Agreement.

“ITT Common Stock” has the meaning set forth in the recitals to this Agreement.

“ITT Director Plans” has the meaning set forth in Article IX of this Agreement.

“ITT Employees” means persons who, immediately after the Distribution Date, are employed by ITT, including such persons absent from work at ITT by reason of layoff, leave of absence or disability.

“ITT Group” means ITT and its affiliates prior to the Distribution.

“ITT Indemnitees” has the meaning set forth in the Distribution Agreement.

“ITT Plans” means the ITT Deferred Compensation Plan, the ITT Defined Benefit Plans, the ITT Defined Contribution Plans, the ITT Director Plan, the ITT Excess Pension Plan, the ITT Excess Savings Plan, the ITT Non-Qualified Plans, the ITT Non-US H&W Plans, the ITT Non-US Pension Plans, the ITT Non-US Unfunded Plans, the ITT Long-Term Disability Plan, the ITT Stock Plans and any other plan, program or arrangement maintained for the benefit of ITT Employees prior to the Distribution Date.

“ITT Retained Business” has the meaning set forth in the Distribution Agreement.

“ITT Retiree” means any retired employee of ITT or any of its predecessors.

“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.

“Laws” has the meaning set forth in the Distribution Agreement.

“Liabilities” has the meaning set forth in the Distribution Agreement.

“Master Trust” means the trust established by ITT and maintained by Northern Trust as the trustee to hold the assets of all US Qualified DB Plans.

“New ITT Trust” has the meaning set forth in Section 3 of this Agreement.

“New Water Trust” has the meaning set forth in Section 3 of this Agreement.

“New York Courts” has the meaning set forth in Article XVIII of this Agreement.

“Non-US DB Plans” has the meaning set forth in Article III of this Agreement.

“Non-US DC Plans” has the meaning set forth in Article IV of this Agreement.

“Non-US H&W Plans” has the meaning set forth in Article V of this Agreement.

“party” means ITT, Water and Defense.

“person” means any natural person, corporation, business trust, joint venture, association, company, partnership or government, or any agency or political subdivision thereof.

“Plan Actuary” means the plan actuary for each Non-US DB Plan, Non-US DC Plan or Non-US H&W Plan prior to the Distribution Date or the third-party individual who determined the liability under such plan prior to, on or after the Distribution Date.

“Preexisting ITT Employees” means persons actively employed by the ITT Group immediately prior to the Distribution; and persons who are absent from work to the ITT Group immediately prior to the Distribution by reason of layoff, leave of absence or disability.

“Records” has the meaning set forth in Article 13 of this Agreement.

“RSUs” has the meaning set forth in Article VII of this Agreement.

“Schedule” or “Schedules” means the Schedules Relating to Benefits and Compensation Matters Agreement, dated as of October 25, 2011, among ITT Corporation, Exelis Inc. and Xylem Inc., as they may be amended from time to time.

“Subsidiary” has the meaning set forth in the Distribution Agreement.

“Tax Matters Agreement” has the meaning set forth in the Distribution Agreement.

“Tax” has the meaning set forth in the Tax Matters Agreement.

“[Transition Services Agreement](#)” has the meaning set forth in the Distribution Agreement.

“[TSR Awards](#)” has the meaning set forth in Article VI of this Agreement.

“[USA Patriot Act](#)” means the Uniting and Strengthening America By Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA Patriot Act) Act of 2001, and any amendments thereto.

“[US H&W Plans](#)” has the meaning set forth in Article V of this Agreement.

“[US Non-Qualified DB Plans](#)” has the meaning set forth in Article III of this Agreement.

“[US Non-Qualified DC Plans](#)” has the meaning set forth in Article IV of this Agreement.

“[US Qualified DB Plans](#)” has the meaning set forth in Article III of this Agreement.

“[US Qualified DC Plans](#)” has the meaning set forth in Article IV of this Agreement.

“[Water](#)” has the meaning set forth in the recitals to this Agreement.

“[Water Business](#)” has the meaning set forth in the Distribution Agreement.

“[Water Common Stock](#)” has the meaning set forth in the recitals to this Agreement.

“[Water Director Plan](#)” has the meaning set forth in Article IX of this Agreement.

“[Water Employees](#)” means persons who, immediately after the Distribution Date, are employed by Water, including such persons identified on Schedule 1(a)(i) and such persons absent from work at Water by reason of layoff, leave of absence or disability.

“[Water Indemnitees](#)” has the meaning set forth in the Distribution Agreement.

“[Water Plans](#)” means such plans, programs and arrangements maintained for the benefit of Water Employees prior to the Distribution Date.

SCHEDULES RELATING TO
BENEFITS AND COMPENSATION MATTERS AGREEMENT
DATED AS OF OCTOBER 25, 2011,
AMONG
ITT CORPORATION,
XYLEM INC.
AND
EXELIS INC.

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Schedule 1(a)(i): ITT Employees to Water

Individuals listed on Schedule 1(a)(i) are listed as of 9/22/11, which will be adjusted to the date coincident with, or the end of the month following, the Distribution Date.

1. Individuals employed by the following legal entities:

CURRENT OFFICIAL LEGAL ENTITY NAME	CURRENT FEIN	EMPLOYER NAME	CURRENT INFINIUM	VC	CYCLE CODE	PAYROLL NAME	NEWCO LEGAL ENTITY	NEWCO FEIN	NEW INFINIUM	COUNTRY
COMMON PARENT CORPORATION ITT CORPORATION	13-5158950	ITT FLUID TECHNOLOGY	800	FC	FLOBW	FLOJET BI WEEKLY	Flow Control LLC	45-2115170	891	US
COMMON PARENT CORPORATION ITT CORPORATION	13-5158950	ITT FLUID TECHNOLOGY	800	RCW	BGSAL	BELL & GOSSETT	Fluid Handling, LLC	45-2237289	894	US
COMMON PARENT CORPORATION ITT CORPORATION	13-5158950	ITT FLUID TECHNOLOGY	800	RCW	BGUN	BELL & GOSSETT	Fluid Handling, LLC	45-2237289	894	US
COMMON PARENT CORPORATION ITT CORPORATION	13-5158950	ITT FLUID TECHNOLOGY	800	RCW	HTSAL	HEAT TRANSFER	Fluid Handling, LLC	45-2237289	893	US
COMMON PARENT CORPORATION ITT CORPORATION	13-5158950	ITT FLUID TECHNOLOGY	800	RCW	HTUN	HEAT TRANSFER	Fluid Handling, LLC	45-2237289	893	US
COMMON PARENT CORPORATION ITT CORPORATION	13-5158950	ITT FLUID TECHNOLOGY	800	RCW	RCSAL	R&CW HQ	Fluid Handling, LLC	45-2237289	890	US
ITT WATER & WASTEWATER USA INC. [FORMERLY WEDECO,	23-2914590	ADVANCED WATER TREATMENT	870	RCW	WPC	WATER POLLUTION	Water Co US, Inc.	45-2080074	870	US
ITT WATER & WASTEWATER USA INC. [FORMERLY WEDECO,	23-2914590	ITT FLYGT CORPORATION	850	WWW	CPSAL	CUSTOM PUMPS	Water Co US, Inc.	45-2080074	850	US
ITT WATER & WASTEWATER USA, INC. [FORMERLY WEDECO,	23-2914590	ITT FLYGT CORPORATION	850	WWW	FLSAL	FLYGT SALARY	Water Co US, Inc.	45-2080074	850	US
ITT WATER & WASTEWATER USA, INC. [FORMERLY WEDECO,	23-2914590	WEDECO INC	874	WWW	WEDBW	WEDECO BW	Water Co US, Inc.	45-2080074	874	US
RULE INDUSTRIES, INC.	04-2384630	ITT FLOW CONTROL, AMERICAS/RULE	860	FC	RUSAL	RULE SALARY	Flow Control LLC	45-2115170	860	US
ITT WATER TECHNOLOGY (TX), LP/LLC	75-2623429	ITT GOULDS PUMPS TEXAS Goulds Pumps Canada (IPG) Ontario Pro Service Center	830	RCW	H9WSA	TX TURBINE &	Texas Turbine, LLC	45-2116251	830	US
									CGO	CANADA
									CON	CANADA

2. Individuals associated with the following entities that will transfer to Water:

Chile	1	RCW	
India	120	Water	
Mexico (Chihuahua)	5	FC	
Mexico (Nogales)	80	FC	
Singapore	15	RCW	
South Korea	3	RCW	
Taiwan	1	RCW	
Thailand	2	RCW	
United Kingdom	15	SS	
United Kingdom (Basingstoke)	3	IT	
United Kingdom (Whiteley, Letchworth)	168	FC	
ITT High Precision Manufactured Products (Wuxi) Co., Ltd	63	FC	ITT Water & Waste (Shenyang) Co., Ltd, Wuxi Branch - Assets will also transfer
ITT (China) Investment, Shanghai Branch	51	Water HQ	ITT (Shanghai) Trading Co., Ltd — Assets will transfer
ITT (China) Investment	3		ITT (Shanghai) Trading Co., Ltd,
ITT (China) Investment	2		ITT (Shanghai) Trading Co., Ltd, Beijing Branch
ITT (China) Investment, Shanghai Branch	2		ITT (Shanghai) Trading Co., Ltd Beijing Branch
ITT (China) Investment, Shanghai Branch	1		ITT (Nanjing) CO., Ltd
ITT (China) Investment	1		ITT (Shanghai) Trading Co., Ltd,

Schedule 1(a)(ii): ITT Employees to Defense

Individuals listed on Schedule 1(a)(ii) are listed as of 9/22/11, which will be adjusted to the date coincident with, or the end of the month following, the Distribution Date.

1. Individuals employed by the following legal entities:

CURRENT OFFICIAL LEGAL ENTITY NAME	CURRENT FEIN	CURRENT EMPLOYER NAME	CURRENT INFIMUM	VC	CYCLE CODE	PAYROLL NAME	NEWCO LEGAL ENTITY	NEWCO FEIN	NEW INFIMUM	COUNTRY
COMMON PARENT CORPORATION ITT CORPORATION	13-5158950	ITT ADVANCED ENGR AND SCIENCES	150	US	BWAES	ADVANCED ENGR & SCIENCES	Exelis Inc.	45-2083813	150	US
COMMON PARENT CORPORATION ITT CORPORATION	13-5158950	ITT ADVANCED ENGR AND SCIENCES	150	US	BWIST	BI-WEEKLY IMPACT	Exelis Inc.	45-2083813	150	US
COMMON PARENT CORPORATION ITT CORPORATION	13-5158950	ITT ADVANCED ENGR AND SCIENCES	150	US	BWPRD	AES PROFESSOR	Exelis Inc.	45-2083813	150	US
COMMON PARENT CORPORATION ITT CORPORATION	13-5158950	ITT AES-ALMEJDO PROF SERV INC	152	US	BAEM	ALM BI-WEEKLY	Exelis Inc.	45-2083813	152	US
COMMON PARENT CORPORATION ITT CORPORATION	13-5158950	ITT COMMUNICATIONS SYSTEMS	200	ES	BIWK	PT WATNE SALARIED	Exelis Inc.	45-2083813	200	US
COMMON PARENT CORPORATION ITT CORPORATION	13-5158950	ITT COMMUNICATIONS SYSTEMS	200	ES	BIWK1	CLIFTON SALARIED	Exelis Inc.	45-2083813	200	US
COMMON PARENT CORPORATION ITT CORPORATION	13-5158950	ITT COMMUNICATIONS SYSTEMS	200	ES	WFTK	PT WATNE HOLURLY	Exelis Inc.	45-2083813	200	US
COMMON PARENT CORPORATION ITT CORPORATION	13-5158950	ITT CS CO SPRINGS	230	CS	BWCSC	CSOAM SYSTEMS	Exelis Inc.	45-2083813	230	US
COMMON PARENT CORPORATION ITT CORPORATION	13-5158950	ITT DEFENSE & ELECTRONICS	120	HQ	BWDT	DEFENSE & EW	Exelis Inc.	45-2083813	120	US
COMMON PARENT CORPORATION ITT CORPORATION	13-5158950	ITT ELECTRONIC SYSTEMS-EW	100	ES	BWAV	AVIONICS WEEKLY	Exelis Inc.	45-2083813	100	US
COMMON PARENT CORPORATION ITT CORPORATION	13-5158950	ITT ELECTRONIC SYSTEMS-EW	100	ES	WKAC	ACTO WEEKLY	Exelis Inc.	45-2083813	100	US
COMMON PARENT CORPORATION ITT CORPORATION	13-5158950	ITT ELECTRONIC SYSTEMS-EW	100	ES	WKAV	AVIONICS WEEKLY	Exelis Inc.	45-2083813	100	US
COMMON PARENT CORPORATION ITT CORPORATION	13-5158950	ITT ELECTRONIC SYSTEMS-RADAR	300	ES	GILBW	GILILLAN SALARIED	Exelis Inc.	45-2083813	300	US
COMMON PARENT CORPORATION ITT CORPORATION	13-5158950	ITT NIGHT VISION	400	GS	BWNV	BI-WK NIGHT	Exelis Inc.	45-2083813	400	US
COMMON PARENT CORPORATION ITT CORPORATION	13-5158950	ITT NIGHT VISION	400	GS	WKNV	NIGHT WEEKLY	Exelis Inc.	45-2083813	400	US

2. Individuals associated with the following entities that will transfer to Defense:

Country	# of Empl.	VCS
Australia	1	Def HQ
Singapore	1	GS
Taiwan	1	ES
United Kingdom	3	IT

3. Individual employees identified below:

Employee #	Present Co.# and Location	Going To	New Co. # and Location
100010195	Co. 600, McLean, Virginia	Exelis	Co. 120 McLean, Virginia
100001314	Co. 600, White Plains, NJ	Exelis	Co. 120 Amityville, New York
100001748	Co. 600, McLean, Virginia	Exelis	Co. 120 McLean, Virginia
100001754	Co. 600, McLean, Virginia	Exelis	Co. 120 McLean, Virginia
100017119	Co. 600, White Plains, NJ	Exelis	Co. 120 Amityville, New York
100070510	Co. 600, McLean, Virginia	Exelis	Co. 120 McLean, Virginia
100017082	Co. 600, White Plains, NJ	Exelis	Co. 120 Amityville, New York
100005227	Co. 600, Wilmington, DE	Exelis	Co. 120 Wilmington, Delaware
100017627	832 TDS - PALM COAST, FL	Exelis	200 Fort Wayne - PALM COAST, FL
100075948	835, Hanover, MD	Exelis	15/150, Herndon, VA
100001763	Co. 600, McLean, Virginia	Exelis	Co. 120 McLean, Virginia
100002992	Co. 600, McLean, Virginia	EXELIS	Co. 120 McLean, Virginia
100075390	832 TDS - PALM COAST, FL	Exelis	200 Fort Wayne - PALM COAST, FL
100054096	832 TDS - PALM COAST, FL	Exelis	200 Fort Wayne - PALM COAST, FL
100017013	Co. 600, White Plains, NJ	Exelis	Co. 120 Amityville, New York
100005720	Company 600, White Plains, NJ	Exelis	Co. 120 McLean, Virginia
100017190	Co. 600, Wilmington, DE	Exelis	Co. 120 Wilmington, Delaware
100001780	832 TDS - PALM COAST, FL	Exelis	200 Fort Wayne - PALM COAST, FL
100001347	815 FRC BAYARD ST FRI RE	Exelis	200 Fort Wayne, Rochester, NY
100073922	815 FRC BAYARD ST FRI RE	Exelis	200 Fort Wayne, Rochester, NY
100017103	Co. 600, Wilmington, DE	Exelis	Co. 120 Wilmington, Delaware
100001615	635, Hanover, MD	Exelis	120
100017197	Co. 600, Wilmington, DE	Exelis	Co. 120 Wilmington, Delaware
100045485	Co. 600, Wilmington, DE	Exelis	Co. 120 Wilmington, Delaware
100058187	Co. 600, McLean, Virginia	Exelis	Co. 120 McLean, Virginia
100053872	832 TDS - PALM COAST, FL	Exelis	200 Fort Wayne - PALM COAST, FL
100017192	Co. 600, Wilmington, DE	Exelis	Co. 120 Wilmington, Delaware
100077575	635, Hanover, MD	Exelis	200
100058565	832 TDS - PALM COAST, FL	Exelis	200 Fort Wayne - PALM COAST, FL
100001736	Co. 600, White Plains, NJ	Exelis	Co. 120 McLean, Virginia
100017083	Co. 600, White Plains, NJ	Exelis	Co. 120 McLean, Virginia
100075089	Co. 600, McLean, Virginia	Exelis	Co. 120 McLean, Virginia
100010822	Co. 600, Fort Wayne, IN	Exelis	Co. 120 Fort Wayne, Indiana
100013194	Co. 600, White Plains, NJ	Exelis	Co. 120 McLean, Virginia
100009142	Co. 600, Fort Wayne, IN	Exelis	Co. 120 McLean, Virginia
100001906	Co. 600, McLean, Virginia	Exelis	Co. 120 McLean, Virginia
100002567	Co. 600, White Plains, NJ	Exelis	Co. 120 McLean, Virginia
100002832	635, Hanover, MD	Exelis	200
100078747	Co. 600, McLean, Virginia	Exelis	Co. 120 McLean, Virginia
100001897	Co. 600, McLean, Virginia	Exelis	Co. 120 McLean, Virginia
100005286	250, Rochester	Exelis	200
100001879	815 FRC BAYARD ST FRI RE	Exelis	200 Fort Wayne, Rochester, NY
100002142	Co. 600, White Plains, NJ	Exelis	Co. 120 McLean, Virginia
100001776	Co. 600, McLean, Virginia	Exelis	Co. 120 McLean, Virginia
100005776	832 TDS - PALM COAST, FL	Exelis	200 Fort Wayne - PALM COAST, FL
100017221	Co. 600, White Plains, NJ	Exelis	Co. 120 McLean, Virginia
100075840	Co. 600, White Plains, NJ	Exelis	Co. 120 McLean, Virginia
100017058	Co. 600, White Plains, NJ	Exelis	Co. 120 McLean, Virginia
100015996	Co. 600, White Plains, NJ	Exelis	Co. 120 McLean, Virginia
100017279	Co. 600, White Plains, NJ	Exelis	Co. 120 McLean, Virginia
100000252	Co. 600, White Plains, NJ	Exelis	Co. 120 McLean, Virginia
1000059506	815 FRC BAYARD ST FRI RE	Exelis	200 DEFENSE ROCHESTER, NY
100017068	Co. 600, White Plains, NJ	Exelis	Co. 120 McLean, Virginia

Schedule 1(d): Employment Agreements

Defense Employment Agreements

1. Christopher C. Bernhardt

ITT Employment Agreements

2. Denise Ramos

Water Employment Agreements

3. Frank Jimenez
-

Schedule 3(a)(i): List of US Qualified Defined Benefit Plans

The US Qualified DB Plans consist of the Defense US Qualified DB Plans, the ITT US Qualified DB Plans and the Water US Qualified DB Plans.

Defense US Qualified DB Plans

1. 357- ITT Systems Corporation Pension Plan for Hourly Employees at Pacific Missile Range Facility
2. 501- ITT Salaried Retirement Plan
3. 505- ITT Avionics Division & ITT Aerospace/Communications Division Pension Plan
4. 591- ITT Gilfillan Pension Plan for Hourly Employees
5. 611- ITT Electronic Systems Pension Plan for Employees in the Bargaining Unit
6. 630- Pension Plan for the Roanoke Plant Hourly Employees of ITT Night Vision
7. 758- EDO Corporation Employees Pension Plan (frozen plan for former EDO employees)

ITT US Qualified DB Plans

8. 346- Engineered Valves CA Pure Flo Solutions Group Pension Plan for Hourly Employees at Simi Valley, CA
9. 521- ITT Cannon Employees Retirement Plan for Hourly Non-Bargaining Production and Maintenance Employees
10. 571- ITT Aerospace Controls Pension Plan for Hourly Employees
11. 577- ITT Consolidated Hourly Pension Plan
12. 638- ITT Conoflow Pension Plan for Non-Clerical, Non-Rep. Hourly Employees
13. 640- ITT Engineered Valves Pension Plan for Hourly Employees at Amory, MS
14. 642- ITT Engineered Valves Pension Plan for Local 36 Hourly Employees at Lancaster, PA
15. 698- ITT Control Technologies Pension Plan for Hourly Employees
16. 724- ITT Pension Plan for Bargaining Unit Employees Seneca Falls, New York **[Xylem to replicate]**
17. 727- ITT Pension Plan for Hourly Employees at Vertical Pump Division, City of Industry, California
18. 730- ITT Pension Plan for Bargaining Unit Employees, Ashland Operations, Ashland, PA

Water US Qualified DB Plans

19. 520- ITT Bell & Gossett Hydronics Pension Plan for Hourly Employees
 20. 696- ITT Standard Hourly (Bargaining Unit) Pension Plan
 21. 728- ITT Pension Plan for Hourly Employees, Water Technologies Group-America, Turbine Division, Lubbock, TX
 22. 757- Retirement Plan for ITT Water & Wastewater Leopold Inc. For Hourly Paid Employees
-

Schedule 3(a)(ii): List of US Non-Qualified Defined Benefit Plans

The US Non-Qualified DB Plans consist of the Defense US Non-Qualified DB Plans, the ITT US Non-Qualified DB Plans and the Water US Non-Qualified DB Plans.

Defense US Non-Qualified DB Plans

1. 680- ITT Excess Plan, which includes the following plans: ITT Excess Pension Plan 1A, ITT Excess Pension Plan 1B, ITT Excess Pension Plan IIA and ITT Excess Pension Plan IIB
2. ITT Ex-Gratia Plan (with the exception of the liability accrued under the Plan for Steven R. Loranger, which shall remain with ITT)
3. 682- Federal Labs Unfunded 1
4. 719- ITT Enhanced Pension Plan
5. 759- EDO Excess Plan — SERP
6. Retirement Plan for Non-Management Directors of ITT Corp. (frozen as of October 1, 1995)
7. 656- Expatriate

ITT US Non-Qualified DB Plans

8. 718- Cranston Unfunded
9. ITT Ex-Gratia Plan (only the liability accrued under the Plan for Steven R. Loranger, which shall remain with ITT)

Water US Non-Qualified DB Plans

10. None
-

Schedule 3(a)(iii): List of Non-US Defined Benefit Plans

The Non-US DB Plans consist of the Defense Non-US DB Plans, the ITT Non-US DB Plans and the Water Non-US DB Plans.

Defense Non-US DB Plans

1. None

ITT Non-US DB Plans

2. 325- ITT Belgium — Cannon (Belgium)
3. Gratuity Benefit Program (India) [**Xylem to replicate**]
4. 128- Cannon GmbH (Germany) [**Unfunded**]
5. 378- Cannon GmbH (Germany) [**Unfunded**]
6. 340- Cannon Japan (Japan) [**Unfunded**]
7. 735- Industries Management GmbH, Bad Camberg and former Fechenheim (Germany) [**Unfunded**]
8. Salary Sacrifice e.V Plan — ITTG (Germany)

Water Non-US DB Plans

9. 323- ITT Belgium — ITT Industries (Belgium)
 10. 324- ITT Belgium Pension Plan (Belgium)
 11. 166- Pension Plan for Union Employees of ITT Automotive, a division of ITT Industries of Canada Ltd. [Electrical Systems, North America] (Canada)
 12. 200- Pension Plan for Hourly Employees of ITT Residential & Commercial Water (R&CW), a Division of ITT Industries of Canada L.P (Canada)
 13. 203- Pension Plan for Hourly Employees of ITT Automotive, a division of ITT Industries of Canada Ltd. [Structural Systems and Components, North America (Toronto Stamping Plant)] (Canada)
 14. 205- ITT Industries Canadian Pension Plan for Salaried Employees (Canada)
 15. 350- ITT Canadian Excess Benefit Plan — Unregistered (Canada)
 16. 209- Pension Plan for Hourly Employees of ITT Fabri-Valve, a Division of ITT Industries of Canada Ltd. (Canada)
 17. 221- Pension Plan for Union Employees of Ontario Malleable Iron Company Limited (Canada)
 18. 223- Pension Plan for Union Employees of ITT Cannon, a Division of ITT Industries of Canada Ltd.(Canada)
 19. 744- Pension Plan of ITT Water & Wastewater, a Division of ITT Industries of Canada L.P.(Canada)
 20. 369- Industries Management GmbH, Ebernhahn (Division KONI) (Germany)
 21. 756- Flygt Ireland (Ireland)
 22. 186- ITT Industries General Pension Plan (UK)
 23. 189- ITT Industries Pension Plan for UK Expatriates (UK)
 24. 190- Godwin Pumps Limited Pension Scheme (UK)
 25. 125- Industriebeteiligungsgesellschaft mbH (Germany) [**Unfunded**]
 26. 738- DITTHA GmbH, Kempen (Germany) [**Unfunded**]
 27. 126- DITTHA GmbH. Kempen (Germany) [**Unfunded**]
-

28. 366- Industries Management GmbH, Ebernhahn (Division KONI) (Germany)**[Unfunded]**
 29. 111- ITT Flygt Pumpen GmbH, Langenhagen, jetzt ITT Water & Wastewater (Germany) **[Unfunded]**
 30. Deutschland GmbH (Germany)**[Unfunded]**
 31. 116- ITT Industriebeteiligungsgesellschaft mbH (Germany)**[Unfunded]**
 32. 755- ITT Water & Wastewater, Herford (Germany)**[Unfunded]**
 33. 760- Jabsco GmbH (Germany)**[Unfunded]**
 34. 761- ebro Electronic GmbH & Co. KG (Germany)**[Unfunded]**
 35. 762- SI Analytics GmbH Mainz Deferred Comp (Germany)**[Unfunded]**
 36. 763- SI-FAS Pension Valuation (Germany)**[Unfunded]**
 37. 764- WTW FAS Pension Plan (Germany)**[Unfunded]**
 38. 765- ebro Electronics Instruments GmbH Ingolstadt Pension Plan (Germany)**[Unfunded]**
 39. 370- Industries Management GmbH,former Regelungstechnik (Germany)**[Unfunded]**
 40. 720- Industries Management GmbH,former Regelungstechnik (Germany)**[Unfunded]**
 41. 731- Industries Management GmbH (Germany)**[Unfunded]**
 42. 732- Industries Management GmbH (Germany)**[Unfunded]**
 43. 734- Industries Management GmbH (Germany)**[Unfunded]**
 44. 736- Industries Management GmbH, Bad Camberg and former Fechenheim (Germany) **[Unfunded]**
 45. 713- Flygt S.p.a. Flygt Italy Plan (Italy)**[Unfunded]**
 46. 766- ADIN Pension 28229 NOK (Norway)**[Unfunded]**
 47. 767- ADI Storebrand 27835 NOK (Norway)**[Unfunded]**
 48. 768- Storebrand 25000 NOK (Norway)**[Unfunded]**
 49. 118- Grindex AB (Sweden)**[Unfunded]**
 50. 120- Water & Wastewater AB General Pension Plan (ITP-Plan) (Sweden)**[Unfunded]**
 51. 121- Water & Wastewater AB Individual Contracts (Not FPG/PRI) (Sweden)**[Unfunded]**
 52. 754- Industries Holding AB General Pension Plan (ITP-Plan) (Sweden)**[Unfunded]**
-

Schedule 3(b)(iv): Master Trust Interest

Amounts listed on Schedule 3(b)(iv) are listed as of 7/31/11, which will be adjusted to the date coincident with, or the end of the month following, the Distribution Date.

Water Interest

Plan Name	Plan #	7/31/2011 Balance
ITT Bell — Gossett	520	26,179,521
ITT Standard Hourly	696	14,215,802
Goulds Division Lubbock	728	5,415,891
Leopold	757	2,444,161
Total Xylem		48,255,375

ITT Interest

Plan Name	Plan #	7/31/2011 Balance
ITT Shertec Simi Valley	346	376,902
ITT Cannon Electric	521	25,380,063
ITT Aerospace Controls	571	12,399,734
Consolidated Hourly Plans	577	66,737,221
ITT Grinell — Non-clerical	638	1,280,183
ITT Fluid Tech. — Lancaster	642	5,743,973
ITT Fluid Tech. — Amory Hourly	640	2,040,563
ITT Control Technologies	698	289,326.82
Goulds Beginning Unit Employees	724	69,070,531
Goulds Vertical Pump Division	727	4,191,936
Goulds Bargaining Unit Employees	730	12,709,847
Total ITT		200,220,281

Schedule 4(a)(i): List of US Qualified Defined Contribution Plans

The US Qualified DC Plans consist of the Defense US Qualified DC Plans, the ITT US Qualified DC Plans and the Water US Qualified DC Plans.

Defense US Qualified DC Plans

1. 100- ITT Salaried Investment and Savings Plan
2. 178- ITT Avionics Division & ITT Aerospace/Communications Division Bargaining Unit Savings Plan
3. 209- ITT Night Vision Savings Plan for Hourly Employees
4. 227- ITT Electronic Systems Savings Plan for Hourly Employees
5. 013- ITT Systems Corporation Retirement/Savings Plan
6. 235- ITT Systems Corporation Pacific Missile Range Facility Savings Plan for Hourly Employees
7. ITT Research Systems Inc. Employees' Savings Plan
8. 237- ITT Advanced Engineering and Sciences Professional Benefits Employees' Savings Plan
9. 003- EDO Corporation Employee Investment Plan
10. 200- ITT Gilfillan Savings Plan for Hourly Employees

ITT US Qualified DC Plans

11. 193- ITT Aerospace Controls Savings Plan for Hourly Employees
12. 196- ITT Cannon Savings Plan for Hourly Employees
13. 216- ITT Engineered Valves — Lancaster Savings Plan for Hourly Employees
14. 009- Goulds Pumps, Inc. Retirement Savings and Investment Plan [**Xylem to replicate**]
15. 201- ITT Conoflow Savings Plan for Hourly Employees
16. 215- ITT Engineered Valves — Fabri Savings Plan for Hourly Emp. At Amory, MS
17. 225- ITT Engineered Valves CA Pure Flo Solutions Group Savings Plan for Hourly Employees
18. 236- ITT BIW Connector Systems Employees Savings Plan
19. 010- Procast And Goulds Pump Service Center Employee Savings Plan
20. 240- Pure-Flo Precision Savings Plan for Hourly Employees
21. 239- ITT Koni Friction Products Savings Plan for Hourly Employees
22. 238- ITT Control Technologies Savings Plan for Hourly Employees
23. Evolutionary Concepts Profit Sharing Plan (YE 6/30/2010)
24. ECI/Alcon 401(k) Plan

Water US Qualified DC Plans

25. 002- ITT Rule Savings Plan for Hourly Employees
 26. 203- ITT Bell & Gossett Savings Plan for Hourly Employees
 27. 226- ITT Heat Transfer Savings Plan for Hourly Employees
 28. 231- ITT Hydro Air Savings Plan for Hourly Employees
 29. 241- Flojet Corporation 401(k) Plan
 30. 001- F.B. Leopold Co., Inc. Savings Plan for Hourly Employees
 31. 001- F.B. Leopold Company, Inc. Retirement Savings Plan
 32. 001- Laing Thermotech, Inc. 401(k) Profit Sharing Plan
 33. Godwin Pumps of America, Inc. Profit Sharing Plan and Trust
-

Schedule 4(a)(ii): List of US Non-Qualified Defined Contribution Plans

The US Non-qualified DC Plans consist of the Defense US Non-qualified DC Plans, the ITT US Non-qualified DC Plans and the Water US Non-qualified DC Plans.

Defense US Non-Qualified DC Plans

1. EDO Deferred Compensation Plan

ITT US Non-Qualified DC Plans

2. ITT Deferred Compensation Plan **[Water and Defense will replicate]**
3. ITT Excess Savings Plan **[Water and Defense will replicate]**

Water US Non-Qualified DC Plans

4. None
-

Schedule 4(a)(iii): List of Non-US Defined Contribution Plans

The Non-US DC Plans consist of the Defense Non-US DC Plans, the ITT Non-US DC Plans and the Water Non-US DC Plans.

Defense Non-US DC Plans

1. None

ITT Non-US DC Plans

2. Superannuation Benefit Program — ITT India (India) [**Xylem to replicate**]
3. Provident Fund — ITT India (India) [**Xylem to replicate**]
4. Retirement — IP (Taiwan)
5. C&K Switches Limited Pension Plan (UK)
6. C&K Switches Executive Pension Plan (UK)
7. Direct Insurance — ITTG (Germany) [Exelis and Xylem to replicate]

Water Non-US DC Plans

8. Superannuation Fund — WWW (Australia)
 9. ITT Industries Canadian Investment Savings Plan for Salaried Employees — ITT Canada (Canada) [**ITT to replicate**]
 10. Insured Retirement- WWW (Denmark) [**ITT to replicate**]
 11. Plan d'Epargne Enterprise (PEE) — ITT France (France)
 12. Insured Retirement — WWW (Netherlands)
 13. Retirement — WWW (South Africa) [**ITT to replicate**]
 14. ITT Retirement Savings Plan — ITT Industries (UK) [**Exelis and ITT to replicate**]
 15. Wedeco Executive Pension Plan (UK)
 16. Direct Insurance — WWW (Germany)
-

Schedule 4(c)(iii): Employees Under Deferred Compensation Plan

Water Employees

1. 15 individuals identified as Water Employees or ITT Retirees on the records of the ITT Deferred Compensation Plan

Defense Employees

2. 36 individuals identified as Defense Employees or ITT Retirees on the records of the ITT Deferred Compensation Plan
-

Schedule 4(c)(iv): Employees Under Excess Savings Plan

Participants listed on Schedule 4(c)(iv) are listed as of 7/31/11, which will be adjusted to the date coincident with, or the end of the month following, the Distribution Date.

Water Employees

1. 13 individuals identified as Water Employees on the records of the Excess Savings Plan

Defense Employees

2. 13 individuals identified as Defense Employees on the records of the Excess Savings Plan
-

Schedule 5(a)(i): List of US Health & Welfare Plans

The US H&W Plans consist of the Defense US H&W Plans, the ITT US H&W Plans and the Water US H&W Plans.

Defense US H&W Plans

1. 940- ITT Avionics Severance Plan for Exempt and Non-Exempt Salaried Employees
2. 903- Avionics Postretirement Medical Plan
3. 918- Avionics Postretirement Life Plan
4. 942- ITT Night Vision Term. Pay for Salaried Exempt Employees
5. 951- ITT A/CD Severance Pay Plan for Ex. And Non-Ex. Salaried Employees
6. 502- EDO Corporation Medical, Dental, Vision and Salary Benefit Plan
7. 503- EDO Corporation Life and Travel Accident Plan
8. 506- EDO Corporation Sickness, STD, and LTD Plan
9. 914- EDO Postretirement Medical & Life Plan
10. 302- ITT Employee Benefit Trust
11. 911- Space Systems Division Postretirement Medical
12. 923- Space Systems Division Postretirement Life
13. ITT Salaried Retiree Health Plan

ITT US H&W Plans

14. 594- ITT Salaried Medical and Dental Program **[Exelis and Xylem to replicate]**
 15. ITT Corporation Special Senior Executive Severance Pay Plan
 16. ITT Corporation Enhanced Severance Pay
 17. ITT Corporation Senior Executive Severance Pay Plan
 18. ITT Industries Corporate Policies- Severance Policy 30-08
 19. ITT Corporation Severance Plan
 20. 529- ITT Cannon Severance Pay Plan for Exempt and Non-Exempt Salaried Employees
 21. 717- ITT Salaried Voluntary Accident Plan **[Exelis and Xylem to replicate]**
 22. 801- Group Accident Insurance Plan for Salaried Employees **[Exelis and Xylem to replicate]**
 23. 802- ITT Corporation Long-Term Disability Plan for Salaried Employees **[Exelis and Xylem to replicate]**
 24. ITT Corporation Excess Long-Term Disability Plan **[Exelis and Xylem to replicate]**
 25. 999- ITT Corporate Welfare Plan
 26. 717- ITT Salaried Voluntary Travel Accident Plan **[Exelis and Xylem to replicate]**
 27. 514- Kentucky Carbon Corporation Sickness and Accident Plan (YE 10/31/2009)
 28. 503- ITT Carbon Employee Benefit Trust (YE 10/31/2009)
 29. 503- Moog Controls Inc. Voluntary Employees Beneficiary Trust
 30. 902- AC Pump Postretirement Medical Plan
 31. 905- Cannon Postretirement Medical Plan
 32. 906- Carbon Postretirement Medical Plan
 33. 907- Goulds Postretirement Medical Plan
 34. 908- Higbie Postretirement Medical Plan
 35. 909- Jackson Postretirement Medical Plan
-

- 36. 916- ITT Salaried Options C&D
- 37. 917- AC Pump Postretirement Life Plan
- 38. 920- Carbon Postretirement Life Plan
- 39. 921- Goulds Postretirement Life plan
- 40. 925- Engineered Products Postretirement Life Plan
- 41. 926- Engineered Valve Postretirement Life Plan
- 42. Active Salaried Life Insurance **[Exelis and Xylem to replicate]**
- 43. Active Salaried Voluntary Plans **[Exelis and Xylem to replicate]**
- 44. Active Salaried Long Term Care Plan
- 45. Active Salaried United Healthcare/PacifiCare Plan **[Exelis and Xylem to replicate]**
- 46. Active Salaried Kaiser Plan **[Exelis and Xylem to replicate]**
- 47. Active Salaried Excellus BluePoint POS Plan **[Xylem to replicate]**

Water US H&W Plans

- 48. 520- ITT Water Technology, Inc. Health Reimbursement Arrangement
 - 49. 504- The F.B. Leopold Company, Inc. Welfare Benefits Plan
 - 50. 904- Bell & Gossett Postretirement Medical Plan
 - 51. 910- Leopold Postretirement Medical Plan
 - 52. 912- ITT Standard (Heat Transfer) Postretirement Medical Plan
 - 53. 918- Bell & Gossett Postretirement Life Plan
 - 54. 922- Leopold Postretirement Life Plan
 - 55. 924- ITT Standard (Heat Transfer) Postretirement Life Plan
-

Schedule 5(a)(ii): List of Non-US Health & Welfare Plans

The Non-US H&W Plans consist of the Defense Non-US H&W Plans, the ITT Non-US H&W Plans and the Water Non-US H&W Plans.

Defense Non-US H&W Plans

1. None

ITT Non-US H&W Plans

2. Medical — Cannon (Belgium)
3. Life / AD&D — IP (Brazil)
4. Medical — IP (Brazil)
5. Life Insurance — IP (Chile)
6. Medical — IP (Chile)
7. Direct Insurance — ITTG (Germany) **[Exelis and Xylem to replicate]**
8. Accidental Insurance — ITTG (Germany) **[Exelis and Xylem to replicate]**
9. Employee Compensation Insurance — ITT India (India) **[Xylem to replicate]**
10. Personal Accident — ITT India (India) **[Xylem to replicate]**
11. Medical — ITT India (India) **[Xylem to replicate]**
12. Life Insurance — ICS (Mexico)
13. Medical — ICS (Mexico)
14. Medical — IP (Mexico)
15. AD&D — IP (Singapore)
16. Medical — IP (Singapore)
17. AD&D — IP (South Korea)
18. AD&D — IP (Taiwan)
19. Medical — IP (Taiwan)
20. AD&D — IP (Thailand)
21. Medical — IP (Thailand)
22. ITT Life Assurance — ITT Industries (UK) **[Exelis and Xylem to replicate]**
23. Medical — ITT Industries (UK) **[Exelis and Xylem to replicate]**

Water Non-US H&W Plans

24. Medical — WWW (Belgium)
 25. Life / AD&D — WWW (Brazil)
 26. Medical — WWW (Brazil)
 27. ITT Canadian Salaried Group Insurance Program — ITT Canada (Canada) **[ITT to replicate]**
 28. Life Insurance — WWW (Chile)
 29. Medical — WWW (Chile)
 30. Employer Liability Insurance — ITT China (China) **[ITT to replicate]**
 31. Life Insurance / AD&D — ITT China (China) **[ITT to replicate]**
 32. Medical/Dental — ITT China (China) **[ITT to replicate]**
 33. Medical — WWW (Denmark) **[ITT to replicate]**
 34. Life / AD&D / Disability (France) **[ITT to replicate]**
 35. Medical / Dental (France) **[ITT to replicate]**
 36. Direct Insurance — WWW (Germany)
-

- 37. Accidental Insurance — WWW (Germany)
 - 38. Life Insurance — WWW (Mexico)
 - 39. Medical — WWW (Mexico)
 - 40. Medical — WWW (Russia)
 - 41. AD&D — WWW (Singapore)
 - 42. Life / AD&D — WWW (South Africa) **[ITT to replicate]**
-

Schedule 6(a): List of Incentive Plans

1. 1997 ITT Industries Annual Incentive Plan
 2. 1997 Long-Term Incentive Plan
 3. ITT Corporation Annual Incentive Plan for Executive Officers
 4. ITT Corporation Retention Program
-

Schedule 7(a): List of ITT Stock Plans

1. 1994 ITT Incentive Stock Plan
 2. ITT 1996 Restricted Stock Plan for Non-Employee Directors
 3. 2002 ITT Stock Option Plan for Non-Employee Directors
 4. 2003 ITT Equity Incentive Plan
 5. 2011 ITT Omnibus Incentive Plan
 6. Industries Ltd Share Incentive Plan (UK)
 7. ITT Flygt Ltd Share Incentive Plan (UK)
-

Schedule 8(a): COLI Policies

Individuals listed on Schedule 8(a) are listed as of 7/02/11, which will be adjusted to the date coincident with, or the end of the month following, the Distribution Date.

ITT

<u>Policy Number</u>	<u>Carrier</u>
18395400	NM Life
19127919	NM Life
18395404	NM Life
19127921	NM Life
19127923	NM Life
17448846	NM Life
56906286	NYLife
18696673	NM Life
18395408	NM Life
18696674	NM Life
18395409	NM Life
18395411	NM Life
18395414	NM Life
56906287	NYLife
17448847	NM Life
17448853	NM Life
56906297	NYLife
17961894	NM Life
19127922	NM Life
18696675	NM Life
19127925	NM Life
17448836	NM Life
17616521	NM Life
17448845	NM Life
17961899	NM Life

Water

<u>Policy Number</u>	<u>Carrier</u>
17961895	NM Life
18395405	NM Life
17616524	NM Life
191279241	NM Life
56906275	NYLife
18395401	NM Life

Defense

<u>Policy Number</u>	<u>Carrier</u>
17616519	NM Life
56906274	NYLife
17448842	NM Life
56906282	NYLife
19127920	NM Life
56906285	NYLife
18395406	NM Life
18395407	NM Life
56906292	NYLife
17448852	NM Life
56906294	NYLife
18395412	NM Life
19127926	NM Life
56906301	NYLife
17448856	NM Life
56906273	NYLife
56906276	NYLife
56906283	NYLife
56906290	NYLife
56906291	NYLife

Schedule 8(b): Executive Life Policies

Amounts listed on Schedule 8(b) are listed as of 6/30/11, which will be adjusted to the date coincident with, or the end of the month following, the Distribution Date.

ITT

Block 1	Policy
1	9061446
2	9061445
3	9061444
4	9061438
5	9061443
6	9061452
7	9061450
8	9061440
9	9061433
10	9061434
11	9061435
12	9061447

Block 2	Policy
1	9096216

Schedule 9(a): List of ITT Director Plans

1. ITT Corporation Deferred Compensation Plan for Non-Employee Directors
2. ITT Group Accident Program that provides 24 hour accidental death and dismemberment coverage

Additionally, the ITT 1996 Restricted Stock Plan for Non-Employee Directors and the 2002 ITT Stock Option Plan for Non-Employee Directors, each as listed on Schedule 7(a) apply to non-employee directors of ITT.

Schedule 10(a): List of Collective Bargaining Agreements

The Collective Bargaining Agreements consist of the Defense Collective Bargaining Agreements, the ITT Collective Bargaining Agreements and the Water Collective Bargaining Agreements. Works councils and collective bargaining agreements from jurisdictions other than the US and Canada are expressly excluded from this schedule and will continue with their respective company by transfer of law.

Defense Collective Bargaining Agreements

1. Agreement dated August 28, 2010 between ITT Corporation, Electronic Systems, Fort Wayne, IN, a Division of ITT Corporation, Inc., and IUE, the industrial division of the Communication Workers of America, AFL CIO in behalf of and in conjunction with the IUE the industrial division of the Communication Workers of America, AFL CIO Local 84999
 2. Agreement dated October 1, 2009 between ITT Electronics Systems/Integrated Electronic Warfare Systems and ITT Communications Systems and the I.U.E./CWA and its Local Union 81447
 3. Agreement dated May 22, 2011 between ITT Corporation, Night Vision Roanoke Plant and IUE, the Industrial Division of the Communications Workers of America AFL-CIO and Local 82162
 4. Agreement dated December 15, 2009 between Systems-Benning and Columbus Metal Trades Council
 5. Agreement dated December 15, 2009 between Systems-Benning and Sheet Metal Workers, Local 85 — Security Guards
 6. Agreement dated November 1, 2009 between Systems — DSN and IBEW Local 543
 7. Agreement dated March 31, 2011 between Systems — K-Town and (Ver.di) Vereinte Dienstleistungsgewerkschaft
 8. Agreement dated December 1, 2010 between Systems — PMRF and IBEW Local 1260 Main
 9. Agreement dated December 1, 2010 between Systems — PMRF and IBEW Local 1260 Security
 10. Agreement dated December 1, 2010 between Systems — PMRF and IBU
 11. Agreement dated November 1, 2007 between Systems — SLRS and IBEW Local 2088
 12. Agreement dated September 1, 2007 between Systems — SLRS and IAM Local 815
 13. Agreement dated October 31, 2007 between Systems — SLRS and IBT Local 381
 14. Agreement dated October 1, 2008 between Systems — TARS and CWA Local 3177
 15. Agreement dated October 1, 2008 between Systems — TARS (Rio Grande City, TX) and IBEW Local 66
 16. Agreement dated October 1, 2008 between Systems — TARS (Eagle Pass, TX) and IBEW Local 66
 17. Agreement dated October 1, 2008 between Systems — TARS and IBEW Local 583
 18. Agreement dated October 1, 2008 between Systems — TARS and IBEW Local 611
 19. Agreement dated October 1, 2008 between Systems — TARS (Ft. Huachuca, AZ) and IBEW Local 570
 20. Agreement dated October 1, 2008 between Systems — TARS (Yuma, AZ) and IBEW Local 570
 21. Agreement dated December 1, 2010 between Systems — Maxwell and USW Local 13350
 22. Agreement dated July 1, 2009 between Systems — Maxwell and USW Local 8405
-

- 23. Agreement dated August 27, 2010 between Systems — Wallops Island and IAM Local 2552 (Two units)
- 24. Agreement dated April 9, 2011 between Systems — White Sands and IAM Local 2515
- 25. Agreement dated December 1, 2010 between Systems — TARS (Lajas, PR) and IUSW 6135

ITT Collective Bargaining Agreements

- 26. Agreement dated March 1, 2011 between IP Pro shop and Steelworkers
- 27. Agreement between IP/SFO and Steelworkers through July 28, 2012
- 28. Agreement dated May 16, 2009 between Industrial Process (Lancaster, Pennsylvania), a unit of ITT Corporation, and the Glass, Molders, Pottery and Plastics & Allied Workers International Union, Local No. 36, AFL-CIO, CLC.

Water Collective Bargaining Agreements

- 29. Agreement dated August 1, 2010, between WATER SYSTEMS OPERATIONS (WSO) a unit of ITT Water Technology, Inc.*, and its successors, and the UNITED STEELWORKERS on behalf of itself and members of LOCAL UNION No. 3298
 - 30. Agreement dated August 15, 2010, by and between ITT Residential & Commercial Water located in the Village of Morton Grove, and INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE AND AGRICULTURAL IMPLEMENT WORKERS OF AMERICA and its LOCAL UNION NO. 890
 - 31. Agreement between ITT RCW Heat Transfer, Buffalo, New York, and UNITED STEELWORKERS, AFL-CIO-CLC Local Number 897, 2010-2013
 - 32. Agreement dated September 23, 2010 between ITT R&CW, a division of ITT Industries of Canada L.P. (for hourly union employees in Guelph, ON) and United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (United Steelworkers) — Local 8614-05
 - 33. Agreement dated April 22, 2010 between ITT W&WW, a division of ITT Industries of Canada L.P. (for hourly union shop employees in Pointe-Claire, QC) and National Automobile, Aerospace and Agricultural Implement Workers Union of Canada (CAW Canada) — Local 698
 - 34. Agreement dated May 1, 2010 between ITT W&WW, a division of ITT Industries of Canada L.P. (for hourly union shop employees in Surrey, BC) and International Union of Operating Engineers (IUOE) — Local 115
 - 35. Agreement dated May 1, 2008 between ITT W&WW, a division of ITT Industries of Canada L.P. (for salaried union office employees in Surrey, BC) and Canadian Office and Professional Employee's Union (COPE) — Local 15
-

- 1. None Schedule 16(a): Liabilities Assumed by ITT

 - 2. None Schedule 16(b): Liabilities Assumed by Water

 - 3. None Schedule 16(c): Liabilities Assumed by Defense
-

Schedule 18(c): Miscellaneous Expenses

1. None

TAX MATTERS AGREEMENT

by and among

ITT CORPORATION,

XYLEM INC.,

and

EXELIS INC.

Dated as of October 25, 2011

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TAX MATTERS AGREEMENT

THIS TAX MATTERS AGREEMENT (this "Agreement") is made and entered into as of the day of October 25, 2011, by and among ITT Corporation, an Indiana corporation ("ITT"), Xylem Inc., an Indiana corporation ("Water"), and Exelis Inc., an Indiana corporation ("Defense"). Each of ITT, Water, and Defense is sometimes referred to herein as a "Party" and collectively, as the "Parties".

WITNESSETH:

WHEREAS, ITT, acting through its direct and indirect Subsidiaries, currently conducts a number of businesses, including (i) the Water Business (as defined herein), (ii) the Defense Business (as defined herein), and (iii) the ITT Retained Business (as defined herein);

WHEREAS, the Board of Directors of ITT has determined that it is appropriate, desirable and in the best interests of ITT and its shareholders to separate ITT into three separate, publicly traded companies, one for each of (i) the Water Business, which shall be owned and conducted, directly or indirectly, by Water, (ii) the Defense Business, which shall be owned and conducted, directly or indirectly, by Defense, and (iii) the ITT Retained Business which shall be owned and conducted, directly or indirectly, by ITT;

WHEREAS, in order to effect such separation, the Board of Directors of ITT has determined that it is appropriate, desirable and in the best interests of ITT and its shareholders (i) to enter into a series of transactions whereby (A) ITT and/or one or more members of the ITT Group will, collectively, own all of the ITT Retained Assets and assume (or retain) all of the ITT Retained Liabilities, (B) Water and/or one or more members of the Water Group will, collectively, own all of the Water Assets and assume (or retain) all of the Water Liabilities, and (C) Defense and/or one or more members of the Defense Group will, collectively, own all of the Defense Assets and assume (or retain) all of the Defense Liabilities and (ii) for ITT to distribute to the holders of ITT Common Stock on a pro rata basis (in each case without consideration being paid by such shareholders) (A) all of the outstanding shares of common stock, par value \$.01 per share, of Water (the "Water Common Stock"), and (B) all of the outstanding shares of common stock, par value \$.01 per share, of Defense (the "Defense Common Stock") (such transactions as they may be amended or modified from time to time, collectively, the "Plan of Separation");

WHEREAS, it is the intention of the Parties that each of the contributions of assets to, and the assumption of liabilities by, Water and Defense together with the corresponding distribution of all of the Water Common Stock and the Defense Common Stock, respectively, shall qualify as a reorganization within the meaning of Sections 368(a)(1)(D) and 355 of the Internal Revenue Code of 1986, as amended (the "Code");

WHEREAS, it is the intention of the Parties that each of the distribution of Water Common Stock and Defense Common Stock, respectively, to the shareholders of ITT will qualify as a tax-free under Section 355(a) of the Code to such shareholders and as tax-free to ITT under Section 361(c) of the Code;

WHEREAS, notwithstanding the implementation of certain internal transactions undertaken preparatory to and in contemplation of aligning and properly capitalizing the Water Business, the Defense Business, and the ITT Retained Business prior to the Distributions, it is the intention of the Parties that the shared responsibility for certain Tax liabilities (including certain Distribution Tax liabilities) be given effect no earlier than and only upon the Effective Time, all as described more fully herein; and

WHEREAS, in connection with the Plan of Separation, the Parties desire to set forth their agreement on the rights and obligations with respect to handling and allocating Taxes and related matters.

NOW, THEREFORE, in consideration of the foregoing and the terms, conditions, covenants and provisions of this Agreement, each of the Parties mutually covenant and agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.1 Definitions. As used in this Agreement, the following terms shall have the following meanings:

- (1) "Active Business" means the business conducted by each of the ATOB Entities as of the applicable distribution date.
- (2) "Affiliate" means a Person that directly, or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, a specified Person. A Person shall be deemed to control another Person if such first Person possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise. For purposes hereof, none of the Parties or their respective Subsidiaries shall be considered an "Affiliate" of any of the other Parties or their respective Subsidiaries (determined on the same basis).
- (3) "Agreement" has the meaning set forth in the preamble hereto.
- (4) "Ancillary Agreements" has the meaning set forth in the Distribution Agreement.
- (5) "Assets" has the meaning set forth in the Distribution Agreement.
- (6) "ATOB Entities" mean the entities listed on Schedule 1.1(6).
- (7) "Audit" means any audit (including a determination of the status of qualified and non-qualified employee benefit plans), assessment of Taxes, other examination by or on behalf of any Taxing Authority (including notices), proceeding, or appeal of such a proceeding relating to Taxes, whether administrative or judicial, including proceedings relating to competent authority determinations initiated by a Party or any of its Subsidiaries.

- (8) "Audit Management Party" means the Party responsible for administering and controlling an Audit pursuant to Section 9.2(a)(i) or (b)(ii).
- (9) "Audit Representative" means the Chief Tax Officer of each Party (or such other officer of a Party that may be designated by that Party's Chief Financial Officer from time to time).
- (10) "Audit True-Up Date" means fifteen (15) days after the earlier of (i) the date that is ten (10) years following the Distribution Date and (ii) the expiration of all applicable statute of limitations periods for any ITT Federal Income Tax Returns, ITT U.S. State Income Tax Returns, and ITT Non-U.S. Income Tax Returns.
- (11) "Big Four Accounting Firm" means each of Deloitte & Touche LLP, Ernst & Young LLP, KPMG LLP, and Pricewaterhouse Coopers LLP.
- (12) "Business Day" means any day other than a Saturday, Sunday or a day on which banks are required to be closed in New York, New York.
- (13) "Change of Control" has the meaning set forth in the Joint Defense Agreement.
- (14) "Claiming Party" has the meaning set forth in Section 11.2(b).
- (15) "Code" has the meaning referred to in the recitals to this Agreement.
- (16) "Covered Defense Separate U.S. Income Tax Returns" means any Defense Separate U.S. Income Tax Return required to be filed (i) for a Pre-Distribution Tax Period, (ii) for a Straddle Tax Period, or (iii) for a Stub Tax Period.
- (17) "Covered Water Separate U.S. Income Tax Returns" means any Water Separate U.S. Income Tax Return required to be filed (i) for a Pre-Distribution Tax Period, (ii) for a Straddle Tax Period, or (iii) for a Stub Tax Period.
- (18) "Defense" has the meaning set forth in the recitals hereto.
- (19) "Defense Assets" has the meaning set forth in the Distribution Agreement.
- (20) "Defense Business" has the meaning set forth in the Distribution Agreement.
- (21) "Defense Common Stock" has the meaning set forth in the recitals hereto.
- (22) "Defense Group" has the meaning set forth in the Distribution Agreement.
- (23) "Defense Separate U.S. Income Tax Return" means any U.S. federal, state, or local Income Tax Return (including any consolidated, combined, unitary, or similar return) (i) that is not an ITT Combined U.S. Income Tax Return and (ii) that Defense or any member of the Defense Group is responsible under applicable Law for filing.
- (24) "Defense Federal Sharing Percentage" means thirty percent (30%).

(25) "Defense U.S. State Sharing Percentage" means twenty-nine percent (29%).

(26) "Dispute" has the meaning set forth in Section 13.1.

(27) "Distribution" or "Distributions" means, individually or collectively:

(a) the distribution on the Distribution Date to holders of record of shares of ITT Common Stock as of the Distribution Date of the Defense Common Stock and the Water Common Stock owned by ITT, and

(b) the distributions listed on Schedule 1.1(27).

(28) "Distribution Agreement" means the Distribution Agreement by and among ITT, Water, and Defense, dated as of October 25, 2011.

(29) "Distribution Date" means the date on which the Distributions to holders of record of shares of ITT Common Stock of the Defense Common Stock and the Water Common Stock owned by ITT are effectuated pursuant to the Distribution Agreement.

(30) "Distribution Sharing Percentages" means, with respect to ITT, twenty-one percent (21%), with respect to Water, forty percent (40%), and with respect to Defense, thirty-nine percent (39%).

(31) "Distribution Taxes" mean any and all Taxes (a) required to be paid by or imposed on a Party or any of its Affiliates (determined on a "with and without" basis) resulting from, or directly arising in connection with, the failure of the Distributions to qualify under Section 355(a) or (c) of the Code or, if applicable, Section 361(c) of the Code, or the application of Section 355(d) or (e) of the Code to the Distributions (or the failure to qualify under or the application of corresponding provisions of the Laws of U.S. state or local jurisdictions).

(32) "Due Date" means the date (taking into account all valid extensions) upon which a Tax Return is required to be filed with or Taxes are required to be paid to a Taxing Authority, whichever is applicable.

(33) "Effective Time" has the meaning set forth in the Distribution Agreement.

(34) "Fault" has the meaning set forth in Section 5.2.

(35) "Federal Sharing Percentages" means, with respect to ITT, the ITT Federal Sharing Percentage, with respect to Water, the Water Federal Sharing Percentage, and with respect to Defense, the Defense Federal Sharing Percentage.

(36) "Final Determination" means the final resolution of liability for any Tax for any taxable period, by or as a result of:

(a) a final decision, judgment, decree or other order by any court of competent jurisdiction that can no longer be appealed;

(b) a final settlement with the IRS, a closing agreement or accepted offer in compromise under Sections 7121 or 7122 of the Code, or a comparable agreement under the Laws of other jurisdictions, which resolves the liability for the Taxes addressed in such agreement for any taxable period;

(c) 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 by the jurisdiction imposing the Tax; or

(d) any other final disposition, including by reason of the expiration of the applicable statute of limitations.

(37) "GRA" means any "gain recognition agreement" as such term is used in Treasury Regulations Section 1.367(a)-8 or defined in Treasury Regulations Section 1.367(a)-8T(a)(1)(v), as applicable.

(38) "Group" means the ITT Group, the Water Group, or the Defense Group.

(39) "Income Taxes" mean:

(a) all Taxes based upon, measured by, or calculated with respect to (i) net income or profits (including, but not limited to, any capital gains, minimum tax or any Tax on items of tax preference, but not including sales, use, real, or personal property, gross or net receipts, value added, excise, leasing, transfer or similar Taxes), or (ii) multiple bases (including, but not limited to, corporate franchise, doing business and occupation Taxes) if one or more bases upon which such Tax is determined is described in clause (a)(i) above; and

(b) all U.S., state, local or non-U.S. franchise Taxes.

(40) "Income Tax Returns" mean all Tax Returns that relate to Income Taxes.

(41) "Indemnified Party" means the Party which is or may be entitled pursuant to this Agreement to receive any payments (including reimbursement for Taxes or costs and expenses) from another Party or Parties to this Agreement.

(42) "Indemnifying Party," means the Party which is or may be required pursuant to this Agreement to make indemnification or other payments (including reimbursement for Taxes and costs and expenses) to another Party to this Agreement.

(43) "IRS" means the United States Internal Revenue Service or any successor thereto, including, but not limited to its agents, representatives, and attorneys.

(44) "IRS Ruling" means the requests submitted to the IRS for all private letter rulings to be obtained by ITT from the IRS in connection with the Plan of Separation, and any supplemental materials submitted to the IRS relating thereto, and the IRS private letter rulings received by ITT with respect to the Plan of Separation.

(45) "ITT" has the meaning set forth in the preamble of this Agreement.

- (46) "ITT Combined or ITT Separate U.S. Income Tax Return" means (i) any ITT Combined U.S. Income Tax Return and (ii) any ITT Separate U.S. Income Tax Return required to be filed for any Pre-Distribution Tax Period or Straddle Tax Period.
- (47) "ITT Combined U.S. Income Tax Return" means any U.S. federal, state, or local consolidated, combined, unitary or similar Income Tax Return that actually includes, by election or otherwise, one or more members of the ITT Group together with one or more members of either the Water Group or the Defense Group.
- (48) "ITT Common Stock" has the meaning set forth in the Distribution Agreement.
- (49) "ITT Federal Income Tax Return" means any U.S. federal consolidated Income Tax Return that actually includes, by election or otherwise, one or more members of the ITT Group together with one or more members of either the Water Group or the Defense Group.
- (50) "ITT Federal Income Tax Audit" means any Audit of any ITT Federal Income Tax Return.
- (51) "ITT Federal Income Tax Audit Amount" has the meaning set forth in Section 9.3(a).
- (52) "ITT Federal Sharing Percentage" means nineteen percent (19%).
- (53) "ITT Group" has the meaning set forth in the Distribution Agreement.
- (54) "ITT Income Tax Audit Amount" means the sum of the ITT Federal Income Tax Audit Amount, the ITT U.S. State Income Tax Audit Amount, and the ITT Non-U.S. Income Tax Audit Amount.
- (55) "ITT Non-U.S. Income Tax Audit" means any Audit of any ITT Non-U.S. Income Tax Return.
- (56) "ITT Non-U.S. Income Tax Audit Amount" has the meaning set forth in Section 9.3(c).
- (57) "ITT Non-U.S. Income Tax Return" means any Non-U.S. Income Tax Return (including any consolidated, combined, unitary, or similar return) that includes, by election or otherwise, one or more members of the ITT Group and that is required to be filed for any Pre-Distribution Tax Period or Straddle Tax Period.
- (58) "ITT Non-U.S. Sharing Percentage" means eighty-four percent (84%).
- (59) "ITT Retained Assets" has the meaning set forth in the Distribution Agreement.
- (60) "ITT Retained Business" has the meaning set forth in the Distribution Agreement.

- (61) "ITT Retained Liabilities" has the meaning set forth in the Distribution Agreement.
- (62) "ITT Separate U.S. Income Tax Return" means any U.S. federal, state, or local Income Tax Return (including any consolidated, combined, unitary, or similar return) (i) that is not an ITT Combined U.S. Income Tax Return and (ii) that ITT or any member of the ITT Group is responsible under applicable Law for filing.
- (63) "ITT U.S. State Income Tax Audit Amount" has the meaning set forth in Section 9.3(b).
- (64) "ITT U.S. State Income Tax Return" means any U.S. state or local Income Tax Return (including any consolidated, combined, unitary, or similar return) that includes, by election or otherwise, one or more members of the ITT Group required to be filed for any Pre-Distribution Tax Period or Straddle Tax Period.
- (65) "ITT U.S. State Sharing Percentage" means sixty-five percent (65%).
- (66) "Law" means any U.S. or non-U.S. federal, national, supranational, state, provincial, local or similar statute, law, ordinance, regulation, rule, code, administrative pronouncement, order, requirement or rule of law (including common law), or any income tax treaty.
- (67) "LIBOR" has the meaning set forth in the Distribution Agreement.
- (68) "Losses" has the meaning assigned to the term "Indemnifiable Losses" in the Distribution Agreement.
- (69) "Majority of the Parties" means the consent of at least two of the Parties.
- (70) "New York Courts" has the meaning set forth in Section 14.14.
- (71) "Non-Income Tax Returns" mean all Tax Returns other than Income Tax Returns.
- (72) "Non-U.S. Income Tax Returns" means all Income Tax Returns required to be filed with any Taxing Authority of any jurisdiction outside the U.S.
- (73) "Non-U.S. Sharing Percentages" means, with respect to ITT, the ITT Non-U.S. Sharing Percentage, and, with respect to Water, the Water Non-U.S. Sharing Percentage.
- (74) "Participating Party" has the meaning set forth in Section 9.2(c)(i).
- (75) "Party" has the meaning set forth in the preamble hereto.
- (76) "Paying Party" has the meaning set forth in Section 11.2(b).

(77) “Person” means any natural person, firm, individual, corporation, business trust, joint venture, association, company, limited liability company, partnership, or other organization or entity, whether incorporated or unincorporated, or any governmental entity.

(78) “Plan of Separation” has the meaning set forth in the recitals hereto.

(79) “Post-Distribution Income Tax Returns” mean, collectively, all Income Tax Returns required to be filed by a Party or its Affiliates for a Post-Distribution Tax Period.

(80) “Post-Distribution Payment Tax Benefit” has the meaning set forth in Section 11.2(b).

(81) “Post-Distribution Ruling” has the meaning set forth in Section 5.3.

(82) “Post-Distribution Tax Period” means a Tax period beginning and ending after the Distribution Date.

(83) “Pre-Distribution Tax Period” means a Tax period beginning and ending on or before the Distribution Date.

(84) “Proposed Acquisition Transaction” means a transaction or series of transactions (or any agreement, understanding, arrangement, or substantial negotiations within the meaning of Section 355(e) of the Code and the Treasury Regulations promulgated thereunder, to enter into a transaction or series of related transactions), (i) as a result of which any of the Parties or any of the Section 355 Entities (or any successor thereto) would merge or consolidate with any other Person, or (ii) as a result of which any Person or any group of Persons would (directly or indirectly) acquire, or have the right to acquire (through an option or otherwise), from any of the Parties or any of their Affiliates (or any successor thereto) and/or one or more holders of their stock, respectively, any amount of stock of any of the Parties or any of the Section 355 Entities, as the case may be, that would, when combined with any other changes in ownership of the stock of such Party or any of the Section 355 Entities, result in a shift of more than thirty-five percent (35%) of (a) the value of all outstanding stock of such Party or any of the Section 355 Entities as of the date of such transaction, or in the case of a series of transactions, the date of the last transaction of such series, or (b) the total combined voting power of all outstanding stock of such Party or any of the Section 355 Entities as of the date of such transaction, or in the case of a series of transactions, the date of the last transaction of such series. For purposes of determining whether a transaction constitutes an indirect acquisition for purposes of the first sentence of this definition, any recapitalization or other action resulting in a shift of voting power or any redemption of shares of stock shall be treated as an indirect acquisition of shares of stock by the non-exchanging shareholders. This definition and the application thereof is intended to monitor compliance with Section 355(e) of the Code and the Treasury Regulations promulgated thereunder and shall be interpreted accordingly by the Parties in good faith.

(85) “Qualified Tax Advisor” means any Big Four Accounting Firm or any law firm of nationally recognized standing.

(86) “Requesting Party” shall have the meaning set forth in Section 5.3.

(87) "Restricted Period" means the period beginning at the Effective Time and ending on the two-year anniversary of the day after the Distribution Date.

(88) "Section 355 Entities" mean the entities listed on Schedule 1.1(88).

(89) "Simpson" means Simpson Thacher & Bartlett LLP.

(90) "Spinco Parties" mean, each individually and collectively, Water and Defense.

(91) "Straddle Tax Period" means a Tax period beginning before the Distribution Date and ending after the Distribution Date.

(92) "Stub Tax Period" means a short Tax period beginning immediately following the Distribution Date.

(93) "Subsidiary" has the meaning set forth in the Distribution Agreement.

(94) "Tax" or "Taxes" means (i) all taxes, charges, fees, imposts, levies or other assessments, including all net income, gross receipts, capital, sales, use, gains, ad valorem, value added, transfer, franchise, profits, inventory, capital stock, license, withholding, payroll, employment, social security, unemployment, excise, severance, stamp, occupation, property and estimated taxes, custom duties, fees, assessments and charges of any kind whatsoever, (ii) liability for the payment of any amount of the type described in clause (i) above arising as a result of being (or having been) a member of any group or being (or having been) included or required to be included in any Tax Return related thereto, and (iii) liability for the payment of any amount of the type described in clauses (i) or (ii) above as a result of any express or implied obligation to indemnify or otherwise assume or succeed to the liability of any other Person. Whenever the term "Tax" or "Taxes" is used it shall include penalties, fines, additions to tax and interest thereon.

(95) "Tax Attributes" mean for U.S. federal, state, local, and non-U.S. Income Tax purposes, earnings and profits, tax basis, net operating and capital loss carryovers or carrybacks, alternative minimum Tax credit carryovers or carrybacks, general business credit carryovers or carrybacks, income tax credits or credits against income tax, disqualified interest and excess limitation carryovers or carrybacks, overall foreign losses, research and experimentation credit base periods, and all other items that are determined or computed on an affiliated group basis (as defined in Section 1504(a) of the Code determined without regard to the exclusion contained in Section 1504(b)(3) of the Code), or similar Tax items determined under applicable Tax law.

(96) "Tax Benefit Actually Realized" means with respect to a Party and its Subsidiaries a reduction in the amount of Taxes that are required to be paid or an increase in refund due, whether resulting from a deduction, from reduced gain or increased loss from disposition of an asset, or otherwise, such reduction or increase in refund due determined on an "actually realized" basis. For purposes of this definition, a Party or its Subsidiaries will be deemed to have "actually realized" such reduction or increase in refund due at the time the amount of Taxes such Party or any of its Subsidiaries is required to pay is reduced or the amount of any refund due is increased. The amount of any Tax Benefit Actually Realized shall be computed on a "with and without" basis.

(97) "Tax-Free Status" means the qualification of a Distribution or any other transaction contemplated by the IRS Ruling or any Tax Opinion as a transaction in which gain or loss is not recognized, in whole or in part, and no amount is included in income, including by reason of Distribution Taxes, for U.S. federal, state, and local income tax purposes (other than intercompany items, excess loss accounts or other items required to be taken into account pursuant to Treasury Regulations promulgated under Section 1502 of the Code).

(98) "Taxing Authority" means any governmental authority or any subdivision, agency, commission, or authority thereof or any quasi-governmental or private body having jurisdiction over the assessment, determination, collection, or imposition of any Tax (including the IRS).

(99) "Tax Opinions" mean certain Tax opinions and supporting memoranda rendered by Simpson to ITT or any of its Affiliates in connection with the Plan of Separation.

(100) "Tax Package" means Tax data and information relating to the operations of a Spinco Party and/or its Subsidiaries, the Water Business (in the case of Water), or the Defense Business (in the case of Defense) that is reasonably necessary to prepare and file any ITT Combined or ITT Separate U.S. Income Tax Return, Covered Water Separate U.S. Income Tax Return, or Covered Defense Separate U.S. Income Tax Return, as applicable, and is consistent with the content and format of Tax data and information submitted by Affiliates of Water or Water Business divisions (in the case of Water) or Affiliates of Defense or Defense Business divisions (in the case of Defense) to ITT for Tax Returns (both U.S. and non-U.S.) for Tax periods prior to 2011.

(101) "Tax Representation Letter" means any letter containing certain representations and covenants issued by ITT or any of its Affiliates to Simpson in connection with the Tax Opinions.

(102) "Tax Returns" mean any return, report, certificate, form or similar statement or document (including any related or supporting information or schedule attached thereto and any information return, amended tax return, claim for refund, or declaration of estimated tax) required to be supplied to, or filed with, a Taxing Authority in connection with the determination, assessment or collection of any Tax or the administration of any Laws, regulations, or administrative requirements relating to any Taxes.

(103) "Transition Services Agreement" has the meaning set forth in the Distribution Agreement.

(104) "Treasury Regulations" mean the income tax and administrative regulations promulgated from time to time under the Code, as in effect for the relevant Tax Period.

(105) "Unqualified Tax Opinion" means an unqualified "will" opinion of a Qualified Tax Advisor, which opinion is reasonably acceptable to each of the Parties and upon which each of the Parties may rely to confirm that a transaction (or transactions) will not result in Distribution Taxes.

(106) "U.S." means the United States.

(107) "U.S. State Sharing Percentages" means, with respect to ITT, the ITT U.S. State Sharing Percentage, with respect to Water, the Water U.S. State Sharing Percentage, and with respect to Defense, the Defense U.S. State Sharing Percentage.

(108) "Water" has the meaning set forth in the recitals to this Agreement.

(109) "Water Assets" has the meaning set forth in the Distribution Agreement.

(110) "Water Business" has the meaning set forth in the Distribution Agreement.

(111) "Water Common Stock" has the meaning set forth in the recitals hereto.

(112) "Water Federal Sharing Percentage" means fifty-one percent (51%).

(113) "Water Group" has the meaning set forth in the Distribution Agreement.

(114) "Water Liabilities" has the meaning set forth in the Distribution Agreement.

(115) "Water Non-U.S. Sharing Percentage" means sixteen percent (16%).

(116) "Water Separate U.S. Income Tax Return" means any U.S. federal, state, or local Income Tax Return (including any consolidated, combined, unitary, or similar return) (i) that is not an ITT Combined U.S. Income Tax Return and (ii) that Water or any member of the Water Group is responsible under applicable Law for filing.

(117) "Water U.S. State Sharing Percentage" means six percent (6%).

Section 1.2 References; Interpretation.

(a) Terms not otherwise defined herein shall have the meaning ascribed to them in the Distribution Agreement. References in this Agreement to any gender include references to all genders, and references to the singular include references to the plural and vice versa. Unless the context otherwise requires, the words "include", "includes", and "including" when used in this Agreement shall be deemed to be followed by the phrase "without limitation". Unless the context otherwise requires, references in this Agreement 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 otherwise requires, the words "hereof", "hereby", and "herein" and words of similar meaning when used in this Agreement refer to this Agreement in its entirety and not to any particular Article, Section or provision of this Agreement.

Section 1.3 Effective Time.

(a) The Parties acknowledge that the Plan of Separation contemplates a series of interrelated and intermediate internal transactions undertaken preparatory to and in contemplation of the Distributions that must be completed prior to the Effective Time in order to align and properly capitalize the Water Business, the Defense Business, and the ITT Retained Business.

(b) Notwithstanding that these interrelated and intermediate internal transactions must be given effect prior to the Distributions, the agreements contained herein, including, but not limited to, the manner in which Taxes are shared amongst the Parties, shall be effective no earlier than and only upon the Effective Time.

ARTICLE II

PREPARATION AND FILING OF TAX RETURNS

Section 2.1 Responsibility of ITT to Prepare and File Tax Returns.

(a) General. To the extent not previously filed and subject to the rights and obligations of each of the Parties set forth herein, ITT shall prepare or cause to be prepared all (i) Tax Returns required to be filed (taking into account any applicable extensions) on or prior to the Distribution Date, (ii) ITT Combined or ITT Separate U.S. Income Tax Returns, and (iii) ITT Non-U.S. Income Tax Returns. ITT shall file or cause to be filed all such Tax Returns with the applicable Taxing Authority. To the extent any member of the Water Group or the Defense Group could be liable after the Distribution Date for Taxes with respect to such Tax Returns (taking into account any provision under this Agreement), ITT shall be required to prepare such Tax Returns in a manner consistent with the past practice of ITT and its Affiliates (unless otherwise modified by a Final Determination or required by applicable Law). All Tax Returns filed under this Section 2.1 shall be filed in a manner consistent with (and the Parties and their Affiliates shall not take any position inconsistent with) the IRS Ruling, the Tax Representation Letters, and the Tax Opinions. Subject to the foregoing standards, ITT shall have the right with respect to any Tax Return filed under this Section 2.1, to determine: (a) except as provided in Section 11.2(a), the manner in which such Tax Return will be prepared and filed, including the elections, method of accounting, positions, conventions, and principles of taxation to be used and the manner in which any Tax item will be reported; (b) whether any extensions may be requested; and (c) except as provided in Section 11.2(a), the elections that will be made by ITT, any member of the ITT Group, any member of the Water Group, or any member of the Defense Group on such Tax Return.

(b) Tax Package. To the extent not previously provided, Water and Defense shall (at their own cost and expense), to the extent that an ITT Combined or ITT Separate U.S. Income Tax Return includes items of that Party or its Affiliates, the Water Business (in the case of Water), or the Defense Business (in the case of Defense), prepare and provide or cause to be prepared and provided to ITT a Tax Package relating to such Tax Return. Such Tax Package shall be provided in a timely manner consistent with the past practices of the Parties and their Affiliates. In the event a Party does not fulfill its obligations pursuant to this Section 2.1(b), ITT shall be entitled, at the sole cost and expense of such Party, to prepare or cause to be prepared the information required to be included in the Tax Package for purposes of preparing any such ITT Combined or ITT Separate U.S. Income Tax Return.

Section 2.2 Responsibility of Parties to Prepare and File Covered Water Separate U.S. Income Tax Returns and Covered Defense Separate U.S. Income Tax Returns.

(a) General. Subject to the rights and obligations of each of the Parties set forth herein, ITT shall prepare or cause to be prepared all Covered Water Separate U.S. Income Tax Returns and all Covered Defense Separate U.S. Income Tax Returns required to be filed after the Distribution Date. Water shall file or cause to be filed all such Covered Water Separate U.S. Income Tax Returns with the applicable Taxing Authority, and Defense shall file or cause to be filed all such Covered Defense Separate U.S. Income Tax Returns with the applicable Taxing Authority. All such Tax Returns shall be prepared in a manner (i) consistent with the past practice of the Parties and their Affiliates unless otherwise modified by a Final Determination or required by applicable Law; (ii) consistent with (and the Parties and their Affiliates shall not take any position inconsistent with) the IRS Ruling, the Tax Representation Letters, and the Tax Opinions; and (iii) consistent with any ITT Combined U.S. Income Tax Returns.

(b) Tax Package. To the extent not previously provided, Water and Defense shall (at their own cost and expense), prepare and provide or cause to be prepared and provided to ITT a Tax Package relating to any Covered Water Separate U.S. Income Tax Return (in the case of Water) or Covered Defense Separate U.S. Income Tax Return (in the case of Defense). Such Tax Package shall be provided in a timely manner consistent with the past practices of the Parties and their Affiliates. In the event a Party does not fulfill its obligations pursuant to this Section 2.2(b), ITT shall be entitled, at the sole cost and expense of such Party, to prepare or cause to be prepared the information required to be included in the Tax Package for purposes of preparing any such Covered Water Separate U.S. Income Tax Return or Covered Defense Separate U.S. Income Tax Return.

(c) Procedures Relating to the Preparation and Filing of Covered Water Separate U.S. Income Tax Returns and Covered Defense Separate U.S. Income Tax Returns.

(i) In the case of Covered Water Separate U.S. Income Tax Returns and Covered Defense Separate U.S. Income Tax Returns required to be filed after the Distribution Date, no later than forty-five (45) days prior to the Due Date of each such Tax Return (reduced to twenty (20) days for state or local Tax Returns), ITT shall make available or cause to be made available drafts of such Tax Returns to Water or Defense, respectively. Water or Defense (as the case may be) shall have access to any and all data and information reasonably necessary for the preparation of all such Tax Returns, and ITT and Water or Defense (as the case may be) shall cooperate fully in the preparation and review of such Tax Returns. Subject to the preceding sentence, no later than fifteen (15) days after receipt of such Tax Returns (reduced to five (5) days for state or local Tax Returns), Water shall have a right to object to such Covered Water Separate U.S. Income Tax Return (or items with respect thereto) by written notice to ITT and Defense shall have a right to object to such Covered Defense Separate U.S. Income Tax Return (or items with respect thereto) by written notice to ITT; such written notice shall contain such disputed item (or items) and the basis for its objection.

(ii) With respect to a Covered Water Separate U.S. Income Tax Return or Covered Defense Separate U.S. Income Tax Return submitted by ITT to another Party pursuant to Section 2.2(c)(i), if the other Party does not object by proper written notice within the time period described, such Tax Return shall be deemed to have been accepted and agreed upon, and to be final and conclusive, for purposes of this Section 2.2(c)(ii). If a Party does object by proper written notice within such applicable time period, ITT shall reflect such Party's comments

on such Tax Return; provided, however, that ITT shall not be required to reflect comments to the extent such comments are inconsistent with the standards set forth in Section 2.2(a). The Parties shall act in good faith to resolve any such dispute as promptly as practicable. If the Parties have not reached a final resolution with respect to all disputed items for which proper written notice was given within ten (10) days (reduced to two (2) days for state or local Tax Returns) prior to the Due Date for such Tax Return, such Tax Return shall be filed as prepared pursuant to this Section 2.2 (revised to reflect all initially disputed items that the Parties have agreed upon prior to such date).

(iii) In the event that a Covered Water Separate U.S. Income Tax Return or Covered Defense Separate U.S. Income Tax Return required to be filed after the Distribution Date is filed that includes any disputed item for which proper notice was given pursuant to this Section 2.2(c) that was not finally resolved and agreed upon, such disputed item (or items) shall be resolved in accordance with Article XIII. In the event that the resolution of such disputed item (or items) in accordance with Article XIII with respect to a Covered Water Separate U.S. Income Tax Return or Covered Defense Separate U.S. Income Tax Return is inconsistent with such Tax Return as filed, the Party entitled under applicable Law to amend such Tax Return (with cooperation from the other Parties) shall, as promptly as practicable, amend such Tax Return to properly reflect the final resolution of the disputed item (or items). In the event that the amount of Taxes shown to be due and owing on a Covered Water Separate U.S. Income Tax Return or Covered Defense Separate U.S. Income Tax Return required to be filed after the Distribution Date is adjusted as a result of a resolution pursuant to Article XIII, proper adjustment shall be made to the amounts previously paid or required to be paid by the Parties in accordance with Article III in a manner that reflects such resolution.

Section 2.3 Responsibility of Parties to Prepare and File Post-Distribution Income Tax Returns, Non-U.S. Income Tax Returns, and Non-Income Tax Returns. The Party or its Affiliate responsible under applicable Law for filing a Post-Distribution Income Tax Return (other than a Tax Return for a Stub Tax Period), a Non-U.S. Income Tax Return (other than an ITT Non-U.S. Income Tax Return), or a Non-Income Tax Return (in each case required to be filed after the Distribution Date) shall prepare and file or cause to be prepared and filed that Tax Return (at that Party's own cost and expense). All such Tax Returns shall be filed in a manner (i) consistent with (and the Parties and their Affiliates shall not take any position inconsistent with) the IRS Ruling, the Tax Representation Letters, and the Tax Opinions and (ii) consistent with any ITT Combined U.S. Income Tax Returns.

Section 2.4 Time of Filing Tax Returns; Manner of Tax Return Preparation. Each Tax Return shall be filed on or prior to the Due Date for such Tax Return by the Party responsible for filing such Tax Return hereunder. Unless otherwise required by a Taxing Authority pursuant to a Final Determination, the Parties hereto shall prepare and file or cause to be prepared and filed all Tax Returns and take all other actions in a manner consistent with (and shall not take any position inconsistent with) any assumptions, representations, warranties, covenants, and conclusions provided by the Parties in connection with the Plan of Separation.

Section 2.5 Costs and Expenses. Unless otherwise provided in this Agreement, the party responsible for preparing any Tax Return under Section 2.1, 2.2, or 2.3 shall be responsible for the costs and expenses associated with preparing such Tax Returns.

Notwithstanding the foregoing, the external costs and expenses associated with preparing all ITT Combined or ITT Separate U.S. Income Tax Returns, Covered Water Separate U.S. Income Tax Returns, and Covered Defense Separate U.S. Income Tax Returns shall be shared on an equal one-third (1/3) basis by each of the Parties; provided, however, if ITT determines that such shared external costs and expenses are reasonably expected to exceed \$1,500,000, then at such time the Chief Executive Officer of ITT shall notify the Chief Executive Officers of each of Xylem and Exelis of such expected overage, and the Parties shall use their good faith efforts to determine within thirty (30) days the amount of the additional shared external costs and expenses that are reasonably necessary for the preparation of such Tax Returns.

ARTICLE III

RESPONSIBILITY FOR PAYMENT OF TAXES

Section 3.1 Responsibility of ITT for Taxes. Except as otherwise provided in this Agreement, ITT shall be liable for and shall pay or cause to be paid the following Taxes to the applicable Taxing Authority:

- (a) any Taxes due and payable on all Tax Returns required to be filed (taking into account any applicable extensions) on or prior to the Distribution Date;
- (b) any Taxes due and payable on all ITT Combined or ITT Separate U.S. Income Tax Returns;
- (c) any Taxes due and payable on all ITT Non-U.S. Income Tax Returns; and

(d) any Taxes due and payable on all Post-Distribution Income Tax Returns, Non-U.S. Income Tax Returns, and Non-Income Tax Returns that ITT is required to file or cause to be filed with such Taxing Authority pursuant to Section 2.3.

Section 3.2 Responsibility of Defense for Taxes. Except as otherwise provided in this Agreement, Defense shall be liable for and shall pay or cause to be paid the following Taxes to the applicable Taxing Authority:

- (a) any Taxes due and payable on all Covered Defense Separate U.S. Income Tax Returns required to be filed after the Distribution Date; and

(b) any Taxes due and payable on all Post-Distribution Income Tax Returns, Non-U.S. Income Tax Returns, and Non-Income Tax Returns that Defense is required to file or cause to be filed with such Taxing Authority pursuant to Section 2.3.

Section 3.3 Responsibility of Water for Taxes. Except as otherwise provided in this agreement, Water shall be liable for and shall pay or cause to be paid the following Taxes to the applicable Taxing Authority:

- (a) any Taxes due and payable on all Covered Water Separate U.S. Income Tax Returns required to be filed after the Distribution Date; and

(b) any Taxes due and payable on all Post-Distribution Income Tax Returns, Non-U.S. Income Tax Returns, and Non-Income Tax Returns that Water is required to file or cause to be filed with such Taxing Authority pursuant to Section 2.3.

Section 3.4 Timing of Payments of Taxes. All Taxes required to be paid or caused to be paid by a Party to a Taxing Authority pursuant to this Article III shall be paid or caused to be paid by such Party on or prior to the Due Date of such Taxes. All amounts required to be paid by one Party to another Party (including obligations arising under Article VII) pursuant to this Article III shall be paid or caused to be paid by such first Party to such other Party in accordance with Article VIII.

ARTICLE IV

REFUNDS, CARRYBACKS AND AMENDED TAX RETURNS

Section 4.1 Refunds.

(a) Each Party shall be entitled to refunds (including any similar credit or offset of Taxes) that relate to Taxes for which it is liable hereunder in accordance with Article III, Article V, or Article VI; provided, however, that (i) any refunds of Taxes (other than Taxes for which a Party is responsible pursuant to Article V or Article VI) received in connection with any ITT Federal Income Tax Audit, an ITT U.S. State Income Tax Audit, or ITT Non-U.S. Income Tax Audit by a member of the ITT Group for a Pre-Distribution Tax Period or that relate to the portion of a Straddle Tax Period ending on the Distribution Date (as determined under Section 11.2(a)) shall be treated as reducing the ITT Federal Income Tax Audit Amount, ITT U.S. State Income Tax Audit Amount, or ITT Non-U.S. Income Tax Audit Amount, as applicable (but only to the extent that a member of the ITT Group is entitled to retain such refund after application of clause (ii) below or otherwise) and (ii) the Party that receives such refund shall make payments to the other Parties in accordance with their Federal Sharing Percentages, U.S. State Sharing Percentages, or Non-U.S. Sharing Percentages, as applicable, to reflect the their prior liability, if any, for additional Taxes under Section 9.3.

(b) Any refund or portion thereof to which a Party is entitled pursuant to this Section 4.1 that is received or deemed to have been received as described herein by another Party, shall be paid by such other Party to such first Party in immediately available funds in accordance with Article VIII.

Section 4.2 Carrybacks. The Spinco Parties agree and will cause their Subsidiaries not to carry back any Tax Attribute for any taxable period ending after the Distribution Date to an ITT Combined U.S. Income Tax Return, except as is required by applicable Law.

Section 4.3 Amended Tax Returns.

(a) Notwithstanding Sections 2.1 and 2.2, a Party or its Subsidiary that is entitled to file an amended Tax Return for a Pre-Distribution Tax Period or a Straddle Tax Period for members of its Group shall be permitted to prepare and file an amended Tax Return at its own cost and expense; provided, however, that (i) such amended Tax Return shall be prepared in

a manner (x) consistent with the past practice of the Parties and their Affiliates unless otherwise modified by a Final Determination or required by applicable Law; (y) consistent with (and the Parties and their Affiliates shall not take any position inconsistent with) the IRS Ruling, the Tax Representation Letters, and the Tax Opinions; and (z) consistent with any ITT Combined U.S. Income Tax Returns; and (ii) if such amended Tax Return could result in one or more other Parties becoming responsible for a payment of Taxes pursuant to Article III or a payment to a Party pursuant to Article IX, such amended Tax Return shall be permitted only if the consent of such other Parties is obtained. The consent of such other Parties shall not be withheld unreasonably and shall be deemed to be obtained in the event that a Party or its Subsidiary is required to file an amended Tax Return as a result of an Audit adjustment that arose in accordance with Article IX.

(b) A Party or its Subsidiary that is entitled to file an amended Tax Return for a Post-Distribution Tax Period shall be permitted to do so without the consent of any Party.

(c) A Party that is permitted (or whose Subsidiary is permitted) to file an amended Tax Return shall not be relieved of any liability for payments pursuant to this Agreement notwithstanding that another Party consented thereto.

ARTICLE V DISTRIBUTION TAXES

Section 5.1 Liability for Distribution Taxes. In the event that Distribution Taxes become due and payable to a Taxing Authority pursuant to a Final Determination, then, notwithstanding anything to the contrary in this Agreement:

(a) No Fault. If such Distribution Taxes are not attributable to the Fault of any Party or any of its Affiliates, the responsibility for such Distribution Taxes shall be shared by the Parties in accordance with their Distribution Sharing Percentages. Notwithstanding anything to the contrary in this Agreement, such Distribution Taxes shall not be subject to Section 9.3 (including for purposes of determining the ITT Federal Income Tax Audit Amount or ITT U.S. State Income Tax Audit Amount).

(b) Fault. If such Distribution Taxes are attributable to the Fault of one or more Parties or any of their Affiliates, the responsibility for such Distribution Taxes shall reside with the Party or Parties at Fault. If more than one Party is at Fault, the responsibility for the Distribution Taxes shall be allocated equally among all of the Parties at Fault. Notwithstanding anything to the contrary in this Agreement, such Distribution Taxes shall not be subject to Article III or Section 9.3 (including for purposes of determining the ITT Federal Income Tax Audit Amount or ITT U.S. State Income Tax Audit Amount).

Section 5.2 Definition of Fault. For purposes of this Agreement, Distribution Taxes shall be deemed to result from the fault ("Fault") of a Party if such Distribution Taxes are directly attributable to, or result from:

(a) any act, or failure or omission to act, by such Party or any of such Party's Affiliates following the Distributions that results in one or more Parties (or any of their

Affiliates) being responsible for such Distribution Taxes pursuant to a Final Determination, regardless of whether such act or failure to act (i) is covered by a Post-Distribution Ruling, Unqualified Tax Opinion, or waiver in accordance with Section 5.3, or (ii) occurs during or after the Restricted Period, or

(b) the direct or indirect acquisition of all or a portion of the stock of such Party or of any of the Section 355 Entities (or any transaction or series of related transactions that is deemed to be such an acquisition for purposes of Section 355(e) of the Code and the Treasury Regulations promulgated thereunder) by any means whatsoever by any person including pursuant to an issuance of stock by such Party or any of its Affiliates.

Section 5.3 Limits on Proposed Acquisition Transactions and Other Transactions During Restricted Period. During the Restricted Period, no Party shall:

(a) enter into any Proposed Acquisition Transaction, approve any Proposed Acquisition Transaction for any purpose, or allow any Proposed Acquisition Transaction to occur with respect to any of the Section 355 Entities;

(b) merge or consolidate with any other Person or liquidate or partially liquidate; or approve or allow any merger, consolidation, liquidation, or partial liquidation of any of the Section 355 Entities or the ATOB Entities;

(c) approve or allow the discontinuance, cessation, or sale or other transfer (to an Affiliate or otherwise) of any Active Business;

(d) approve or allow the sale, issuance, or other disposition (to an Affiliate or otherwise), directly or indirectly, of any share of, or other equity interest or an instrument convertible into an equity interest in, any of the ATOB Entities;

(e) sell or otherwise dispose of more than 35 percent (35%) of its consolidated gross or net assets, or approve or allow the sale or other disposition (to an Affiliate or otherwise) of more than 35 percent (35%) of the consolidated gross or net assets of any of the Section 355 Entities (in each case, excluding sales in the ordinary course of business and measured based on fair market values as of the date of the applicable Distribution or other transaction);

(f) amend its certificate of incorporation (or other organizational documents), or take any other action or approve or allow the taking of any action, whether through a stockholder vote or otherwise, affecting the voting rights of the stock of such Party or any of the Section 355 Entities;

(g) purchase, directly or through any Affiliate, any of its outstanding stock after the Distributions, other than through stock purchases meeting the requirements of Section 4.05(1)(b) of Revenue Procedure 96-30;

(h) take any action or fail to take any action, or permit any of its Affiliates to take any action or fail to take any action, that is inconsistent with the representations and covenants made in the IRS Ruling or in the Tax Representation Letters, or that is inconsistent with any rulings or opinions in the IRS Ruling or any Tax Opinion; or

(i) take any action or permit any of its Affiliates to take any action that, in the aggregate (taking into account other transactions described in this Section 5.3) would be reasonably likely to jeopardize Tax-Free Status; provided, however, that a Party (the "Requesting Party") shall be permitted to take such action or one or more actions set forth in the foregoing clauses (a) through (g) if, prior to taking any such actions: (1) such Requesting Party or ITT shall have received a favorable private letter ruling from the IRS, or a ruling from another Taxing Authority (a "Post-Distribution Ruling"), in form and substance reasonably satisfactory to the other Parties that confirms that such action or actions will not result in Distribution Taxes, taking into account such actions and any other relevant transactions in the aggregate; (2) such Requesting Party shall have received an Unqualified Tax Opinion in form and substance reasonably satisfactory to the other Parties that confirms that such action or actions will not result in Distribution Taxes, taking into account such actions and any other relevant transactions in the aggregate; or (3) such Requesting Party shall have received a written statement from each of the other Parties that provides that such other Party waives the requirement to obtain a Post-Distribution Ruling or Unqualified Tax Opinion described in this paragraph. The Requesting Party shall bear all costs and expenses of securing any such Post-Distribution Ruling or Unqualified Tax Opinion.

Section 5.4 IRS Ruling, Tax Representation Letters, and Tax Opinions; Consistency. Each Party represents that the information and representations furnished by it in or with respect to the IRS Ruling, the Tax Representation Letters, or the Tax Opinions are accurate and complete as of the Effective Time. Each Party covenants that if, after the Effective Time, it or any of its Affiliates obtains information indicating, or otherwise becomes aware, that any such information or representations is or may be inaccurate or incomplete, to promptly inform the other Parties. The Parties shall not take any action or fail to take any action, or permit any of their Affiliates to take any action or fail to take any action, that is or is reasonably likely to be inconsistent with the IRS Ruling, the Tax Representation Letters, or the Tax Opinions.

Section 5.5 Timing of Payment of Taxes. All Distribution Taxes required to be paid or caused to be paid by a Party to a Taxing Authority under applicable Law shall be paid or caused to be paid by such Party on or prior to the Due Date of such Distribution Taxes. All amounts required to be paid by one Party to another Party (including obligations arising under Article VII) pursuant to this Article V shall be paid or caused to be paid by such first Party to such other Party in accordance with Article VIII.

ARTICLE VI GAIN RECOGNITION AGREEMENTS

Section 6.1 Gain Recognition Agreement Compliance. Each Party and its Affiliates shall take any action reasonably necessary to prevent the transactions that are part of the Plan of Separation from constituting "triggering events" with respect to the GRAs listed in Schedule 6.1 or any related new or amended GRAs (including amending existing GRAs or entering into new GRAs as well as complying with any related requirements).

Section 6.2 Gain Recognition Agreement Taxes. In the event that any Taxes become due and payable to a Taxing Authority with respect to the GRAs listed in Schedule 6.1 or any related new or amended GRAs, then, notwithstanding anything to the contrary in this Agreement:

(a) Non-Compliance. If such Taxes are attributable to one or more Parties' or any of their Affiliates' failure to comply with Section 6.1, the responsibility for such Taxes shall reside with such Party or Parties. If more than one Party or any of its Affiliates has failed to comply with Section 6.1, the responsibility for such Taxes shall be allocated equally among all such Parties. Notwithstanding anything to the contrary in this Agreement, such Taxes shall not be subject to Article III or Section 9.3 (including for purposes of determining the ITT Federal Income Tax Audit Amount or ITT U.S. State Income Tax Audit Amount).

(b) Post-Distribution Actions. If such Taxes are not covered by Section 6.2(a) and are attributable to any action of a Party or any of its Affiliates after the Distributions, the responsibility for such Taxes shall reside with such Party. Notwithstanding anything to the contrary in this Agreement, such Taxes shall not be subject to Article III or Section 9.3 (including for purposes of determining the ITT Federal Income Tax Audit Amount or ITT U.S. State Income Tax Audit Amount).

Section 6.3 Timing of Payment of Taxes. All Taxes subject to Section 6.2 required to be paid or caused to be paid by a Party to a Taxing Authority under applicable Law shall be paid or caused to be paid by such Party on or prior to the Due Date of such Taxes. All amounts required to be paid by one Party to another Party (including obligations arising under Article VII) pursuant to this Article VI shall be paid or caused to be paid by such first Party to such other Party in accordance with Article VIII.

ARTICLE VII INDEMNIFICATION

Section 7.1 Indemnification Obligations of ITT. ITT shall indemnify Water and Defense and hold them harmless from and against (without duplication):

- (a) all Taxes and other amounts for which the ITT Group is responsible under this Agreement; and
- (b) all Taxes and Losses attributable to a breach of any representation, covenant, or obligation of ITT under this Agreement.

Section 7.2 Indemnification Obligations of Water. Water shall indemnify ITT and Defense and hold them harmless from and against (without duplication):

- (a) all Taxes and other amounts for which the Water Group is responsible under this Agreement; and
- (b) all Taxes and Losses attributable to a breach of any representation, covenant, or obligation of Water under this Agreement.

Section 7.3 Indemnification Obligations of Defense. Defense shall indemnify ITT and Water and hold them harmless from and against (without duplication):

- (a) all Taxes and other amounts for which the Defense Group is responsible under this Agreement; and
- (b) all Taxes and Losses attributable to a breach of any representation, covenant or obligation of Defense under this Agreement.

ARTICLE VIII
PAYMENTS

Section 8.1 Payments.

(a) General. In the event that an Indemnifying Party is required to make a payment to an Indemnified Party pursuant to this Agreement, such payment shall be made to the Indemnified Party within the time prescribed for payment in this Agreement, or if no period is prescribed, within twenty (20) days after delivery of written notice of payment owing together with a computation of the amounts due. If the Indemnifying Party fails to make a payment to the Indemnified Party within the time period set forth in this Section 8.1 or as otherwise provided in this Agreement, such Indemnifying Party shall pay to the Indemnified Party interest that accrues (at a rate equal to LIBOR) on the amount of such payment from the time that such payment was due to the Indemnified Party until the date that payment is actually made to the Indemnified Party; provided, however, that this provision for interest shall not be construed to give the Indemnifying Party the right to defer payment beyond the due date hereunder.

(b) Right of Setoff. It is expressly understood that an Indemnifying Party is hereby authorized to set off and apply any and all amounts required to be paid to an Indemnified Party pursuant to this Section 8.1 against any and all of the obligations of the Indemnified Party to the Indemnifying Party arising under Section 8.1 of this Agreement that are then either due and payable or past due, irrespective of whether such Indemnifying Party has made any demand for payment with respect to such obligations.

Section 8.2 Treatment of Payments made Pursuant to Tax Matters Agreement. Unless otherwise required by a Final Determination or this Agreement or otherwise agreed to among the Parties, for U.S. federal Tax purposes, any payment (other than payments of interest pursuant to Section 8.1(a)) made pursuant to this Agreement by:

(a) a Spinco Party to ITT shall be treated for all Tax purposes as a distribution by such Spinco Party to ITT with respect to stock of the Spinco Party occurring after the Spinco Party is directly owned by ITT and immediately before the applicable Distribution;

(b) ITT to either of the Spinco Parties shall be treated for all Tax purposes as a tax-free contribution by ITT to the appropriate Spinco Party with respect to its stock occurring after the Spinco Party is directly owned by ITT and immediately before the applicable Distribution;

(c) a Spinco Party to another Spinco Party shall be treated for all Tax purposes as a distribution by the first Spinco Party to ITT with respect to stock of that Spinco Party occurring after the Spinco Party is directly owned by ITT and immediately before the applicable Distribution followed by a tax-free contribution by ITT to the recipient Spinco Party with respect to its stock occurring after the Spinco Party is directly owned by ITT and immediately before the applicable Distribution; and

(d) in each case, none of the Parties shall take any position inconsistent with such treatment. In the event that a Taxing Authority asserts that a Party's treatment of a payment pursuant to this Agreement should be other than as required pursuant to this Agreement (ignoring any potential inconsistent or adverse Final Determination), such Party shall use its commercially reasonable efforts to contest such challenge.

Section 8.3 Payments Net of Tax Benefit Actually Realized and Tax Cost. All amounts required to be paid by one Party to another pursuant to this Agreement or the Distribution Agreement shall be reduced by the Tax Benefit Actually Realized by the Indemnified Party or its Subsidiaries in the taxable year the payment is made or any prior taxable year as a result of the claim giving rise to the payment. If the receipt or accrual of any such payment (other than payments of interest pursuant to Section 8.1(a) or Section 11.11 of the Distribution Agreement) results in taxable income to the Indemnified Party or its Subsidiaries, such payment shall be increased so that, after the payment of any Taxes with respect to the payment, the Indemnified Party or its Subsidiaries shall have realized the same net amount it would have realized had the payment not resulted in taxable income.

ARTICLE IX

AUDITS

Section 9.1 Notice. Within fifteen (15) Business Days after a Party or any of its Affiliates receives a written notice from a Taxing Authority (reduced to five (5) Business Days for written notices received from a state or local Taxing Authority) of the existence of an Audit that may require indemnification pursuant to this Agreement, that Party shall notify the other Parties of such receipt and send such notice to the other Parties via overnight mail. The failure of one Party to notify the other Parties of an Audit shall not relieve such other Party of any liability and/or obligation that it may have under this Agreement, except to the extent that the Indemnifying Party's rights under this Agreement are materially prejudiced by such failure.

Section 9.2 Audits.

(a) Determination of Administering Party.

(i) Subject to Sections 9.2(b) and 9.2(c), ITT and its Subsidiaries shall administer and control all ITT Federal Income Tax Audits, ITT U.S. State Income Tax Audits, and ITT Non-U.S. Income Tax Audits.

(ii) Audits of Water Separate U.S. Income Tax Returns, Defense Separate U.S. Income Tax Returns, Post-Distribution Income Tax Returns, Non-U.S. Income Tax Returns (other than ITT Non-U.S. Income Tax Returns), and Non-Income Tax Returns shall

be administered and controlled by the Party and its Subsidiaries that would be primarily liable under applicable Law to pay to the applicable Taxing Authority the Taxes resulting from such Audits. Such Audits shall not be subject to Sections 9.2(b) and 9.2(c).

(b) Administration and Control; Cooperation.

(i) Subject to Sections 9.2(b)(ii) and 9.2(c), the Audit Management Party shall have absolute authority to make all decisions (determined in its sole discretion) with respect to the administration and control of such Audit, including the selection of all external advisors. In that regard, the Audit Management Party (a) may in its sole discretion settle or otherwise determine not to continue to contest any issue related to such Audit without the consent of the other Parties, and (b) shall, as soon as reasonably practicable and prior to settlement of an issue that could cause one or more other Parties to become responsible for Taxes under Section 9.3, notify the Audit Representatives of such other Parties of such settlement. The other Parties shall (and shall cause their Affiliates to) undertake all actions and execute all documents (including an extension of the applicable statute of limitations) that are determined in the sole discretion of the Audit Management Party to be necessary to effectuate such administration and control. The Parties shall act in good faith and use their reasonable best efforts to cooperate fully with each other Party (and their Affiliates) in connection with such Audit and shall provide or cause their Subsidiaries to provide such information to each other as may be necessary or useful with respect to such Audit in a timely manner, identify and provide access to potential witnesses, and other persons with knowledge and other information within its control and reasonably necessary to the resolution of the Audit.

(ii) In the case of any Audit in respect of Distribution Taxes for which a Party could be liable pursuant to Section 5.1(b) or Taxes for which a Party could be liable pursuant to Section 6.2, such Party shall have the right to administer and control such Audit (and shall have any rights, and be subject to any limitations or obligations, set forth in Section 9.2 applicable to the Audit Management Party); provided, however, that such Audit Management Party shall not settle such Audit without the prior written consent of any other Party if such settlement could have a material adverse impact on such Party or any of its Affiliates. In event more than one Party would be liable under Section 5.1(b) or Section 6.2, such Parties shall each have the right to jointly act as Audit Management Party with respect to such Audit in accordance with this Section 9.2(b)(ii), and such Parties may agree upon additional terms to govern such joint responsibility.

(c) Participation Rights of Parties and Information Sharing with respect to Audits.

(i) Each Party that would be responsible under Section 9.3 for Taxes resulting from an Audit (other than the Audit Management Party) (a "Participating Party") shall have limited participation rights as set forth in this Section 9.2(c) with respect to such Audit. Upon the reasonable request of a Participating Party, the Audit Management Party shall make available relevant personnel and external advisors to meet with the Participating Party and its independent auditor in order to review the status of the Audits. The Participating Parties shall provide the Audit Management Party with reasonable notice of such requested meetings or information.

(ii) Each Participating Party shall have access to any written documentation in the possession of the Audit Management Party that pertains to the Audit (including any written summaries of issues that the Audit Management Party has developed in the context of evaluating the financial reporting of the Audit); provided, however, that if documentation was prepared solely by or on behalf of a Party, then the documentation must relate to the joint defense of the Audit. Copies of the documentation will be made available to the Participating Parties at their sole cost and expense.

(iii) The Participating Parties are encouraged to provide consultation to the Audit Management Party in regards to Audit strategy and shall, upon request of the Audit Management Party, provide such consultation. The Participating Party may elect to employ separate counsel to advise the Participating Party as additional counsel in or in connection with an Audit, but in that event, the fees and expenses of the separate counsel shall be paid solely by the Participating Party. The Audit Management Party shall in good faith consider all advice and other input received from the Participating Parties in connection with their consultations with respect to an Audit. However, the Audit Management Party shall retain the sole authority to make all Audit decisions. In that regard, the Participating Parties and their separate counsels shall not be allowed to participate in any Audit-related meetings other than those described in (i) or (ii) above (unless such a meeting is attended by the personnel of a Participating Party, in which case that Participating Party may attend the meeting but may not actively participate), respond directly to a Taxing Authority conducting the Audit, or in any manner control resolution of the Audit.

(d) Sharing of Certain Audit-related Internal and External Costs and Expenses.

(i) External Costs and Expenses. All external costs and expenses (including all costs and expenses of calculating Taxes and other amounts payable hereunder) that are incurred by the Audit Management Party with respect to any ITT Federal Income Tax Audit, ITT U.S. State Income Tax Audit, or ITT Non-U.S. Income Tax Audit (including any external costs and expenses incurred as a result of any reporting obligations that arise out of an Audit, such as the reporting of any Audit adjustments to the various U.S. states) shall (a) if incurred in 2012, be borne by the Audit Management Party to the extent such external costs and expenses do not exceed \$500,000 and thereafter be shared on an equal one-third (1/3) basis by each of the Parties, (b) if incurred in 2013, be borne by the Audit Management Party to the extent such external costs and expenses do not exceed \$600,000 and thereafter be shared on an equal one-third (1/3) basis by each of the Parties, (c) if incurred in 2014, be borne by the Audit Management Party to the extent such external costs and expenses do not exceed \$600,000 and thereafter be shared on an equal one-third (1/3) basis by each of the Parties, and (d) if incurred after 2014, be shared on an equal one-third (1/3) basis by each of the Parties; provided, however, that any external costs and expenses incurred by any Party in respect of an Audit in respect of Distribution Taxes for which a Party could be liable pursuant to Section 5.1(b) or Taxes for which a Party could be liable pursuant to Section 6.2 shall be borne by the Party incurring such external costs and expenses and shall not be subject to the foregoing arrangements. The Audit Management Party shall provide to the other Parties at the end of each calendar year an invoice for each other Party's share of the external costs (along with supporting invoices received from the external service providers), and each other Party shall remit, within sixty (60) days after

receipt of the invoice, payment of their share of the external costs to the Audit Management Party.

(ii) Internal Costs and Expenses. All internal costs and expenses incurred by any Party with respect to any ITT Federal Income Tax Audit, ITT U.S. State Income Tax Audit, or ITT Non-U.S. Income Tax Audit shall be borne by such Party.

(e) Power of Attorney/Officer Signature. Each Party hereby appoints (and shall cause its Subsidiaries to appoint) the Audit Management Party (and its designated representatives) as its agent and attorney-in-fact to take the actions the Audit Management Party deems necessary or appropriate to implement the responsibilities of the Audit Management Party under this Agreement. Each Party also shall (or shall cause its Subsidiaries to) execute and deliver to the Audit Management Party a power of attorney, and such other documents as are reasonably requested from time to time by the Audit Management Party (or its designee).

Section 9.3 Payment of Audit Amounts.

(a) ITT Federal Income Tax Audits. In connection with any ITT Federal Income Tax Audit:

(i) ITT shall pay all additional Taxes due and payable as a result of such Audit that relate to the portion of a Straddle Tax Period (as determined under Section 11.2(a)) beginning after the Distribution Date.

(ii) To the extent that the aggregate amount of additional Taxes due and payable with respect to all ITT Federal Income Tax Audits for a Pre-Distribution Tax Period or that relate to the portion of a Straddle Tax Period ending on the Distribution Date (as determined under Section 11.2(a)) (the "ITT Federal Income Tax Audit Amount") does not exceed \$27,100,000, ITT shall be liable for and shall pay or cause to be paid to the applicable Taxing Authority all additional Taxes due and payable as a result of such Audit for a Pre-Distribution Tax Period or that relate to the portion of a Straddle Tax Period ending on the Distribution Date (as determined under Section 11.2(a)).

(iii) To the extent that the ITT Federal Income Tax Audit Amount exceeds \$27,100,000:

- 1) ITT shall be liable for and shall pay or cause to be paid to the applicable Taxing Authority an amount equal to the ITT Federal Sharing Percentage of the additional Taxes due and payable as a result of such Audit for a Pre-Distribution Tax Period or that relate to the portion of a Straddle Tax Period ending on the Distribution Date (as determined under Section 11.2(a)).
- 2) Defense shall be liable for and shall pay or cause to be paid to ITT an amount equal to the Defense Federal Sharing Percentage of the additional Taxes

due and payable as a result of such Audit for a Pre-Distribution Tax Period or that relate to the portion of a Straddle Tax Period ending on the Distribution Date, as determined under Section 11.2(a) (and ITT shall pay or cause to be paid such amounts to the applicable Taxing Authority).

- 3) Water shall be liable for and shall pay or cause to be paid to ITT an amount equal to the Water Federal Sharing Percentage of the additional Taxes due and payable as a result of such Audit for a Pre-Distribution Tax Period or that relate to the portion of a Straddle Tax Period ending on the Distribution Date, as determined under Section 11.2(a) (and ITT shall pay or cause to be paid such amounts to the applicable Taxing Authority).

(b) ITT U.S. State Income Tax Audits. In connection with any ITT U.S. State Income Tax Audit:

(i) ITT shall pay all additional Taxes due and payable as a result of such Audit that relate to the portion of a Straddle Tax Period (as determined under Section 11.2(a)) beginning after the Distribution Date.

(ii) To the extent that the aggregate amount of additional Taxes due and payable with respect to all ITT U.S. State Income Tax Audits for a Pre-Distribution Tax Period or that relate to the portion of a Straddle Tax Period ending on the Distribution Date (as determined under Section 11.2(a)) (the "ITT U.S. State Income Tax Audit Amount") does not exceed \$8,600,000, ITT shall be liable for and shall pay or cause to be paid to the applicable Taxing Authority all additional Taxes due and payable as a result of such Audit for a Pre-Distribution Tax Period or that relate to the portion of a Straddle Tax Period ending on the Distribution Date (as determined under Section 11.2(a)).

(iii) To the extent that the ITT U.S. State Income Tax Audit Amount exceeds \$8,600,000:

- 1) ITT shall be liable for and shall pay or cause to be paid to the applicable Taxing Authority an amount equal to the ITT U.S. State Sharing Percentage of the additional Taxes due and payable as a result of such Audit for a Pre-Distribution Tax Period or that relate to the portion of a Straddle Tax Period ending on the Distribution Date (as determined under Section 11.2(a)).
- 2) Defense shall be liable for and shall pay or cause to be paid to ITT an amount equal to the Defense U.S.

State Sharing Percentage of the additional Taxes due and payable as a result of such Audit for a Pre-Distribution Tax Period or that relate to the portion of a Straddle Tax Period ending on the Distribution Date, as determined under Section 11.2(a) (and ITT shall pay or cause to be paid such amounts to the applicable Taxing Authority).

- 3) Water shall be liable for and shall pay or cause to be paid to ITT an amount equal to the Water U.S. State Sharing Percentage of the additional Taxes due and payable as a result of such Audit for a Pre-Distribution Tax Period or that relate to the portion of a Straddle Tax Period ending on the Distribution Date, as determined under Section 11.2(a) (and ITT shall pay or cause to be paid such amounts to the applicable Taxing Authority).

(c) ITT Non-U.S. Income Tax Audits. In connection with any ITT Non-U.S. Income Tax Audit:

(i) ITT shall pay all additional Taxes due and payable as a result of such Audit that relate to the portion of a Straddle Tax Period (as determined under Section 11.2(a)) beginning after the Distribution Date.

(ii) To the extent that the aggregate amount of additional Taxes due and payable with respect to all ITT Non-U.S. Income Tax Audits for a Pre-Distribution Tax Period or that relate to the portion of a Straddle Tax Period ending on the Distribution Date (as determined under Section 11.2(a)) (the "ITT Non-U.S. Income Tax Audit Amount") does not exceed \$10,600,000, ITT shall be liable for and shall pay or cause to be paid to the applicable Taxing Authority all additional Taxes due and payable as a result of such Audit for a Pre-Distribution Tax Period or that relate to the portion of a Straddle Tax Period ending on the Distribution Date (as determined under Section 11.2(a)).

(iii) To the extent that the ITT Non-U.S. Income Tax Audit Amount exceeds \$10,600,000:

- 1) ITT shall be liable for and shall pay or cause to be paid to the applicable Taxing Authority an amount equal to the ITT Non-U.S. Sharing Percentage of the additional Taxes due and payable as a result of such Audit for a Pre-Distribution Tax Period or that relate to the portion of a Straddle Tax Period ending on the Distribution Date (as determined under Section 11.2(a)).

- 2) Water shall be liable for and shall pay or cause to be paid to ITT an amount equal to the Water Non-U.S. Sharing Percentage of the additional Taxes due and payable as a result of such Audit for a Pre-Distribution Tax Period or that relate to the portion of a Straddle Tax Period ending on the Distribution Date, as determined under Section 11.2(a) (and ITT shall pay or cause to be paid such amounts to the applicable Taxing Authority).

(d) Audit True-Up Payment. If on the Audit True-Up Date the ITT Income Tax Audit Amount is below \$46,300,000, then ITT shall pay or cause to be paid (i) to Water an amount equal to (a) thirty-five percent (35%) multiplied by (b) the amount of the difference between the ITT Income Tax Audit Amount and \$46,300,000 and (ii) to Defense an amount equal to (a) twenty-three percent (23%) multiplied by (b) the amount of the difference between the ITT Income Tax Audit Amount and \$46,300,000. Any additional Taxes in connection with an ITT Federal Income Tax Audit, ITT U.S. State Income Tax Audit, or ITT Non-U.S. Income Tax Audit that are due and payable after the Audit True-Up Date shall be subject to Section 9.3(a)(iii), Section 9.3(b)(iii), or Section 9.3(c)(iii), as the case may be.

(e) Audits of Water Separate U.S. Income Tax Returns, Defense Separate U.S. Income Tax Returns, Post-Distribution Income Tax Returns, Non-U.S. Income Tax Returns, and Non-Income Tax Returns. In connection with any Audits of ITT Separate U.S. Income Tax Returns, Water Separate U.S. Income Tax Returns, Defense Separate U.S. Income Tax Returns, Post-Distribution Income Tax Returns, Non-U.S. Income Tax Returns (other than ITT Non-U.S. Income Tax Returns), and Non-Income Tax Returns, the Party whose Group contains the entity that is primarily liable under applicable Law for the relevant Taxes shall be liable for and shall pay or cause to be paid to the applicable Taxing Authority the amounts due and payable as a result of such Final Determination.

(f) Payment Procedures. In connection with any Audit or the determination of the ITT Income Tax Audit Amount pursuant to Section 9.3(d) that results in an amount to be paid pursuant to Section 9.3, (b), (c), or (d), the Audit Management Party shall, within thirty (30) Business Days following a final resolution of such Audit or such determination pursuant to Section 9.3(d), submit in writing to the other Parties a preliminary determination (calculated and explained in detail reasonably sufficient to enable the Parties to fully understand the basis for such determination and to permit such Parties and their Affiliates to satisfy their financial reporting requirements) of the portion of such amount to be paid by each of the Parties pursuant to Section 9.3(a), (b), (c), or (d), as applicable. Each of the Parties and its Affiliates shall have access to all data and information necessary to calculate such amounts and the Parties and their Affiliates shall cooperate fully in the determination of such amounts. Within twenty (20) Business Days following the receipt by a Party of the information described in this Section 9.3(f), such Party shall have the right to object only to the calculation of the amount of the payment (but not the basis for the payment) by written notice to the other Parties; such written notice shall contain such disputed item or items and the basis for its objection. If no Party objects by proper written notice to the other Parties within the time period described in this Section 9.3(f), the calculation of the amounts due and owing from each Party shall be deemed to have

been accepted and agreed upon, and final and conclusive, for purposes of this Section 9.3(f). If any Party objects by proper written notice to the other Parties within such time period, the Parties shall act in good faith to resolve any such dispute as promptly as practicable in accordance with Article XIII. The Party or its Affiliate responsible for paying to the applicable Taxing Authority under applicable Law amounts owed shall make such payments to such Taxing Authority prior to the Due Date for such payments. The other Parties shall reimburse the paying Party in accordance with Article VIII for the portion of such payments for which such other Parties are liable pursuant to this Section 9.3. The time periods specified above for submitting a preliminary determination and objecting may be shortened to a time period determined by a Majority of the Parties if these Parties ascertain that such shortened time period is necessary to meet the Audit obligations of the Parties and their Affiliates.

(g) Third Party Indemnity Payments. For the avoidance of doubt, any amounts in respect of Taxes covered by this Article IX that are received by any of the Parties (or their Subsidiaries) from third parties pursuant to any contractual indemnity agreement entered into prior to the Distribution Date shall be for the account of the Party responsible for such Taxes hereunder and shall reduce the amount of the Taxes treated as paid by such Party for purposes of this Agreement.

ARTICLE X

COOPERATION AND EXCHANGE OF INFORMATION

Section 10.1 Cooperation and Exchange of Information. The Parties shall each cooperate fully (and each shall cause its respective Affiliates to cooperate fully) and in a timely manner (considering the other Party's normal internal processing or reporting requirements) with all reasonable requests from another Party hereto, or from an agent, representative, or advisor to such Party, in connection with the preparation and filing of Tax Returns, claims for refund, Audits, determinations of Tax Attributes and the calculation of Taxes or other amounts required to be paid hereunder, and any applicable financial reporting requirements of a Party or its Affiliates, in each case, related or attributable to or arising in connection with Taxes or Tax Attributes of any of the Parties or their respective Subsidiaries covered by this Agreement. Such cooperation shall include, without limitation:

(a) the retention until the expiration of the applicable statute of limitations or, if later, until the expiration of all relevant Tax Attributes (in each case taking into account all waivers and extensions), and the provision upon request, of Tax Returns of the Parties and their respective Subsidiaries for periods up to and including the Distribution Date, books, records (including information regarding ownership and Tax basis of property), documentation, and other information relating to such Tax Returns, including accompanying schedules, related work papers, and documents relating to rulings or other determinations by Taxing Authorities;

(b) the execution of any document that may be necessary or reasonably helpful in connection with any Audit of any of the Parties or their respective Subsidiaries, or the filing of a Tax Return or refund claim of the Parties or any of their respective Subsidiaries (including the signature of an officer of a Party or its Subsidiary);

(c) the use of the Party's reasonable best efforts to obtain any documentation and provide additional facts, insights or views as requested by another Party that may be necessary or reasonably helpful in connection with any of the foregoing (including without limitation any information contained in Tax or other financial information databases); and

(d) the use of the Party's reasonable best efforts to obtain any Tax Returns (including accompanying schedules, related work papers, and documents), documents, books, records, or other information that may be necessary or helpful in connection with any Tax Returns of any of the Parties or their Affiliates.

Each Party shall make its and its Subsidiaries' employees and facilities available on a reasonable and mutually convenient basis in connection with the foregoing matters. Except for costs and expenses otherwise allocated among the Parties pursuant to this Agreement, including costs incurred under Article II and Article IX, no reimbursement shall be made for costs and expenses incurred by the Parties as a result of cooperating pursuant to this Section 10.1.

Water and Defense shall have the right to access, retrieve, and utilize any and all Tax data and information as it relates to members of the Water Group and Defense Group, respectively, from ITT's existing Tax data and information systems until the time each establishes its own Tax data and information systems.

Section 10.2 Retention of Records. Subject to Section 10.1, if any of the Parties or their respective Subsidiaries intends to dispose of any documentation relating to the Taxes of the Parties or their respective Subsidiaries for which another Party to this Agreement may be responsible pursuant to the terms of this Agreement (including, without limitation, Tax Returns, books, records, documentation, and other information, accompanying schedules, related work papers, and documents relating to rulings or other determinations by Taxing Authorities), such Party shall or shall cause written notice to the other Parties describing the documentation to be destroyed or disposed of sixty (60) Business Days prior to taking such action. The other Parties may arrange to take delivery of the documentation described in the notice at their expense during the succeeding sixty (60) day period.

ARTICLE XI
ALLOCATION OF TAX ATTRIBUTES
AND OTHER TAX MATTERS

Section 11.1 Allocation of Tax Attributes. ITT shall in good faith advise each Spinco in writing of the portion, if any, of any Tax Attributes, earnings and profits, or other consolidated, combined or unitary attribute that ITT determines shall be allocated or apportioned to each Group under applicable Law; provided, however, that such determination shall be made in a manner that is (a) reasonably consistent with the past practices of the Parties; (b) in accordance with the rules prescribed by applicable Law, including the Code and the Treasury Regulations; and (c) consistent with the IRS Ruling, the Tax Representation Letters, and the Tax Opinions. ITT agrees to provide the other Parties with all of the information supporting the Tax Attribute and other determinations made by ITT pursuant to this Section 11.1.

Section 11.2 Allocation of Tax Items.

(a) All determinations for purposes of Section 4.1 and Section 9.3 regarding the allocation of Tax items (other than Tax items arising after the Distribution Date outside the ordinary course of business) between the portion of a Straddle Tax Period that ends on the Distribution Date and the portion that begins the day after the Distribution Date shall be made based on a closing of the books method unless the Parties unanimously agree otherwise. Any such allocation of Tax items shall initially be made by ITT. To the extent that Defense or Water disagrees with such determination, the dispute shall be resolved pursuant to the provisions of Article XIII. For purposes of preparing any Income Tax Returns for the year of the Distributions that require an allocation of Tax items between a Pre-Distribution Tax Period and a Post-Distribution Tax Period, Tax items shall be allocated based on a closing of the books method unless the Parties unanimously agree otherwise.

(b) Notwithstanding anything to the contrary in this Agreement, if any Party or any of its Affiliates is responsible for and pays any amount after the Distribution Date but on or before September 15, 2012 (the "Paying Party") that gives rise to a Tax Benefit Actually Realized for another Party or any of its Affiliates (the "Claiming Party"), then the Claiming Party shall be required to promptly pay to the Paying Party an amount equal to such Tax Benefit Actually Realized (a "Post-Distribution Payment Tax Benefit"). Such payment shall only be required to be paid with respect to a given item if and when the Tax Benefit Actually Realized attributable to such item exceeds \$10,000,000 in the aggregate, provided that an amount equal to the entire Tax Benefit Actually Realized (and not merely the excess over \$10,000,000) shall be required to be paid in such event. Subsequent payments shall be made between the Parties if necessary to reflect any subsequent increase or decrease in the amount of the Post-Distribution Payment Tax Benefit realized by the Claiming Party. The Paying Party and the Claiming Party agree to consult with each other regarding the determination and calculation of any Post-Distribution Payment Tax Benefit. In the event such Parties are unable to agree on the amount of any Post-Distribution Payment Tax Benefit, then any disputed issues shall be submitted to an independent Big Four Accounting Firm for a final binding resolution. The fees and expenses of such Big Four Accounting Firm shall be shared equally between the Paying Party and the Claiming Party.

ARTICLE XII

DEFAULTED AMOUNTS

Section 12.1 General. In the event that one or more Parties defaults on its obligation to pay Distribution Taxes for which it is liable pursuant to Article V to another Party, then each non-defaulting Party shall be required to pay an equal portion of such Distribution Taxes to such other Party; provided, however, that no payment obligation shall exist under this Section 12.1 with respect to Distribution Taxes that are attributable to the Fault of one or more Parties; provided, further, that any payment of Distribution Taxes by a non-defaulting Party pursuant to this Section 12.1 shall in no way release the defaulting Party from its obligations to pay such Distribution Taxes and any non-defaulting Party may exercise any available legal remedies available against such defaulting Party; provided, further, that interest shall accrue on any such payment by a non-defaulting Party at a rate per annum equal to the then applicable

LIBOR. In connection with the foregoing, it is expressly understood that any defaulting Party's rights to any amounts to be received by such defaulting Party hereunder may be used via a right of offset to satisfy, in whole or in part, the obligations of such defaulting Party to pay the Distribution Taxes that are borne by the non-defaulting Parties; such rights of offset shall be applied in favor of the non-defaulting Party or Parties in proportion to the additional amounts paid by any such non-defaulting Party or Parties.

Section 12.2 Subsidiary Funding. Without limitation of the Parties' rights and obligations otherwise set forth in this Agreement and provided that no other Party has defaulted on any of its obligations pursuant to this Agreement, each Party agrees to provide or cause to be provided such funding as is necessary to ensure that its respective Subsidiaries are able to satisfy their respective Tax liabilities to a Taxing Authority that arise as a result of a Final Determination under Section 9.3 of this Agreement, including any such Tax liabilities that, upon default by a Party's Subsidiary, may result in another Party's Subsidiary paying or being required to pay the defaulted Tax liabilities to a Taxing Authority.

ARTICLE XIII DISPUTE RESOLUTION

Section 13.1 Resolution in Accordance with Distribution Agreement. 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 or the transactions contemplated hereby, including any claim based on contract, tort, statute or constitution ("Dispute"), such Dispute shall be subject to the provisions of Article IX of the Distribution Agreement.

ARTICLE XIV MISCELLANEOUS

Section 14.1 Counterparts. This Agreement may be executed in more than one counterpart, 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 14.2 Survival. Except as otherwise contemplated by this Agreement or the Distribution Agreement, all covenants and agreements of the Parties contained in this Agreement shall survive the Distribution Date and remain in full force and effect in accordance with their applicable terms; provided, however, that all indemnification for Taxes shall survive until ninety (90) days following the expiration of the applicable statute of limitations (taking into account all extensions thereof), if any, of the Tax that gave rise to the indemnification; provided, further, that, in the event that notice for indemnification has been given within the applicable survival period, such indemnification shall survive until such time as such claim is finally resolved.

Section 14.3 Notices. All notices, requests, claims, demands, and other communications under this Agreement shall be in English, shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by facsimile with receipt confirmed (followed by delivery of an original via overnight courier service), or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 14.3):

To ITT:

ITT Corporation
1133 Westchester Avenue, Suite 3000
White Plains, NY 10604
Attn: General Counsel
Facsimile: (914) 696-2970

To Water:

Xylem Inc.
1133 Westchester Avenue, Suite 2000
White Plains, NY 10604
Attn: General Counsel
Facsimile: (914) 323-5800

To Defense:

Exelis Inc.
1650 Tysons Boulevard, Suite 200
McLean, VA 22102
Attn: General Counsel
Facsimile: (703) 790-6407

Section 14.4 Waivers. Any consent required or permitted to be given by any Party to the other Parties under this Agreement shall be in writing and signed by the Party giving such consent and shall be effective only against such Party (and its Group).

Section 14.5 Assignment. 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 other Parties, and any attempt to assign any rights or obligations arising under this Agreement without such consent shall be void. Notwithstanding the foregoing, 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.

Section 14.6 Successors and Assigns. The provisions of this Agreement and the obligations and rights hereunder shall be binding upon, inure to the benefit of and be enforceable by (and against) the Parties and their respective successors and permitted transferees and assigns.

Section 14.7 Termination and Amendment. This Agreement (including indemnification obligations hereunder) may be terminated, modified or amended and each Distribution may be amended, modified or abandoned at any time prior to the Effective Time by and in the sole discretion of ITT without the approval of Water or Defense 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 Effective Time, this Agreement may not be terminated except by an agreement in writing signed by a duly authorized representative of each of ITT, Water, and Defense.

Section 14.8 No Circumvention. The Parties agree not to directly or indirectly take any actions, act in concert with any Person who takes an action, or cause or allow any member of any such Party's Group to take any actions (including the failure to take a reasonable action) such that the resulting effect is to materially undermine the effectiveness of any of the provisions of this Agreement, the Distribution Agreement or any other Ancillary Agreement (including adversely affecting the rights or ability of any Party to successfully pursue indemnification or payment pursuant to the provisions of this Agreement).

Section 14.9 Subsidiaries. Each of the Parties 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 Effective Time, to the extent such Subsidiary remains a Subsidiary of the applicable Party.

Section 14.10 Third Party Beneficiaries. This Agreement is solely for the benefit of the Parties 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 14.11 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 14.12 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 14.13 Governing Law. This Agreement shall be governed by and construed in accordance with the Laws, but not the Laws governing conflicts of Laws (other than Sections 5-1401 and 5-1402 of the New York General Obligations Law), of the State of New York; provided that the Indiana Business Corporation Law, including the provisions thereof governing the fiduciary duties of directors of a Indiana corporation, shall govern, as applicable, the internal affairs of ITT, Exelis and Xylem, as the case may be.

Section 14.14 Consent to Jurisdiction. Subject to the provisions of Article XIII, each of the Parties irrevocably submits to the exclusive jurisdiction of (a) the Supreme Court of the State of New York, New York County, or (b) the United States District Court for the Southern District of New York (the "New York Courts"), for the purposes of any suit, action, or

other proceeding to compel arbitration or for provisional relief in aid of arbitration in accordance with Article XIII or to prevent irreparable harm, and to the non-exclusive jurisdiction of the New York Courts for the enforcement of any award issued thereunder. 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 the New York Courts with respect to any matters to which it has submitted to jurisdiction in this Section 14.14. 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 Agreement or the transactions contemplated hereby in the New York Courts, 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 14.15 Waiver of Jury Trial. EACH OF THE PARTIES HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH OF THE PARTIES HEREBY (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 HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 14.15.

Section 14.16 Force Majeure. No Party (or any Person acting on its behalf) shall have any liability or responsibility for failure to fulfill any obligation (other than a payment obligation) under this Agreement so long as and to the extent to which the fulfillment of such obligation is prevented, frustrated, hindered, or delayed as a consequence of circumstances of Force Majeure (as defined in the Distribution Agreement). A Party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such event: (a) notify the other applicable Parties of the nature and extent of any such Force Majeure condition and (b) use due diligence to remove any such causes and resume performance under this Agreement as soon as feasible.

Section 14.17 Interpretation. The Parties have participated jointly in the negotiation and drafting of this Agreement. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting or causing any instrument to be drafted.

Section 14.18 Changes in Law.

(a) Any reference to a provision of the Code, Treasury Regulations, or a Law of another jurisdiction shall include a reference to any applicable successor provision or Law.

(b) If, due to any change in applicable Law or regulations or their interpretation by any court of Law or other governing body having jurisdiction subsequent to the date hereof, performance of any provision of this Agreement or any transaction contemplated hereby shall become impracticable or impossible, the Parties hereto shall use their commercially reasonable best efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such provision.

Section 14.19 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.

Section 14.20 Tax Sharing Agreements. All Tax sharing, indemnification and similar agreements, written or unwritten, as between any of the Parties or their respective Subsidiaries, on the one hand, and any other Party or its respective Subsidiaries, on the other hand (other than this Agreement or in any other Ancillary Agreement), shall be or shall have been terminated as of the Distribution Date and, after the Distribution Date, none of such Parties (or their Subsidiaries) to any such Tax sharing, indemnification or similar agreement shall have any further rights or obligations under any such agreement.

Section 14.21 Exclusivity. Except as specifically set forth herein or in the Distribution Agreement or any other Ancillary Agreement, all matters related to Taxes or Tax Returns of the Parties and their respective Subsidiaries shall be governed exclusively by this Agreement; provided, all contractual obligations to make payments to, or contractual rights to receive payments from, third parties in respect of Taxes that relate to a business or entity disposed of by ITT (or any of its Subsidiaries, without giving effect to the Distributions) prior to the Distribution Date shall not be treated as "Taxes" for purposes of this Agreement or the Distribution Agreement and shall instead be treated as other Assets or Liabilities (each as defined in the Distribution Agreement), as applicable, governed by the Distribution Agreement. In the event of a conflict between this Agreement, the Distribution Agreement or any Ancillary Agreement with respect to such matters, this Agreement shall govern and control.

Section 14.22 No Waiver. No failure to exercise and no delay in exercising, on the part of any Party, any right, remedy, power or privilege hereunder shall operate as a waiver hereof or thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

Section 14.23 No Duplication; No Double Recovery. Nothing in this Agreement is intended to confer to or impose upon any Party a duplicative right, entitlement, obligation, or recovery with respect to any matter arising out of the same facts and circumstances.

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

ITT CORPORATION

/s/ Aris C. Chicles

Name: Aris C. Chicles

Title: Senior Vice President

EXELIS INC.

/s/ Ann D. Davidson

Name: Ann D. Davidson

Title: Vice President, General Counsel & Secretary

XYLEM INC.

/s/ Frank R. Jimenez

Name: Frank R. Jimenez

Title: Vice President, General Counsel & Secretary

Schedules to the
TAX MATTERS AGREEMENT
by and among
ITT CORPORATION,
XYLEM INC.,
and
EXELIS INC.
Dated as of October 25, 2011

Schedule 1.1(6)
List of ATOB Entities

1. ITT Italia Srl
 2. ITT Water & Wastewater AB
 3. ITT Defence Ltd.
 4. Goulds Pumps (Philippines), Inc.
 5. Goulds Pumps, Inc.
 6. Evolutionary Concepts, Inc.
 7. ITT Enidine, Inc.
-

Schedule 1.1(2Z)
List of Distributions

<u>Equity Distributed</u>	<u>Distributing Entity</u>	<u>Distributee(s)</u>
Common stock and convertible preferred equity certificates of Remainco International Sàrl	ITT Industries Sàrl	ITT International Sàrl
Common stock and convertible preferred equity certificates of Missions Systems International Sàrl	ITT Industries Sàrl	ITT International Sàrl
Common stock and convertible preferred equity certificates of Remainco International Sàrl	ITT International Sàrl	ITT Water Technology Delaware, Inc.
Common stock and convertible preferred equity certificates of Missions Systems International Sàrl	ITT International Sàrl	ITT Water Technology Delaware, Inc.
Common stock of ITT International Holdings, Inc.	ITT Water Technology Delaware, Inc.	ITT Industries Holdings, Inc.
Common stock of ITT Water Technology Delaware, Inc.	ITT Industries Holdings, Inc.	ITT Corporation
Common stock of Exelis Inc.	ITT Water Technology Delaware, Inc.	ITT Corporation
Common stock of Xylem Inc.	ITT Corporation	ITT Corporation shareholders
Common stock of Exelis Inc.	ITT Corporation	ITT Corporation shareholders
Common stock of Water Technology Philippines Holding, Inc.	Goulds Pumps, Inc.	GP Holding Company, Inc.
Common stock of Water Technology Philippines Holding, Inc.	GP Holding Company, Inc.	ITT Corporation
Common stock of Evolutionary Concepts, Inc.	International Motion Control, Inc.	ITT Corporation

Schedule 1.1(88)
List of Section 355 Entities

1. ITT Corporation
 2. Xylem Inc.
 3. Exelis Inc.
 4. Remainco International Sàrl
 5. Missions Systems International Sàrl
 6. ITT Industries Sàrl
 7. ITT International Sàrl
 8. ITT International Holdings, Inc.
 9. ITT Water Technology Delaware, Inc.
 10. ITT Industries Holdings, Inc.
 11. Water Technology Philippines Holding, Inc.
 12. Goulds Pumps, Inc.
 13. GP Holding Company, Inc.
 14. Evolutionary Concepts, Inc.
 15. International Motion Control, Inc.
-

Schedule 6.1
List of GRAs

<u>Date of Transfer</u>	<u>Name of Transferor</u>	<u>Name of Transferee</u>	<u>Name of Transferred Entity</u>
January 5, 2009	ITT Corporation	ITT International Sàrl	ITT Canada Company
January 7, 2009, and December 21, 2009	ITT Water Technology Delaware, Inc.	ITT International Sàrl	ITT Industries Sàrl
July 23, 2009	ITT Water Technology Delaware, Inc.	ITT Germany GmbH	BVE Controls GmbH
July 23, 2009	ITT Water Technology Delaware, Inc.	ITT Germany GmbH	Enidine Trading Company GmbH (later merged with BVE Controls GmbH)
July 23, 2009	ITT Water Technology Delaware, Inc.	ITT Germany GmbH	ITT Control Technologies GmbH (f/k/a Cleveland Motion Controls GmbH)
July 30, 2009	ITT Water Technology Delaware, Inc.	ITT International Sàrl	ITT Germany GmbH (f/k/a Enidine GmbH)
December 12, 2010	Nova Analytics Corporation	ITT International Sàrl	ITT Analytics Deutschland GmbH

MASTER TRANSITION SERVICES AGREEMENT

This Master Transition Services Agreement (this "Agreement") is entered into as of October 25, 2011, by and among ITT Corporation, an Indiana corporation ("ITT"), Exelis Inc., an Indiana corporation ("Exelis") and Xylem Inc., an Indiana corporation ("Xylem"). Each of ITT, Exelis and Xylem is sometimes referred to herein as a "Party" and collectively as the "Parties." Capitalized terms used herein and not otherwise defined herein have the meanings given to such terms in the Distribution Agreement of even date herewith, by and among ITT, Exelis and Xylem (as such may be amended from time to time, the "Distribution Agreement").

WITNESSETH:

WHEREAS, the Board of Directors of ITT has determined that it is appropriate, desirable and in the best interests of ITT, ITT's shareholders and ITT's other constituents, to separate, pursuant to and in accordance with the Distribution Agreement, ITT into three separate, publicly traded companies, one for each of (i) the ITT Retained Business, which shall be owned and conducted, directly or indirectly, by ITT, (ii) the Defense Business, which shall be owned and conducted, directly or indirectly, by Exelis and (iii) the Water Business, which shall be owned and conducted, directly or indirectly, by Xylem.

WHEREAS, in order to provide for an orderly transition under the Distribution Agreement, each of ITT, Exelis and Xylem desire to provide to the other certain services for specified periods following the Distribution Date, all in accordance with and subject to the terms and conditions set forth herein.

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

1. Services Provided.

(a) With respect to each Service (as defined in Section 1(b)), the Party required to provide such Service is the "Service Provider" and the other Party is the "Service Recipient". In performing the Services, Service Provider and each of its Affiliates shall use commercially reasonable efforts to provide, or to ensure that any Third Party Provider (as defined in Section 1(b)) shall provide, the Services in the same manner, within the same amount of time and at the same level of service (including, as applicable, with respect to type, frequency, quality, and quantity), with the same degree of reasonable skill and care and with the same level of security and control as provided and used in providing the Services during the twelve month period prior to the Distribution Date (excluding any actions taken in contemplation of the Distribution). Notwithstanding the foregoing, if there is an increase in the complexity of a Service (whether as a result of increased quantity or quality, changing frequency or regulatory requirements or otherwise), Service Recipient acknowledges and agrees that such Service may not be provided within the same amount of time as it had previously taken during such period, and, in such a case, Service Provider and each of its Affiliates shall use commercially reasonable efforts to provide, or to ensure that any Third Party Provider shall provide, such Service in a timely manner. Notwithstanding anything herein to the contrary, the Services are to be provided in a manner that does not disparately treat Service Recipient (or its Subsidiaries or its or their

personnel or business) as compared to Service Provider's treatment of itself (or its Affiliates or its or their personnel or business) in connection with the provision of a Self-Service (as defined in Section 2(a)(v)).

(b) During the period commencing on the Distribution Date and ending on the date that is two (2) years from the date hereof, unless an earlier or later date is otherwise specified for a Service on Schedule A, Schedule B or Schedule C hereto (for each such Service, such end date being herein referred to as the "Termination Date", with Schedule A, Schedule B and Schedule C being herein referred to as the "Services Schedules"), Service Provider shall provide, or shall cause one or more of its Affiliates or a contractor, subcontractor, vendor or other third-party service provider (each, a "Third Party Provider") to provide, upon the terms and subject to the conditions set forth herein, the services described on the Services Schedules, including under the headings "General Services Description" and "Scope of Services" (the "Services"); provided, Service Provider shall obtain the consent of Service Recipient (not to be unreasonably withheld, delayed or conditioned) in the event any such Service is to be provided by a Third Party Provider or Affiliate if such Services were not provided by such Third Party Provider or Affiliate to Service Recipient during the twelve month period prior to the Distribution Date; provided further, Service Provider shall remain primarily responsible for the performance by any such Affiliate or Third Party Provider of its obligations hereunder. Irrespective of whether Service Provider, an Affiliate or a Third Party Provider is providing a Service, Service Recipient may direct that any such Service be provided directly to Service Recipient or any other member of such Party's Group.

(c) Each Service provided hereunder shall be terminated on its applicable Termination Date (as defined in Section 1(b)), unless otherwise terminated earlier by Service Recipient pursuant to Section 11. Service Provider shall be under no obligation to provide a Service to Service Recipient after the Termination Date applicable to such Service, except to the extent otherwise agreed in writing by Service Provider and Service Recipient.

2. Consideration.

(a) Costs and Fees.

(i) For each Service, Service Recipient shall pay (in accordance with Section 2(b)) Service Provider an amount equal to the Monthly Costs (as defined in Section 2(a)(i)(1)); provided that (i) for any Service performed from and after January 1, 2012 through and including the day before the expiration date of the Minimum Service Period (as defined in Section 11(b)) for such Service, Service Recipient shall pay, along with and in addition to such Monthly Costs, an amount equal to 2% of such Monthly Costs and (ii) for any Service performed from and after the expiration date of the Minimum Service Period for such Service through and including the date as of which the provision of such Service hereunder has been terminated, Service Recipient shall pay, along with and in addition to the Monthly Costs, an amount equal to 10% of such Monthly Costs, unless, upon request by Service Recipient to terminate a Service, Service Provider is unable to transition the Service to Service Recipient or its designated Subsidiary in a commercially reasonable manner which does not unduly disrupt the Service and as a result, Service Recipient is unable to terminate such Service on or after the date on which

the Minimum Service Period expires (in which case any third party, out-of-pocket costs resulting to Service Recipient shall be shared in accordance with [Section 11\(b\)](#)).

(1) The "Monthly Costs" for each Service shall be an amount equal to the sum of (A) the costs or expenses incurred as set forth on the applicable Services Schedule; provided that if a Services Schedule is silent regarding costs and expenses, the amount under this subsection (A) shall be equal to Service Provider's allocated costs (including salary, wages and benefits, but excluding severance and retention costs, which shall be handled pursuant to [Section 2\(a\)\(ii\)](#)) for any of its (or its Affiliates') employees involved in providing Services, plus (B) any reasonable out-of-pocket costs and expenses incurred in connection with retaining Third Party Providers, including any fees for any Third Party Consent or Alternate Method, or pursuing any warranty or indemnity against a Third Party Provider in accordance with [Section 3\(d\)](#); provided that Service Recipient shall only be responsible for 50% of the fees for any Third Party License, with Service Provider responsible for the other 50%, plus (C) any sales, transfer, goods, services, value added, gross receipts or similar taxes, fees, charges or assessments (including any such taxes that are required to be withheld); provided that the Parties agree to use commercially reasonable efforts to minimize any such tax with respect to the Services, plus (D) other reasonable miscellaneous out-of-pocket costs and expenses; provided, however, that any such expenses exceeding \$5,000 per month for each Service (other than routine business travel and related expenses) shall require advance approval of Service Recipient. The Monthly Costs for a Service shall not include any severance and retention costs incurred by Service Provider as a result of retaining the necessary employees to supply such Service to Service Recipient in accordance with the terms of this Agreement, which costs shall be handled pursuant to [Section 2\(a\)\(ii\)](#) below.

(2) Any costs and expenses provided for on a Services Schedule shall be subject to an increase of 4.5% per annum beginning on January 1, 2012 in order to adjust for inflation.

(3) Service Provider shall notify Service Recipient of any event that may reasonably be expected to increase the Monthly Costs by more than 5%.

(ii) Subject to the terms of this [Section 2\(a\)\(ii\)](#), Service Provider shall use commercially reasonable efforts to retain its workforce required to provide the Services and, consistent with its severance and retention policies then in effect, may make severance and retention payments to employees providing the Services. As provided for on [Annex A](#) (the "[Severance and Retention Schedule](#)"), Service Recipient shall be responsible for the percentage as therein provided of Service Provider's actual severance and retention costs (which are estimated in the Severance and Retention Schedule) for those individuals or job descriptions as set forth therein; provided that Service Recipient shall only be so responsible for its portion of severance costs if such costs were incurred as a result of terminating such an employee in connection with the termination of a Service; provided further that (a) if the severance and retention costs change from the

estimates provided in the Severance and Retention Schedule, Service Recipient shall be responsible for its percentage of such costs so long as such change in costs is consistent with the Service Provider's severance and retention policies as then in effect and (b) any such employee is actually terminated and not rehired for at least ninety (90) days following such termination. Service Provider shall prepare and deliver, within thirty (30) days following the end of each quarterly period ending each March 31, June 30, September 30 and December 31 (it being understood that the first such period shall be shorter than one quarter), to Service Recipient an invoice setting forth the amount of severance and retention costs to be paid by Service Recipient in accordance with the foregoing provisions of this Section 2(a)(ii), which invoice Service Recipient shall pay pursuant to the terms of Section 2(b).

(iii) Unless the Parties otherwise agree in writing, (i) where Services are provided in a country outside of the United States by a Person located in the same country, amounts shall be invoiced and paid in the local currency of the entity providing the Services and (ii) if payments are to be made between legal entities not within the same country, such amounts shall be invoiced and paid in U.S. Dollars. To the extent necessary, local currency conversion on any such invoice shall be based on Service Provider's internal exchange rate for the then-current month, based upon the average for such month, as calculated consistently with how such local currency conversion was calculated in the twelve month period prior to the Distribution Date.

(iv) All charges based on a monthly or other time basis will be pro-rated based on actual calendar days elapsed during the period of service.

(v) With respect to any service that a Service Provider provides or causes an Affiliate to provide to itself or its Affiliates that is the same or substantially similar to a Service provided to Service Recipient or its Subsidiaries hereunder (such service, a "Self-Service"), if Service Provider determines to no longer provide such Self-Service to itself or its Affiliates, Service Provider shall notify Service Recipient of such termination no later than the number of days prior to such termination as is provided in Section 11(b) for terminating the corresponding Service. If Service Provider terminates a Self-Service prior to the end of the Minimum Service Period applicable for the corresponding Service, the Monthly Costs of such Service following any such termination and up to but not including date on which the Minimum Service Period expires shall be calculated as if Service Provider had not terminated such Self-Service. Notwithstanding the foregoing, Service Provider shall continue to provide the Service in accordance with the provisions of this Agreement, unless such Service is otherwise terminated pursuant to Section 11, and Service Provider shall not be permitted to terminate any Self-Service prior to the Termination Date for the applicable Service if such termination would adversely affect the level of service, security or control of such Service or the scope or content thereof required pursuant to Sections 1(a) and 4(a).

(vi) With respect to the Third Party Provider listed on Annex B (the "Vendor Cost Schedule"), in the event (i) (x) ITT's allocation of the Estimated Vendor Fee, which shall be the same allocation for ITT as finally determined in accordance with Schedule

1.1 (B4) of the Distribution Agreement (“Actual ITT Allocation”) is greater or less than ITT’s Estimated Allocation of the Estimated Vendor Fee (as set forth in the Vendor Cost Schedule) and/or (y) the actual amount invoiced by such Third Party Provider individually to Service Provider (as measured either as a monthly or annual fee or a one-time fee) (the “Actual Vendor Fee”) is greater or less than the total estimated price listed therein for such Third Party Provider (“Estimated Vendor Fee”), Service Recipient shall pay to Service Provider (if such amount is positive) or Service Provider shall pay Service Receiver (if such amount is negative), an amount equal to the Actual ITT Allocation multiplied by such Service Recipient’s Applicable Percentage of ITT Costs (as set forth on Annex B) multiplied by the Actual Vendor Fee less the Service Recipient’s total amount of TSA Pass Through Amounts (as set forth on Annex B) in each case, with Service Provider to provide Service Recipient documentation regarding the Actual Vendor Fee, and the applicable Party shall make any payment under this Section 2(a)(vi): (A) within thirty (30) days after of the date of the applicable invoice if the fee is a one-time fee and (B) with respect to anything other than a one-time fee, the applicable Party shall make payments on a quarterly basis within thirty (30) days after receipt of the applicable invoice (with the last payment to relate to the quarterly period ending eighteen (18) months from the Distribution Date). In the event a quarterly payment is required under this under this Section 2(a)(vi) and first determined more than 90 days after the Distribution Date, it is understood that the first quarterly payment will be adjusted to reflect such longer period

(b) Invoices and Payment.

(i) Service Provider shall invoice Service Recipient for the amounts owed hereunder in arrears on a calendar monthly basis or, in the case of Section 2(a)(ii), as provided therein, and shall provide reasonable documentation supporting such amounts owed pursuant to Section 2(a), except to the extent such amounts are set forth on the Services Schedules. Service Recipient shall pay the amount of such invoice by electronic transfer of immediately available funds not later than thirty (30) days after of the date of such invoice. Neither Party nor any of its respective Subsidiaries shall have a right of set-off against the other Party or its Subsidiaries, except in connection with any amounts billed hereunder. In the event Service Recipient does not pay Service Provider in accordance with the terms hereof (i) all amounts so payable and past due shall accrue interest from the 31st day after the date of the invoice to the receipt of payment at a rate per annum equal to the six (6)-month LIBOR rate (as quoted in the “Money Rates” section of The Wall Street Journal or any other similarly reputable published source on the 31st day after the date of the invoice, or the next Business Day, if such day is not a Business Day) plus 3% (the “Interest Rate”, with the applicable rate to be recalculated every six months), until such amounts, together with all accrued and unpaid interest thereon, are paid in full, and (ii) Service Recipient shall pay, as additional fees, all reasonable out-of-pocket costs and expenses incurred by Service Provider in attempting to collect and collecting amounts due under this Section 3, including all reasonable attorneys fees and expenses.

(ii) In the event that Service Recipient in good faith disputes an invoice submitted by Service Provider, Service Recipient may withhold payment of any amount subject to the dispute; provided, however, that (x) Service Recipient shall continue to pay all undisputed amounts in accordance with the terms hereof, (y) Service Recipient shall notify Service Provider, in writing, of any disputed amounts and the reason for any dispute by the due date for payment of the invoice containing any disputed charges and (z) in the event any dispute is resolved in the Service Provider's favor, any amount that the Service Recipient should have paid shall be deemed to have accrued interest at the Interest Rate from the date such payment should have been made. In the event of a dispute regarding the amount of any invoice, the Parties shall use all reasonable efforts to resolve such dispute within thirty (30) days after Service Recipient provides written notification of such dispute to Service Provider. Each Party shall provide full supporting documentation concerning any disputed amount or invoice within thirty (30) days after written notification of the dispute. Unpaid fees that are under good faith dispute shall not be considered a basis for default hereunder. To the extent that a dispute regarding the amount of any invoice cannot be resolved pursuant to this Section 2(b)(ii), the dispute resolution procedures set forth in Section 9 herein shall apply.

3. Cooperation.

(a) Service Recipient and Service Provider shall cooperate and work together in good faith to develop a global transition plan in order to facilitate a smooth and orderly termination of a Service by its applicable Termination Date or at such earlier time as Service Recipient terminates Service Provider's performance of the Services in accordance with Section 11. In furtherance of the foregoing, Service Provider will, if requested and at Service Recipient's expense, provide Service Recipient with reasonable support necessary to transition or migrate the services to Service Recipient or any third party or parties chosen by the Service Recipient, which may include consulting and training and providing reasonable access to data and other information and to Service Provider's employees; provided, however, that such activities shall not unduly burden or interfere with Service Provider's business and operations.

(b) It is understood that it will require significant efforts by the Parties to implement this Agreement and ensure performance hereunder. Service Recipient shall (i) cooperate with and provide Service Provider with such information and documentation as is reasonably necessary for Service Provider to perform the Services; and (ii) perform such other duties and tasks as may be reasonably required to permit Service Provider to perform the Services, including (x) cooperating in obtaining any consents or approvals from third parties necessary to facilitate Service Provider's ability to provide the Services and (y) upon thirty (30) days prior written notice by the Service Provider, conducting such testing as may be reasonably required by Service Provider in connection with any updates or changes to the applicable systems or processes involved in providing a Service. A Service Provider shall not be deemed to be in breach of its obligations to provide or make available any Service to the extent that Service Recipient has not provided information and access to appropriate personnel that is reasonably necessary for the performance of such Service.

(c) Service Recipient shall use commercially reasonable efforts to make or obtain any approvals, permits and licenses and implement any systems as may be necessary for it to perform the Services independently in each country and applicable jurisdiction as soon as practicable following the Distribution Date.

(d) Upon Service Recipient's written request and without prejudice to Service Recipient's direct rights against a Third Party Provider, Service Provider shall use commercially reasonable efforts to pursue any warranty or indemnity under any contract Service Provider or its Subsidiaries may have with a Third Party Provider with respect to any Service provided to Service Recipient by such Third Party Service Provider.

(e) Service Provider shall use commercially reasonable efforts to obtain, if required, the consent of any relevant Third Party Provider (a "Third Party Consent") or a license from any relevant Third Party Provider (a "Third Party License"), and Service Recipient shall, as necessary, cooperate with Service Provider in obtaining any such Third Party Consent or Third Party License. If a Third Party Consent or Third Party License cannot be obtained on reasonable terms, the Parties will use commercially reasonable efforts to arrange for an alternative method of obtaining any such Service on Service Recipient's behalf ("Alternative Method"), which may include Service Provider providing such Service itself. If there is any Third Party Consent or Third Party License which was not required as of the date hereof but will subsequently be required before the Minimum Service Period expires for a particular Service, Service Provider shall identify in writing to Service Recipient such Third Party Consent or Third Party License within sixty (60) days of the date hereof.

(f) The Parties shall use the fiscal month, quarter and year ends as set forth in Schedule D in connection with the provision and receipt of applicable Services hereunder, for so long as such Services are being provided.

(g) In connection with the provision of Services hereunder, except as provided pursuant to Section 2(a)(iii) for local currency conversion for invoices, the Parties shall use the same methodology to determine the appropriate foreign exchange conversion rate as used in the twelve month period prior to the Distribution Date, which may be determined or based upon the average for the month or other applicable period or the spot rate at the end of such month or period or otherwise.

4. Performance Standard; Reports; Personnel.

(a) Except as otherwise provided in the Services Schedule and Section 1(a) herein, nothing in this Agreement shall require or be interpreted to require Service Provider to provide a Service to Service Recipient beyond the scope and content of such Service as provided by Service Provider to the ITT Retained Business, Water Business or Defense Business, as the case may be, during the twelve month period prior to the Distribution Date, excluding any actions taken in contemplation of the Distribution.

(b) Service Provider shall not make changes in the manner of providing a Service unless (i) Service Provider is making similar changes in a Self-Service being performed for itself or its Subsidiaries or such changes are *de minimis*, in each case so long as such changes

do not adversely affect the level of service, security or control of such Service or the scope or content thereof required pursuant to Sections 1(a) and 4(a) above, (ii) such changes are required by Service Provider or Service Recipient pursuant to applicable Law (including changes required by Service Provider or Service Recipient in connection with the provision of the Services to the other Party) or (iii) Service Recipient provides its prior written consent (which shall not be unreasonably withheld, conditioned or delayed) to such changes (in each case, for the avoidance of doubt, with the costs of any such change to be included in the calculation of Monthly Costs). In the event Service Provider determines to change the location of delivery of any Service, Service Provider shall provide Service Recipient with thirty (30) days prior written notice. All Services shall be performed in compliance with applicable Law, including all applicable U.S. and non-U.S. laws and regulations relating to export controls, sanctions, and imports, including without limitation those regulations maintained by the U.S. Department of the Treasury's Office of Foreign Assets Control, the Export Administration Regulations maintained by the U.S. Department of Commerce, Bureau of Industry and Security, and the International Traffic in Arms Regulations maintained by the U.S. Department of State, Directorate of Defense Trade Controls.

(c) In performing the Services, Service Provider shall prepare and furnish to Service Recipient reports concerning the Services with such reports to contain substantially the same data, in substantially the same format, and prepared and delivered on substantially the same timetable, as reports prepared during the twelve month period prior to the Distribution Date (excluding any reports solely prepared in contemplation of the Distribution), except as may be otherwise required by Service Recipient or Service Provider pursuant to applicable Law. Upon Service Recipient's written request for modifications to the reporting and data transfer practices reasonably required to assist Service Recipient in transitioning off the Service, Service Provider shall cooperate and consult in good faith with Service Recipient to make such modifications; provided that if Service Provider reasonably determines in its sole discretion that any such modification may cause Service Provider to be in breach of its obligations to the other Party hereunder (including as a result of breaching its obligations as a Service Provider to the other Party as Service Recipient), then Service Provider shall not be under any obligation to make such modifications.

(d) Service Provider shall use commercially reasonable efforts consistent with past practice to make available such personnel as may be required to provide the Services. Service Provider shall have the right to designate which personnel it will assign to perform the Services. Service Provider also shall have the right to remove and replace any such personnel at any time or designate any of its Subsidiaries or a Third Party Provider (subject to Section 1(a) herein) at any time to perform the Transition Services; provided, however, that Service Provider shall use its commercially reasonable efforts consistent with past practice to limit the disruption to Service Recipient in the transition of the Services to different personnel. Subject to and consistent with Section 2(a)(ii), Service Provider shall have no obligation to retain any individual employee for the sole purpose of providing a particular Transition Service.

(e) In the event Service Recipient or any of its Subsidiaries hires away an employee of Service Provider or its Subsidiaries, and such employee was providing Services to Service Recipient and will not continue to provide such Service, Service Provider shall have the

option, in its sole discretion (in addition to any other remedies available to it under the Distribution Agreement or otherwise), upon ten (10) Business Days written notice to Service Recipient to reduce its obligations with respect to such Service (with a proportionate reduction in the applicable Monthly Costs) effective on the date of such employee's termination of employment with Service Provider. Any provision of Service thereafter pursuant to such a reduction in Service Provider's obligations shall be deemed to be consistent with Service Provider's obligations under this Agreement, so long as Service Provider satisfies the other obligations contained in this Section 4 with respect to such Service.

(f) Each Party agrees that it shall take appropriate action by instruction of or agreement with its personnel (including any Third Party Provider) to ensure that all such personnel performing or otherwise involved with Services shall be bound by and comply with all of the terms and conditions of this Agreement.

(g) In the event Service Provider has received a notice of default or breach in the performance of a Service hereunder (including as a result of substantial errors in the performance of such Service), it will use its commercially reasonable efforts to cure such default or breach. In the event Service Provider is unable to cure such default within thirty (30) days from receipt of notice thereof, in addition to the rights available under Section 11, there shall be an adjustment to Monthly Costs to reflect the costs to Service Recipient associated with such default, breach or error, including any reasonable out-of-pocket costs and expenses incurred by Service Recipient in retaining any Third Party Provider to provide such Service or in providing the such Service itself.

(h) Each Party shall notify the applicable other Party as promptly as practicable after becoming aware of any breach of this Agreement committed by either it or the applicable other Party. Service Provider shall notify Service Recipient of any event that may reasonably be expected to materially impact a Service provided hereunder, which may include a Termination Notice (as defined in Section 11(b)) provided by the other Party as Service Recipient hereunder or a notice of termination of a Self-Service, issued pursuant and in accordance with, Section 2(a)(v).

(i) In the event of any conflict, as reasonably determined by Service Provider in its sole discretion, between requests for modification or termination of Services made by the two other Parties and each properly delivered hereunder, Service Provider shall determine which request it received first and, subject to the other terms and conditions of this Agreement, make such modifications or terminations pursuant to the request that was first received before making any modifications or terminations pursuant to any requests received afterwards.

5. New Services.

If, after the date hereof and on or prior to March 31, 2012, or, with respect to Services provided in connection with any Transfer that, pursuant to Section 2.6(a) of the Distribution Agreement, is not consummated at or prior to the Effective Time, one hundred (100) days following the actual date of such Transfer (notwithstanding that under Section 2.6(b) of the Distribution Agreement such Transfer may be deemed to have occurred on the Effective Time) the Parties determine that a service required by Service Recipient and provided by Service

Provider or one of its Subsidiaries prior to the Distribution Date was inadvertently omitted from the Services Schedules, Service Recipient may request that Service Provider perform such service ("New Service") in addition to the Services being provided hereunder. Service Provider shall promptly begin performing any New Service consistent with past practice upon a timely written request from Service Recipient (which request may be in the form of email) including (i) a description of the work Service Recipient anticipates being performed by Service Provider in connection with such New Service and (ii) a schedule for commencing and completing such New Service, and Service Provider and Service Recipient shall enter into good faith negotiations to agree to an amendment to the Services Schedules providing for such New Service; provided that if no agreement for an Additional Service Schedule Amendment has been reached in writing in thirty (30) days, such New Service shall be deemed to have a Minimum Service Period expiring on June 30, 2012 and a Termination Date of two years from the Distribution Date, with Monthly Costs as provided for in Section 2(a)(i), calculated as if the amendment to the Services Schedule for such New Service were silent regarding costs and expenses (such amendment or deemed amendment pursuant to the foregoing proviso, an "Additional Service Schedule Amendment"). Any New Service shall be considered a Service hereunder and the Services Schedules shall incorporate, and be deemed to be duly amended by, such Additional Service Schedule Amendment.

6. Intellectual Property; IT Security.

(a) Except as provided in the Services Schedules, the Monthly Costs shall include the allocable portion of any amounts that are required to be paid by Service Provider to any third party licensors of software that is used by Service Provider in connection with the provision of any Services hereunder, including (i) license, right-to-use and royalty fees and (ii) any amounts required to obtain the consent of such licensors to allow Service Provider to provide any of the Services hereunder. Service Recipient agrees to comply and cause its Subsidiaries to comply with the terms of any license or other agreement of Service Provider or any of its Subsidiaries relating to software that is provided to Service Recipient and is used in connection with the provision of any Services hereunder; provided that in the event that Service Provider enters into new software licenses after the Distribution Date, Service Recipient shall have the prior opportunity to review and confirm its ability to comply therewith, which it shall do in good faith. In the event that Service Recipient provides notice of its inability to comply therewith, Service Provider may at its sole discretion discontinue its provision of any Services under such new software licenses effective after thirty (30) days notice of the same, and Service Recipient shall indemnify Service Provider for any claims by third parties arising out of or in connection with Service Recipient's noncompliance or violation of such software licenses. Subject to the foregoing, Service Provider shall use commercially reasonable efforts to obtain any consent that may be required from such licensors in order to provide any of the Services hereunder and the Parties shall cooperate to identify any material licenses or consents necessary for such provision and shall use commercially reasonable efforts to minimize the costs associated therewith.

(b) If the receipt or provision of any Service hereunder requires the use by a Party of the Intellectual Property (other than Trademarks) of the other Party, then such Party and its Subsidiaries shall have the non-exclusive, royalty-free, non-sublicensable (except as required

for its and its Subsidiaries' receipt or provision of Services) right and license to use such Intellectual Property for the sole purpose of, and only to the extent necessary for, the receipt or provision of such Services hereunder, pursuant to the terms and conditions of this Agreement. This license does not permit a Party to access, possess, or modify the source code of the other Party or to reverse engineer the software of the other Party. Upon the Termination Date applicable to such Service, or the earlier termination of any Services in accordance with Section 11, the license herein to the applicable Intellectual Property will terminate; and the applicable Service Recipient and/or Service Provider shall cease all use of the Intellectual Property licensed hereunder. Nothing in this Section 6(b) shall be deemed to limit, modify or terminate any License Agreement between the Parties.

(c) Subject to the limited licenses granted in Section 6(b), each Party shall exclusively own any Intellectual Property that it creates, develops or invents in connection with the provision of any Services hereunder.

(d) While using or accessing any computers, systems, software, networks, information technology or related infrastructure or equipment (including any data stored thereon or transmitted thereby) ("Systems") of the other Party (whether or not a Service), each Party shall and shall cause each of its Subsidiaries to, adhere in all respects to the other Party's controlled processes, policies and procedures (including any of the foregoing with respect to Confidential Information, data, communications and system privacy, operation, security and proper use) as in effect on the Distribution Date or as communicated to such Party from time to time in writing.

(e) Those employees of Service Recipient and Service Provider (or their respective Affiliates) having access to the other Party's Systems may be required by Service Provider or Service Recipient, as the case may be, to enter into a customary non-disclosure agreement in connection with, and as a condition to, such access.

7. Records.

Service Provider shall provide to Service Recipient, taking into consideration the financial reporting, internal controls and other public company requirements of Service Recipient, all information and records reasonably required to maintain full and accurate books relating to the provision of Services to the extent any such information and/or records were provided or maintained during the twelve month period prior to the Distribution Date, excluding any actions taken in contemplation of the Distribution. Upon reasonable notice and reasonable request from the Service Receiver, and at the Service Receiver's cost, Service Provider shall (a) make available for inspection and copying by Service Receiver's agents or representatives such information, books and records relating to the Services during reasonable business hours and (b) certify that the controls in effect prior to the Distribution Date continue to be in effect, or if Service Provider is aware of any instances where such controls are not so in effect, in lieu of certification for such instances, provide a list of such instances and descriptions of the change in such controls thereof.

8. ~~Force Majeure; Reduction of Services.~~

No Party (or any Person acting on its behalf) shall have any liability or responsibility for failure to fulfill any obligation (other than a payment obligation) under this Agreement so long as and to the extent to which the fulfillment of such obligation is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. A Party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such event: (a) notify the other applicable Parties of the nature and extent of any such Force Majeure condition and (b) use due diligence to remove any such causes and resume performance under this Agreement as soon as feasible. Notwithstanding the foregoing, Service Recipient shall be entitled to terminate Services so affected by a Force Majeure upon fifteen (15) day prior written notice in respect of any such delay or failure resulting from any such Force Majeure without any penalty or obligation to pay for Services not performed; provided that, for the avoidance of doubt, Service Recipient shall remain responsible, pursuant to and in accordance Section 2(a)(ii), for its portion of any severance and retention costs for any such Services.

9. ~~TSA Managers; Dispute Resolution.~~

(a) Each Party shall nominate in writing one representative to act as the primary contact with respect to the provision and receipt of Services (a "TSA Manager"), with the initial TSA Managers as listed on Schedule E. Each Party may, at its discretion, from time to time select another individual to serve in these capacities during the term of this Agreement; provided, however, each Party shall notify the other Party promptly (and in any event within five (5) Business Days) of any change in an individual serving in this capacity, setting forth the name and contact information of the replacement, and stating that such replacement is authorized to act for such Party in accordance with this Section 9(a).

(b) The TSA Managers shall meet as expeditiously as possible to resolve any dispute hereunder, and notwithstanding anything in Article IX (Dispute Resolution) of the Distribution Agreement to the contrary, in the event any dispute is not so resolved within thirty (30) days, a TSA Manager may provide written notice of such dispute to the Chief Financial Officer of each Party (or such other executive as designated by the Chief Executive Officer of such Party), who shall attempt within a period of fifteen (15) days following the end of such previous thirty (30) day period to conclusively resolve any such issue, and in the event the dispute remains unresolved following such fifteen (15) day period, either Party may submit the dispute to mediation in accordance with Section 9.2 (Mediation) of the Distribution Agreement (provided that, for the avoidance of doubt, the forty-five (45) day waiting period referenced therein shall be inapplicable), and if any dispute remains unresolved after the Mediation Period (as defined in the Distribution Agreement), such dispute shall be determined, at the request of either Party, by arbitration in accordance with Section 9.3 (Arbitration) of the Distribution Agreement and the other applicable provisions of Article IX (Dispute Resolution) of the Distribution Agreement. Each Party may treat an act of any other Party's TSA Manager or Chief Financial Officer (or such other executive as designated by the Chief Executive Officer of such other Party), in each case that is consistent with the provisions of this Agreement, as being authorized by such other Party to resolve such dispute without inquiring behind such act or

ascertaining whether such TSA Manager or Chief Financial Officer (or such other executive as designated by the Chief Executive Officer of such other Party) had authority to so act; provided, however, that none of the TSA Managers or Chief Financial Officer or other executives so designated shall have authority to amend this Agreement, except as otherwise provided pursuant to [Section 16](#).

(c) In the event of any dispute between the Parties regarding a Service, prior to the applicable Termination Date, Service Provider shall not discontinue the supply of any such Service, unless so provided for in a settlement agreement between the Parties or arbitral determination pursuant to and in accordance with [Section 9\(b\)](#) herein and [Article IX](#) of the Distribution Agreement or as requested by Service Recipient pursuant to a Termination Notice.

10. Disclaimer; Limited Liability.

(a) Service Recipient acknowledges that Service Provider is not in the business of providing the Services and that the Services being provided pursuant to this Agreement are provided as an accommodation to Service Recipient. Other than in the event of Service Provider's gross negligence or willful misconduct, Service Provider will not be liable for any error or omission in rendering Services under this Agreement, or for any defect in Services so rendered; provided that if there is a substantial error in any of the Services, Service Provider shall use commercially reasonable efforts to attempt to correct the error, or if Service Provider is unable to so correct such error, to provide an adjustment to the Monthly Cost for such Service in reasonable proportion to that which the error bears to the Service provided for such month, which adjustment may, pursuant to [Section 4\(g\)](#), include any reasonable out-of-pocket costs and expenses incurred by Service Recipient in retaining a Third Party Provider to provide such Service or in providing such service itself. Other than in the event of Service Recipient's gross negligence or willful misconduct, and other than for the Monthly Costs, severance and retention costs owed under [Section 2\(a\)\(ii\)](#) and other amounts expressly owed hereunder, Service Recipient will not be liable for any damages caused in connection with the Services provided under this Agreement.

(b) Service Provider shall have no responsibility to maintain insurance to cover any loss or damage to goods or equipment to which Service Recipient has title that are in the possession or control of Service Provider, its Subsidiaries or a Third Party Provider as a result of this Agreement and the risk of loss with respect to such goods or equipment shall be solely with Service Recipient. Service Recipient shall obtain from its insurance company a waiver of subrogation on behalf of Service Provider and its Subsidiaries effective as of Distribution Date. Service Recipient shall have no responsibility to maintain insurance to cover any loss or damage to goods or equipment to which Service Provider has title that are in the possession or control of Service Recipient or its Subsidiaries as a result of this Agreement and the risk of loss with respect to such goods or equipment shall be solely with Service Provider. Service Provider shall obtain from its insurance company a waiver of subrogation on behalf of Service Recipient and its Subsidiaries effective as of the Distribution Date.

(c) NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, EXPRESSED OR IMPLIED (INCLUDING WARRANTIES OF NON-INFRINGEMENT, MERCHANTABILITY, ACCURACY, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR CONFORMITY TO ANY REPRESENTATION OR DESCRIPTION), ARE MADE BY SERVICE PROVIDER OR ANY OF ITS AFFILIATES WITH RESPECT TO THE PROVISION OF SERVICES UNDER THIS AGREEMENT AND, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ALL SUCH REPRESENTATIONS OR WARRANTIES ARE HEREBY WAIVED AND DISCLAIMED. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, UNDER NO CIRCUMSTANCES, INCLUDING THE FAILURE OF THE ESSENTIAL PURPOSE OF ANY REMEDY, SHALL SERVICE PROVIDER BE LIABLE FOR, INCLUDING BUT NOT LIMITED TO, ANY LOST PROFITS, REMITTANCES, COLLECTIONS, INVOICES, PENALTIES, INTEREST OR SPECIAL, INCIDENTAL, CONSEQUENTIAL OR EXEMPLARY DAMAGES CAUSE BY THE PERFORMANCE OF, ANY DELAY IN THE PERFORMING, FAILURE TO PERFORM OR DEFECTS IN THE PERFORMANCE OF, THE SERVICES CONTEMPLATED TO BE PERFORMED BY SERVICE PROVIDER PURSUANT TO THIS AGREEMENT, REGARDLESS OF WHETHER A PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

11. Term and Service Termination Dates.

(a) This Agreement (other than Sections 9, 10, 11 and 13) shall terminate upon the last of the Termination Dates in respect of all Services to be provided hereunder; provided that the rights of the parties in respect of any claims that have accrued prior to such termination shall survive such termination.

(b) For each Service, the minimum service period ("Minimum Service Period") during which Service Provider is obligated to provide such Service to Service Recipient is set forth on the Services Schedule. The Parties agree to cooperate if necessary to adjust such Minimum Service Period (and the applicable Termination Date) to end on a date that is the end of a calendar or fiscal month, as deemed appropriate. Service Recipient may terminate any Service prior to its Termination Date by providing to Service Provider written notice of termination, which shall be deemed irrevocable upon delivery (a "Termination Notice"), not less than (i) thirty (30) days before the date of such earlier termination if the Service is to be terminated on or before December 31, 2011, (ii) sixty (60) days before the date of such earlier termination if the Service is to be terminated after December 31, 2011 but on or before June 30, 2012, (iii) ninety (90) days before the date of such earlier termination if Service is to be terminated after June 30, 2012 but on or before December 31, 2012 and (iv) one hundred and twenty (120) days before the date of such earlier termination if Service is to be terminated on or after January 1, 2013; provided that if the Services Schedule indicates that any Service is dependent on one or more other Services, then each such Service must be terminated together; provided further that any termination may be on a location by location basis if so indicated on the Services Schedules. In the event a Service is terminated prior to the end of its Minimum Service Period pursuant to Service Recipient's Termination Notice, Service Recipient shall pay a make- whole fee equal to the actual out-of-pocket costs and any additional costs that would have been incurred by Service Provider if such Service had not been terminated (which costs, for

the avoidance of doubt, exclude the 2% and 10% increases described in Section 2(a)(i) between the actual date of termination of the Service and the applicable date on which the Minimum Service Period expires (subject to Service Provider exercising commercially reasonable efforts to mitigate such costs). Notwithstanding the foregoing, upon the receipt of a Termination Notice, if Service Provider is unable to transition the applicable Service to the Service Recipient or its designee in a commercially reasonable manner which does not unduly disrupt the Service on the requested termination date, Service Provider shall use commercially reasonable efforts consistent with past practice to transition such Service as soon as possible, and any resulting third party, out-of-pocket costs to Service Recipient shall be shared equally between Service Provider and Service Recipient.

(c) In the event either Party defaults in the performance of any of its obligations under this Agreement, and if such default is not excused and not cured within thirty (30) days after written notice from the other Party specifying such default, then the non-defaulting Party may at any time thereafter terminate, at its option, any such Service that is the subject of such default by giving five (5) days prior written notice; provided that if no such termination notice is given within fifteen (15) days after the end of the thirty (30) day cure period, then the non-defaulting Party waives all rights to terminate such Service with respect to such default; provided further, that such fifteen (15) day period referred to in the immediately foregoing proviso shall be extended if (x) the Parties dispute whether there has been a default hereunder or (y) agree that there has been a default hereunder and have a dispute related to such default, and in either case are attempting to resolve such dispute pursuant to Section 9(b) until ten (10) days after there has been a final determination pursuant to the procedures in Section 9(b).

(d) Any Service can be terminated prior to the Distribution Date, with no fee, penalty or ongoing obligation, if Service Recipient provides a Termination Notice to Service Provider (which may be via email) prior to the Distribution Date.

12. Independent Contractor.

The Parties hereto understand and agree that this Agreement does not make either of them an agent or legal representative of the other for any purpose whatsoever. No Party is granted, by this Agreement or otherwise, any right or authority to assume or create any obligation or responsibilities, express or implied, on behalf of or in the name of any other Party, or to bind any other Party in any manner whatsoever. The Parties expressly acknowledge (i) that Service Provider is an independent contractor with respect to Service Recipient in all respects, including the provision of the Services, and (ii) that the parties are not partners, joint venturers, employees or agents of or with each other.

13. Confidentiality.

(a) Any Confidential Information of either Party shall be subject to Section 8.6 of the Distribution Agreement. With respect to any information disclosed by one Party to another Party for the purpose of this Agreement or otherwise accessible to such other Party during the performance hereunder ("Confidential Information"), the Party receiving such Confidential Information agrees that it will use the same skill and care as set forth in Section 4(a).

to prevent the disclosure or accessibility to others of the disclosing Party's Confidential Information and will use such Confidential Information only for the purposes of this Agreement, the Distribution Agreement and the Ancillary Agreements. The receiving Party and its employees, representatives and agents (including any Third Party Provider) (collectively, the "Recipient Parties") shall only disclose and permit access to the other's Party's Confidential Information to such Recipient Parties who have a need to know such Confidential Information for the purposes of this Agreement, the Distribution Agreement and the Ancillary Agreements. For Confidential Information provided with respect to any Service, the obligations of the Recipient Parties pursuant to this Section 13 shall expire on the date that is five (5) years from the termination of such Service. Each Party shall provide prompt written notice of any breach of the obligations under this Section 13 by such Party or its Recipient Parties and shall use commercially reasonable efforts to assist the other Party in remedying any such breach.

(b) Specifically excluded from the definition of Confidential Information is any and all information that:

(i) is independently developed by or on behalf of a Recipient Party without use of or reference to Confidential Information;

(ii) is or becomes available to the public, other than as the result of a breach by a Recipient Party of the confidentiality obligations under this Agreement; or

(iii) is rightfully received from a third party not known by the Recipient Party to be bound by an obligation of confidentiality to the disclosing Party.

(c) If the Recipient Party is required to disclose Confidential Information by law, process or regulation, to the extent legally permissible, such Recipient Party shall promptly notify the disclosing Party, reasonably cooperate with the disclosing Party to the extent it may seek to limit such disclosure and, insofar as a protective order or waiver from the disclosing Party is not obtained, only disclose such Confidential Information as is required to be disclosed.

(d) In connection with any permitted disclosure of this Agreement to any third party, each Party shall redact the portions of the Services Schedules that are not relevant to such third party's inquiry.

(e) It is further understood and agreed that money damages may not be a sufficient remedy for any breach of this Section 13 and that each Party shall be entitled to seek equitable relief, including injunction and specific performance, as remedy for any such breach. Such remedies shall not be deemed to be the exclusive remedies for a breach, but shall be in addition to all other remedies herein described available at law or equity.

14. Beneficiary of Services; No Third Party Beneficiaries.

This Agreement is for the sole benefit of the Parties hereto, and nothing expressed or implied shall give or be construed to give any person any legal or equitable rights hereunder, whether as a third-party beneficiary or otherwise. Each Party agrees, and each Party in its capacity as a Service Recipient represents and warrants, that the Services shall be provided solely to, and shall be used solely by, Service Recipient and its Subsidiaries. Service Recipient shall not resell or provide the Services to any other Person, or permit the use of the Services by any Person other than Service Recipient and its Subsidiaries.

15. Entire Agreement.

This Agreement, together with the Distribution Agreement and the other Ancillary Agreements, constitutes the entire agreement of the Parties with respect to the subject matter hereof, and supersedes all prior agreements, understandings and negotiations, both written and oral, between the Parties with respect to the subject matter hereof. In the event and to the extent that there shall be a conflict between the provisions of this Agreement and the provisions of the Distribution Agreement or any other Ancillary Agreement, the Parties agree that this Agreement shall govern. The Parties agree that, in the event of an express conflict between the terms of this Agreement and a Services Schedule, the terms of the Services Schedule shall govern.

16. Amendment; Waiver.

This Agreement and the Services Schedules may be amended, and any provision of this Agreement may be waived, if but only if such amendment or waiver is in writing and signed, in the case of an amendment, by each of the Parties, or in the case of a waiver, by the Party against whom the waiver is effective. No failure or delay by either Party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

17. Notices.

All notices, requests and other communications to any Party hereunder shall be in writing (including telecopy or similar writing) and shall be given as follows:

if to ITT or to any of its Affiliates:

ITT Corporation
1133 Westchester Avenue
Suite 3000
White Plains, NY 10604
Attn: General Counsel
Facsimile: (914) 696-2970

if to Exelis or to any of its Affiliates:

Exelis Inc.
1650 Tysons Boulevard
Suite 1700
McLean, VA 22102
Attn: Chief Legal Officer
Facsimile: 703-790-6407

if to Xylem or to any of its Affiliates:

Xylem Inc.
1133 Westchester Avenue
Suite 2000
White Plains, NY 10604
Attn: General Counsel
Facsimile: 914-323-5997

or to such other address or teletcopy number and with such other copies, as such Party may hereafter specify for the purpose of notice to the other parties. Each such notice, request or other communication shall be effective (i) if given by fax, when such fax is transmitted to the fax number specified in this Section 17 and evidence of receipt is received or (ii) if given by any other means, upon delivery or refusal of delivery at the address specified in this Section 17.

18. Non-Assignability.

Neither this Agreement nor any of the rights, interests or obligations of either Party hereunder may be assigned or transferred by any such Party without the prior written consent of the other Party (not to be unreasonably withheld, delayed or conditioned), and any purported assignment, without such prior written consent shall be null and void; provided a Party may assign or transfer all its rights hereunder without such consent to an acquirer in connection with a sale of all or substantially all of its assets or other similar change in control of such Party.

19. Further Assurances.

From time to time after the date hereof, without further consideration, each Party shall use commercially reasonable efforts to take, or cause to be taken, all appropriate action, do or cause to be done all things reasonably proper or advisable under applicable Law, and execute and deliver such documents as may be required or appropriate to carry out the provisions of this Agreement and to consummate, perform and make effective the transition contemplated hereby.

20. Definitions and Rules of Construction.

(a) Defined terms used in this Agreement have the meanings ascribed to them by definition in this Agreement or in the Distribution Agreement.

(b) This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the Party drafting or causing any instrument to be drafted.

(c) Whenever the words “include”, “including”, or “includes” appear in this Agreement, they shall be read to be followed by the words “without limitation” or words having similar import.

(d) As used in this Agreement, the plural shall include the singular and the singular shall include the plural.

21. Counterparts; Effectiveness.

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of executed counterparts transmitted by telecopy, telefax or other electronic transmission service shall be considered original executed counterparts for purposes of this Section 21, provided that receipt of copies of such counterparts is confirmed. This Agreement shall become effective when each Party has received a counterpart hereof signed by the other Party hereto.

22. Section Headings.

The section headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

23. Severability.

If any provision of this Agreement shall be declared by any court of competent jurisdiction to be illegal, void or unenforceable, all other provisions of this Agreement shall not be affected and shall remain in full force and effect, and the Parties shall negotiate in good faith to replace such illegal, void or unenforceable provision with a provision that corresponds as closely as possible to the intentions of the parties as expressed by such illegal, void, or unenforceable provision.

24. Governing Law.

This Agreement shall be governed by and construed in accordance with the Laws, but not the Laws governing conflicts of Laws (other than Sections 5-1401 and 5-1402 of the New York General Obligations Law), of the State of New York.

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

ITT CORPORATION

By: /s/ Aris C. Chicles
Name: Aris C. Chicles
Title: Senior Vice President

EXELIS INC.

By: /s/ Ann D. Davidson
Name: Ann D. Davidson
Title: V.P., General Counsel and Secretary

XYLEM INC.

By: /s/ Frank R. Jimenez
Name: Frank R. Jimenez
Title: V.P., General Counsel and Secretary

Annex A

Severance and Retention Schedule

1. Payroll TSA = , ITT 33.3%, Exelis 33.3%, Xylem 33.3%.
 2. Payroll TSA = , ITT 33.3%, Exelis 33.3%, Xylem 33.3%.
 3. AP TSA = , 100% Exelis.
 4. AP TSA, PRMS TSA, PAYROLL TSA, eBUYITT TSA, TELECOM TSA, PCARD TSA = , ITT 33.3%, Exelis 33.3%, Xylem 33.3%.
 5. DATA CUSTODIAN TSA = , 100% Exelis.
 6. DATA CUSTODIAN TSA = , 100% Exelis.
 7. AP TSA, PRMS TSA, PAYROLL TSA, eBUYITT TSA, TELECOM TSA, PCARD TSA = , ITT 33.3%, Exelis 33.3%, Xylem 33.3%.
 8. AP TSA, PRMS TSA, PAYROLL TSA, eBUYITT TSA, TELECOM TSA, PCARD TSA = , ITT 33.3%, Exelis 33.3%, Xylem 33.3%.
 9. Nogales Services TSA = , Xylem 100%
 10. Nogales Services TSA = , Xylem 100%
-

Annex B
Vendor Cost Schedule

(000's)	\$ 5,000
	\$ 2,000
Estimated Vendor Fee	\$ 7,000

ITT's Estimated Allocation of the Estimated Vendor Fee	40.0%
Xylem's Applicable Percentage of ITT's Costs =	30.0%
Exelis' Applicable Percentage of ITT's Costs =	25.0%

The Parties agree that they have estimated a total cost of each of Xylem and Exelis . Based upon the percentages above, the following costs have been included in TSAs provided by ITT to

TSA Pass Through Amounts:

(\$ in 000's)	Y1	Y2	Total
Xylem	\$	\$	\$
Exelis	\$	\$	\$

The amount paid by or to ITT Corporation pursuant to Section 2(a)(vi) of the Agreement with respect to Xylem and Exelis shall not be increased or decreased by the 2% or 10% profit margin or the 4.5% inflation rate contemplated by Section 2 of the Agreement

SCHEDULE A

Service Provider: ITT Corporation

Service Recipient: Exelis Inc. and Xylem Inc.

Service to be provided:

Schedule AB1
eBuyITT INVOICE PROCESSING
SERVICES

Capitalized terms used herein and not otherwise defined shall have the meaning assign such term in the Agreement. The Services provided hereunder are subject in all respects to the terms and conditions of the Agreement, expect where expressly noted.

SERVICE OWNER

All service matters, general inquiries and notices regarding this service should be directed to:

Name	Title	Phone	e-mail
Philip Galluzzi ITT Corporation	Manager, TDS Business Relationships & Corporate Travel	(386) 446-6160	phil.galluzzi@itt.com
Mary Marts Xylem Inc.	Sr. Financial Analyst, Fluid and Motion Control	(914) 323-5791	mary.marts@xyleminc.com

GENERAL SERVICE DESCRIPTION

Service Provider will perform eBuyITT Invoice Processing Services for Service Receiver.

Service Receiver and its Subsidiaries will utilize the Service Provider's resources based on the functionality, processes, input and output screens and documents that support the Service Provider's business and business processes in the twelve months prior to the Distribution Date.

SCOPE OF SERVICES

Upon the terms and subject to the conditions of this Services Schedule and the Agreement, the Service Provider shall provide to Service Recipient the services identified below (collectively, the "Services").

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
SS-eBuyITT- -01	eBuyITT Invoice Processing Services	Provide eBuyITT Invoice Processing Services:			
		<ul style="list-style-type: none"> eBuyITT Invoice Review — The Service Provider will receive designated invoice submissions from the Service Receiver's eBuyITT enabled Suppliers (via EDI transaction or manual entry) and prep invoices and feed the submitted invoices to Perfect Commerce. The Service Provider will use the daily invoice feeds from Perfect Commerce to prep invoices for financial back office operations. 	4,174 Hard Copy Invoices Annually* / 16,501 Invoices Annually		
		<ul style="list-style-type: none"> eBuyITT Exception Handling and Resolution — The Service Provider will reconcile and re-validate invoices flagged with validation errors. Once the invoice is validated, the Service Provider will process it as stated above. Mismatched invoices will not be paid without resolution. 	1,300 Transactions Annually		
		<ul style="list-style-type: none"> Invoice Recording & Payment Processing — Service Provider will send the balanced invoices to an internal business unit within the Service Provider, on a daily basis, for additional Accounts Payable recording and payment processing for the Service Receiver. 	4,174 Hard Copy Invoices Annually* / 16,501 Invoices Annually		
		<ul style="list-style-type: none"> Vendor File Maintenance — The Service Provider will receive vendor master data for new vendor setup from an internal business unit to perform Vendor File Maintenance. 	As Needed Basis	18	Cost plus 2% - 10% per month
		<ul style="list-style-type: none"> Tax Exempt Certificate File Maintenance — The Service Provider will receive Service Receiver Supplier's tax exempt vendor certificates from an internal business unit to maintain tax exempt master file. 	4,174 Hard Copy Invoices Annually* / 16,501 Invoices Annually		
		<ul style="list-style-type: none"> Cost Distribution Services — Service Provider will use validated invoices as documented above to provide Service Receiver a cost distribution file transmitted via FTP and/or email, or transmitted to an internal business unit data and centralized tax services via the current Purchase to pay distribution process to all Service Receiver's business units that are currently on Purchase to Pay. The Service Provider will provide cost distribution and taxability indicators, per agreed frequency to the Service Receiver's business units that are not currently supported by the Shared Services Accounts Payable (P2P) process). 	As Needed Basis		
<ul style="list-style-type: none"> eBuyITT Aged-Invoice Workflow Notification — Service Provider will perform routine communication of aged open invoices requiring Service Receiver triage and action. 	As Needed Basis				

* Note: The BAU transaction volume for hard copy invoices, and not the total invoice volume (i.e., both electronic and hard copy), will be used as the pre-distribution date baseline to calculate changes in service volumes (plus or minus 10%) as defined in the next section.

Service Volumes Greater or Less Than Observed Pre-Distribution Date

Service Provider will deliver the same volume of Services as delivered in the 12 months prior to the Distribution Date, plus or minus 10% (such activity, including any such 10% deviation, "Business as Usual activities" or "BAU") at no additional cost per unit. Service Provider will accommodate Service Receiver's inorganic (Mergers, Acquisitions, and Divestitures) activities on a time and materials basis with respect to the one-time set-up fees. The table below will then apply following the completion of the one-time set-up activities

<u>Scenario</u>	<u>One-Time Setup Fees</u>	<u>Monthly Fees</u>
Service Volume within BAU [Note: BAU already includes +/- 10% of pre-distribution date volumes]	No incremental one-time fees when Service Receiver utilizes services and structure as-is with no changes under this agreement	Steady-State fee structure for requisite service as documented below
Service Volume greater or less than BAU	Service Provider will develop a commercially reasonable quote for acceptance by the Service Receiver provided the Service Receiver utilizes services and structure as-is with no significant changes under this agreement	Service Provider will develop a commercially reasonable quote for acceptance by the Service Receiver incremental to the base service costs documented below for the requisite service

Ad-Hoc development/services or processing of reports consistent with what was provided prior to the distribution date will be supported as part of this agreement. Service Provider will use commercially reasonable efforts based on provider's current abilities to accommodate regulatory or legal ad-hoc requests. Ad-hoc requests which may need to be performed to assist Service Receiver in meeting new legal obligations will be provided on a time and materials basis as described in the Additional Pricing section of this agreement. Any changes to 3rd party relationships which require interface modifications or re-writes (e.g., Benefits provider change) are not included as part of the scope of this agreement. Should the Service Receiver require such changes, Parties agree to negotiate in good faith with regard to such modification. In the event modifications to the services provided are required by law for only the Service Recipient and such modifications increase the cost for Service Provider, Service Recipient that requires the modifications shall pay all the additional costs including the costs for the other Service Recipients.

Exit Services

The following services will be provided upon receipt of a Termination Notice to exit from this Service.

<u>Service #</u>	<u>Service Name</u>	<u>Description of Service</u>	<u>Service Charge (\$/hour)</u>
SS-eBuyITT-02	eBuyITT Invoice Processing Services Migration	Service Provider will make commercially reasonable efforts to assist Service Receiver in exiting of this agreement. These efforts include: <ul style="list-style-type: none">• Support of data extraction requests from the Service Receiver• Providing Subject Matter Expertise in helping the Service Receiver understand current state business processes, and current state functional data mapping Service Provider will provide the following knowledge transfer services:	Time and Materials Based on Additional Pricing Section
SS-eBuyITT-03	eBuyITT Invoice Processing Services Knowledge Transfer	<ul style="list-style-type: none">• Existing non-sensitive documentation maintained by the Service Provider will be given to the Service Receiver as it relates to eBuyITT services	Time and Materials Based on Additional Pricing Section

Supplemental Services

For requests for supplemental services relating to eBuyITT Invoice Processing by Service Receiver not mentioned in this Schedule or not included within the costs documented in this agreement, Service Receiver will provide a discreet project request and submit such request to Service Provider using the formalized Change Request attached as Annex A for consideration by Service Provider.

Where notice is required a number of business days prior to some required action by Service Provider, notice must be received by 12 noon Eastern Time to be counted as received during such business day. Service Provider shall, within a commercially reasonable period, provide a price quote to be commercially reasonable based on the current cost of the Services to Service Receiver taking into account, such items as the specific time the request was made, service delivery volumes, exit planning activities, and other activities Service Provider is currently engaged in at the time of the request, but not later than 30 days after the request was made. If Service Provider, in its sole discretion determines (i) such request would increase the ongoing operating costs for Service Provider (as a service recipient) or any other service receiver or (ii) that it is not capable of making such changes with its current staff during the time period requested without interrupting the Services provided to itself or any other service receiver. Service Provider need not provide a price quote or perform the services. Where a price quote is provided, Service Provider shall provide the service requested upon acceptance of the price.

LOCATIONS

Services are initially provided from Palm Coast, FL USA to other USA locations.

PREREQUISITES/DEPENDENCIES

- Service Receiver will maintain current Cost Distribution data delivery methodologies (e.g., FTP drop site/email attachment receipt).
- If Service Receiver or their suppliers provides inaccurate information to Service Provider it will be the responsibility of the Service Receiver to rectify any problems and bear any costs incurred to rectify the issue.
- Security and access controls will be maintained as set forth in the Master Services Agreement.
- Service Receiver must actively be engaged on the GSCS Service Agreement from Global Supply Chain Services (GSCS) and utilize Perfect Commerce as the eProcurement platform for the duration this agreement is in effect.

NOTICE REQUIREMENT

Official Notices and Bills under this Schedule should be sent to the following addresses (with an email copy to the Service Owners set forth above):

If to the Service Provider:
ITT Corporation
240 Fall Street
Seneca Falls, NY 13148
Attention: Daryl R. Bowker
Daryl.bowker@itt.com

If to the Service Receiver:
Xylem Inc.
2881 E Bayard Street
Seneca Falls, NY 13148
Attention: Linda Lynch
Linda.lynych@xyleminc.com

SERVICE LEVEL

Service Provider will classify incidents at its own discretion. Such classifications shall be consistent with the priorities Service Provider set for itself as a recipient of services.

In the event incidents cannot be resolved, Service Provider shall promptly notify Service Receiver and work together to try and resolve such incidents.

ADDITIONAL PRICING

Hourly Rate for Services Not Specified but Provided by Service Provider Employees (including but not limited to modifications, consulting, exit strategy development, transition, etc.) are documented below. Such services will be provided solely at the Service Provider's discretion. Service Provider is not obligated to provide additional services not specified in this agreement. The employee category is defined by the Service Provider. The rates documented below shall be commercially reasonable and designated by the Service Provider, closest to its current cost to provide the service. The hourly rates below include the 4.5% amount for inflation each year. These rates apply to internal Service Provider employees only, and should external resources be required, the costs for those external resources will be reviewed with the Service Receiver prior to execution of the project.

Additional Pricing Rates (All in USD)

Location	Low	Medium	High
USA	\$ 75	\$ 100	\$ 125
Greece	\$ 35	\$ 46	\$ 58
Mexico	\$ 19	\$ 25	\$ 31
Sweden	\$ 75	\$ 100	\$ 125

SCHEDULE AB2

P-CARD TRANSACTION PROCESSING

Capitalized terms used herein and not otherwise defined shall have the meaning assign such term in the Agreement. The Services provided hereunder are subject in all respects to the terms and conditions of the Agreement, except where expressly noted.

SERVICE OWNER

All service matters, general inquiries and notices regarding this service should be directed to:

<u>Name</u>	<u>Title</u>	<u>Phone</u>	<u>e-mail</u>
Philip Galluzzi ITT Corporation	Manager, TDS Business Relationships & Corporate Travel	(386) 446-6160	phil.galluzzi@itt.com
Mary Marts Xylem Inc.	Sr. Financial Analyst, Fluid and Motion Control	(914) 323-5791	mary.marts@xyleminc.com

GENERAL SERVICE DESCRIPTION

Service Provider will perform P-Card Transaction Processing Services for Service Receiver.

Service Receiver and its Subsidiaries will utilize the Service Provider's resources based on the functionality, processes, input and output screens, and documents that support the Service Provider's business and business processes in the twelve months prior to the Distribution Date.

SCOPE OF SERVICES

Upon the terms and subject to the conditions of this Services Schedule and the Agreement, the Service Provider shall provide to Service Recipient the services identified below (collectively, the "Services").

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
SS-PCard Processing-01	P-Card Transaction Processing Services	<p>Provide P-Card Transaction Processing Services:</p> <ul style="list-style-type: none"> P-Card Invoice Review — The Service Provider will receive a notification and data file from US Bank once monthly containing transaction details and Company information for Service Receiver's P-Card holders. In addition, the Service Provider will receive from an internal business unit an authorization to proceed with the P-Card File download. The Service Provider will review the file, format data for financial processing, and validate invoices for completeness and accuracy. The Service Provider will flag invoices with validation errors. The Service Provider will use booked AP invoices to generate proprietary data files to be sent via email to Service Receiver's Treasury Department for payment settlement. P-Card Exception Handling and Resolution — The Service Provider will reconcile and re-validate invoices flagged with validation errors. Once the invoice is validated, the Service Provider will process it as stated above. Mismatched invoices will not be paid without resolution. For processing credits, the Service Provider will insure that management accounts have monthly debit balances prior to transmission to Service Receiver's Treasury Department. If a management account is received as a zero or credit balance, the Service Provider will remove credit transactions from being processed in ascending order until the management account reflects a debit balance. The Service Provider will communicate the removed credits to the internal business unit for resolution. P-Card Cost Distribution — The Service Provider will use validated invoices as documented above to provide Service Receiver a Cost Distribution file transmitted via File Transfer Protocol (FTP) and/or email. P-Card File Maintenance — The Service Provider will perform file maintenance based on internal business unit approval for new and/or changes to P-Card holders. Only valid, internal business unit-approved cardholder transactions are processed. Three (3) business days prior notice is required to maintain P-Card file. 	125 Transactions Annually	18	Cost plus 2% - 10% per month
			40 Transactions Annually		
			15 Transactions per Month		
			As Needed Basis		

Service Volumes Greater or Less Than Observed Pre-Distribution Date

Service Provider will deliver the same volume of Services as delivered in the 12 months prior to the Distribution Date, plus or minus 10% (such activity, including any such 10% deviation, "Business as Usual activities" or "BAU") at no additional cost per unit. Service Provider will accommodate Service Receiver's inorganic (Mergers, Acquisitions, and Divestitures) activities on a time and materials basis with respect to the one-time set-up fees. The table below will then apply following the completion of the one-time set-up activities

<u>Scenario</u>	<u>One-Time Setup Fees</u>	<u>Monthly Fees</u>
Service Volume within BAU [Note: BAU already includes +/- 10% of pre-distribution date volumes]	No incremental one-time fees when Service Receiver utilizes services and structure as-is with no changes under this agreement	Steady-State fee structure for requisite service as documented below
Service Volume greater or less than BAU	Service Provider will develop a commercially reasonable quote for acceptance by the Service Receiver provided the Service Receiver utilizes services and structure as-is with no significant changes under this agreement	Service Provider will develop a commercially reasonable quote for acceptance by the Service Receiver incremental to the base service costs documented below for the requisite service

Ad-Hoc development/services or processing of reports consistent with what was provided prior to the distribution date will be supported as part of this agreement. Service Provider will use commercially reasonable efforts based on provider's current abilities to accommodate regulatory or legal ad-hoc requests. Ad-hoc requests which may need to be performed to assist Service Receiver in meeting new legal obligations will be provided on a time and materials basis as described in the Additional Pricing section of this agreement. Any changes to 3rd party relationships which require interface modifications or re-writes are not included as part of the scope of this agreement. Should the Service Receiver require such changes, Parties agree to negotiate in good faith with regard to such modification. In the event modifications to the services provided are required by law for only the Service Recipient and such modifications increase the cost for Service Provider, Service Recipient that requires the modifications shall pay all the additional costs including the costs for the other Service Recipients.

Exit Services

The following services will be provided upon receipt of a Termination Notice to exit from this Service.

<u>Service #</u>	<u>Service Name</u>	<u>Description of Service</u>	<u>Service Charge (\$/hour)</u>
SS-PCard Processing-02	P-Card Transaction Processing Migration	Service Provider will make commercially reasonable efforts to assist Service Receiver in exiting of this agreement. These efforts include: <ul style="list-style-type: none">• Support of data extraction requests from the Service Receiver• Providing Subject Matter Expertise in helping the Service Receiver understand current state business processes, and functional data mapping	Time and Materials Based on Additional Pricing Section
SS-PCard Processing-03	P-Card Transaction Processing Knowledge Transfer	Service Provider will provide the following knowledge transfer services: <ul style="list-style-type: none">• Existing non-sensitive documentation maintained by the Service Provider will be given to the Service Receiver as it relates to P-Card Transaction Processing services	Time and Materials Based on Additional Pricing Section

Supplemental Services

For requests for supplemental services relating to P-Card Transaction Processing by Service Receiver not mentioned in this Schedule or not included within the costs documented in this agreement, Service Receiver will provide a discreet project request and submit such request to Service Provider using the formalized Change Request attached as Annex A for consideration by Service Provider.

Where notice is required a number of business days prior to some required action by Service Provider, notice must be received by 12 noon Eastern Time to be counted as received during such business day. Service Provider shall, within a commercially reasonable period, provide a price quote to be commercially reasonable based on the current cost of the Services to Service Receiver taking into account, such items as the specific time the request was made, service delivery volumes, exit planning activities, and other activities Service Provider is currently engaged in at the time of the request, but not later than 30 days after the request was made. If Service Provider, in its sole discretion determines (i) such request would increase the ongoing operating costs for Service Provider (as a service recipient) or any other service receiver or (ii) that it is not capable of making such changes with its current staff during the time period requested without interrupting the Services provided to itself or any other service receiver. Service Provider need not provide a price quote or perform the services. Where a price quote is provided, Service Provider shall provide the service requested upon acceptance of the price.

LOCATIONS

Services are initially provided from Palm Coast, FL, USA to other USA locations.

PREREQUISITES/DEPENDENCIES

- If Service Receiver, or their Supplier(s), provides inaccurate information to Service Provider it will be the responsibility of the Service Receiver to rectify any problems and bear any costs incurred to rectify the issue.
- Service Receiver, in a separate and independent agreement, must utilize US Bank as the P-Card supplier for the duration this agreement is in effect.
- Service Receiver must actively be engaged on the GSCS Service Agreement from Global Supply Chain Services (GSCS) for the duration this agreement is in effect.
- Service Receiver must maintain current Cost Distribution data delivery methodologies (e.g., FTP drop site/email attachment receipt) and payment settlement interface (Treasury) for the duration this agreement is in effect.
- Security and access controls will be maintained as set forth in the Master Services Agreement.

NOTICE REQUIREMENT

Official Notices and Bills under this Schedule should be sent to the following addresses (with an email copy to the Service Owners set forth above):

If to the Service Provider:
ITT Corporation
240 Fall Street
Seneca Falls, NY 13148
Attention: Daryl R. Bowker
Daryl.bowker@itt.com

If to the Service Receiver:
Xylem Inc.
2881 E Bayard Street
Seneca Falls, NY 13148
Attention: Linda Lynch
Linda.lynych@xylem.com

SERVICE LEVEL

Service Provider will classify incidents at its own discretion. Such classifications shall be consistent with the priorities Service Provider set for itself as a recipient of services.

In the event incidents cannot be resolved, Service Provider shall promptly notify Service Receiver and work together to try and resolve such incidents.

ADDITIONAL PRICING

Hourly Rate for Services Not Specified but Provided by Service Provider Employees (including but not limited to modifications, consulting, exit strategy development, transition, etc.) are documented below. Such services will be provided solely at the Service Provider's discretion. Service Provider is not obligated to provide additional services not specified in this agreement. The employee category is defined by the Service Provider. The rates documented below shall be commercially reasonable and designated by the Service Provider, closest to its current cost to provide the service. The hourly rates below include the 4.5% amount for inflation each year. These rates apply to internal Service Provider employees only, and should external resources be required, the costs for those external resources will be reviewed with the Service Receiver prior to execution of the project.

Additional Pricing Rates (All in USD)

Location	Low	Medium	High
USA	\$ 75	\$ 100	\$ 125
Greece	\$ 35	\$ 46	\$ 58
Mexico	\$ 19	\$ 25	\$ 31
Sweden	\$ 75	\$ 100	\$ 125

**SCHEDULE AB3
TELECOM INVOICE PROCESSING
SERVICES (TAPS)**

Capitalized terms used herein and not otherwise defined shall have the meaning assign such term in the Agreement. The Services provided hereunder are subject in all respects to the terms and conditions of the Agreement, except where expressly noted.

SERVICE OWNER

All service matters, general inquiries and notices regarding this service should be directed to:

Name	Title	Phone	e-mail
Philip Galluzzi ITT Corporation	Manager, TDS Business Relationships & Corporate Travel	(386) 446-6160	phil.galluzzi@itt.com
Mary Marts Xylem Inc.	Sr. Financial Analyst, Fluid and Motion Control	(914) 323-5791	mary.marts@xyleminc.com

GENERAL SERVICE DESCRIPTION

Service Provider will perform Telecom Invoice Processing Services (TAPS), for Long Distance Voice and Data Circuitry, for Service Receiver.

Service Receiver and its Subsidiaries will utilize the Service Provider's resources based on the functionality, processes, input and output screens and documents that support the Service Provider's business and business processes in the twelve months prior to the Distribution date.

SCOPE OF SERVICES

Upon the terms and subject to the conditions of this Services Schedule and the Agreement, Service Provider shall provide to Service Recipient the services identified below (collectively, the "Services").

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
SS-TAPS-01	Telecom Invoice Processing Services (TAPS)	Provide Telecom Invoice Processing (TAPS) Services:			
		<ul style="list-style-type: none"> TAPS supplier statements — The Service Provider will receive Service Receiver's current Primary Telecom Service Supplier statements monthly. The statements are transmitted via EDI, or entered manually via paper statements, to the Service Provider. To produce balanced TAPS statements, the Service Provider will perform various validation and duplication protection routines with criteria including Master Control Number, Account number, and AT&T Statement numbers. Only total current charges are recognized in the TAPS system for processing each month. 	2,100 Transactions Annually		
		<ul style="list-style-type: none"> TAPS Exception Handling and Resolution — Service Provider will reconcile accounts that failed validation. The Service Provider will make commercially reasonable efforts to gain resolution from the Service Receiver, to produce resolved accounts that are ready for financial processing. Accounts that fail validation are not paid without resolution. 	60 Transactions Annually	9	Cost plus 2% - 10% per month
		<ul style="list-style-type: none"> Invoice Recording & Payment Processing — Service Provider will send the balanced invoices to an internal business unit within the Service Provider, on a monthly basis, for additional Accounts Payable recording and payment processing for the Service Receiver. 	2,100 Transactions Annually		
		<ul style="list-style-type: none"> TAPS Cost Distribution — The Service Provider will transmit to the Service Receiver a Cost Distribution file from the processed validated Statements, Service Provider will transmit this file via FTP and/or email to the Service Receiver. 	15 Transactions per Month		
		<ul style="list-style-type: none"> TAPS Customer File Maintenance — The Service Provider will perform Customer File Maintenance after receiving a Change Request from the Service Receiver. Only valid, ITT Customer accounts and Statements are processed. Three (3) business days prior notice are required to maintain the Customer file. 	30 Transactions Annually		

Service Volumes Greater or Less Than Observed Pre-Distribution

Service Provider will deliver the same volume of Services as delivered in the 12 months prior to the Distribution Date, plus or minus 10% (such activity, including any such 10% deviation, "Business as Usual activities" or "BAU") at no additional cost per unit. Service Provider will accommodate Service Receiver's inorganic (Mergers, Acquisitions, and Divestitures) activities on a time and materials basis with respect to the one-time set-up fees. The table below will then apply following the completion of the one-time set-up activities

<u>Scenario</u>	<u>One-Time Setup Fees</u>	<u>Monthly Fees</u>
Service Volume within BAU [Note: BAU already includes +/- 10% of pre-distribution volumes]	No incremental one-time fees when Service Receiver utilizes services and structure as-is with no changes under this agreement	Steady-State fee structure for requisite service as documented in this agreement
Service Volume greater or less than BAU	Service Provider will develop a commercially reasonable quote for acceptance by the Service Receiver provided the Service Receiver utilizes services and structure as-is with no significant changes under this agreement	Service Provider will develop a commercially reasonable quote for acceptance by the Service Receiver incremental to the base service costs documented below for the requisite service

Ad-Hoc development/services or processing of reports consistent with what was provided prior to the distribution date will be supported as part of this agreement. Service Provider will use commercially reasonable efforts based on provider's current abilities to accommodate regulatory or legal ad-hoc requests. Ad-hoc requests which may need to be performed to assist Service Receiver in meeting new legal obligations will be provided on a time and materials basis as described in the Additional Pricing section of this agreement. Any changes to 3rd party relationships which require interface modifications or re-writes are not included as part of the scope of this agreement. Should the Service Receiver require such changes, Parties agree to negotiate in good faith with regard to such modification. In the event modifications to the services provided are required by law for only the Service Recipient and such modifications increase the cost for Service Provider, Service Recipient that requires the modifications shall pay all the additional costs including the costs for the other Service Recipients.

Exit Services

The following services will be provided upon receipt of a Termination Notice to exit from this Service.

<u>Service #</u>	<u>Service Name</u>	<u>Description of Service</u>	<u>Service Charge (\$/hour)</u>
SS-TAPS-02	Telecom Invoice Processing (TAPS) Migration	Service Provider will make commercially reasonable efforts to assist Service Receiver in exiting of this agreement. These efforts include: <ul style="list-style-type: none">• Support of data extraction requests from the Service Receiver• Providing Subject Matter Expertise in helping the Service Receiver understand current state business processes and functional data mapping	Time and Materials Based on Additional Pricing Section
SS-TAPS-03	Telecom Invoice Processing (TAPS) Knowledge Transfer	Service Provider will provide the following knowledge transfer services: <ul style="list-style-type: none">• Existing non-sensitive documentation maintained by the Service Provider will be given to the Service Receiver as it relates to Telecom Invoice Processing (TAPS) services	Time and Materials Based on Additional Pricing Section

Supplemental Services

For requests for supplemental services relating to Telecom Invoice Processing Services (TAPS) by Service Receiver not mentioned in this Schedule or not included within the costs documented in this agreement, Service Receiver will provide a discreet project request and submit such request to Service Provider using the formalized Change Request attached as Annex A for consideration by Service Provider.

Where notice is required a number of business days prior to some required action by Service Provider, notice must be received by 12 noon Eastern Time to be counted as received during such business day. Service Provider shall, within a commercially reasonable period, provide a price quote to be commercially reasonable based on the current cost of the Services to Service Receiver taking into account, such items as the specific time the request was made, service delivery volumes, exit planning activities, and other activities Service Provider is currently engaged in at the time of the request, but not later than 30 days after the request was made. If Service Provider, in its sole discretion determines (i) such request would increase the ongoing operating costs for Service Provider (as a service recipient) or any other service receiver or (ii) that it is not capable of making such changes with its current staff during the time period requested without interrupting the Services provided to itself or any other service receiver. Service Provider need not provide a price quote or perform the services. Where a price quote is provided, Service Provider shall provide the service requested upon acceptance of the price.

LOCATIONS

Services are initially provided from Palm Coast, FL, USA to other USA locations and select EU and Asia locations.

PREREQUISITES/DEPENDENCIES

- Security and access controls will be maintained as set forth in the Master Services Agreement.
- If Service Receiver, or their Supplier(s), sends inaccurate data to Service Provider it will be the responsibility of the Service Receiver to rectify any problems and bear any costs incurred to rectify the issue.
- Service Receiver must actively be engaged in the circuitry configuration and inventory control of their networks and have Subject Matter Experts (SME) available to assist with statement processing discrepancies.
- Service Receiver, in a separate and independent agreement, must utilize AT&T as the telecommunication data vendor.
- Service Receiver will maintain current Cost Distribution data delivery methodologies (e.g., FTP drop site/email attachment receipt).

NOTICE REQUIREMENT

Official Notices and Bills under this Schedule should be sent to the following addresses (with an email copy to the Service Owners set forth above):

If to the Service Provider:
ITT Corporation
240 Fall Street
Seneca Falls, NY 13148
Attention: Daryl R. Bowker
Daryl.bowker@itt.com

If to the Service Receiver:
Xylem Inc.
2881 E Bayard Street
Seneca Falls, NY 13148
Attention: Linda Lynch
Linda.lynch@xyleminc.com

SERVICE LEVEL

Service Provider will classify incidents at its own discretion. Such classifications shall be consistent with the priorities Service Provider set for itself as a recipient of services.

In the event incidents cannot be resolved, Service Provider shall promptly notify Service Receiver and work together to try and resolve such incidents.

ADDITIONAL PRICING

Hourly Rate for Services Not Specified but Provided by Service Provider Employees (including but not limited to modifications, consulting, exit strategy development, transition, etc.) are documented below. Such services will be provided solely at the Service Provider's discretion. Service Provider is not obligated to provide additional services not specified in this agreement. The employee category is defined by the Service Provider. The rates documented below shall be commercially reasonable and designated by the Service Provider, closest to its current cost to provide the service. The hourly rates below include the 4.5% amount for inflation each year. These rates apply to internal Service Provider employees only, and should external resources be required, the costs for those external resources will be reviewed with the Service Receiver prior to execution of the project.

Additional Pricing Rates (All in USD)

Location	Low	Medium	High
USA	\$ 75	\$ 100	\$ 125
Greece	\$ 35	\$ 46	\$ 58
Mexico	\$ 19	\$ 25	\$ 31
Sweden	\$ 75	\$ 100	\$ 125

SCHEDULE AB4
U.S
ACTIVE SALARIED ELIGIBLE
EMPLOYEES MEDICAL, PHARMACY
AND DENTAL PROGRAM

Capitalized terms used herein and not otherwise defined shall have the meaning assigned such term in the Agreement. The Services provided hereunder are subject in all respects to the terms and conditions of the Agreement, except where expressly noted.

SERVICE OWNER

All service matters and general inquiries regarding this Service should be directed to:

Name	Title	Phone	e-mail
Service Provider's Contact			
ITT Corporation Deborah Macchia	Mgr, Benefits Planning and Administration	(914) 304-1729	Deb.macchia@itt.com
Lisa Munoz	Benefits Analyst	(914) 304-2026	Lisa.munoz@itt.com
Thomas Hickey	Manager, Benefits Financial Reporting and Administration	(914) 641-2077	Thomas.hickey@itt.com
Service Recipient's Contact			
Xylem Inc.			
Keith Dick	Director, Global Benefits	(914) 323-5964	Keith.dick@xylem.com

PARTIES TO THE AGREEMENT

Service Provider: ITT Corporation — White Plains, NY
Service Recipient: Xylem Inc. — White Plains, NY

TERM

Services provided hereunder shall terminate December 31, 2013; provided that for the avoidance of doubt the coverages provided hereunder and described below only apply to Claims (as defined herein) made by Service Recipient's Covered Employees (as defined herein) and incurred on or before December 31, 2011.

GENERAL SERVICE DESCRIPTION

Service Provider currently provides active medical, pharmacy(Rx) and dental administration for coverages provided through Empire and Anthem (medical), Medco(Rx), MetLife(dental) and SHPS (FSA) (Empire, Anthem, Medco, MetLife and SHPS collectively, the "Vendors") for its U.S. Active, Salaried, Eligible Employees ("Covered Employees"). Service Provider shall keep the current contracts with the Vendors and the ITT CORPORATION SALARIED MEDICAL AND DENTAL PLAN (PLAN NUMBER 502 EIN 13-5158950) and the ITT Salaried Medical Plan and Salaried Dental Plan General Plan Terms (collectively, the "Plans") and all coverage thereunder in full force through December 31, 2011 for Service Recipient's Covered Employees. All claims of Service Recipient's Covered Employees made under the Plans and incurred on or prior to December 31, 2011 the ("2011 Plan Year") will be adjudicated in accordance with the current contract and Service Provider will continue to take such actions on behalf of Service Recipient's Covered Employees as if such employees are employees of Service Provider.

All medical, dental, pharmacy and FSA claims of Service Recipient's Covered Employees made under the Plans (the "Claims") will be paid by the Vendors on behalf of the Service Provider. Service Recipient will pay Service Provider for coverage based on 2011 budget premium rates previously set for the calendar year 2011 and described in the "Pricing" section below. Service Recipient will pay Service Provider monthly premium payments for this service, for any full or partial months, based on actual enrollment for the months covered post-spin using enrollments as of the first (1st) calendar day of the month, commencing on the day after the Distribution Date. Service Recipient will prepare and deliver to Service Provider a monthly self bill containing cost breakdown by business unit and plan tier as set forth on Attachment A, within five (5) Business Days after the beginning of each calendar month. The Service Recipient will be required to pay the Service Provider the monthly premium payments within ten (10) Business Days after the beginning of each calendar month. A detailed listing of Service Recipient's employees covered, including the Plans and enrollment tier in which they are enrolled, will be made available to Service Provider upon its reasonable request.

Service Provider will retain responsibility for executing funding of Claim payments and eligibility management with Vendors through December 31, 2013.

Service Provider will conduct a Headcount True-Up (as defined below) of the monthly premiums and establish an Incurred But Not Reported ("IBNR") claims reserve for Claims incurred prior to December 31, 2011 date, but paid after that date, and conduct a reconciliation of such reserve. See "Headcount True-Up" and "IBNR Reconciliation" sections under Additional Pricing for details.

SCOPE OF SERVICES

Upon the terms and subject to the conditions of this Services Schedule and the Agreement, Service Provider shall provide to Service Recipient the services identified below or described above (collectively, the "Services").

- Monthly Premium billing.
- Monthly administrative services billing (for administrative services billed on an hourly basis. See Additional Pricing section for Hourly Rates).
- See General Service Description for a description of payments and billing hereunder. See Pricing for a description of the Headcount True-Up (as defined below) and reconciliation for IBNR (as defined below) Claims.
- Claims processing
 - All Vendor Claims process will remain unchanged from the process as used during the 12-month period prior to the Distribution Date.
 - The Claims appeal process will not change from the process as used during the 12-month period prior to the Distribution Date. Empire/Anthem/Medco, MetLife and SHPS will handle all appeals as provided under the Employee Retirement Income Security Act. Once all such appeals have been exhausted, escalations will be handled by Service Provider.
 - Service Provider will pay all Claims incurred during the 2011 Plan Year.
- Eligibility
 - o All eligibility adjustments (adding dependents, new hires, ect.) will be handled by local Service Recipient HR through the Infinium interface.
 - o The Service Recipient may add or remove employees/dependants to coverage in accordance with the terms of the Plans, generally upon a qualifying event, new hire or termination. These rules will be the same rules in effect immediately prior to Distribution Date and will remain in effect until January 31, 2012.
 - o Manual adjustments to eligibility will be handled directly with the Vendors by authorized Service Recipient local HR. These adjustments will be one off type adjustments that cannot be made through Infinium due to timing.
 - o All file transmissions to Vendors will be handled by the Exelis Inc. Fort Wayne Shared Service team under the HR/Payroll/Benefits Transition Services Agreement.

- o All files normally maintained manually by the Service Recipient local HR departments during the twelve (12) month period prior to the Distribution Date will remain unchanged.
- o COBRA qualifying events notices will be handled by SHPS. Service Recipient Local HR department will notify SHPS of termination of employment (as is the current practice in the twelve (12) months prior to Distribution Date). SHPS will provide election notice to Covered Employees with appropriate coverages. There is a separate Letter of Intent with SHPS, attached as Attachment B.
- Claims payment
 - o All Covered Employee Claims made under the Plans and incurred for the 2011 Plan Year will be paid by Service Provider.
 - o Vendor administrative service charges for the 2011 Plan Year will be paid by Service Provider.
 - o Empire and MetLife maintain bank accounts which Service Provider funds daily to pay claims. Each Vendor will separate claims paid by claims incurred date.
 - o Service Provider will pay all Medical and Dental Claims incurred for the 2011 Plan Year, but submitted for payment after the end of the 2011 Plan Year but no later than allowed under the terms of the applicable Plan.
 - o MEDCO invoices bi-weekly for claims paid. Service Provider will pay for all MEDCO claims incurred for the 2011 Plan Year.

PREREQUISITES/DEPENDENCIES

Service Recipient Responsibilities

- Service Recipient will provide accurate and timely employee enrollments via Infinium.
- Service Recipient will research eligibility issues as needed.
- In case of inaccurate data sent to Service Provider it will be the responsibility of the Service Recipient to rectify any problems and assessments incurred.
- Local Human Resources/Benefits departments will support Covered Employees.

BILLING LOCATION

Service Recipient will provide Service Provider a self billed invoice and payment to their address set forth below. The bill will cover all charges for Services under this Schedule provided by Service Provider. The invoice will contain the number of enrolled employees per tier per coverage, as set forth in Schedule A. A detailed list of Covered Employees will be provided by the Service Provider upon reasonable request of the Service Recipient. All administrative functions handled by the Service Provider in the twelve (12) month period prior to the Distribution Date are contained in the fee structure set forth below. The Service Provider and Service Recipient agree to negotiate in good faith for any additional services related to the Service provided hereunder that are outside the normal course of business.

SERVICE LEVEL

The Service Provider will provide the same service level to the Service Recipient as it provides to its Covered Employees.

NOTICE REQUIREMENTS

Official Notices and Bills under this Schedule should be sent to the following addresses (with an email copy to the Service Owners set forth above):

If to the Service Provider:
ITT Corporation
240 Fall Street
Seneca Falls, NY 13148
Attention: Daryl R. Bowker
Daryl.bowker@itt.com

If to the Service Receiver:
Xylem Inc.
2881 E. Bayard Street
Seneca Falls, NY 13148
Attention: Linda Lynch
Linda.lynych@xyleminc.com

Termination notices are not required. Service Provider will pay Claims incurred during the 2011 Plan Year, during the period from November 1, 2011 through December 31, 2013 with no further premium billed to the Service Recipient. Pursuant to the terms of the Plans there is a twenty-four (24) month Claim filing limit.

PRICING

In addition to the costs specifically set forth below, Service Recipient shall also pay all routine business travel expenses relating to such Services. The below table contains the monthly premium rates the Service Provider shall charge. The Service Recipient will be required to pay the Service Provider the monthly premium payments within ten (10) Business Days after the beginning of each calendar month. A detailed listing of Service Recipient's Covered Employees, including the Plans and enrollment tier in which they are enrolled, will be made available to Service Provider upon its reasonable request. Each business unit has been banded 1 through 5. Depending on the assigned band the appropriate budget amount is charged to that business unit. The amounts in the table are per employee per month, by plan and coverage tier. See "General Service Description" for further detail on payment and billing for the monthly premium payments.

Medical and Pharmacy Premium

Basic

Rating Band	Employee Only	Employee + 1	Family
Band 1			
Band 2			
Band 3			
Band 4			
Band 5			

Enhanced

Rating Band	Employee Only	Employee + 1	Family
Band 1			
Band 2			
Band 3			
Band 4			
Band 5			

EPO

Rating Band	Employee Only	Employee + 1	Family
Band 1			
Band 2			
Band 3			
Band 4			
Band 5			

HDHP

Rating Band	Employee Only	Employee + 1	Family
Band 1			
Band 2			
Band 3			
Band 4			
Band 5			

Dental Premium

MetLife Dental

EE
\$35

EE+1
\$73

Family
\$104

FSA Pricing

<u>Coloc</u>	<u>Participating Location</u>	<u>New Company</u>	<u>PartCount</u>	<u>ASO Fee</u>	<u>Total ASO per Month</u>
203010	FTC-HQ	Xylem	35		
371010	Heat Transfer	Xylem	28		
371030	Bell & Gossett Division	Xylem	67		
371070	RCW	Xylem	16		
375010	AC Custom Pump	Xylem	18		
503010	Rule Industries	Xylem	13		
504010	Sanitaire (WPCC)	Xylem	30		
512001	Flo - Jet	Xylem	8		
515010	Motion and Flow Controls HQ	Xylem	1		
549010	Flowtronex	Xylem	33		
583010	WEDECO	Xylem	16		
584010	Water Technology, Inc.	Xylem	70		
584020	Texas Turbine Operations-Lubbock	Xylem	30		
600010	Leopold Salary	Xylem	41		
683003	Flygt-Indiana	Xylem	2		
683010	FlygtCorp.	Xylem	105		
683020	Flygt Florida	Xylem	10		
786010	Laing	Xylem	1		
808010	Nova Analytics	Xylem	3		
809010	Global Water Instruments	Xylem	1		

Additional Pricing

Hourly Rates

Hourly Rates for Services not specified or normally provided by Service Provider in the twelve (12) month period prior to the Distribute Date but otherwise provided by Service Provider employees (including but not limited to modification, consulting, exit strategy development, transition, etc.) are documented below. The employee category is defined by Service Provider. The rates documented below apply to Service Provider employees only, should external

resources be required, the costs for those external resources will be reviewed with the Service Recipient prior to execution of the project.

Notwithstanding anything in the Agreement to the contrary, the following rates shall not be subject to (a) the 4.5% increase for inflation in 2012 described in Section 2(a)(3) (but such rates shall be subject to such increase in 2013) or (b) the 2% or 10% increases described in the proviso to Section 2(a)(i) of the Agreement.

General Category of Employee	Hourly Rate
1. Secretarial/Administrative	\$ 50.00
2. Non-Executive	\$100.00
3. Executive	\$150.00

Headcount True-Up

Service Provider shall conduct a "headcount" true-up by March 31, 2012 (the "Headcount True-Up"), based on actual enrollment during the period beginning on the day after the Distribution Date and ending on December 31, 2011. The Headcount True-Up will be based on reviewing the actual monthly Infinium enrollment by Plan and coverage tier, by unit, but, for the avoidance of doubt, no true-up of actual Claims will be conducted. The Service Provider shall promptly provide the results of the Headcount True-Up to Service Recipient together with any supporting data reasonably requested by Service Recipient. Within ten (10) Business Days after the parties reach agreement on the amount of the Headcount True-Up, the appropriate party shall pay to the other the amount so due.

IBNR Reconciliation

- Reconciliation for Incurred But Not Reported ("IBNR") Claims
 - o The premiums collected from Service Recipient hereunder will be credited to Service Provider's active medical ledger.
 - o The amount that Service Provider should hold in reserve to cover payment for all IBNR Claims incurred for the 2011 Plan Year shall be calculated in accordance with the following procedures:
 - This calculation will be made by June 30, 2012 using the same methods, assumptions, processes, etc. as used during the 12-month period prior to the Distribution Date to calculate the IBNR Claim reserve remaining to pay Claims incurred before January 1, 2012, but paid after June 30, 2012.
 - Service Provider and Service Recipient will engage Towers Watson, or such other person as the parties may agree to engage (the "Calculation Agent"), to calculate the target level of the IBNR claim reserve, whose determination shall be binding and conclusive on the Service Provider and Service Recipient.

- The IBNR Claim reserve will have its final reconciliation calculated the Calculation Agent by June 30, 2012.
- o If the amount held for the IBNR Claim reserve is greater than the target level of the IBNR Claim reserve, as determined herein, within ten (10) Business Days of Service Provider being notified of such determination by the Calculation Agent, Service Provider shall pay its proportionate amount to Service Recipient (based upon Service Recipient's number of Covered Employees (as of December 31, 2011) in relation to the total number of Covered Employees (for all of the Parties to the Agreement) in the IBNR Claim reserve pool (as of December 31, 2011) (the "Proportionate Amount")), required, when included with the Proportionate Amounts to be paid to the other Parties to the Agreement, required to bring the amount held for the IBNR Claim reserve to its targeted level, as determined by the Calculation Agent.
- o If the amount held for the IBNR Claim reserve is less than the target level of the IBNR claim reserve, as determined herein, within ten (10) Business Days of Service Recipient being notified of such determination by the Calculation Agent and its Proportionate Amount by the Service Provider, Service Recipient shall pay its Proportionate Amount to Service Provider, required, when included with the Proportionate Amounts to be paid by the other Parties to the Agreement, necessary to bring the amount held for the IBNR Claim reserve to its targeted level, as determined by the Calculation Agent.

Attachment A

(Monthly self bill example)

Unit	Value Center	Grand Total
FTC-HQ	HQ	
Motion and Flow Controls HQ	HQ	
ITT Heat Transfer	RCW	
ITT Bell & Gossett Division	RCW	
Rule Industries	Flow Controls	
Sanitaire (WPCC)	WWW	
AC Custom Pump	IP	
Flo-Jet	Flow Controls	
Sanitaire — Royce	WWW	
Sanitaire WET	RCW	
Flowtronex	RCW	
RCW	RCW	
ITT Water Technology, Inc.	RCW	
Texas Turbine Operations-Lubbock	RCW	
Flygt Florida	WWW	
Leopold Salary	WWW	
WEDECO	WWW	
ITT Flygt Corp.	WWW	
Flygt-Indiana	WWW	
Laing	RCW	
Nova Analytics	ITT Analytics	
Global Water Instruments	ITT Analytics	
Bellingham and Stanley	ITT Analytics	
Aanderaa Data Instruments	ITT Analytics	

Attachment B



May 20, 2011

Ms. Deb Macchia
Manager, Benefits Planning and Communication
ITT Corporation
1133 Westchester Avenue
White Plains, NY 10604

RE: Trivestiture of ITT Corporation

Dear Ms. Macchia:

As you know, SHPS Human Resource Solutions, Inc. ("Company") currently provides ITT Corporation ("Client") spending account administration ("SAM") and COBRA services (collectively "Services") pursuant to a Service Agreement dated January 1, 2008 ("the Service Agreement"). This letter acknowledges the intent of Client to separate into three different entities; namely, Defense Co. ("Defense"), ITT Co. ("ITT") and Water Co. ("Water"). As part of this restructuring, you have requested we perform certain implementation services in order to set up ITT and Water as separate entities. It is the intent of the parties that Defense will assume the Service Agreement and that ITT and Water will enter into a transition services agreement with Defense through December 31, 2011. Existing services provided by the Company to Defense, ITT and Water will continue through December 31, 2011. Effective January 1, 2012, ITT and Water will enter into separate agreements with the Company. The Company agrees to (i) continue performing ongoing Service and (ii) provide implementation services, pursuant to terms and conditions of the Service Agreement and the following:

1. **Services** Beginning on or about June 1, 2011, Company will begin implementation services to set up ITT and Water. Company will continue providing ongoing Services to the Client, including Defense, ITT and Water populations, until the Separation Date.
2. **Termination Fee** Company agrees to defer implementation Fees in an amount of . Of this amount, shall be with respect to ITT (for COBRA and for FSA, respectively) and shall be with respect to Water (for COBRA and for FSA, respectively) (the "Deferred Implementation Fees") over the period between January 1, 2012 and December 31, 2012, which will be included in the new agreements. In the event the Service Agreement is terminated for any reason prior to the expiration the Separation Date the Client shall pay Company the Deferred Implementation Fees in accordance with the payment terms set forth in the Service Agreement.

If the foregoing correctly sets forth the understanding of the parties, please acknowledge your acceptance of this Agreement by signing both copies of this letter at the place provided below and return one to my attention.

If you have any questions or concerns, please do not hesitate to call.

Very truly yours,

Mike Ciarroccki, Client Relationship Executive
SHPS Human Resource Solutions, Inc.

ACCEPTED by: **ITT Corporation**

Deborah R. Macchia

Name: Deborah R. Macchia
Title: Manager, Benefits Planning & Communications
Date: 8/23/11

SCHEDULE AB5
XYLEM RETIREE MEDICAL AND
FINANCIAL SHARED SERVICES (FSS)
ACTIVE MEDICAL AND DENTAL
ADMINISTRATION

Capitalized terms used herein and not otherwise defined shall have the meaning assigned such term in the Agreement. The Services provided hereunder are subject in all respects to the terms and conditions of the Agreement, except where expressly noted.

SERVICE OWNER

All service matters and general inquiries regarding this Service should be directed to:

<u>Name</u>	<u>Title</u>	<u>Phone</u>	<u>e-mail</u>
Service Provider's Contact			
ITT Corporation Conrad Arnold	Director Human Resources	(315) 568-7280	Conrad.arnold@itt.com
Service Recipient's Contact			
Xylem Inc. Dawn DeRue	Human Resources Mgr.	(315) 258-4830	Dawn.derue@Xyleminc.com

PARTIES TO THE AGREEMENT

Service Provider: ITT Corporation— Seneca Falls, NY (IP)

Service Recipient: Xylem Inc. — Auburn, NY and ITT Water Technologies, Inc. — Seneca Falls, NY (Financial Shared Services)) (collectively, "Service Recipients")

TERM

Services provided hereunder shall terminate June 30, 2012; provided that for the avoidance of doubt the coverages provided hereunder and described below only apply to Claims (as defined herein) made by Service Recipient's Covered Employees (as defined herein) and incurred on or before December 31, 2011.

GENERAL SERVICE DESCRIPTION

Service Provider currently provides administration for the Financial Shared Services and ITT Water Technology, Inc. active medical through Excellus Blue Cross/Blue Shield BluePoint2 E Plan, Group and active Dental through Excellus Dental plan, Group and Retiree medical (pre 65 MVP), Group (collectively, the "Benefit Plans") for Service Recipients' employees covered under such Benefit Plans (such employees, the "Covered Employees"). Service Provider shall keep the Benefit Plans and all coverage thereunder in full force through December 31, 2011 for Service Recipient's Covered Employees. Each Service Recipient may add or remove Covered Employees to or from coverage under the Benefit Plans as outlined under the terms of the Benefit Plans. All claims of Service Recipient's Covered Employees made under the Benefit Plans (the "Claims") and incurred on or prior to December 31, 2011 the ("2011 Plan Year") will be adjudicated in accordance with the current contract and Service Provider will continue to take such actions on behalf of Service Recipients' Covered Employees as if such employees are employees of Service Provider.

All Claims of Service Recipients' Covered Employees made under the Benefit Plans will be paid on behalf of the Service Provider.

Service Recipients will pay Service Provider for coverage based on 2011 budget premium rates previously set for the calendar year 2011 and described in the "Pricing" section below. Service Recipients will pay Service Provider monthly premium payments for this service, for any full or partial months, based on actual enrollment for the months covered post-spin using enrollments as of the first (1st) calendar day of the month, commencing on the day after the Distribution Date.

The Service Recipients will be required to pay the Service Provider the monthly premium payments within ten (10) Business Days after the beginning of each calendar month. A detailed listing of Service Recipient's employees covered, including the Plans and enrollment tier in which they are enrolled, will be made available to Service Provider upon its reasonable request.

SCOPE OF SERVICES

Upon the terms and subject to the conditions of this Services Schedule and the Agreement, Service Provider shall provide to Service Recipient the services identified below or described above (collectively, the "Services").

- Monthly premium billing.
- Monthly administrative services billing (for administrative services billed on an hourly basis. See Additional Pricing section for Hourly Rates).

See General Service Description for a description of payments and billing hereunder

The following services listed below will be provided by "experts", who are employees of Service Provider, (the "Experts") with the following persons the initial Experts: Cindy Jansen, Porzia Quinn and Conrad Arnold.

- Administration as needed on daily basis for the Benefit Plans. The Service Provider will provide all services that were provided during the twelve (12) months prior to the Distribution Date. The Service Provider will maintain the same level of service provided during the twelve (12) months prior to the Distribution Date.
 - o Answer any questions pertaining to medical coverage.
 - o Assist in resolving any issues that may arise regarding, medical coverage, ex. Claims, Medicare questions, etc.
 - o Add employees/dependents to the Medical coverage as needed.
 - o Reconcile and pay premiums from Medical carriers pertaining to the Exelis employees.
- Should the Service Recipient need services not provided during the twelve (12) months prior to the Distribution Date, the parties will negotiate in good faith to determine any additional cost involved in the services

PREREQUISITES/DEPENDENCIES

The Experts remain employees of Service Provider. Service Recipients acknowledge and agree that Service Provider has discretion to terminate the Experts and the Experts have the ability to terminate their employment with Service Provider. In the event the initially named Experts are no longer employed by Service Provider, Service Provider's then current benefit manager (or such other person as has the skill and knowledge to so provide such Services) will, at the request of the Service Recipients, provide such Service as described herein.

The Service Recipients' human resources department shall cooperate with the Service Provider, including the Experts, in order for the Service Provider and Experts to provide such Service under this Schedule.

BILLING LOCATION

Service Provider will provide ITT Water Technologies, Inc. and Xylem, Inc. FSS each with separate invoices to their address set forth below. The bill will cover all charges for services under this Schedule provided by Service Provider to both Service Recipients and, to the extent reasonably feasible, will be itemized between the two Service Recipients. The invoice will contain the number of Covered Employees per tier per coverage. A detailed list of Covered Employees and dependents covered will be provided by the Service Provider upon reasonable request of the Service Recipient. All administrative functions handled by the Service Provider

in the twelve (12) month period prior to the Distribution Date are contained in the fee structure set forth below. The Service Provider and Service Recipients agree to negotiate in good faith for any additional services related to the Service provided hereunder that are outside the normal course of business.

SERVICE LEVEL

The Service Provider, including the Experts, will provide the same service level to the Service Recipients as it provides to its own Covered Employees.

NOTICE REQUIREMENTS

Official Notices and Bills under this Schedule should be sent to the following addresses (with an email copy to the Service Owners set forth above):

If to the Service Provider:

ITT Corporation
240 Falls Street
Seneca Falls, NY 13148
Attention: Daryl Bowker and Conrad Arnold
Daryl.bowker@itt.com

If to the Service Receiver:

Xylem Inc.
2881 E. Bayard Street
Seneca Falls, NY 13148
Attention: Linda Lynch
Linda.lynch@xylem.com

PRICING

In addition to the costs specifically set forth below, Service Recipients shall also pay all routine business travel expenses relating to the Services. The Service Recipients shall pay the Service Provider based on the number of Covered Employees as of the first (1st) calendar day of the month. The Service Recipient will be required to pay the Service Provider the monthly premium payments within ten (10) Business Days after the beginning of each calendar month. A detailed listing of Service Recipient's Covered Employees, including the Plans and enrollment tier in which they are enrolled, will be made available to Service Provider upon its reasonable request. See "General Service Description" for further detail on payment and billing for the monthly premium payments. The below table are the rates the Service Provider shall charge.

Coverage	Employee
(Invoicing for medical/dental premiums Only as noted below):	
BluePoint POS (FSS) Active	
Employee	
Employee + 1	
Employee + Child(ren)	
Family	
Dental (FSS) Active	
Employee	
Employee + 1	
Family	
MVP (Retirees Pre 65)	
Employee	
Employee + 1	
Family	

Additional Pricing

Hourly Rates for Services not specified or normally provided by Service Provider in the twelve (12) month period prior to the Distribute Date but otherwise provided by Service Provider employees (including but not limited to modification, consulting, exit strategy development, transition, etc.) are documented below. The employee category is defined by Service Provider. The rates documented below apply to Service Provider employees only, should external resources be required, the costs for those external resources will be reviewed with the Service Recipient prior to execution of the project.

Notwithstanding anything in the Agreement to the contrary, the following rates shall not be subject to (a) the 4.5% increase for inflation in 2012 described in Section 2(a)(3) (but such rates shall be subject to such increase in 2013) or (b) the 2% or 10% increases described in the proviso to Section 2(a)(i) of the Agreement.

General Category of Employee	Hourly Rate
1. Secretarial/Administrative	\$ 50.00
2. Non-Executive	\$100.00
3. Executive	\$150.00

**SCHEDULE AB6
EPICOR 9 AND MFG PRO**

Capitalized terms used herein and not otherwise defined shall have the meaning assign such term in the Agreement. The Services provided hereunder are subject in all respects to the terms and conditions of the Agreement, except where expressly noted.

SERVICE OWNER

All service matters, general inquiries and notices regarding this service should be directed to:

Name	Title	Phone	e-mail
Service Provider			
Kevin Loucks ITT Corporation	Manager, Transition Management Office	(315) 568-7770	kevin.loucks@itt.com
Service Receiver Eva Jakubowska Xylem Inc.	RCW IT Director	(847) 513-2762	eva.jakubowska@xyleminc.com

GENERAL SERVICE DESCRIPTION

Service Provider will perform Epicor 9 and MFG Pro Application Support Services for the Service Receiver.

Service Receiver and its Subsidiaries will utilize Service Provider's resources based on the functionality, processes, input and output screens and documents that support Service Provider's business and business processes in the twelve months prior to the Distribution Date.

SCOPE OF SERVICES

Upon the terms and subject to the conditions of this Services Schedule and the Agreement, Service Provider shall provide to Service Recipient the services identified below (collectively, the "Services").

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
IT-Epicor9-01	Epicor 9 Application Support Services	<p>Provide Epicor 9 Application support required to support Enterprise Resource Planning (ERP) services:</p> <ul style="list-style-type: none"> • Access to Epicor 9 Application — Service Provider will provide access to application for authorized service receiver users per the security guidelines outlined in the Master Services Agreement. Service Provider after receiving an emailed Access Request Form from the Service Receiver, will create new application and database users pre-approved by Service Recipient, maintain application and database passwords, maintain application and database security to meet security and controls guidelines identified in Master Services Agreement, as well as monitor and restrict unauthorized access to source code and data. Service Provider will maintain production batch schedule, production Interfaces, execute batch jobs, assess impact of failed batch jobs, and adjust schedule to account for batch job failures and delays. Service Provider will execute web server and application server configuration changes, monitor and maintain application administration. The lead-time required for these activities is one day. • Epicor 9 Application Support & Maintenance — Service Provider will monitor incident resolution requests, and recommend and implement incident resolution per the SLA outlined in the Service Level section of this agreement. Service Provider will identify and communicate breaks in application discovered by automated or monitoring system, develop solution and approach to address break in application, and implement fixes to resolve break in application. <ul style="list-style-type: none"> o The Service Provider after receiving an emailed Epicor 9 Modification Request Form from the Service Receiver, will create or modify for the Service Receiver Crystal Reports, Business Process Management (BPM) procedures, Business Activity Queries (BAQ), Dashboard, User Defined fields, and or propose and create an alternate solution as necessary. A lead-time of 4 days is required for these Program Change Requests. o The Service Provider after receiving an emailed request will provide training and consulting on process and Epicor 9 modules, to the Service Receivers users, as needed and requested. 	Three Requests per Month	12	Cost plus 2% - 10% per month
			40 Hours per Month		
			Two sessions per year, for 8 hours per session		

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
		<ul style="list-style-type: none"> <li data-bbox="336 170 1106 291">• Epicor 9 Application Database Support — Service Provider on receipt of an emailed Service Request Form, will trouble shoot database related incidents, maintain database schema if necessary, bounce databases as required, perform data cleanup activities as needed, monitor and maintain, and provide support for all database issues in test/dev environments, archive and truncate database tables as required, compact databases as required, backup, restore, compress, and delete old log files as needed, and conduct scheduled maintenance activities. <li data-bbox="363 309 1106 369">o The Service Provider, after receiving an emailed Service Request Form from the Service Receiver, will create or modify the following: Progress SQL database interfaces, Electronic Invoice process, SQL Reporting, and Application tuning. The lead-time for these services will be three weeks. <li data-bbox="336 387 1106 548">• Access to SICAF Electronic Invoicing for Epicor 9 Application — Service Provider will provide access to application for authorized service receiver users per the security guidelines outlined in the Master Services Agreement. Service Provider after receiving an emailed Access Request Form from the Service Receiver, will create new application and database users pre-approved by Service Recipient, maintain application and database passwords, maintain application and database security to meet security and controls guidelines identified in Master Services Agreement, as well as monitor and restrict unauthorized access to source code and data. Service Provider will maintain production batch schedule, execute batch jobs, assess impact of failed batch jobs, and adjust schedule to account for batch job failures and delays. <li data-bbox="336 566 1106 689">• SICAF Electronic Invoicing Application Support & Maintenance — Service Provider will monitor incident resolution requests, and recommend and implement incident resolution per the SLA outlined in the Service Level section of this agreement. Service Provider will identify and communicate breaks in application discovered by automated or monitoring system. The Service Provider will utilize the SICAF Vendor for all activities to develop solutions and approach to address break in application. The SICAF Vendor will implement fixes to resolve break in application. 	<p data-bbox="1141 170 1252 208">Daily Backups are performed</p> <p data-bbox="1141 226 1252 264">One Restore per week</p> <p data-bbox="1141 309 1252 369">2 Service Requests per Month</p> <p data-bbox="1141 387 1252 448">2 Service Requests per Month</p>		

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
		Provide MFG Pro Application support required to support Enterprise Resource Planning (ERP) services:			
		<ul style="list-style-type: none"> Access to MFG Pro Application — Service Provider will provide access to application for authorized service receiver users per the security guidelines outlined in the Master Services Agreement. Service Provider after receiving an emailed Access Request Form from the Service Receiver, will create new application and database users pre-approved by Service Recipient, maintain application and database passwords, maintain application and database security to meet security and controls guidelines identified in Master Services Agreement, as well as monitor and restrict unauthorized access to source code and data. Service Provider will maintain production batch schedule, production Interfaces, execute batch jobs, assess impact of failed batch jobs, and adjust schedule to account for batch job failures and delays. Service Provider will execute web server and application server configuration changes, monitor and maintain application administration. The lead-time required for these activities is one day. 	One Request per Month	3	Cost plus 2% - 10% per month
IT-MFG Pro-01	MFG Pro Application Support Services	<ul style="list-style-type: none"> MFG Pro Application Support & Maintenance — Service Provider will monitor incident resolution requests, and recommend and implement incident resolution per the SLA outlined in the Service Level section of this agreement. Service Provider will identify and communicate breaks in application discovered by automated or monitoring system, develop solution and approach to address break in application, and implement fixes to resolve break in application. MFG Pro Application Database Support — Service Provider on receipt of an emailed Service Request Form, will trouble shoot database related incidents, maintain database schema if necessary, bounce databases as required, perform data cleanup activities as needed, monitor and maintain, and provide support for all database issues in test/dev environments, archive and truncate database tables as required, compact databases as required, backup, restore, compress, and delete old log files as needed, and conduct scheduled maintenance activities. 	Daily Backups are performed One Restore per Month		

Note: The costs incurred by the Service Provider from a 3rd Party necessary to troubleshoot, maintain or resolve failures in the systems environment for Epicor 9 will be allocated evenly between the Service Provider and Service Receiver as an additional charge. All of the costs incurred by the Service Provider from a 3rd Party necessary to troubleshoot, maintain or resolve failures in the systems environment for MFG Pro will be passed on to the Service Receiver as an additional charge.

Service Volumes Greater Than or Less Than Observed Pre-Distribution Date

Service Provider will deliver the same volume of Services as delivered in the 12 months prior to the Distribution Date, plus or minus 10% (such activity, including any such 10% deviation, "Business as Usual activities" or "BAU") at no additional cost per unit. Service Provider will accommodate Service Receiver's inorganic (Mergers, Acquisitions, and Divestitures) activities on a time and materials basis with respect to the one-time set-up fees. The table below will then apply following the completion of the one-time set-up activities

<u>Scenario</u>	<u>One-Time Setup Fees</u>	<u>Monthly Fees</u>
Service Volume within BAU [Note: BAU already includes +/- 10% of pre-distribution date volumes]	No incremental one-time fees when Service Receiver utilizes services and structure as-is with no changes under this agreement	Steady-State fee structure for requisite service as documented below
Service Volume greater or less than BAU	Service Provider will develop a commercially reasonable quote for acceptance by the Service Receiver provided the Service Receiver utilizes services and structure as-is with no significant changes under this agreement	Service Provider will develop a commercially reasonable quote for acceptance by the Service Receiver incremental to the base service costs documented below for the requisite service

Ad-Hoc development/services or processing of reports consistent with what was provided prior to the distribution date will be supported as part of this agreement. Service Provider will use commercially reasonable efforts based on provider's current abilities to accommodate regulatory or legal ad-hoc requests. Ad-hoc requests which may need to be performed to assist Service Receiver in meeting new legal obligations will be provided on a time and materials basis as described in the Additional Pricing section of this agreement. Any changes to 3rd party relationships which require interface modifications or re-writes are not included as part of the scope of this agreement. Should the Service Receiver require such changes, Parties agree to negotiate in good faith with regard to such modification. In the event modifications to the services provided are required by law for only the Service Recipient and such modifications increase the cost for Service Provider, Service Recipient that requires the modifications shall pay all the additional costs including the costs for the other Service Recipients.

Exit Services

The following services will be provided upon receipt of a Termination Notice to exit from this Service.

<u>Service #</u>	<u>Service Name</u>	<u>Description of Service</u>	<u>Service Charge (\$/hour)</u>
IT-Epicor9-03	Epicor 9 and MFG Pro Application Migration	Service Provider will make commercially reasonable efforts to assist Service Receiver in exiting of this agreement. These efforts include: <ul style="list-style-type: none">• Support of data extraction requests from the Service Receiver• Providing Subject Matter Expertise in helping the Service Receiver understand current state data schema and configuration details	Time and Materials Based on Additional Pricing Section
IT-Epicor9-04	Epicor 9 and MFG Pro Application Knowledge Transfer	Service Provider will provide the following knowledge transfer services: <ul style="list-style-type: none">• Existing non-sensitive documentation maintained by the Service Provider will be given to the Service Receiver as it relates to the Epicor 9 and MFG Pro Application and related interfaces	Time and Materials Based on Additional Pricing Section

Supplemental Services

For requests for supplemental services relating to Epicor 9 and MFG Pro by Service Receiver not mentioned in this Schedule or not included within the costs documented in this agreement, Service Receiver will provide a discreet project request and submit such request to Service Provider using the formalized Change Request attached as Annex A for consideration by Service Provider.

Where notice is required a number of business days prior to some required action by Service Provider, notice must be received by 12 noon Eastern Time to be counted as received during such business day. Service Provider shall, within a commercially reasonable period, provide a price quote to be commercially reasonable based on the current cost of the Services to Service Receiver taking into account, such items as the specific time the request was made, service delivery volumes, exit planning activities, and other activities Service Provider is currently engaged in at the time of the request, but not later than 30 days after the request was made. If Service Provider, in its sole discretion determines (i) such request would increase the ongoing operating costs for Service Provider (as a service recipient) or any other service receiver or (ii) that it is not capable of making such changes with its current staff during the time period requested without interrupting the Services provided to itself or any other service receiver. Service Provider need not provide a price quote or perform the services. Where a price quote is provided, Service Provider shall provide the service requested upon acceptance of the price.

LOCATIONS

Services are initially provided from Tizayuca, Mexico, to sites in Queteretaro and Mexico City, Mexico.

PREREQUISITES/DEPENDENCIES

- Service Receiver will maintain the applications and interfaces documented in Attachment A.
- Service Receiver will maintain the current data delivery methodologies (e.g., FTP drop site/email) ensuring they are accessible and reachable to the Service Provider for the period of this TSA.
- Security and access controls will be maintained as set forth in the Master Services Agreement.
- Service Provider must keep the TSA Gateway active and accessible to the Service Receiver as needed for the period of this TSA.
- If Service Receiver provides inaccurate information to Service Provider, it will be the responsibility of the Service Receiver to rectify any problems and bear any costs incurred to rectify the issue.

NOTICE REQUIREMENT

Official Notices and Bills under this Schedule should be sent to the following addresses (with an email copy to the Service Owners set forth above):

If to the Service Provider:
ITT Corporation
240 Fall Street
Seneca Falls, NY 13148
Attention: Daryl R. Bowker
Daryl.bowker@itt.com

If to the Service Receiver:
Xylem Inc.
2881 E. Bayard Street
Seneca Falls, NY 13148
Attention: Linda Lynch
Linda.lynych@xyleminc.com

SERVICE LEVEL

Service Provider will classify incidents at its own discretion. Such classifications shall be consistent with the priorities Service Provider set for itself as a recipient of services.

Support for Epicor 9 and MFG Pro will be provided Monday through Friday, 8:30am to 5:30pm Mexico time. For emergencies Epicor 9 and MFG Pro support staff is available by contacting Manuel Moreno, via his mobile phone

All incidents will be handled and responded to as they have been during the 12 months prior to the Distribution Date. In the event incidents cannot be resolved, Service Provider shall promptly notify Service Receiver and work together to try and resolve such incidents.

ADDITIONAL PRICING

Hourly Rate for Services Not Specified but Provided by Service Provider Employees (including but not limited to modifications, consulting, exit strategy development, transition, etc.) are documented below. Such services will be provided solely at the Service Provider's discretion. Service Provider is not obligated to provide additional services not specified in this agreement. The employee category is defined by the Service Provider. The rates documented below shall be commercially reasonable and designated by the Service Provider, closest to its current cost to provide the service. The hourly rates below include the 4.5% amount for inflation each year. These rates apply to internal Service Provider employees only, and should external resources be required, the costs for those external resources will be reviewed with the Service Receiver prior to execution of the project.

Additional Pricing Rates (All in USD)

Location	Low	Medium	High
USA	\$75	\$100	\$125
Greece	\$35	\$ 46	\$ 58
Mexico	\$19	\$ 25	\$ 31
Sweden	\$75	\$100	\$125

ATTACHMENT A

<u>Interface Name</u>	<u>Business Purpose</u>	<u>Source System</u>	<u>Destination System</u>
Sales Orders	<p>Service Provider's Epicor 9 application will create 2 flat files, one containing Sales Order header and one with Sales Order detail information.</p> <p>This interface is executed from a daily Batch schedule, and runs at 3am Daily.</p> <p>The flat files are transmitted with FTP to a Service Receiver's FTP site.</p>	Epicor 9	Service Receiver
Invoicing	<p>Service Provider's Epicor 9 application will generate 2 flat files, one containing Invoice header and one with Invoice detail information.</p> <p>This interface is executed from a daily Batch schedule, and runs at 3am Daily.</p> <p>The flat files are transmitted with FTP to a Service Receiver's FTP site.</p>	Epicor 9	Service Receiver

Annex A
TSA Change Request Form

TSA Schedule:
Receiver TSA Owner:
Date of Request:
Completed By:

Requested Service Change:

Item Number	Service Description (Listed on schedule in the TSA)	Monthly Charge	Requested Change	Already agreed to with Service Provider (Y/N)
1				
2				
3				
4				
5				

Outcome:

Item Number	Outcome (Approved, Denied)	Specific Action to be taken
1		
2		
3		
4		
5		

Approvals

Approved By:
Provider TSA Functional Lead

Executive Representative:
Provider TSA Manager

Approved By:
Receiver TSA Functional Lead

Executive Representative:
Receiver TSA Manager

Schedule AB7

ePrism

Capitalized terms used herein and not otherwise defined shall have the meaning assign such term in the Agreement. The Services provided hereunder are subject in all respects to the terms and conditions of the Agreement, except where expressly noted.

SERVICE OWNER

All service matters, general inquiries and notices regarding this service should be directed to:

<u>Name</u>	<u>Title</u>	<u>Phone</u>	<u>e-mail</u>
Service Provider Vassilis Gerardos ITT Corporation	Knowledge Management Supervisor, Athens Group	+302106770805	vasilis.gerardos@itt.com
Service Receiver Doug Olson Xylem Inc.	eBusiness Manager ITT Residential & Commercial Water	(847) 983-5747	doug.olson@xyleminc.com

GENERAL SERVICE DESCRIPTION

Service Provider will perform ePrism Application Support Services for the Service Receiver.

Service Receiver and its Subsidiaries will utilize Service Provider's resources based on the functionality, processes, input and output screens and documents that support Service Provider's business and business processes in the twelve months prior to the Distribution Date.

SCOPE OF SERVICES

Upon the terms and subject to the conditions of this Services Schedule and the Agreement, Service Provider shall provide to Service Recipient the services identified below (collectively, the "Services").

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
IT-ePrism-01	ePrism Application Support Services	<p>Provide ePrism Application support services required to support Integrated Sales and Manufacturing, including a WEB based Sales and Manufacturing configuration capability set of services:</p> <ul style="list-style-type: none"> ePrism Knowledge Engineering — Service Provider, after receiving a service request from the Service Receiver, will update the appropriate information within ePrism. ePrism Data and Curve Management — Service Provider, after receiving a service request, validated data, and specifications will maintain the information within ePrism. ePrism Application Support & Maintenance — Service Provider will provide System Administration services to the Service Receiver's ePrism application. Service Provider will provide Break/Fix support and monitor incident resolution requests, and recommend and implement incident resolution per the Service Level Agreement (SLA) outlined in the Service Level section of this agreement. Service Provider will identify and communicate breaks in application discovered by automated or monitoring system, develop solution and approach to address break in application, and implement fixes to resolve break in application. <p>The Service Provider will only provide modifications to the Service Receiver's ePrism code in the following situations for the redesign and modification of existing products, as listed in Attachment A.</p> <ul style="list-style-type: none"> The Service Provider will perform code changes to the Service Receiver's ePrism code stream if the Service Provider determines it is appropriate and necessary to address with Product Specific Requests that have been approved by the Joint ePrism Committee. <p>The Service Provider will deliver these changes to the Service Receiver in a Quarterly release cycle.</p>	<p>350 Knowledge Engineer Hours per Month</p> <p>305 Programmer Hours per Month</p>	24*	Cost plus 2% - 10% per month

* Beyond the minimum service period this agreement can be extended for another 12 months on a month-to-month basis

Service Volumes Greater Than or Less Than Observed Pre-Distribution Date

Service Provider will deliver the same volume of Services as delivered in the 12 months prior to the Distribution Date, plus or minus 10% (such activity, including any such 10% deviation, "Business as Usual activities" or "BAU") at no additional cost per unit. Service Provider will accommodate Service Receiver's inorganic (Mergers, Acquisitions, and Divestitures) activities

on a time and materials basis with respect to the one-time set-up fees. The table below will then apply following the completion of the one-time set-up activities

Scenario	One-Time Setup Fees	Monthly Fees
Service Volume within BAU [Note: BAU already includes +/- 10% of pre-distribution date volumes]	No incremental one-time fees when Service Receiver utilizes services and structure as-is with no changes under this agreement	Steady-State fee structure for requisite service as documented below
Service Volume greater or less than BAU	Service Provider will develop a commercially reasonable quote for acceptance by the Service Receiver provided the Service Receiver utilizes services and structure as-is with no significant changes under this agreement	Service Provider will develop a commercially reasonable quote for acceptance by the Service Receiver incremental to the base service costs documented below for the requisite service

Ad-Hoc development/services or processing of reports consistent with what was provided prior to the distribution date will be supported as part of this agreement. Service Provider will use commercially reasonable efforts based on provider's current abilities to accommodate regulatory or legal ad-hoc requests. Ad-hoc requests which may need to be performed to assist Service Receiver in meeting new legal obligations will be provided on a time and materials basis as described in the Additional Pricing section of this agreement. Any changes to 3rd party relationships which require interface modifications or re-writes are not included as part of the scope of this agreement. Should the Service Receiver require such changes, Parties agree to negotiate in good faith with regard to such modification. In the event modifications to the services provided are required by law for only the Service Recipient and such modifications increase the cost for Service Provider, Service Recipient that requires the modifications shall pay all the additional costs including the costs for the other Service Recipients.

Exit Services

The following services will be provided upon receipt of a Termination Notice to exit from this Service.

Service #	Service Name	Description of Service	Service Charge (\$/hour)
IT-ePrism-02	ePrism Application Migration	Service Provider will make commercially reasonable efforts to assist Service Receiver in exiting of this agreement. These efforts include: <ul style="list-style-type: none"> • Providing Subject Matter Expertise in helping the Service Receiver understand current state data schema and configuration details 	Time and Materials Based on Additional Pricing Section
IT-ePrism-03	ePrism Application Data Migration	Service Provider will provide data and rule extraction services in a common understandable format to assist the Service Receiver to migrate from the ePrism application.	No Charge

Service #	Service Name	Description of Service	Service Charge (\$/hour)
IT-ePrism-04	ePrism Application Knowledge Transfer	Service Provider will provide the following knowledge transfer services: <ul style="list-style-type: none"> Existing non-sensitive documentation maintained by the Service Provider will be given to the Service Receiver as it relates to the ePrism application support services and related interfaces 	Time and Materials Based on Additional Pricing Section

Supplemental Services

For requests for supplemental services relating to ePrism by Service Receiver not mentioned in this Schedule or not included within the costs documented in this agreement, Service Receiver will provide a discreet project request and submit such request to Service Provider using the formalized Change Request attached as Annex A for consideration by Service Provider.

Where notice is required a number of business days prior to some required action by Service Provider, notice must be received by 12 noon Eastern Time to be counted as received during such business day. Service Provider shall, within a commercially reasonable period, provide a price quote to be commercially reasonable based on the current cost of the Services to Service Receiver taking into account, such items as the specific time the request was made, service delivery volumes, exit planning activities, and other activities Service Provider is currently engaged in at the time of the request, but not later than 30 days after the request was made. If Service Provider, in its sole discretion determines (i) such request would increase the ongoing operating costs for Service Provider (as a service recipient) or any other service receiver or (ii) that it is not capable of making such changes with its current staff during the time period requested without interrupting the Services provided to itself or any other service receiver. Service Provider need not provide a price quote or perform the services. Where a price quote is provided, Service Provider shall provide the service requested upon acceptance of the price.

LOCATIONS

Services are initially provided from Athens, Greece to global locations.

PREREQUISITES/DEPENDENCIES

- Service Receiver will maintain applications and interfaces required for the services documented in this agreement.
- If Service Receiver sends inaccurate data to Service Provider, it will be the responsibility of the Service Receiver to rectify any problems and bear any costs incurred to rectify the issue.

- Service Receiver must provide access to secure VPN for the Service Provider's staff, required at all times, for the period of this TSA.
- Service Receiver must implement the necessary hardware and have the appropriate support personnel in place.
- Service Provider must complete the in-process ePrism enhancements and projects as specified in Attachment B, prior to the Distribution Date, or as determined by the Joint ePrism Committee.
- Service Receiver, on termination of this TSA, must and will remove all versions of the ePrism executable code from the Service Receiver's environment, located on online or offline storage. Service Receiver will provide appropriate notification upon removal completion to Service Provider.
- Service Provider, on termination of this TSA, must and will remove all versions and copies of the Service Receiver's versions of the ePrism executable code, data and rule information, located online or offline storage. Service Provider will provide appropriate notification upon removal completion to the Service Receiver.
- Security and access controls will be maintained as set forth in the Master Services Agreement.

NOTICE REQUIREMENT

Official Notices and Bills under this Schedule should be sent to the following addresses (with an email copy to the Service Owners set forth above):

If to the Service Provider:
ITT Corporation
240 Fall Street
Seneca Falls, NY 13148
Attention: Daryl R. Bowker
Daryl.bowker@itt.com

If to the Service Receiver:
Xylem Inc.
2881 E. Bayard Street
Seneca Falls, NY 13148
Attention: Linda Lynch
Linda.lynn@xylem.com

SERVICE LEVEL

Service Provider will classify incidents at its own discretion. Such classifications shall be consistent with the priorities Service Provider set for itself as a recipient of services.

The Service Provider will provide support to the Service Receiver, 12 hours per day, 8:30 am to 8:30 pm Greece time, Monday through Friday except on Greek and U.S. holidays as appropriate.

In the event incidents cannot be resolved, Service Provider shall promptly notify Service Receiver and work together to try and resolve such incidents.

ADDITIONAL PRICING

Hourly Rate for Services Not Specified but Provided by Service Provider Employees (including but not limited to modifications, consulting, exit strategy development, transition, etc.) are documented below. Such services will be provided solely at the Service Provider's discretion. Service Provider is not obligated to provide additional services not specified in this agreement. The employee category is defined by the Service Provider. The rates documented below shall be commercially reasonable and designated by the Service Provider, closest to its current cost to provide the service. The hourly rates below include the 4.5% amount for inflation each year. These rates apply to internal Service Provider employees only, and should external resources be required, the costs for those external resources will be reviewed with the Service Receiver prior to execution of the project.

Additional Pricing Rates (All in USD)

Location	Low	Medium	High
USA	\$75	\$100	\$125
Greece	\$35	\$ 46	\$ 58
Mexico	\$19	\$ 25	\$ 31
Sweden	\$75	\$100	\$125

List of Existing Products/Models to be supported:

1. Building Services
 - a. Waste Water Products
 - i. Sump (clear water)
 - ii. Effluent (screened, up to 3/4" solids)
 - iii. Sewage (unscreened)
 - iv. Grinder (Pressurized sewage — grinders and high head pumps)
 - b. Water Supply
 - i. Multistage
 - ii. Pressure Booster Packages
 1. AquaBoost
 2. TechnoForce
2. Vertical Turbine Products
 - a. All Vertical Turbine Products for Water and Industrial Applications

ATTACHMENT B

This is the list of ePrism Enhancements and Projects that will be completed by October 3, 2011, unless specifically noted otherwise. The actual release schedule for these enhancements will be determined by the joint ePrism steering committee:

1. Add the VPO product line, change branding (WWW)
2. Match ESP-PLUS functionality for Cost Analysis and Life Cycle
3. Optimize the curve based on the RPM
4. ESP-DESIGN Plus vs. Goulds Selection Software in Lite Version (right top)
5. When the focus is on the text box users need to click on Next button twice. As it is set up right now there are actions that run based on the focus out that need to be run before we can continue. This change will be completed after October 3, 2011.
6. Add Help section under Lite with eBusiness Support contacts for technical issues
7. Disable the Compatibility Button when the item is not fully configured. For example, on Step 1 for Complete Package when you click on Compatibility it throws all kinds of errors
8. Run Compatibility automatically when switching between Basic Features and Worksheet or when clicking Create Documents
9. Vertical Layout Module. Create detail drawings / order documents for TTO. This change will be completed after October 3, 2011.
10. Show/Hide columns on Selection Results Grid based on user preferences and let them set the order in which the columns will show up. Just like in the full version
11. Link from ePrism to our 3D Models hosted by CDS. We should go directly to the specific model that we are working with in ePrism. This change will be completed after October 3, 2011.
12. Work out the process for new user registrations for Consulting Engineers on both sides B&G and Goulds. We first need to come up with the process and then utilize existing pages and adjust ePrism accordingly
13. TTO — Add SMVT, Pre-engineered Subs, Fire Pump with Panels. This change will be completed after October 3, 2011 as requirements have not been defined.
14. Easily changeable branding in Specs, descriptions, documents, etc.
15. Boosters — In the selection results allow the selections that meet CTO specifications even if the specific pump/size is not the best fit based on the criteria. We should be able to guide the user to pick the CTO pumps early in the selection process rather than after they're done with selection/configuration and click compatibility. This change may not be possible, and the business requirements are not clear.
16. Match ESP-REP. Add Freight calculations and Profit Factor. This change will be completed after October 3, 2011.
17. Worksheet — If multiple items selected combine into one worksheet. Requirements need clarification, and may require extensive development.
18. Liquid Properties — Let them modify existing items and let them save as a new one. Similar to ESP-PLUS functionality

Annex A
TSA Change Request Form

TSA Schedule:
Receiver TSA Owner:
Date of Request:
Completed By:

Requested Service Change:

Item Number	Service Description (Listed on schedule in the TSA)	Monthly Charge	Requested Change	Already agreed to with Service Provider (Y/N)
1				
2				
3				
4				
5				

Outcome:

Item Number	Outcome (Approved, Denied)	Specific Action to be taken
1		
2		
3		
4		
5		

Approvals

Approved By:
Provider TSA Functional Lead

Approved By:
Receiver TSA Functional Lead

Executive Representative:
Provider TSA Manager

Executive Representative:
Receiver TSA Manager

**SCHEDULE AB8
ERP-LX & TANGO APPLICATION
INDIA**

Capitalized terms used herein and not otherwise defined shall have the meaning assign such term in the Agreement. The Services provided hereunder are subject in all respects to the terms and conditions of the Agreement, except where expressly noted.

SERVICE OWNER

All service matters, general inquiries and notices regarding this service should be directed to:

Name	Title	Phone	e-mail
Kevin Loucks ITT Corporation	Manager, Transition Management Office	(315) 568-7770	kevin.loucks@itt.com
Eva Jakubowska Xylem Inc.	RCW IT Director	(847) 983-5905	eva.jakubowska@xyleminc.com

GENERAL SERVICE DESCRIPTION

Service Provider will perform ERP-LX & Tango Application Support Services for Baroda, India and Hong Kong for Service Receiver.

Service Receiver and its Subsidiaries will utilize Service Provider's resources based on the functionality, processes, input and output screens, and documents that support the Service Provider's business and business processes in the twelve months prior to the Distribution date.

SCOPE OF SERVICES

Upon the terms and subject to the conditions of this Services Schedule and the Agreement, Service Provider shall provide to Service Recipient the services identified below (collectively, the "Services").

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
IT-ERP- LX & Tango India -01	ERP-LX & Tango Application Support Services	<p>Provide hosting and ongoing application support for ERP-LX and Tango (Sarbanes-Oxley Auditing) for Baroda, India and the Hong Kong Trading Company:</p> <ul style="list-style-type: none"> • Access to ERP-LX & Tango Applications — Service Provider will provide access to the application for authorized service receiver users per the security guidelines outlined in the Master Services Agreement. Service Provider will create new application and database users pre-approved by Service Recipient, maintain application and database passwords, maintain application and database security to meet security and controls guidelines identified in Master Services Agreement, as well as monitor and restrict unauthorized access to source code and data. Service Provider will maintain production batch schedule, execute batch jobs, assess impact of failed batch jobs, and adjust schedule to account for batch job failures and delays. Service Provider will execute web server and application server configuration changes; and monitor and maintain application administration. • ERP-LX &Tango Support & Maintenance — Service Provider will monitor incident resolution requests, and recommend and implement incident resolution per the SLA outlined in the Service Level section of this agreement. Service Provider will identify and communicate breaks in application discovered by automated or monitoring system, develop solution and approach to address break in application, and implement fixes to resolve break in application. • ERP-LX & Tango Database Support — Service Provider will trouble shoot database related incidents, maintain database schema if necessary, bounce databases as required, perform data cleanup activities as needed, monitor and provide support for all database issues in test/dev environments, archive and truncate database tables as required, compact databases as required, backup, compress, and delete old log files as needed, and conduct scheduled maintenance activities. • ERP-LX & Tango Hosting Services — Service Provider will provide hosting for ERP-LX environment from Seneca Falls Data Center (SFDC). 	38 ERP-LX named users	3	Cost plus 2% - 10% per month

Service Volumes Greater or Less Than Observed Pre-Distribution Date

Service Provider will deliver the same volume of Services as delivered in the 12 months prior to the Distribution Date, plus or minus 10% (such activity, including any such 10% deviation, "Business as Usual activities" or "BAU") at no additional cost per unit. Service Provider will accommodate Service Receiver's inorganic (Mergers, Acquisitions, and Divestitures) activities on a time and materials basis with respect to the one-time set-up fees. The table below will then apply following the completion of the one-time set-up activities.

<u>Scenario</u>	<u>One-Time Setup Fees</u>	<u>Monthly Fees</u>
Service Volume within BAU [Note: BAU already includes +/- 10% of pre-distribution date volumes]	No incremental one-time fees when Service Receiver utilizes services and structure as-is with no changes under this agreement	Steady-State fee structure for requisite service as documented below
Service Volume greater or less than BAU	Service Provider will develop a commercially reasonable quote for acceptance by the Service Receiver provided the Service Receiver utilizes services and structure as-is with no significant changes under this agreement	Service Provider will develop a commercially reasonable quote for acceptance by the Service Receiver incremental to the base service costs documented below for the requisite service

Ad-Hoc development/services or processing of reports consistent with what was provided prior to the distribution date will be supported as part of this agreement. Service Provider will use commercially reasonable efforts based on provider's current abilities to accommodate regulatory or legal ad-hoc requests. Ad-hoc requests which may need to be performed to assist Service Receiver in meeting new legal obligations will be provided on a time and materials basis as described in the Additional Pricing section of this agreement. Any changes to 3rd party relationships which require interface modifications or re-writes are not included as part of the scope of this agreement. Should the Service Receiver require such changes, Parties agree to negotiate in good faith with regard to such modification. In the event modifications to the services provided are required by law for only the Service Recipient and such modifications increase the cost for Service Provider, Service Recipient that requires the modifications shall pay all the additional costs including the costs for the other Service Recipients.

Exit Services

The following services will be provided upon receipt of a Termination Notice to exit from this Service.

<u>Service #</u>	<u>Service Name</u>	<u>Description of Service</u>	<u>Service Charge (\$/hour)</u>
IT-ERP- LX & Tango India -02	ERP-LX & Tango Application Migration	Service Provider will make commercially reasonable efforts to assist Service Receiver in exiting of this agreement. These efforts include: <ul style="list-style-type: none">• Support of data extraction requests from the Service Receiver• Providing Subject Matter Expertise in helping the Service Receiver understand current state data schema and configuration details Service Provider will provide the following knowledge transfer services:	Time and Materials Based on Additional Pricing Section
IT-ERP- LX & Tango India -03	ERP-LX & Tango Application Knowledge Transfer	<ul style="list-style-type: none">• Existing non-sensitive documentation maintained by the Service Provider will be given to the Service Receiver as it relates to the ERP-LX and Tango applications and related interfaces	Time and Materials Based on Additional Pricing Section

Supplemental Services

For requests for supplemental services relating to ERP-LX & Tango Applications by Service Receiver not mentioned in this Schedule or not included within the costs documented in this agreement, Service Receiver will provide a discreet project request and submit such request to Service Provider using the formalized Change Request attached as Annex A for consideration by Service Provider.

Where notice is required a number of business days prior to some required action by Service Provider, notice must be received by 12 noon Eastern Time to be counted as received during such business day. Service Provider shall, within a commercially reasonable period, provide a price quote to be commercially reasonable based on the current cost of the Services to Service Receiver taking into account, such items as the specific time the request was made, service delivery volumes, exit planning activities, and other activities Service Provider is currently engaged in at the time of the request, but not later than 30 days after the request was made. If Service Provider, in its sole discretion determines (i) such request would increase the ongoing operating costs for Service Provider (as a service recipient) or any other service receiver or (ii) that it is not capable of making such changes with its current staff during the time period requested without interrupting the Services provided to itself or any other service receiver. Service Provider need not provide a price quote or perform the services. Where a price quote is provided, Service Provider shall provide the service requested upon acceptance of the price.

LOCATIONS

Services are initially provided from Seneca Falls, NY, USA to Baroda, India and Hong Kong.

PREREQUISITES/DEPENDENCIES

- Service Receiver will maintain the applications and interfaces documented in Attachment A.
- If Service Receiver provides inaccurate information to Service Provider, it will be the responsibility of the Service Receiver to rectify any problems and bear any costs incurred to rectify the issue.
- Service Receiver must have eLogia System active and maintained for the duration this agreement is in effect.
- Security and access controls will be maintained as set forth in the Master Services Agreement.

NOTICE REQUIREMENT

Official Notices and Bills under this Schedule should be sent to the following addresses (with an email copy to the Service Owners set forth above):

If to the Service Provider:
ITT Corporation
240 Fall Street
Seneca Falls, NY 13148
Attention: Daryl R. Bowker
Daryl.bowker@itt.com

If to the Service Receiver:
Xylem Inc.
2881 E. Bayard Street
Seneca Falls, NY 13148
Attention: Linda Lynch
Linda.lynch@xyleminc.com

SERVICE LEVEL

Service Provider will classify incidents at its own discretion. Such classifications shall be consistent with the priorities Service Provider set for itself as a recipient of services. Incidents classified using this methodology will be triaged as documented in Attachment B.

In the event incidents cannot be resolved, Service Provider shall promptly notify Service Receiver and work together to try and resolve such incidents.

ADDITIONAL PRICING

Hourly Rate for Services Not Specified but Provided by Service Provider Employees (including but not limited to modifications, consulting, exit strategy development, transition, etc.) are documented below. Such services will be provided solely at the Service Provider's discretion. Service Provider is not obligated to provide additional services not specified in this agreement. The employee category is defined by the Service Provider. The rates documented below shall be commercially reasonable and designated by the Service Provider, closest to its current cost to provide the service. The hourly rates below include the 4.5% amount for inflation each year. These rates apply to internal Service Provider employees only, and should external resources be required, the costs for those external resources will be reviewed with the Service Receiver prior to execution of the project.

Additional Pricing Rates (All in USD)

Location	Low	Medium	High
USA	\$75	\$100	\$125
Greece	\$35	\$ 46	\$ 58
Mexico	\$19	\$ 25	\$ 31
Sweden	\$75	\$100	\$125

ATTACHMENT A

<u>Interface Name</u>	<u>Program Name</u>	<u>Business Purpose</u>	<u>Owner</u>	<u>Source</u>	<u>Destination</u>	<u>Frequency</u>
eLogia	ORDZ761C	Perform product configuration	Water Co.	Wintel Emmaboda	iSeries Emmaboda	Continuous
ePrism	ORD789	Perform product configuration	ITT Co.	Wintel ITT Co.	iSeries Emmaboda	Continuous
Supplier Portal	PUR500	Issue Purchase Orders via a Portal	Water Co.	Wintel Emmaboda	iSeries Emmaboda	Continuous
Supplier Portal	PUR500	Issue Purchase Orders via a Portal	Water Co.	iSeries Emmaboda	Wintel Emmaboda	Continuous

ATTACHMENT B

Production Support Break Fix Service Level Agreement

A Remedy help desk request must be entered for each incident. For Urgent incidents, a phone call may also be initiated directly to the Service Provider's Support Team. The primary support number for North America is +1-219-405-9459 (available 24 hours/day) and the secondary support number is +1-847-983-5862 (available 8:00 AM — 5:00 PM Eastern Time, Monday through Friday). All support calls will be returned within 15 minutes.

<u>Severity</u>	<u>Description</u>	<u>Resolution</u>
Urgent	Service Receiver is unable to enter orders or ship product. No work around is available for the issue.	Service Provider will provide a work around or permanent solution within four (4) hours for 95% of these incidents.
High	Service Receiver is able to enter orders and ship product, but in a degraded mode and productivity is seriously impacted.	Service Provider will provide a work around or permanent solution within two (2) working days for 95% of these incidents.
Medium	Service Receiver is able to function normally with minor impact from problem.	Service Provider will provide a permanent solution within five (5) working days for 95% of these incidents.
Low	Service Receiver is able to function normally. Issue is an inconvenience.	Service Provider will provide a permanent solution within 30 working days for 95% of these issues.

Annex A
TSA Change Request Form

TSA Schedule:
Receiver TSA Owner:
Date of Request:
Completed By:
Requested Service Change:

<u>Item Number</u>	<u>Service Description (Listed on schedule in the TSA)</u>	<u>Monthly Charge</u>	<u>Requested Change</u>	<u>Already agreed to with Service Provider (Y/N)</u>
1				
2				
3				
4				
5				

Outcome:

<u>Item Number</u>	<u>Outcome (Approved, Denied)</u>	<u>Specific Action to be taken</u>
1		
2		
3		
4		
5		

Approvals

Approved By:
Provider TSA Functional Lead

Approved By:
Receiver TSA Functional Lead

Executive Representative:
Provider TSA Manager

Executive Representative:
Receiver TSA Manager

**SCHEDULE AB9
MyITT.COM APPLICATION**

Capitalized terms used herein and not otherwise defined shall have the meaning assign such term in the Agreement. The Services provided hereunder are subject in all respects to the terms and conditions of the Agreement, except where expressly noted.

SERVICE OWNER

All service matters, general inquiries and notices regarding this service should be directed to:

Name	Title	Phone	e-mail
Ken Gill ITT Corporation	Manager , Web, Social Media & Collaboration Solutions	(315) 568-7861	ken.gill@itt.com
Beth Davidovich Xylem Inc.	Director, Corporate IT & Collaboration COE	(914) 323-5975	beth.davidovich@xyleminc.com

GENERAL SERVICE DESCRIPTION

Service Provider will perform myITT.com Portal Application Support Services for Service Receiver.

Service Receiver and its Subsidiaries will utilize the Service Provider's resources based on the functionality, processes, input and output screens and documents that support the Service Provider's business and business processes in the twelve months prior to the Distribution date.

The Service Receiver may request changes or enhancements to such systems and the Service Provider shall implement those changes provided (i) such changes or enhancements do not materially and negatively impact the Service Provider (acting as a service recipient) or any other service receiver, (ii) Service Receiver agrees to pay for such changes or enhancements in accordance with the pricing schedule below, (iii) such changes do not increase the ongoing operating costs for the Service Provider (as a service recipient) or any other service receiver and (iv) Service Provider, in its discretion, deems that it is capable of making such changes with its current staff during the time period requested without interrupting the Services provided to itself or any other service receiver. Notwithstanding the forgoing, Service Provider is required to make any changes required by law.

SCOPE OF SERVICES

Upon the terms and subject to the conditions of this Services Schedule and the Agreement, the Service Provider shall provide to Service Recipient the services identified below (collectively, the "Services").

Service #	Service Name	Description of Service	Transaction Volume	Minimum Service Period (in mo.)	Service Charge
IT- myITT.com Portal-01	myITT.com Maintenance Support Services	Provide hosting and ongoing myITT.com application support: <ul style="list-style-type: none"> • Access to myITT.com Application - Service Provider will use help desk tickets from Service Receiver and provide access to myITT.com application for an unlimited number of authorized Service Receiver users per the security guidelines outlined in the Master Services Agreement. One business day is required to respond to the ticket after receiving the request. 	40calls/ month	3	Cost plus 2% - 10% per month
		<ul style="list-style-type: none"> • myITT.com Support & Maintenance — Service Provider will use help desk tickets from Service Receiver to support closing the help ticket within 1 business day of request. Service Provider will monitor incident resolution requests, and recommend and implement incident resolution per the SLA outlined in the Service Level section of this agreement. Service Provider will identify and communicate breaks in application discovered by automated or monitoring system, develop solution and approach to address break in application, and implement fixes to resolve break in application. 			

Services that will not be provided as part of this agreement are:

- Creating new sites (on myITT.com)
- Updating functionality in existing sites
- Updating functionality or providing support on sites migrated to Connect beyond initial functionality ported over from myITT.com

Service Volumes Greater or Less Than Observed Pre-Distribution Date

Service Provider will deliver the same volume of Services as delivered in the 12 months prior to the Distribution Date, plus or minus 10% (such activity, including any such 10% deviation, "Business as Usual activities" or "BAU") at no additional cost per unit. Service Provider will accommodate Service Receiver's inorganic (Mergers, Acquisitions, and Divestitures) activities

on a time and materials basis with respect to the one-time set-up fees. The table below will then apply following the completion of the one-time set-up activities.

<u>Scenario</u>	<u>One-Time Setup Fees</u>	<u>Monthly Fees</u>
Service Volume within BAU [Note: BAU already includes +/- 10% of pre-distribution date volumes]	No incremental one-time fees when Service Receiver utilizes services and structure as-is with no changes under this agreement	Steady-State fee structure for requisite service as documented in this agreement
Service Volume greater or less than BAU	Service Provider will develop a commercially reasonable quote for acceptance by the Service Receiver provided the Service Receiver utilizes services and structure as-is with no significant changes under this agreement	Service Provider will develop a commercially reasonable quote for acceptance by the Service Receiver incremental to the base service costs documented below for the requisite service

Exit Services

The following services will be provided upon receipt of a Termination Notice to exit from this Service.

<u>Service #</u>	<u>Service Name</u>	<u>Description of Service</u>	<u>Service Charge (\$/hour)</u>
IT- myITT.com Portal-02	myITT.com Migration	<p>Service Provider will make commercially reasonable efforts to assist Service Receiver in exiting of this agreement. These efforts include:</p> <ul style="list-style-type: none"> • Support of data extraction requests from the Service Receiver or third parties authorized to act on behalf of the Service Receiver • Providing Subject Matter Expertise in helping the Service Receiver understand current state business processes, functional data mapping, and impacts of design decisions • Service Provider will support Service Receiver or third parties authorized to act on behalf of Service Receiver in project managing the myITT.com site migration 	Time and Materials Based on Additional Pricing Section
IT- myITT.com Portal-03	myITT.com Knowledge Transfer	<p>Service Provider will provide the following knowledge transfer services:</p> <ul style="list-style-type: none"> • Existing non-sensitive documentation maintained by the Service Provider will be given to the Service Receiver as it relates to myITT services 	Time and Materials Based on Additional Pricing Section

Supplemental Services

For requests for supplemental services relating to myITT Applications by Service Receiver not mentioned in this Schedule or not included within the costs documented in this agreement, Service Receiver will provide a discreet project request and submit such request to Service Provider using the formalized Change Request attached as Annex A for consideration by Service Provider.

Where notice is required a number of business days prior to some required action by Service Provider, notice must be received by 12 noon Eastern Time to be counted as received during such business day. Service Provider shall, within a commercially reasonable period, provide a price quote to be commercially reasonable based on the current cost of the Services to Service Receiver taking into account, such items as the specific time the request was made, service delivery volumes, exit planning activities, and other activities Service Provider is currently engaged in at the time of the request, but not later than 30 days after the request was made. If Service Provider, in its sole discretion determines (i) such request would increase the ongoing operating costs for Service Provider (as a service recipient) or any other service receiver or (ii) that it is not capable of making such changes with its current staff during the time period requested without interrupting the Services provided to itself or any other service receiver. Service Provider need not provide a price quote or perform the services. Where a price quote is provided, Service Provider shall provide the service requested upon acceptance of the price.

LOCATIONS

Services are initially provided from Seneca Falls, NY, USA and White Plains, NY, USA and by on-shore and off-shore consultants to global participants.

PREREQUISITES/DEPENDENCIES

- Service Receiver will maintain site, content and applications within the Oracle Webcenter Interaction Suite (formerly Plumtree) and interfaces to AD domains.
- Service Receiver, in a separate independent agreement, must have project management, migration architect, developer etc. services active with Avanade for the period of time to complete the migration project.
- Service Receiver will use its resources to support migration services for data clean up, testing and cleaning in a timely manner.
- If Service Receiver sends inaccurate data to Service Provider it will be the responsibility of the Service Receiver to rectify any problems and bear any costs incurred to rectify the issue.

- Security and access controls will be maintained as set forth in the Master Services Agreement.

NOTICE REQUIREMENT

Official Notices and Bills under this Schedule should be sent to the following addresses (with an email copy to the Service Owners set forth above):

If to the Service Provider:
ITT Corporation
240 Fall Street
Seneca Falls, NY 13148
Attention: Daryl R. Bowker
Daryl.bowker@itt.com

If to the Service Receiver:
Xylem Inc.
2881 E. Bayard Street
Seneca Falls, NY 13148
Attention: Linda Lynch
Linda.lynych@xyleminc.com

SERVICE LEVEL

Service Provider will classify incidents at its own discretion. Such classifications shall be consistent with the priorities Service Provider set for itself as a recipient of services. Incidents classified using this methodology will be triaged as documented in Attachment A.

In the event incidents cannot be resolve in the time outlined in Attachment A, Service Provider shall promptly notify Service Receiver and work together to try and resolve such incidents.

ADDITIONAL PRICING

In addition to the costs specifically set forth above, Service Receiver shall also pay commercially reasonable business travel expenses relating to the Services.

Hourly Rate for Services Not Specified but Provided by Service Provider Employees (including but not limited to modifications, consulting, exit strategy development, transition, etc.) are documented below. Such services will be provided solely at the Service Provider's discretion. Service Provider is not obligated to provide additional services not specified in this agreement.

The employee category is defined by the Service Provider. The rates documented below shall be commercially reasonable and designated by the Service Provider, closest to its current cost to provide the service. The hourly rates below include the 4.5% amount for inflation each year. These rates apply to internal Service Provider employees only, and should external resources be required, the costs for those external resources will be reviewed with the Service Receiver prior to execution of the project.

Additional Pricing Rates (All in USD)

<u>Location</u>	<u>Low</u>	<u>Medium</u>	<u>High</u>
USA	\$75	\$100	\$125
Greece	\$35	\$ 46	\$ 58
Mexico	\$19	\$ 25	\$ 31
Sweden	\$75	\$100	\$125

ATTACHMENT A

<u>Scenario</u>	<u>Response Time</u>	<u>Description</u>
Non-Critical Remedy ticket assignment on Weekdays during Business hours	3 Hrs.	Ticket will be picked-up or assigned to one of the team members within 3 hrs.
Critical Remedy ticket assignment on Weekdays during Business hours	1 Hr.	Ticket will be picked-up or assigned to one of the team members within 1 hr.
Non-Critical Remedy ticket assignment on Weekdays during off-hours	Next Business Day	Ticket will be picked-up or assigned to one of the team members on Next Business Day
Critical Remedy ticket assignment on Weekdays during off-hours	2 Hr.	Ticket will be picked-up or assigned to one of the team members within 2 hr.
Non-Critical Remedy ticket assignment on Weekends and Holidays	Next Business Day	Ticket will be picked-up or assigned to one of the team members on Next Business Day
Critical Remedy ticket assignment on Weekends and Holidays	2 Hr.	Ticket will be picked-up or assigned to one of the team members within 2 hr.

- Note:
1. Business hours are 8:00 am — 5:00 pm ET
 2. Critical Incident — The portal is completely down or inaccessible
 3. Non-Critical Incident — All incidents which are not classified as critical as defined in this agreement

Annex A
TSA Change Request Form

TSA Schedule:
Receiver TSA Owner:
Date of Request:
Completed By:

Requested Service Change:

Item Number	Service Description (Listed on schedule in the TSA)	Monthly Charge	Requested Change	Already agreed to with Service Provider (Y/N)
1				
2				
3				
4				
5				

Outcome:

Item Number	Outcome (Approved, Denied)	Specific Action to be taken
1		
2		
3		
4		
5		

Approvals

Approved By:
Provider TSA Functional Lead

Approved By:
Receiver TSA Functional Lead

Executive Representative:
Provider TSA Manager

Executive Representative:
Receiver TSA Manager

**SCHEDULE AB10
P2P DELIVERY ENVIRONMENT**

Capitalized terms used herein and not otherwise defined shall have the meaning assign such term in the Agreement. The Services provided hereunder are subject in all respects to the terms and conditions of the Agreement, except where expressly noted.

SERVICE OWNER

All service matters, general inquiries and notices regarding this service should be directed to:

Name	Title	Phone	e-mail
Tom Restaino ITT Corporation	Director, Information Technology Financial Shared Services	(315) 568-7884	tom.restaino@itt.com
Eva Jakubowska Xylem Inc.	RCW IT Director	(847) 513-2762	eva.jakubowska@xyleminc.com

GENERAL SERVICE DESCRIPTION

Service Provider will perform Purchase-to-Pay (P2P) Delivery Environment Application Support Services for the Service Receiver.

Service Receiver and its Subsidiaries will utilize Service Provider's resources based on the functionality, processes, input and output screens and documents that support Service Provider's business and business processes in the twelve months prior to the Distribution Date.

SCOPE OF SERVICES

Upon the terms and subject to the conditions of this Services Schedule and the Agreement, Service Provider shall provide to Service Recipient the services identified below (collectively, the "Services").

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
IT-P2P-01	P2P Delivery Environment Application Support Services	<p>Provide application support services for P2P Delivery Environment, which consists of SAP, Vendor Portal, Taxware, OpenText, and Interface Infrastructure MQ and XI (MQ support is only on Provider's MQ):</p> <ul style="list-style-type: none"> Access to P2P Delivery Environment — Service Provider will provide access to applications through user request form(s) submitted by Service Receiver via Service Provider P2P Help Desk tickets for authorized service receiver users. Service Provider will maintain and reset SAP user passwords and application security through Provider P2P Help Desk requests. , Service Provider will monitor and restrict unauthorized access to source code and data. User add/update/delete requests will be completed within three (3) business days of receipt of complete, approved form. P2P Delivery Environment Support & Maintenance — Service Provider will monitor incident resolution requests; and recommend and implement incident resolution. Service Provider will identify and communicate breaks in application, develop solution to address break, and implement fixes to resolve break. Service Provide reserves the right to charge time and material for a Service Receiver initiated break which requires greater than 8 hours to resolve. Service Provider will maintain production batch schedule, assess impact of failed batch jobs, and adjust schedule to account for batch job failures and delays. Service Provider will execute web server and application server configuration changes; and monitor and maintain application administration. Service Provider will provide SAP Basis support, development support for the P2P Delivery Environment, and configuration management in support of business as usual activities (excludes enhancement requests by Service Receiver). Requests for support and maintenance will be submitted and tracked via Service Provider Help Desk ticket. <p>Service Provider will publish scheduled down time which will allow for normal maintenance of the P2P environment including operating system upgrades; database maintenance, and other tasks required in order to keep environment running efficiently. Ad-Hoc down time will be communicated to Service Receiver with 72 hours advance notice where possible.</p> <ul style="list-style-type: none"> P2P Delivery Environment Testing Support — Support of Receiver requested testing cycles are included in services during the TSA with the following exceptions to be treated as supplemental services and charged via Time and Materials Based on Additional Pricing Section: 	<p>219 SAP Users</p> <p>122,741 Invoice Postings per Year</p> <p>64,008 New Purchase Orders Created per Year</p>	18	<p>Cost plus 2% - 10% per month for services and</p> <p>Cost plus 2% - 10%* per month for Vendor Cost</p> <p>(*Includes 4.5% inflation for 2012 and 2013. Vendor Cost Charges cease after 18 months)</p>

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
		<ul style="list-style-type: none"> o Testing requiring a client refresh more than twice a year. o Testing requiring run and verification of a full month-end close where Provider and Receiver aren't in consensus that the change has an impact to month-end close. • SAP Shared Services Application Master Programs, Tables and Data Maintenance — The Service Provider reserves the right to be the sole owner and administrator of Master Programs, Tables, Data, and Application Security and Access controls will as necessary get joint approval from all Service Receivers for those proposed changes that will impact another Service Receiver. <p>In addition, the Provider will provide the following services: Complete SAP Month End jobs and reports to support postings (Vendor Banking Approvals).</p>			

Service Volumes Greater Than or Less Than Observed Pre-Distribution Date

Service Provider will deliver the same volume of Services as delivered in the 12 months prior to the Distribution Date, plus or minus 3% (such activity, including any such 3% deviation, "Business as Usual activities" or "BAU") at no additional cost per unit. Service Provider will accommodate Service Receiver's inorganic (Mergers, Acquisitions, and Divestitures) activities on a time and materials basis with respect to the one-time set-up fees. The table below will then apply following the completion of the one-time set-up activities.

Scenario	One-Time Setup Fees	Monthly Fees
Service Volume within BAU [Note: BAU already includes +/- 10% of pre-distribution date volumes]	No incremental one-time fees when Service Receiver utilizes services and structure as-is with no changes under this agreement	Steady-State fee structure for requisite service as documented below
Service Volume greater or less than BAU	Service Provider will develop a commercially reasonable quote for acceptance by the Service Receiver provided the Service Receiver utilizes services and structure as-is with no significant changes under this agreement	Service Provider will develop a commercially reasonable quote for acceptance by the Service Receiver incremental to the base service costs documented below for the requisite service

Ad-Hoc development/services or processing of reports consistent with what was provided prior to the distribution date will be supported as part of this agreement. Service Provider will use commercially reasonable efforts based on provider's current abilities to accommodate regulatory or legal ad-hoc requests. Ad-hoc requests which may need to be performed to assist Service Receiver in meeting new legal obligations will be provided on a time and materials basis as described in the Additional Pricing section of this agreement. Any changes to 3rd party relationships which require interface modifications or re-writes are not included as part of the scope of this agreement. Should the Service Receiver require such changes, Parties agree to

negotiate in good faith with regard to such modification. In the event modifications to the services provided are required by law for only the Service Recipient and such modifications increase the cost for Service Provider, Service Recipient that requires the modifications shall pay all the additional costs including the costs for the other Service Recipients.

Exit Services

The following services will be provided upon receipt of a Termination Notice to exit from this Service.

<u>Service #</u>	<u>Service Name</u>	<u>Description of Service</u>	<u>Service Charge (\$/hour)</u>
IT-P2P-02	P2P Delivery Environment Migration	<p>Service Provider will make commercially reasonable efforts to assist Service Receiver in exiting of this agreement. These efforts include:</p> <ul style="list-style-type: none"> • Support of data extraction requests from the Service Receiver • Providing Subject Matter Expertise in helping the Service Receiver understand current state data schema and configuration details <p>Service Provider will provide the following knowledge transfer services:</p>	Time and Materials Based on Additional Pricing Section
IT-P2P-03	P2P Delivery Environment Knowledge Transfer	<ul style="list-style-type: none"> • Existing non-sensitive documentation maintained by the Service Provider will be given to the Service Receiver as it relates to the P2P Delivery Environment and related interfaces 	Time and Materials Based on Additional Pricing Section

Supplemental Services

For requests for supplemental services relating to P2P Delivery Environment by Service Receiver not mentioned in this Schedule or not included within the costs documented in this agreement, Service Receiver will provide a discreet project request and submit such request to Service Provider using the formalized Change Request attached as Annex A for consideration by Service Provider.

Where notice is required a number of business days prior to some required action by Service Provider, notice must be received by 12 noon Eastern Time to be counted as received during such business day. Service Provider shall, within a commercially reasonable period, provide a price quote to be commercially reasonable based on the current cost of the Services to Service Receiver taking into account, such items as the specific time the request was made, service delivery volumes, exit planning activities, and other activities Service Provider is currently engaged in at the time of the request, but not later than 30 days after the request was made. If Service Provider, in its sole discretion determines (i) such request would increase the ongoing operating costs for Service Provider (as a service recipient) or any other service receiver or (ii) that it is not capable of making such changes with its current staff during the time period requested without interrupting the Services provided to itself or any other service receiver.

Service Provider need not provide a price quote or perform the services. Where a price quote is provided, Service Provider shall provide the service requested upon acceptance of the price.

LOCATIONS

Services are initially provided from Seneca Falls, NY, USA to other USA and Canada locations.

PREREQUISITES/DEPENDENCIES

- Service Receiver will maintain the interfaces documented in Attachment A.
- If Service Receiver, or the Service Receiver's Supplier(s), provides inaccurate information to Service Provider, it will be the responsibility of the Service Receiver to rectify any problems and bear any costs incurred to rectify the issue.
- Service Receiver must have one of following the ERP systems active and maintained along with associated interfaces for the duration this agreement is in effect: Business Planning and Control System (BPCS), and PRMS.
- Service Receiver must have MQ Series active and maintained for the duration this agreement is in effect.
- Service Receiver must submit requests, into the Service Provider's P2P Help Desk system.
- Service Receiver will support testing as required for changes implemented by Service Provider.
- Security and access controls will be maintained as set forth in the Master Services Agreement.

NOTICE REQUIREMENT

Official Notices and Bills under this Schedule should be sent to the following addresses (with an email copy to the Service Owners set forth above):

If to the Service Provider:
ITT Corporation
240 Fall Street
Seneca Falls, NY 13148
Attention: Daryl R. Bowker
Daryl.bowker@itt.com

If to the Service Receiver:
Xylem Inc.
2881 E Bayard Street
Seneca Falls, NY 13148
Attention: Linda Lynch
Linda.lynych@xyleminc.com

SERVICE LEVEL

Service Provider will classify incidents at its own discretion. Such classifications shall be consistent with the priorities Service Provider set for itself as a recipient of services.

The P2P Delivery Environment scheduled downtime will be Mondays and Tuesdays from 10:00 PM to 3:30 AM ET and Sundays from 1:00 AM to 8:00 AM ET.

Service Provider P2P Help Desk support is available 8:00 AM — 5:00 PM ET Monday through Friday except for holidays. Items are assessed for priority within one (1) hour of receipt. Barring circumstances outside of Service Provider's control, urgent priority items are addressed within one (1) hour. High priority items will be responded to within one (1) business day and medium priority within two (2) business days. Priority is assessed by the helpdesk staff with direction from Service Receiver.

In the event incidents cannot be resolved, Service Provider shall promptly notify Service Receiver and work together to try and resolve such incidents.

ADDITIONAL PRICING

Hourly Rate for Services Not Specified but Provided by Service Provider Employees (including but not limited to modifications, consulting, exit strategy development, transition, etc.) are documented below. Such services will be provided solely at the Service Provider's discretion. Service Provider is not obligated to provide additional services not specified in this agreement.

The employee category is defined by the Service Provider. The rates documented below shall be commercially reasonable and designated by the Service Provider, closest to its current cost to provide the service. The hourly rates below include the 4.5% amount for inflation each year. These rates apply to internal Service Provider employees only, and should external resources be required, the costs for those external resources will be reviewed with the Service Receiver prior to execution of the project.

Additional Pricing Rates (All in USD)

<u>Location</u>	<u>Low</u>	<u>Medium</u>	<u>High</u>
USA	\$75	\$100	\$125
Greece	\$35	\$ 46	\$ 58
Mexico	\$19	\$ 25	\$ 31
Sweden	\$75	\$100	\$125

ATTACHMENT A

<u>Interface Name</u>	<u>Business Purpose</u>	<u>Source</u>	<u>Destination</u>	<u>Frequency</u>
	Central Vendor Master Maintenance	Service Provider	Service Receiver	Real-time
	Purchase Order add, change, delete	Service Receiver	Service Provider	Real-time
	Receipt posting and reversals	Service Receiver	Service Provider	Real-time
	Invoice posting and reversals	Service Provider	Service Receiver	Real-time
	Payment posting and reversals	Service Provider	Service Receiver	Real-time
	ME A/P trade reclass	Service Provider	Service Receiver	Month End
	ME Foreign Currency revaluation	Service Provider	Service Receiver	Month End
	ME Headquarter cash reclearing	Service Provider	Service Receiver	Month End
	MW Intercompany FX reclass	Service Provider	Service Receiver	Month End
	ME Intercompany Payables reclass	Service Provider	Service Receiver	Month End
	ME Uncleared Cash reclass	Service Provider	Service Receiver	Month End
	ME Small Difference balancing	Service Provider	Service Receiver	Month End
	ME Shared Service Fee — P2P	Service Provider	Service Receiver	Month End
	ME Shared Service Fee — eBuyITT	Service Provider	Service Receiver	Month End
	ME Sales & Use tax reclass (for self-assessed tax)	Service Provider	Service Receiver	Month End
	MW Vendor down payment	Service Provider	Service Receiver	Month End

Annex A
TSA Change Request Form

TSA Schedule:
Receiver TSA Owner:
Date of Request:
Completed By:

Requested Service Change:

Item Number	Service Description (Listed on schedule in the TSA)	Monthly Charge	Requested Change	Already agreed to with Service Provider (Y/N)
1				
2				
3				
4				
5				

Outcome:

Item Number	Outcome (Approved, Denied)	Specific Action to be taken
1		
2		
3		
4		
5		

Approvals

Approved By:
Provider TSA Functional Lead

Approved By:
Receiver TSA Functional Lead

Executive Representative:
Provider TSA Manager

Executive Representative:
Receiver TSA Manager

**SCHEDULE AB11
PRMS SHARED SERVICES AND ERP
APPLICATION SUPPORT**

Capitalized terms used herein and not otherwise defined shall have the meaning assign such term in the Agreement. The Services provided hereunder are subject in all respects to the terms and conditions of the Agreement, except where expressly noted.

SERVICE OWNER

All service matters, general inquiries and notices regarding this service should be directed to:

Name	Title	Phone	e-mail
PRMS Shared Services			
Tom Restaino ITT Corporation	Director, Information Technology Financial Shared Services	(315) 568-7884	tom.restaino@itt.com
Shashank Patel Xylem Inc.	RCW Controller	(847) 983-5856	shashank.patel@xyleminc.com
PRMS ERP Services			
Kevin Loucks ITT Corporation	Manager, Transition Management Office	(315) 568-7770	kevin.loucks@itt.com
Eva Jakubowska Xylem Inc.	RCW IT Director	(847) 513-2762	eva.jakubowska@xyleminc.com

GENERAL SERVICE DESCRIPTION

Service Provider will provide PRMS Shared Services and ERP Application Support Services for Service Receiver.

Service Receiver and its Subsidiaries will utilize Service Provider's resources based on the functionality, processes, input and output screens, and documents that support the Service Provider's business and business processes in the twelve months prior to the Distribution date.

SCOPE OF SERVICES

Upon the terms and subject to the conditions of this Services Schedule and the Agreement, Service Provider shall provide to Service Recipient the services identified below (collectively, the "Services").

<u>Service #</u>	<u>Service Name</u>	<u>Description of Service</u>	<u>BAU Transaction Volume</u>	<u>Minimum Service Period (in mo.)</u>	<u>Service Charge</u>
IT-PRMS-01	PRMS Shared Services Application Support Services	<p>Provide PRMS Shared Services Application Support services e.g., Customer Master, Accounts Receivable (AR), General Ledger (GL), Cash Application, and Order Release:</p> <ul style="list-style-type: none"> • Access to PRMS Shared Services Application — Service Provider will provide access to application for authorized Service Receiver per the security guidelines outlined in the Master Services Agreement. Service Provider will receive the PRMS Shared Services Application User Access forms and menu sets from Service Receiver to update menu sets and user profiles; Service Provider will provide periodic SOX access reports to allow Service Receiver to conduct internal SOX user access compliance certifications. Service Provider will create new application and database users pre-approved by Service Recipient, maintain application and database passwords, maintain application and database security to meet security and controls guidelines identified in Master Services Agreement, as well as monitor and restrict unauthorized access to source code and data. Security access will need a five day lead time, and the SOX access reports will be performed no more than twice a year. • Access to PRMS Shared Services AutoClear — Service Provider will provide access to application for authorized Service Receiver per the security guidelines outlined in the Master Services Agreement. Service Provider will use the PRMS Shared Services AutoClear user access forms and menu sets from Service Receiver to update menu sets and user profiles; Service Provider will provide periodic SOX access reports to allow Service Receiver to conduct internal SOX user access compliance certifications. Service Provider will create new application and database users pre-approved by Service Recipient, maintain application and database passwords, maintain application and database security to meet security and controls guidelines identified in Master Services Agreement, as well as monitor and restrict unauthorized access to source code and data. Security access will need a five day lead time, and the SOX access reports will be performed no more than twice a year. 	15 new or modified Users per Month	18	<p>Cost plus 2% - 10% per month for services and</p> <p>Cost plus 2% - 10%* per month for Vendor Cost</p> <p>(*Includes 4.5% inflation for 2012 and 2013. Vendor Cost Charges cease after 18 months)</p>

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
IT-PRMS-02	PRMS ERP Application Support Services	<ul style="list-style-type: none"> • PRMS Shared Services Application Support & Maintenance — Service Provider will monitor Help Desk incident resolution requests from the Service Receiver, and recommend and implement incident resolution per the SLA outlined in the Service Level section of this agreement. Service Provider will receive Help Desk ticket from Service Receiver to update applications and ensure regulatory and security compliance. Service Provider will identify and communicate breaks in application discovered by automated or monitoring system, develop solution and approach to address break in application, and implement fixes to resolve break in application. Service Provider will maintain production batch schedule, execute batch jobs, assess impact of failed batch jobs, and adjust schedule to account for batch job failures and delays. Service Provider will execute web server and application server configuration changes, monitor and maintain application administration Robot and CL programs. • PRMS Shared Services Application Master Programs, Tables and Data Maintenance — The Service Provider reserves the right to be the sole owner and modifier of PRMS Master Programs, Tables and Data. The Service Provider on receiving a Help Desk Master Data change ticket form from the Service Receiver will as necessary get joint approval from all Service Receivers for those proposed changes that will impact another Service Receiver, and then maintain the PRMS Master Programs, Tables and Data appropriately. • PRMS Shared Services Database Support — Service Provider's IT staff and data center will monitor incident resolution requests, and recommend and implement incident resolution per the SLA outlined in the Service Level section of this agreement. Service Provider will identify and communicate breaks in application discovered by automated or monitoring system, develop solution and approach to address break in application, and implement fixes to resolve break in application. • PRMS Shared Service Application Capacity Management - The Service Provider will monitor the environment and make recommendations for capacity changes to the Service Receiver as necessary. <p>Provide PRMS ERP Support services e.g. Materials Resource Planning (MRP), Enterprise Resource Planning (ERP), Order Processing and Invoicing, Debit and Credit Memo, Inventory, Forecasting, Purchasing and Receiving, Costing and Shipping and Manufacturing Operations:</p> <ul style="list-style-type: none"> • Access to PRMS ERP Application — Service Provider will provide access to application for 	25 new or modified	9	Cost plus 2% - 10% per month

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
		<p>authorized Service Receiver per the security guidelines outlined in the Master Services Agreement. Service Provider will use the PRMS Shared Services Application user access forms and menu sets from Service Receiver to update menu sets and user profiles; Service Provider will provide periodic SOX access reports to allow Service Receiver to conduct internal SOX user access compliance certifications. Service Provider will create new application and database users pre-approved by Service Recipient, maintain application and database passwords, maintain application and database security to meet security and controls guidelines identified in Master Services Agreement, as well as monitor and restrict unauthorized access to source code and data. Security access will need a five day lead time, and the SOX access reports will be performed no more than twice a year.</p> <ul style="list-style-type: none"> • PRMS ERP Support & Maintenance — Service Provider will monitor Help Desk incident resolution requests from the Service Receiver, and recommend and implement incident resolution per the SLA outlined in the Service Level section of this agreement. Service Provider will address all things other than Applications incidents, identify and communicate breaks in application discovered by automated or monitoring system, develop solution and approach to address break in application, and implement fixes to resolve break in application. Service Provider will maintain production batch schedule, execute batch jobs, notification of failed batch jobs, and adjust schedule to account for batch job failures and delays. Service Provider will execute web server and application server configuration changes, monitor and maintain application administration Robot and CL programs. <ul style="list-style-type: none"> o The Service Provider after receiving Help Desk production control requests and tested objects from the Service Receiver will move the tested objects into the PRMS ERP production environment. Should the object fail in the process of being moved into production, the Service Provider will work with the Service Receiver to triage and troubleshoot the issues, and move the corrected objects into the PRMS ERP production environment. • PRMS ERP Operating System and Database Support — Service Provider will monitor incident resolution requests, and recommend and implement incident resolution per the SLA outlined in the Service Level section of this agreement. Service Provider will identify and communicate breaks in OS discovered by automated or monitoring system, develop solution and approach to address break in OS, and implement fixes to resolve break in OS. 	User per Month		

The Service Provider on receiving Help Desk service requests from the Service Receiver will perform the following:

- o Create, add files to and Manage Journals
 - o Perform program and database backups
 - o Perform program and database restores
 - o Reorganize Files
 - o Create and add to Data Mirrors
- PRMS ERP Capacity Management - The Service Provider will monitor the environment and make recommendations for capacity changes to the Service Receiver as necessary.

Service Volumes Greater Than or Less Than Observed Pre-Distribution Date

Service Provider will deliver the same volume of Services as delivered in the 12 months prior to the Distribution Date, plus or minus 10% (such activity, including any such 10% deviation, "Business as Usual activities" or "BAU") at no additional cost per unit. Service Provider will accommodate Service Receiver's inorganic (Mergers, Acquisitions, and Divestitures) activities on a time and materials basis with respect to the one-time set-up fees. The table below will then apply following the completion of the one-time set-up activities.

Service Provider will actively monitor CPU and storage utilization of AS400 based applications in the Seneca Falls Data Center. Costs associated with increasing capacity of CPU and Storage within the AS400 environment will be split and allocated to each AS400 based applications by the Service Provider and an applicable portion of costs borne by the Service Receiver. Service Provider is required to provide Service Receiver with 30 days prior notice in advance of any increases in costs related to incremental allocation of CPU and storage costs.

<u>Scenario</u>	<u>One-Time Setup Fees</u>	<u>Monthly Fees</u>
Service Volume within BAU [Note: BAU already includes +/- 10% of pre-distribution date volumes]	No incremental one-time fees when Service Receiver utilizes services and structure as-is with no changes under this agreement	Steady-State fee structure for requisite service as documented below
Service Volume greater or less than BAU	Service Provider will develop a commercially reasonable quote for acceptance by the Service Receiver provided the Service Receiver utilizes services and structure as-is with no significant changes under this agreement	Service Provider will develop a commercially reasonable quote for acceptance by the Service Receiver incremental to the base service costs documented below for the requisite service

Ad-Hoc development/services or processing of reports consistent with what was provided prior to the distribution date will be supported as part of this agreement. Service Provider will use commercially reasonable efforts based on provider's current abilities to accommodate regulatory or legal ad-hoc requests. Ad-hoc requests which may need to be performed to assist Service Receiver in meeting legal obligations will be provided on a time and materials basis as described in the Additional Pricing section of this agreement. Any changes to 3rd party relationships which require interface modifications or re-writes are not included as part of the scope of this

agreement. Should the Service Receiver require such changes, Parties agree to negotiate in good faith with regard to such modification. In the event modifications to the services provided are required by law for only the Service Recipient and such modifications increase the cost for Service Provider, Service Recipient that requires the modifications shall pay all the additional costs including the costs for the other Service Recipients.

Exit Services

The following services will be provided upon receipt of a Termination Notice to exit from this Service.

<u>Service #</u>	<u>Service Name</u>	<u>Description of Service</u>	<u>Service Charge (\$/hour)</u>
		Service Provider will make commercially reasonable efforts to assist Service Receiver in exiting of this agreement. These efforts include:	
IT-PRMS-03	PRMS Application Migration	<ul style="list-style-type: none"> • Support of data extraction requests from the Service Receiver • Providing Subject Matter Expertise in helping the Service Receiver understand current state data schema and configuration details 	Time and Materials Based on Additional Pricing Section
		Service Provider will provide the following knowledge transfer services:	
IT-PRMS-04	PRMS Application Knowledge Transfer	<ul style="list-style-type: none"> • Existing non-sensitive documentation maintained by the Service Provider will be given to the Service Receiver as it relates to the PRMS Shared Services Application and related interfaces 	Time and Materials Based on Additional Pricing Section

Supplemental Services

For requests for supplemental services relating to PRMS Application by Service Receiver not mentioned in this Schedule, Service Receiver will provide a discreet project request and submit such request to Service Provider using the formalized Change Request attached as Annex A for consideration by Service Provider.

Where notice is required a number of business days prior to some required action by Service Provider, notice must be received by 12 noon Eastern Time to be counted as received during such business day. Service Provider shall, within a commercially reasonable period, provide a price quote to be commercially reasonable based on the current cost of the Services to Service Receiver taking into account, such items as the specific time the request was made, service delivery volumes, exit planning activities, and other activities Service Provider is currently engaged in at the time of the request, but not later than 30 days after the request was made. If

Service Provider, in its sole discretion determines (i) such request would increase the ongoing operating costs for Service Provider (as a service recipient) or any other service receiver or (ii) that it is not capable of making such changes with its current staff during the time period requested without interrupting the Services provided to itself or any other service receiver. Service Provider need not provide a price quote or perform the services. Where a price quote is provided, Service Provider shall provide the service requested upon acceptance of the price.

LOCATIONS

Services are initially provided from Seneca Falls, NY, USA to global locations.

PREREQUISITES/DEPENDENCIES

- Service Receiver will for the period of this TSA, maintain and have active the applications and interfaces documented in Attachment A.
- If Service Receiver, or the Service Receiver's Supplier(s), sends inaccurate information to Service Provider, it will be the responsibility of the Service Receiver to rectify any problems and bear any costs incurred to rectify the issue.
- Service Receiver must have bank accounts in place prior to the Distribution Date. Changes or new bank accounts must be communicated to Service Provider and completed on a time and materials basis.
- Service Receiver must have DDM, FTP, GetPaid and Custom.net Applications active and maintained for the duration this agreement is in effect.
- Security and access controls will be maintained as set forth in the Master Services Agreement.
- Service Receiver, in a separate and independent agreement, must have Websphere MQ systems active and maintained with the correct interfaces and data feeds to the Supplier Portal by the Service Receiver for the period of time in which this agreement is in effect.
- Service Receiver must have Elogia, system active and maintained for the duration this agreement is in effect.
- Service Receiver must have Electronic Data Interchange (EDI) active and maintained during the period in which this agreement is in effect.

NOTICE REQUIREMENT

Official Notices and Bills under this Schedule should be sent to the following addresses (with an email copy to the Service Owners set forth above):

If to the Service Provider:
ITT Corporation
240 Fall Street
Seneca Falls, NY 13148
Attention: Daryl R. Bowker
Daryl.bowker@itt.com

If to the Service Receiver:
Xylem Inc.
2881 E Bayard Street
Seneca Falls, NY 13148
Attention: Linda Lynch
Linda.lynych@xyleminc.com

SERVICE LEVEL

Service Provider will classify incidents at its own discretion. Such classifications shall be consistent with the priorities Service Provider set for itself as a recipient of services. Incidents classified using this methodology will be triaged as documented in Attachment B.

In the event incidents cannot be resolved in the time outlined in Attachment B, Service Provider shall promptly notify Service Receiver and work together to try and resolve such incidents.

ADDITIONAL PRICING

Hourly Rate for Services Not Specified but Provided by Service Provider Employees (including but not limited to modifications, consulting, exit strategy development, transition, etc.) are documented below. Such services will be provided solely at the Service Provider's discretion. Service Provider is not obligated to provide additional services not specified in this agreement. The employee category is defined by the Service Provider. The rates documented below shall be commercially reasonable and designated by the Service Provider, closest to its current cost to provide the service. The hourly rates below include the 4.5% amount for inflation each year. These rates apply to internal Service Provider employees only, and should external resources be

required, the costs for those external resources will be reviewed with the Service Receiver prior to execution of the project.

Additional Pricing Rates (All in USD)

<u>Location</u>	<u>Low</u>	<u>Medium</u>	<u>High</u>
USA	\$75	\$100	\$125
Greece	\$35	\$ 46	\$ 58
Mexico	\$19	\$ 25	\$ 31
Sweden	\$75	\$100	\$125

ATTACHMENT A

<u>Interface Name</u>	<u>Business Purpose</u>	<u>Source</u>	<u>Destination</u>	<u>Frequency</u>
Credit Held Orders	Credit held orders for review and release (approval) by FSS	VC ERP System(s)	PRMS Shared Services Application	Real-Time
Order Value Synchronization	Weekly open order value synchronization with VC's to re-compute credit values	VC ERP System(s)	PRMS Shared Services Application	Real-Time Weekly
Invoices	Invoice posting and reversals	VC ERP System(s)	PRMS Shared Services Application	Daily
Customer	Central customer master administration	PRMS Shared Services Application	VC ERP System(s)	Real-Time
Credit Values	Central credit administration (gross\$, open orders, net available\$)	PRMS Shared Services Application	VC ERP System(s)	Real-Time
Credit Held Orders Released	Release (approval) to ship previously credit held order	PRMS Shared Services Application	VC ERP System(s)	Real-Time

ATTACHMENT B

COST & SERVICE METRICS

TARGET PERFORMANCE

System Availability — Percentage of hours the Seneca Falls (SFDC) administered AS/400 processors were available during production workdays for both batch and interactive utilization, Monday through Saturday, 24 hours per day.

99.90%

Interactive Service Availability — Percentage of hours the Seneca Falls (SFDC) administered AS/400 processors were available during production workdays for interactive utilization; Monday through Friday (20 hours per day) and Saturday (14 hours per day).

99.90%

iSeries Service Requests —

- 1) Running Robot Jobs
- 2) Requesting a Restore
- 3) Running Batch Jobs
- 4) Requesting a File Copy
- 5) Printing/ Re-Printing Reports
- 6) Permission to use EZVIEW and Query Commands
- 7) Requesting a Back Up
- 8) New printer configurations

85.0% < 1 Day
90.0% < 3 Days
95.0% < 5 Days

Service Commitment: Service requests are processed Monday through Friday between the hours of 6:00 AM to 9:00 PM (EST). Response Time is measured from the time the request is received and logged in at the Seneca Falls Data Center (SFDC). Turn around for ROBOT jobs is 2 weeks. No production changes will be made from the Wednesday before M/E until M/E processing is complete. No production changes will be made in December.

iSeries User Profile Requests —

- 1) Create new user accounts or
- 2) Change a current user account or
- 3) Deactivate a user account on the Seneca Falls AS/400's.

98.0% < 2 Days
99.0% < 3 Days
100.0% < 5 Days

Service Commitment: Service requests are processed Monday through Friday between the hours of 6:00 AM to 9:00 PM (EST). Response Time is measured from the time the request is received and logged in at the Seneca Falls Data Center (SFDC). Turn around time for user profiles is 3 business days

Note: Service Level Objectives/Targets are measured during the following service window:

6:00 AM to 2:00 AM (EST) ; Monday through Friday

6:00 AM to 8:00 PM (EST) ; Saturday

Need More Information?

Points of Contact

Name	Jean Lindsley, Datacenter Services, Chief of Technology	Supervisor Name	TBD
Telephone Number	315-568-4774	Telephone Number	
Email Address	jean.lindsley@itt.com	Email Address	
Customer Info Link			

Annex A
TSA Change Request Form

TSA Schedule:	
Receiver TSA Owner:	
Date of Request:	
Completed By:	

Requested Service Change:

Item Number	Service Description (Listed on schedule in the TSA)	Monthly Charge	Requested Change	Already agreed to with Service Provider (Y/N)
1				
2				
3				
4				
5				

Outcome:

Item Number	Outcome (Approved, Denied)	Specific Action to be taken
1		
2		
3		
4		
5		

Approvals

Approved By:

Provider TSA Functional Lead

Executive Representative:

Provider TSA Manager

Approved By:

Receiver TSA Functional Lead

Executive Representative:

Receiver TSA Manager

**SCHEDULE AB12
POST SPIN HYPERCARE**

Capitalized terms used herein and not otherwise defined shall have the meaning assign such term in the Agreement. The Services provided hereunder are subject in all respects to the terms and conditions of the Agreement, except where expressly noted.

SERVICE OWNER

All service matters, general inquiries and notices regarding this service should be directed to:

<u>Name</u>	<u>Title</u>	<u>Phone</u>	<u>e-mail</u>
Karla Viglasky ITT Corporation	Chief Information Officer	(315) 568-7069	karla.viglasky@itt.com
Peter Olive Xylem Inc.	Chief Information Officer	+44 (1256) 353946	peter.olive@xyleminc.com

GENERAL SERVICE DESCRIPTION

Service Provider will perform Post Spin Hypercare Support Services for Service Receiver.

Service Receiver and its Subsidiaries will utilize Service Provider's resources based on the functionality, processes, input and output screens, and documents that support the Service Provider's business and business processes in the twelve months prior to the Distribution date.

SCOPE OF SERVICES

Upon the terms and subject to the conditions of this Services Schedule and the Agreement, Service Provider shall provide to Service Recipient the services identified below (collectively, the "Services").

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
IT-Hypercare-01	Hypercare Support Services	<p>Provide Post Spin Hypercare support services:</p> <p>Facility Shutdown Services — Service Provider will provide Service Receiver with Facility Shutdown services that include:</p> <ul style="list-style-type: none"> • Disposition of network and computer assets • Disposition of furniture and miscellaneous equipment; boxing of HR files, ITT logo, posters, etc. • Maintain working environment for remaining employees • Control the activation and deactivation of access cards • Close all third party contracts with vendors, such as food, vending machines, cable, printers, cleaning, etc. <p>Program Shutdown Services — Service Provider will provide Service Receiver with Program Shutdown services that include:</p> <ul style="list-style-type: none"> • Crisis management for final cutover, to ensure all projects go live on spin date • Command center support and ramp down • Access to TPMO and IT-SS Connect sites through ITT Co. Active Directory and VPN accounts for up to 20 people <p>Financial Support Services — Service Provider will provide Service Receiver with financial support services that include:</p> <ul style="list-style-type: none"> • Purchase Order (invoice payment) and Contract management for suppliers assisting with separation <p>Miscellaneous Support Services — Service Provider will provide Service Receiver with supplemental and miscellaneous project support services that include:</p> <ul style="list-style-type: none"> • Project management, strategy development, infrastructure consulting, etc. Prioritization and resource allocation for these services will be jointly agreed to by CIOs. <p>All requests for support will be directed to and coordinated through Cindy Hoots.</p>		3*	Cost plus 2% - 10% per month

* TSA duration will end on 12/31/2011 regardless of actual spin-date.

** Costs represent salary expense (no retention or severance) and additional facility charges for the Hanover location.

LOCATIONS

Services are initially provided from Hanover, MD, USA to other USA locations.

PREREQUISITES/DEPENDENCIES

- Security and access controls will be maintained as set forth in the Master Services Agreement.
- Travel and expenses will be paid by the requesting organization.

NOTICE REQUIREMENT

Official Notices and Bills under this Schedule should be sent to the following addresses (with an email copy to the Service Owners set forth above):

If to the Service Provider:
ITT Corporation
240 Fall Street
Seneca Falls, NY 13148
Attention: Daryl R. Bowker
Daryl.bowker@itt.com

If to the Service Receiver:
Xylem Inc.
2881 E Bayard Street
Seneca Falls, NY 13148
Attention: Linda Lynch
Linda.lynych@xyleminc.com

SERVICE LEVEL

Service Provider will classify incidents at its own discretion. Such classifications shall be consistent with the priorities Service Provider set for itself as a recipient of services.

In the event incidents cannot be resolved, Service Provider shall promptly notify Service Receiver and work together to try and resolve such incidents.

**SCHEDULE AB13
SERVICES TSA SCHEDULE FOR
MEXICO
SERVICE OWNER**

All service matters and general inquiries regarding this service should be directed to:

Name	Title	Phone	e-mail
Service Provider:Araceli Europa	Controller IP Mexico Bombas Goulds de Mèxico , S. de R.L. de C.V	01-779-79-69-535	Araceli.europa@itt.com
Service Recipient Anna Guerrero	Controller, WWW Mexico ITT Water Technology Mexico, S. de R.L. de C.V.	52 442 192 67 18 x231	Anna.Guerrero@xyleminc.com

PARTIES TO THE AGREEMENT

1. **Service Provider** — Bombas Goulds de Mèxico , S. de R.L. de C.V
2. **Service Recipient** — ITT Water Technology Mexico, S. de R.L. de C.V.

GENERAL SERVICE DESCRIPTION

1. Finance & Accounting Services
2. Payroll Services
3. Accounts Payables Services
4. Billing and Accounts Receivables Services
5. Cost Accounting Services

TERM AND OPTION

1. Minimum Service Period — 9 months — Commencing on the Distribution Date
2. The Monthly Costs are set forth below under Pricing & Payment Terms. The Service Recipient and Service Provider agree that, except as set forth in this Services TSA Schedule for Mexico (“this TSA”) no additional 2%, 10% or 4.5% increase in such pricing should be applied as set forth in Section 2 of the Agreement.
3. Service Recipient shall have the option to renew at 1.10 times the monthly fixed charge as noted below for an additional 3 months if written notice is provided 60 days prior to the end of the Minimum Service Period.
4. Service Recipient will have the option to terminate this agreement at any time, with no additional make-whole fee as required by Section 11(b) of the Agreement, after the 1st 3 months with 2 months advance written notice to the Service Provider

SERVICES TO BE PROVIDED

1. Finance and accounting services
 - a. Maintain general ledger and chart of accounts
 - b. Reconcile balance sheet accounts at a minimum of once per quarter
 - c. Reconcile Service Recipient legal entity bank accounts a minimum of once a month
 - d. Close books and prepare local financial statements monthly on a timely basis
 - i. US GAAP financial statements will be prepared as required by the Mexican Government
 - ii. Prepare all required JV's required to close the books on a monthly basis
 - iii. File required local statutory financial statements with the authorities in a timely manner
 - iv. File required US GAAP financial statements (P&L and Balance Sheet) in both local currency and on a US FAS 52 basis with the Service Recipient's parent company by the 1st Monday after the closing date
 - e. Request cash when needed from the Service Recipient's parent company in order to support business activities
 - f. Analyze cash requirements at a minimum of once per month and allocate funds to bank accounts (vendor invoices / purchase orders, payroll, tax payments, customer receipts, special unusual items)
 - g. Perform all bank account related maintenance (signatory changes, relationship management etc)
 - h. Prepare, file and pay (provided Service Recipient has made available to Service Provider sufficient funds) all required local statutory tax returns (including but not limited to income tax, sales tax, VAT, GST, payroll related, social security, housing, property taxes). Provide information to Service Recipient' tax advisor in this regard.
 - i. Prepare and file all required statutory reports with the appropriate governmental authorities on a timely basis
 - j. Fixed Asset accounting
 - i. Maintain detailed fixed asset subsidiary ledger and reconcile to general ledger
 - k. Provide required support to Service Recipient's internal & external auditors
 - l. Provide required support for government audits
 - m. Respond to special requests from service recipients legal advisors
 - n. Prepare monthly financial forecasts
 - o. Prepare annual budget, strategic plan, and operating plan financial statements
 - p. Prepare required business review meeting materials on a monthly basis
 - q. Respond to Service Recipient's ad hoc requests for financial data in a timely manner within reason
 2. Payroll Services
 - a. Process payroll on a bi weekly basis (provided Service Recipient has made available to Service Provider sufficient funds)
 - b. Download employee time clock information
 - c. Input employee information obtained from Service Recipient's HR function
 - i. New Hires
-

- ii. Terminations
- iii. Vacations
- iv. Salary changes
- v. Validate approvals
- d. Maintain and update payroll related files
 - i. Vacations
 - ii. Salary advances
 - iii. Child support
 - iv. Housing withholdings
 - v. Employee savings
 - vi. Leaving indemnity
- e. Provide employees with bank cards
- f. Calculate payroll via payroll software
- g. Review printed payroll reports for accuracy
- h. Make net pay file and submit to bank & validate deposits to employee bank accounts on a timely basis
- i. Print and distribute pay stubs / advices to employees on a timely basis
- j. File copies of pay stubs and file payroll booklet
- 3. Accounts Payable Services
 - a. Process vendor invoices for payment twice per week (provided Service Recipient has made available to Service Provider sufficient funds)
 - b. Perform 3 way match in Accounts payable system
 - c. Review invoice approvals
 - d. Maintain PO balance when partial shipments
 - e. Maintain form control over purchase orders (Note: all other purchasing department activities to be performed by the Service Recipient)
 - f. Invoice coding to general ledger account
 - g. Process vendor check run once per week
 - h. Process vendor wire transfers twice per week
 - i. Review and process travel expense reports and travel advances twice per week
 - j. Process payroll child support withholding payments on a weekly basis
 - k. Process employee savings fund withdrawal requests twice per week
- 4. Billing and Accounts Receivables Services
 - a. Generate customer invoices from ERP system on a daily basis
 - b. Review invoices for accuracy
 - c. Charge taxes (VAT, Sales) as required by law
 - d. Update and control customer master file based on information provided by Service Recipient
 - e. Recommend customer credit terms.
 - f. Maintain accounts receivable subsidiary ledger and reconcile to general ledger
 - g. Post billings to accounts receivable ledger on a daily basis
 - h. Post cash receipts to open accounts receivable ledger on a timely basis and follow up with customers when unable to identify cash received to open accounts receivables
 - i. Follow up as required with customers via telephone and email on past due receivables to ensure cash is collected as quickly as possible
 - j. Travel to customers in special circumstances only to facilitate collection of open accounts receivables
 - k. Recommend customers be places on credit hold or shipping hold when appropriate. Service Recipient must approve Service Provider's recommendation

- l. Prepare and analyze aged accounts receivables report and review monthly with Service Recipient**
 - m. Recommend write offs of overdue accounts receivables**
- 5. Cost Accounting Services**
- a. Prepare and review all plant inventory and manufacturing variance journal entries on a monthly basis**
 - b. Reconciliation of perpetual inventory to general ledger**
 - c. Prepare instructions and oversee annual physical inventory including test count audits**
 - d. Reconcile physical inventory and record appropriate book to physical adjustment to general ledger**
 - e. Coordination and oversight of cycle count program**
 - f. Review of cycle count program adjustments and record adjustments in general ledger**
 - g. Review and analysis of manufacturing variances on a monthly basis**
 - h. Review of financial statement inventory balances on a monthly basis with comparison to prior month balances**
 - i. Establish and substantiate appropriate inventory reserves (Excess and Obsolete, Lower of Cost or Market, Inventory revaluation)**
 - j. Develop new standard costs once per year in Q4 of each year**
 - k. Prepare annual cost of production statement for the Mexico Government in Q1-Q2 of each year**
 - l. Prepare annual transfer price analysis in support of annual statutory audit in Q1-Q2 of each year**

LOCATIONS

1. IP facility located at the following address;

Bombas Goulds de Mèxico , S. de R.L. de C.V
Avenida eje Oriente Poniente Lote 4 Manzana 9
Ciudad Industrial Tizayuca ,Hidalgo
Mexico
Z.C 43800

PREREQUISITES/DEPENDENCIES

1. Power of Attorney is granted to the IP Mexico Controller to execute banking transactions, and access RCW IT systems only. If approval is required from Service Recipient in advance of any filing with any governmental agency and approval is not obtained in a timely manner, the Service Recipient, in addition to its waiver of liability as set forth in Section 10 of the Agreement, waives all rights to make any claim for damages resulting from the late filing and agrees to pay and fines or penalties that result from the late filing(s). The Power of Attorney that is granted to the IP Mexico Controller will cease the date that this agreement is terminated
 2. Both the Service Provider and the Service Recipient agree to the month end closing dates for the 3 month period of this agreement
 3. If US GAAP compliant reporting is required by the Service Recipient, then the Service Recipient agrees to provide the Service Provider with the software to facilitate this reporting and to install the software and train Service Provider's employees at Service Recipient's cost prior to the commencement date of this agreement
 4. After the termination of this agreement, it may be necessary from time to time for the Service Provider, on behalf of the Service Recipient, to respond to inquiries made by government authorities about Service Recipient's financial statements and tax filings, including providing support for audits. In this event, the Service Provider will contact the Service Recipient and agree on an appropriate course of action and response. To the extent that Service Provider's resources are to be used to respond to the inquiries, the Service Provider will be entitled to invoice the Service Recipient at the following rates per hour provided if assistance is needed under this section after 2012, the parties will renegotiate such rates in good faith;
 - a. Clerical — US Cost plus 2% - 10%
 - b. Professional — US Cost plus 2% - 10%
 - c. Management — US Cost plus 2% - 10%
 5. To the extent that the Service Provider is required to terminate any of its employees who are providing services solely to the Service Recipient (and not supporting any other aspect of the Service Provider's business) under this agreement at the end of this agreement because of lack of work, the Service Recipient agrees to reimburse the Service Provider for any one time termination costs that are required to be paid as per government regulation or company policy.
 6. At the termination of this agreement, the Service Recipient will provide the necessary support at its own expense to transfer data to its own systems. The Service Provider will agree to provide training to the Service Recipient's employees on the Service Provider's premises or via conference call / web ex prior to the termination of the agreement. The Service Provider will not be required to send any of its employees to any other Service Recipient location.
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7. Service Recipient is precluded from hiring Service Provider's employees that provide the services under this agreement for the duration of this agreement plus for an additional two years after the agreement is terminated.
8. In the event of 3rd party claims against the Service Recipient which are unrelated to this agreement, the Service Recipient agrees to indemnify the Service Provider for any costs that the Service Provider may incur in the event that the 3rd party elects to also claim damages against the Service Provider because of their relationship with the Service Recipient. The Service Recipient also agrees to defend the Service Provider at its sole cost to the extent permitted to do so under Mexican Law

TAX STATUS

1. Service Provider — Payments received under the terms of this agreement will be considered taxable income in Mexico
2. Service Recipient — Payments made under the terms of this agreement will be tax deductible in Mexico
3. Applicable VAT estimated to be 16% of the invoice amount will be charged by the service provider to the service recipient as required by law

*BILLING LOCATION
NOTICES*

All correspondence with respect to this TSA should be sent to the Service Owners listed above with copies to the following:

1. Service Provider — Joane Scalard
1133 Westchester Ave, Suite 3000
White Plains, NY 10605
Joane.scalard@itt.com
2. Service Recipient — Dan Kelly
1133 Westchester Avenue, Suite 2000
White Plains, NY 10605
Dan.kelly@xyleminc.com

NOTICE REQUIREMENTS

No.

Third Party Provider
None required

Prior Notice Requirement to
Terminate Service
See Term and Option above

PRICING & PAYMENT TERMS

1. The monthly fixed charge for all services provided under this TSA will be \$13,000 for the 1st 9 months of this agreement — Payable in US Dollars
2. Invoices will be prepared monthly and mailed to the service provider via email.
3. There will be no additional backup attached to these invoices
4. The 1st invoice will be dated the Commencement Date
5. Invoice payment terms are net 30 days from invoice date.
6. Subsequent invoices will follow every 30 days
7. Exit costs as well as costs incurred to respond to inquiries by the authorities by the Service Provider on behalf of the Service Recipient will be billed by the Service Provider as soon as practicable with appropriate backup documentation

**SCHEDULE AB14
SERVICES TSA SCHEDULE FOR
NOGALES**

SERVICE OWNER

All service matters and general inquiries regarding this service should be directed to:

Name	Title	Phone	e-mail
Service Provider Arnulfo Soto	Controller ICS Nogales Mexico	1-800-854-7639 X5300	Arnulfo.soto@itt.com
Service Recipient John Sullivan	Controller, Flow Control	(978) 281-0440 x284	John.sullivan@xyleminc.com

PARTIES TO THE AGREEMENT

1. **Service Provider** — ITT Cannon de Mexico, S.A. de C.V.
2. **Service Recipient** — Jabsco Sociedad de Responsabilidad Limitada de Capital Variable

GENERAL SERVICE DESCRIPTION

1. Finance & Accounting Services
2. Payroll Services
3. Accounts Payables Services
4. Import / Export Services (excluding PROSEC-Related Services)
5. IT Services
6. PROSEC-Related Services

TERM AND OPTION

1. Minimum Service Period — 12 months — Commencing on the Distribution Date
2. The Monthly Costs are set forth below under Pricing & Payment Terms. The Service Recipient and Service Provider agree that, except as set forth in this Services TSA Schedule for Nogales ("this TSA") no additional 2%, 10% or 4.5% increase in such pricing should be applied as set forth in Section 2(a) of the Agreement.
3. Service Recipient shall have the option to renew at 1.15 times the monthly fixed charge as noted below for an additional 3 months if written notice is provided 60 days prior to the end of the Minimum Service Period. Service Recipient will have the option to terminate this agreement at any time, with no additional make-whole fee as required by Section 11(b) of the Agreement, after the 1st 6 months with 6 months advance written notice to the Service Provider

4. Notwithstanding the above, the Service Period for the PROSEC-Related Services (described below) shall commence on the Distribution Date and terminate on the business day following the day Service Recipient obtains a PROSEC license from the Mexican Ministry of Economy (the "PROSEC License"); provided, however, that if Service Recipient obtains the PROSEC License on or before the business day prior to the Distribution Date, Service Provider will not provide PROSEC-Related Services to Service Recipient. In any event, the term of the Service Period for the PROSEC-Related Services shall not be longer than three months, commencing on the Distribution Date.

SERVICES TO BE PROVIDED

1. **Finance and accounting services**
 - a. **Maintain general ledger and chart of accounts**
 - b. **Reconcile balance sheet accounts at a minimum of once per quarter**
 - c. **Reconcile banks accounts a minimum of once a month**
 - d. **Close books and prepare local financial statements monthly on a timely basis**
 - i. **US GAAP financial statements will be prepared as required by the Mexican Government**
 - ii. **Prepare all required JV's required to close the books on a monthly basis**
 - iii. **File required local statutory financial statements with the authorities in a timely manner**
 - iv. **File required US GAAP financial statements (P&L and Balance Sheet) in both local currency and on a US FAS 52 basis with the Flow Control USA LLC parent company by the 1st Monday after the closing date**
 - e. **Request cash when needed from the Flow Control USA LLC parent company in order to support business activities via creation of maquiladora services invoice on a monthly basis**
 - f. **Analyze cash requirements at a minimum of once per month and allocate funds to bank accounts (vendor invoices / purchase orders, payroll, tax payments, customer receipts, special unusual items)**
 - g. **Perform all bank account related maintenance (signatory changes, relationship management etc)**
 - h. **Prepare, file and pay (provided Service Recipient has made available to Service Provider sufficient funds) all required local statutory tax returns (including but not limited to income tax, sales tax, VAT, GST, payroll related, social security, housing, property taxes). Provide information to Service Recipient' tax advisor in this regard.**
 - i. **Prepare and file all required statutory reports with the appropriate governmental authorities on a timely basis**
 - j. **Fixed Asset accounting (leasehold improvements only)**
 - i. **Maintain detailed fixed asset subsidiary ledger and reconcile to general ledger**
 - k. **Provide required support to Tenant's internal & external auditors**
 - l. **Provide required support for government audits**
 2. **Payroll Services**
 - a. **Process payroll on a weekly basis (provided Service Recipient has made available to Service Provider sufficient funds)**
-

- b. Download employee time clock information
 - c. Input employee information obtained from Service Recipient's on site HR manager
 - i. New Hires
 - ii. Terminations
 - iii. Vacations
 - iv. Salary changes
 - v. Validate approvals
 - d. Prepare and print weekly hours report
 - e. Distribute weekly hours report to employee supervisors and obtain
 - i. Employee signature
 - ii. Supervisor approvals
 - f. Maintain and update payroll related files
 - i. Vacations
 - ii. Salary advances
 - iii. Child support
 - iv. Housing withholdings
 - v. Employee savings
 - vi. Leaving indemnity
 - g. Provide employees with bank cards
 - h. Calculate payroll via payroll software
 - i. Review printed payroll reports for accuracy
 - j. Review time clocked vs. payroll report and resolve differences
 - k. Make net pay file and submit to bank & validate deposits to employee bank accounts on a timely basis
 - l. Print and distribute pay stubs / advices to employees on a timely basis
 - m. File copies of pay stubs and file payroll booklet
3. Accounts Payable Services
- a. Process vendor invoices for payment, twice per month on the 10th and 25th of each month through the Peso ledger (provided Service Recipient has made available to Service Provider sufficient funds)
 - b. Perform 3 way match in Accounts payable system
 - c. Review invoice approvals
 - d. Maintain PO balance when partial shipments
 - e. Maintain form control over purchase orders and assignment of PO numbers (Note: all other purchasing department activities to be performed by the Service Recipient)
 - f. Invoice coding to general ledger account
 - g. Process vendor check run twice per month on the 10th and 25th of each month
 - h. Process vendor wire transfers
 - i. Review and process travel expense reports and travel advances as required
 - j. Review and process employee salary advances once per week
 - k. Process payroll child support withholding payments on a weekly basis
4. Import / Export Services (excluding PROSEC-Related Services, described below)
- a. Supervise activities of Service Recipient's personnel (Service Recipient's personnel are required to perform the following activities)
 - i. Exports
 - 1. Classify merchandise
 - 2. Input parts and data to CAM system
 - 3. Process pro forma invoice, packing list, pedimento

4. Review above for accuracy
5. Dispatch truck
- ii. Imports
 1. Review list of goods
 2. Classify merchandise
 3. Input parts and data to CAM system
 4. Coordinate with counterpart broker
 5. Process pro forma invoice, packing list, pedimento
 6. Review above for accuracy
 7. Dispatch truck
- iii. Other Shipments (Chihuahua, Durango, Guadalajara)
 1. Review list of goods
 2. Classify merchandise
 3. Input parts and data to CAM system
 4. Coordinate with counterpart broker
 5. Process pro forma invoice, packing list, pedimento
 6. Review above for accuracy
 7. Dispatch truck
- iv. Virtual imports exports
 1. Review list of goods
 2. Classify merchandise
 3. Input parts and data to CAM system
 4. Coordinate with counterpart broker
 5. Process pro forma invoice, packing list, pedimento
 6. Review above for accuracy
 7. Dispatch truck
- v. In cases of customs inspection, coordinate with inspector for clearance of goods
- vi. Tracking of open and close Pedimentos
- vii. Process complimentary Pedimentos to pay duties
- viii. Prepare paperwork required to comply with Anexo 24
- ix. Import / export record keeping
- b. Provide support for classification of merchandise for US & Mexico customs purposes
- c. Review import export shipment information for accuracy
- d. Coordinate shipments and carriers to Service Recipient factories/customers in Mexico (Chihuahua, Durango, Guadalajara)
- e. Coordinate virtual import/exports
 - i. Coordinate with counterpart broker
 - ii. Review documentation for accuracy
 - iii. Agree with data to be submitted
- f. Coordination of customs shipment inspection activities to ensure timely resolution and clearance of goods
- g. Record keeping
 - i. Ensure customs related documents are filed on a timely basis
 - ii. Assure easy access to customs documentation when needed
- h. Coordinate with broker to ensure timely opening and closing of Mexican Pedimentos
- i. Ensure Mexican Pedimento duties are paid on a timely basis
- j. Maintain relationship with the Mexico Secretary of the Economy. Provide information as required.

- k. **Insure timely compliance with Anexo 24**
 - l. **Completion and filing of annual report of Foreign Business Transactions**
 - m. **Process and file amendment applications for the Maquila Program**
 - n. **Provide information to the tax authorities as required or requested**
 - o. **Support D&T audits of customs activities**
 - i. **Attend meetings**
 - ii. **Provide information**
 - iii. **Maintain control over audits**
 - p. **Support customs audits**
 - i. **Attend meetings**
 - ii. **Provide information & review audit findings and comments**
5. **IT Services**
- a. **CAM applications support**
 - b. **Qualisys applications support**
 - c. **Timekeeping system support**
6. **PROSEC-Related Services**

Perform the following services with respect to certain inventory relating to the Water Business, legal title to which is held, or will be held, by Flow Control US, LLC, a limited liability company organized and existing under the laws of Delaware, United States of America.

Import and Export:

- Determine tariff classification of components and materials to be imported
- Act as importer of record to import components and materials on a temporary basis under Service Provider's IMMEX Program
- Claim PROSEC preferential duty rates under Service Provider's PROSEC Program at the time of importation of components and materials
- Export finished goods incorporating components and materials that were imported under Service Provider's IMMEX and PROSEC Program, within the legal timeframes.

Manufacturing/Assembly:

- Receipt of components
- Warehousing of components for inventory availability
- Sourcing of components to product-line based on demand
- Manual assembly of components
- Visual inspection of components

Services:

- Packing of components to be delivered to customers
- Repacking
- Packaging
- Repackaging
- Marking
- Labeling

LOCATIONS

1. ICS Nogales Mexico facility located at the following address;

ITT Cannon de Mexico, S.A. de C.V.
Avenida del Libre Comercio S/N
Entre Calzada Industrial Nuevo Nogales y
Calzada del Raquet Club
Col. Parque Industrial Nuevo Nogales
Nogales, Sonora C.P. 84093

PREREQUISITES/DEPENDENCIES

1. New Flow Control Mexico legal entity is established and fully capable of legally conducting business by the commencement date of this agreement; provided, however, that the parties acknowledge that this Schedule shall be effective even if Service Recipient does not obtain the PROSEC License prior to the Distribution Date.
2. New Flow Control Mexico legal entity has registered with all of the appropriate governmental agencies and secured required permits (including but not limited to US and Mexico customs permits); provided, however, that the parties acknowledge that this Schedule shall be effective even if Service Recipient does not obtain the PROSEC License prior to the Distribution Date.
3. New Flow Control Mexico legal entity Bank account(s) are established by the commencement date of this agreement
4. Nogales Mexico Financial, HR/Payroll, and Import export hardware and software platforms are separated by the commencement date of this agreement.
5. Power of Attorney is granted to the ICS Nogales Controller to execute banking transactions and access Flow Control IT systems for the purpose of providing all services contained in this agreement. The ICS Nogales Controller will not be granted Power of Attorney to file appropriate reports and tax returns with governmental authorities. If approval is required from Service Recipient in advance of any filing with any governmental agency and approval is not obtained in a timely manner, the Service Recipient, in addition to its waiver of liability as set forth in Section 10 of the Agreement, waives all rights to make any claim for damages resulting from the late filing and agrees to pay and fines or penalties that result from the late filing(s) The Power of Attorney that is granted to the ICS Nogales Controller under this provision will cease on the date that this agreement is terminated
6. The Service Recipient agrees to provide Power of Attorney privileges to 2 of its employees as of the commencement date of this TSA, for the purpose of reviewing, authorizing and signing, tax returns and other statutory reports which are prepared by the Service Provider as per the services described in this agreement
7. Both the Service Provider and the Service Recipient agree to the month end closing dates for the 1 year period of this agreement
8. If US GAAP compliant reporting is required by the Service Recipient, then the Service Recipient agrees to provide the Service Provider with the software to facilitate this reporting and to install the software and train Service Provider's employees at Service Recipient's cost prior to the commencement date of this agreement
9. Service Recipient contracts with a tax advisor prior to the commencement of this agreement
10. The Service Recipient will hire its own local Nogales HR Manager and Import Export

Broker prior to the commencement date of this TSA. The Service Provider will assist in the proper training of these individuals prior to the commencement date of this TSA. If the Service Recipient fails to hire these employees by the commencement date of this agreement, the monthly fixed charge will increase based upon good faith negotiations between the parties, until such time as the positions are filled and Service Provider agrees to provide the services that would have been performed by these individuals during the time that the positions are vacant.

11. If during the term of this agreement, the Service Recipient's HR Manager or Import Export clerical positions become vacant, the monthly fixed charge will increase based upon good faith negotiations between the parties, until such time as both positions are filled and Service Provider agrees to provide the services that would have been performed by these individuals during the time that the positions are vacant. 12. After the termination of this agreement, it may be necessary from time to time for the Service Provider, on behalf of the Service Recipient, to respond to inquiries made by government authorities about Service Recipient's financial statements and tax filings, including providing support for audits. In this event, the Service Provider will contact the Service Recipient and agree on an appropriate course of action and response. To the extent that Service Provider's resources are to be used to respond to the inquiries, the Service Provider will be entitled to invoice the Service Recipient at the following rates per hour, provided if assistance is needed under this section 12. After 2012, the parties will renegotiate such rates in good faith;
 - a. Clerical — Cost plus 2% - 10% Mexico Pesos (notional US\$)
 - b. Professional — Cost plus 2% - 10% Mexico Pesos (notional US\$)
 - c. Management — Cost plus 2% - 10% Mexico Pesos (notional US\$)
13. To the extent that the Service Provider terminates any of its employees who are providing services solely to the Service Recipient (and not supporting any other aspect of the Service Provider's business) under this TSA at the end of this agreement because of lack of work, the Service Recipient agrees to reimburse the Service Provider for any one time termination costs that are required to be paid as per government regulation or company policy.
14. At the termination of this agreement, the Service Recipient will provide the necessary support at its own expense to transfer data to its own systems. The Service Provider will agree to provide training to the Service Recipient's employees on the Nogales premises or via conference call / web ex prior to the termination of the agreement. The Service Provider will not be required to send any of its employees to any other Service Recipient location.
15. Service Recipient is precluded from hiring Service Provider's employees that provide the services under this TSA for the duration of this TSA plus for an additional one year after the TSA is terminated. Notwithstanding the above, the Service Recipient will have the right to hire the ICS 2 import export clerks that are providing services to the Service Recipient under the terms of this agreement, upon termination of this agreement
16. The Service Provider's IT department will be allowed access to tenant's designated areas as per the floor plan that forms a part of the Nogales facility rental TSA for purposes of providing the services that are included in this agreement. The landlord's IT department will have the right to access the tenant's IT data in order to provide the services that are included in this agreement. The Service Recipient will hire an onsite IT support to oversee all of the Service Recipient's IT operations. To the extent that the IT services listed in the services provided section of this TSA are required from the Service Provider, for whatever reason including but not limited to the inexperience of the Service Recipient's IT Manager or the failure to the Service Recipient to hire an IT Manager by the

commencement date of this agreement, the Service Recipient agrees that they will accept charges for services provided in accordance with the Pricing and Payment Terms provision #3 as shown in this agreement.

TAX STATUS

- 1. Service Provider — Payments received under the terms of this agreement will be considered taxable income in Mexico
- 2. Service Recipient — Payments made under the terms of this agreement will be tax deductible in Mexico

BILLING LOCATION

- 1. Nogales, Sonora, Mexico

NOTICES

All correspondence with respect to this agreement should be sent to the Service Owners listed above with copies to the following;

- 1. Service Provider — Suzy Lee
666 East Dyer Road
Santa Ana, Ca. 92705
- 2. Service Recipient — Dan Kelly
Xylem Inc.
Suite 2000
1133 Westchester Avenue
White Plains, NY 10605

NOTICE REQUIREMENTS

No.	Third Party Provider	Prior Notice Requirement to Terminate Service
	None required	See Term and Option above

PRICING & PAYMENT TERMS

1. The monthly fixed charge for finance, accounting, accounts payable and payroll services will be Cost plus 2% - 10% Mexico Pesos (notional US\$) for the term of this agreement — Payable in Mexico Pesos
2. The monthly fixed charge for import and export services will be Cost plus 2% - 10% Mexico Pesos (notional US\$) for the term of this agreement — Payable in Mexico Pesos
3. IT Services, as defined in this agreement, will be charged on a time and materials basis. Materials will be charged at Service Provider's cost and required labor will be charged at a rate of Cost plus 2% - 10% Mexico Pesos (notional US\$) per hour. Invoices will be prepared monthly and mailed to the Service Recipient via email.
4. There will be no additional backup attached to these invoices for items 1 and 2 above. For item 3 copies of vendor invoices will be attached to the invoice to support the materials charges and timesheets showing the number of hours and dates worked by person will be attached to support labor charges
5. VAT of 11% will be added to all invoices
6. All invoices must be issued in accordance with the applicable tax regulations.
7. The 1st invoice will be dated the same date as the Distribution Date
8. Invoice payment terms are net 30 days from invoice date.
9. Subsequent invoices will follow every 30 days
10. Exit costs as well as costs incurred to respond to inquiries by the authorities by the Service Provider on behalf of the Service Recipient will be invoiced & billed by the Service Provider as soon as practicable with appropriate backup documentation.

OBLIGATIONS OF SERVICE RECIPIENT

Service Recipient hereby expressly agrees to indemnify Service Provider for any liabilities, damages, costs, expenses, settlement amounts, duties, or fines, including court costs and reasonable attorney fees, arising from Service Provider providing the PROSEC-Related Services to the Service Recipient; provided, however, that Service Provider shall not be entitled to be indemnified for any such liabilities, damages, costs, expenses, settlement amounts, duties, or fines, including court costs and reasonable attorney fees arising as a result of Service Provider's negligence or willful misconduct in providing the PROSEC-Related Services.

SCHEDULE AB15
SUBCONTRACT ARRANGEMENT IN WUXI
SERVICE OWNER

All service matters and general inquiries regarding this service should be directed to:

Name	Title	Phone	e-mail
Service Provider Paul Chen and Stephen Chan	Finance Controller — Motion Tech Wuxi China Share Service Manager	+86 (510) 8855 6108 +852 2732 2720	paul.chen@itt.com stephen.chan@itt.com
Service Recipient Meng Hing Chua	Vice President and Director of Finance	+86 (021) 2208 2888 Ext. 1333	menghing.chua@xyleminc.com

PARTIES TO THE AGREEMENT

Service Provider: ITT High Precision Manufactured Products (Wuxi) Co., Ltd. of No. 570 Yangda Road, Meicun, New District, Wuxi City, the PRC

Service Recipient: ITT (Shanghai) Trading Co. Ltd. of Suite 3011-3014, Floor 30, Tower A, Hongqiao Shanghai City, 100 Zunyi Road, Changning District, Shanghai, the PRC

GENERAL SERVICE DESCRIPTION

Service Provider will operate and manage (the "Service") Service Recipient's flow control business at the premises (the "Business") currently located in the Premises during the term of this transition services agreement in a substantially similar manner, with the same level of customer service and response time with the same degree of reasonable skill and care and with the same level of security and control as the Business was operated and managed during the twelve month period prior to the Distribution Date. Service Provider will provide various services in connection with the operation and management of the Business including but not limited to the services set forth in "Services to be Provided".

TERM AND OPTION

1. Term. The Minimum Service Period for this Schedule commences on the Distribution Date to March 31, 2012 and, if Service Recipient has not served a notice on Service Provider to terminate the Service, shall be further extended to May 31, 2012 (the term of Service is hereinafter referred as the "Term"). Service Recipient may terminate the Service at any time prior to the end of the Term by providing thirty (30) days prior written notice without any additional make-whole fee as required by Section 11(b) of the Agreement.
 2. Surviving clause. The following provisions of this Schedule shall survive the termination of this Schedule: (a) "Indemnification", (b) paragraphs 6 and 7 of "Pricing, Payment Terms" (*Audit, Post-termination Revenues and Expenses*), (c) paragraph 4 of "Term and Option" (*Access to Business Records After the Term*), (d) "Insurance" with respect to managing post Term claims and (e) "Tax Status".
 3. Access to the Premises and Business Records during the Term. In addition to the right of access given to Service Recipient pursuant to Section 3(a) of the Agreement, during the Term, Representatives of Service Recipient (or its designee) shall be given access to the Premises during regular business hours if and to the extent reasonably necessary to:
 - 3.1 provide or receive any of the Services;
 - 3.2 examine, copy or photocopy, at Service Recipient's expense, the Business Records, the Business Contracts and the purchase orders, customer invoices and any other contracts and/or agreements signed with the relevant customers, suppliers, distributors and agents relating to or in connection with the Business, during business hours and on reasonable prior written notice, to enable Service Recipient to verify the information contained in the monthly balance sheet and the monthly profit and loss accounts that Service Provider furnishes to Service Recipient in accordance with "Services to be Provided" and to determine the amount of the Monthly Costs payable by Service Provider or Service Recipient, as the case may be; and
 - 3.3 to inspect or examine the Assets, or otherwise transfer the Assets out of the Premises, as the case may be.
 4. Access to Business Records after the Term. For a period of seven (7) years from the expiration date of the Term:
 - 4.1 Service Provider shall make available, and allow Service Recipient (or its designee) to make copy of at Service Recipient's expense, any books, accounts, returns and records (not delivered to Service Recipient (or its designee) prior to the expiration date of the Term (including, without limitation, Service Provider's statutory books and accounting records, tax records, and all other records relating to the Business) which contain information which should be provided to Service Recipient (or its designee) or which is required for the purpose of the Business, any annual, tax or other returns, audits in connection with it for inspection by Representatives of Service Recipient (or its designee) during working hours on reasonable advance notice being given;
 - 4.2 If any Business Information is not in the possession of Service Recipient (or its designee) or readily discoverable by Service Recipient (or its designee) but is in the possession or under the control of or available to Service Provider or any other member of its Group, Service
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Provider shall deliver copies of such Business Information to the Service Recipient promptly on request.

SERVICES TO BE PROVIDED

1. Export/Import
2. Materials Planner
3. Material and Logistics
4. Plant Purchasing
5. Warehouse (excluding bonded material)
6. Shipment
7. Logistics
8. IT Support
9. Customers Support
10. Accounts Payable Invoice Processing including bank disbursements and reconciliations
11. Accounts Receivable Invoice processing and collection
12. Manufacturing and assembly of the products the Business produces
13. Certain administrative and tax preparation/filing services
14. Facility and related services that enable to the Business to continue operations
15. Payroll and all HR services, for the employees Service Provider utilizes to operate and manage the Business
16. Foreign exchange verification
17. External audit and relating consulting services
18. Vendor and customer data maintenance
19. Accounting services to maintain accounting records
20. Security
21. Environmental, health and safety services
22. Administrative services, including office supplies and equipment, location assistant, reception and shuttle bus/car service
23. All other services which were provided to Service Recipient in the last twelve months
24. Invoice and payment. Service Provider shall maintain separate accounts for the Business during the Term. As promptly as practicable and in any event within ten (10) Business Days after the beginning of each calendar month, Service Provider shall prepare and deliver to Service Recipient a balance

sheet as at the end of the preceding calendar month and the profit and loss account in respect of the preceding calendar month (including separate line items for the Monthly Costs, Monthly Expenses and Monthly Revenues) in respect of the Business, prepared in accordance with the Generally Accepted Accounting Principles of the PRC and certified by the Finance Manager of Service Provider.

25. Affixation of company chop. To the extent that any documents of Service Recipient (or its designee) need to be affixed with the company chop of Service Provider, Service Provider shall render all assistance to execute or affix its company chop on all such documents as Service Recipient (or its designee) may from time to time reasonably request for the purpose of vesting in it the full benefit of the Business, provided such request has been approved by the General Manager of Wuxi Flow Control Business and the Legal Counsel of Service Recipient (or its designee).

EMPLOYEES

1. In addition to the Services to be provided by Service Provider to Service Recipient above, during the Term Service Provider shall supervise the Employees in accordance with the terms in this section.
2. Service Provider shall:
 - 2.1 continue the employment of the Employees with Service Provider to ensure that the Business shall be carried on in the ordinary course of business; and
 - 2.2 allow the Employees to perform their duties under the supervision of, fully comply with directions and instructions received from, and promptly carry out orders and assignments given by, any of the Representative of Service Recipient. Notwithstanding the foregoing, the Parties acknowledge and agree that the Employees shall comply with or otherwise subject to the policy (including compensation and benefits policy), handbook or guidelines as applicable to other employees of Service Provider.
3. Service Recipient and Service Provider acknowledge the importance of Employees to the ongoing success of the Business subsequent to the Distribution Date. In order to maintain continuity of their employment with Service Provider, Service Recipient shall request that Service Provider provide long term incentives to those Employees who continue their employment with Service Provider during the Term and Service Recipient shall be responsible for any and all costs associated with these long term incentives.
4. Upon Service Recipient's request, Service Provider shall terminate, or procure its staffing agency to terminate, any of the Employees during the Term. Notwithstanding the foregoing, Service Provider may, without the prior approval of Service Recipient, terminate the employment of any Employee in good faith on reasonable grounds pursuant to the employment laws and regulations of the PRC provided that Service Provider shall notify Service Recipient forthwith its decision of termination.

TRANSFER OF EMPLOYEES

1. Service Provider acknowledges and confirms that each of the Employees working in the Business, a list of whom appears in the Annex (the "Employees"), has signed a confirmation letter with Service Provider on or prior to the date of this Agreement, pursuant to which:

- 1.1 the relevant Employee agrees to terminate the employment relation with Service Provider and establish a new employment relationship with Service Recipient (or its designee), on the expiration date of the Term or on a date to be agreed between Service Provider and Service Recipient (or its designee) ("Employee Transfer Date");
 - 1.2 such Employee shall, upon entering into a new employment contract with Service Recipient (or its designee), be entitled to a long term incentive for continuing his or her employment with Service Provider during the Term at the costs and expenses of Service Recipient (or its designee); and
 - 1.3 the Service Provider shall procure Service Recipient (or its designee) to recognize such Employee's years of service with Service Provider and any annual leave that such Employee accrued but did not take while employed by Service Provider as of the Employee Transfer Date, and the Employee shall waive any claim against Service Provider for statutory severance pay or compensation for accrued but unused annual leave.
2. Service Provider and Service Recipient (or its designee) shall within fifteen (15) Business Days before the end of the Term jointly issue a written notice to all Employees, confirming the Employee Transfer Date and enclosing the new employment contract to be signed by Service Recipient (or its designee) with each of the Employees.
 3. Service Provider shall pay Employees wages, bonuses, overtime pay, social insurance, statutory severance and housing fund contributions and other payments and benefits of such Employee in relation to his or her employment with Service Provider in accordance with the employment laws and regulations of the PRC during the Term up to and including the expiration date of the Term, provided that Service Recipient shall reimburse Service Provider all such payment incurred during the Term in accordance with "Pricing and Payment Terms".
 4. Notwithstanding the provisions of Section 2(a)(ii) of the Agreement, with regard to any Employee who fails to enter into the new employment contract with Service Recipient (or its designee) effective on the Employee Transfer Date, Service Recipient shall bear all responsibilities to each such Employee for statutory severance pay related to the termination of the employment relationship between such Employee and Service Provider and compensation for accrued but unused annual leave calculated in accordance with the laws and regulations of the PRC from the date such employment relationship began until the Employee Transfer Date.

INSURANCE

1. Notwithstanding the provisions of Section 10(b) of the Agreement and without prejudice to its express obligations under this Schedule, Service Provider agrees that during the Term, it will maintain, at Service Recipient's expenses, insurance policies covering the Business similar in scope, amount and coverage as Service Provider maintained during the twelve month period prior to the Distribution Date. In the event any claim needs to be made under these insurance policies, Service Provider will make such claim on Service Recipient's behalf and transfer to Service Recipient all funds received less any out of pocket costs incurred in collection of such funds.

INDEMNIFICATION

1. Notwithstanding anything in the Agreement to the contrary, the indemnification obligations and procedures set forth in Article VII of the Distribution Agreement shall apply to any Indemnifiable Losses (as defined in the Distribution Agreement) Service Provider or any member of its Group incurs as a result of or in connection with providing the Services described in this Schedule. For the avoidance of doubt, Service Provider (or such member of its Group that has suffered an Indemnifiable Loss) shall be the "Indemnitee" and Service Recipient the "Indemnifying Party", as such terms are defined in the Distribution Agreement. Notwithstanding the foregoing or anything in the Distribution Agreement to the contrary, Service Provider shall be permitted to consent to entry of judgment or settle any claim without the consent of Service Recipient and remain entitled to indemnification from Service Recipient; provided, that any such judgment or settlement is for a monetary amount under USD5,000; provided further that any such consent, judgment or settlement does not permit or provide for any injunction, declaratory relief, other order or other non-monetary relief to be entered against Service Recipient or any member of its Group.
2. For the period of seven (7) years from the expiration date of the Term, upon any claim being made against Service Provider, Service Recipient shall give such information and assistance to Service Provider for the purpose of avoiding, disputing, resisting, compromising, defending or contesting any such claim and liability, including:
 - 2.1 assignment of a legal advisor or a Representative appointed by Service Recipient to work with Service Provider or its professional advisors in avoiding, disputing, resisting, compromising, defending or contesting any such claim and liability; and
 - 2.2 access (during business hours and on reasonable prior written notice) such access to its personnel and to any relevant records and information in relation to the Business as Service Provider or its professional advisers reasonably request.

LOCATIONS

The premises of Service Provider located at Building 3, No. 570 Yangda Road, Meicun, New District, Wuxi City, the PRC ("Premises").

PREREQUISITES/DEPENDENCIES

1. Service Provider and Service Recipient shall enter into an Asset Purchase Agreement ("APA") pursuant to which Service Recipient shall agree to purchase from Service Provider all of the Assets and assume all of the liabilities related to the Business.
2. Each Employee signs a letter confirming his or her agreement to be retained by Service Provider during the Term and to be transferred to Service Recipient (or its designee) with effect from the expiration date of the Term (or a date agreed by the Parties) in accordance with the section "Transfer of Employees."

TAX STATUS

1. Monthly Costs received by Service Provider under this Schedule during the Term shall be considered taxable income in China. Service Provider shall:
 - 1.1 duly file all tax returns and provided all information required or requested to be delivered to any tax authority. All such returns and information remain correct and complete and none is, or is likely to become, the subject of any investigation or dispute by or with any tax authority;
 - 1.2 prepare, keep and preserve complete, accurate and up-to-date records both as required by law and to enable it to deliver correct and complete tax returns and to calculate any present or, so far as possible, future tax liability of Business or the entitlement of the Business to claim any relief.
2. Notwithstanding the foregoing, any tax payable by Service Provider arising from the provision of Service or the operation of the Business shall be borne by Service Recipient (or its designee) in accordance with "Pricing and Payment Terms".

**BILLING LOCATION
NOTICES**

All correspondence with respect to this agreement should be sent to the Service Owners listed above with copies to the following:

NOTICE REQUIREMENTS

SERVICE PROVIDER:

Address:

2405-6, 24/F, ING tower, 308 Dec Voeux Road Central, Hong Kong

Fax: +852 2732 2919

For the attention of: Mr. Stephen Chan, China Share Service Manager

SERVICE RECIPIENT:

Address:

Suite 3011-3014, Floor 30, Tower A, Hongqiao Shanghai City, 100 Zunyi Road, Changning District, Shanghai, the People's Republic of China

Fax: +86 (21) 2208 2999

For the attention of: Mr. Meng Hing Chua, Vice President and Director of Finance

PRICING & PAYMENT TERMS

1. The Parties agree that, notwithstanding the provisions of Section 2(a) of the Agreement, Service Recipient (or its designee) shall be entitled to all economic rights and benefits, and shall assume all economic loss, arising from and in connection with the conduct of the Business by Service Provider during the Term.

2. During the Term, Service Recipient or Service Provider, as the case may be, shall pay an amount equal to the Monthly Costs ("Monthly Costs") to the other Party calculated in accordance with the following formula:

$$\text{Monthly Costs} = \text{Monthly Expenses plus RMB} \quad \text{minus Monthly Revenues}$$

where:

Monthly Expenses means the aggregate of:

- (a) all documented, reasonable out-of-pocket costs and expenses incurred by Service Provider which are necessary to provide Services, provided, however, that any such expenses exceeding USD5,000 per month for each Service shall require advance approval of Service Recipient; *plus*
- (b) all wages, bonuses, overtime pay, social insurance and housing fund contributions, and other payments, benefits, retention and severance payments due to any of the Employees retained by Service Provider for the purpose of providing the Services; *plus*
- (c) all rents, rates, gas, water, electricity and other outgoings (including management fees) relating to or payable in respect of the Premises; *plus*
- (d) any sales, services, value added or similar taxes, fees, charges, assessments, or income taxes (including any such taxes that are required to be withheld) arising from or in connection with the provision of Services; and

Monthly Revenues means the aggregate of:

- (a) all revenues, rebates, refunds or otherwise payments collected or received by Service Provider arising from or in connection with the Business, as the case may be, during the Term; *plus*
- (b) all rents, rates, gas, water, electricity and other outgoings (including management fees) relating to the premises located at Room 902, E3 Building, Oriental Plaza, No.1 Chang'an Avenue, Beijing 100738, PRC and payable by ITT (China) Investment Company Limited in the amount of RMB per calendar month for the period from 31 October 2011 to 31 December 2011 and RMB per calendar month for the period from 1 January 2012 to the expiration date of the Term. In the event a total of RMB is not added to Monthly Revenue over the life of the Term by the month prior to the end of the Term, the last month of the Term shall include that amount such that the total amount included in Monthly Revenue under this subsection (b) during the whole Term will equal RMB .

3. An amount equal to the Monthly Costs shall be paid by Service Recipient or Service Provider, as the case may be, to the other Party in the following manner:
 - 3.1 If the Monthly Costs is a positive number, then Service Recipient shall pay to Service Provider the Monthly Costs in accordance with section 2(b) of the Agreement
 - 3.2 If the Monthly Costs is zero, then no payment is due from Service Recipient or Service Provider to the other Party.
 - 3.3 If the Monthly Costs is a negative number, then Service Provider shall pay to Service Recipient the Monthly Costs in accordance with Section 2(b) of the Agreement.
4. For the avoidance of doubt, no additional mark-up or inflation rate, as specified in Section 2(a)(i) of the Agreement, shall apply to any sum payable by Service Recipient to Service Provider under this Schedule.
5. Taxes related to sums payable. Each Party shall pay all sums payable by it under this Schedule free and clear of all deductions or withholdings unless the law requires a deduction or withholding to be made. If a deduction or withholding is so required, the relevant Party shall pay such additional amount as will ensure that the net amount the payee receives equals the full amount which it would have received had the deduction or withholding not been required.
6. Audit. Service Provider and Service Recipient shall, as promptly as practicable and in any event within fifteen (15) Business Days following the expiration date of the Term, jointly appoint Deloitte & Touche, or such other accounting firm as may be agreed to ("Auditors") to conduct an audit of the accounts of the Business. The auditor shall, within thirty (30) days from its engagement, prepare and deliver to the Parties an audited balance sheet to be made up as at the expiration date of the Term and an audited profit and loss account for the period from the Distribution Date to the expiration date of the Term in respect of the Business, in accordance with the Generally Accepted Accounting Principles of the PRC. The costs and expenses of engaging the Auditors shall be borne by Service Recipient (or its designee). The balance sheet and profit and loss account prepared by the Auditors shall, in the absence of manifest error, be final and binding on the Parties. The Auditors shall be deemed to act as an expert and not as an arbitrator.
7. Post-termination Revenues and Expenses. To the extent that any payment, rebate or refund is made to Service Provider in respect of the Business after the expiration date of the Term, Service Provider shall receive the same as trustee, place the same in a separate bank account, record the payment separately in its books, and account to Service Provider for the same within five (5) Business Days after the end of each calendar month for all funds collected during such calendar month. To the extent that any cost or expense is paid by Service Provider after the expiration date of the Term in connection with the Business arising from an act, event or circumstance that occurs during the Term, Service Provider shall provide Service Recipient with all relevant invoices, receipts and contracts, as the case may be, and Service Recipient shall, upon verifying the documents provided, pay to Service Provider within five (5) Business Days after the end of each calendar month for all payments made by Service Provider arising from or in connection with the Business during such calendar month.
8. At the expiration date of the Term, the Service Provider will assist the Service Recipient to physically transfer to Service Recipient (at Service Recipient's cost) all Assets and liabilities within Service Provider's possession or control and associated with the Business to Service Recipient's facilities. In

addition, within thirty (30) Business Days after the expiration date of the Term, the Service Provider and Service Recipient shall work together in good faith to identify the Assets and liabilities of the Business that shall be transferred to Service Provider at the end of the Term and that were not paid for or accounted for under the Pricing and Payment Terms section of this Agreement or the APA (the "Specified Assets and Liabilities"). The Service Provider and Service Recipient shall, within such thirty (30) Business Days agree on the amount of the Specified Assets and Liabilities and the Service Provider or Service Recipient, as appropriate shall, pay to the other, the agreed amount such that Service Provider is reimbursed for its costs or expenses associated with the Specified Assets and Liabilities after the Term and Service Recipient has obtained the economic benefit of the Specified Assets and Liabilities and the Business during the Term.

Definitions

1. Definitions and interpretation of words and expressions used in this Schedule shall be as set forth below:

"APA" has the meaning set out in "Prerequisites/Dependencies".

"Assets" means the assets of Service Provider relating primarily to, used primarily in, or arising primarily from, the Business, to be transferred to Service Recipient pursuant to the APA and the assets purchased during the Term relating primarily to, used primarily in, or arising primarily from the Business.

"Auditors" has the meaning set out in "Pricing and Payment Terms".

"Business" has the meaning set out in "General Service Description".

"Business Contracts" means customer contracts, supplier contracts, and all other contracts and engagements entered into and orders placed or received (a) on or before the Distribution Date by or on behalf of Service Provider in connection with the Business and which at Distribution Date remain (in whole or in part) to be performed; and (b) during the Term.

"Business Days" means, for the purpose of this Schedule, a day (excluding Saturdays, Sundays and public holidays) on which banks generally are open in the PRC for the transaction of normal banking business.

"Business Information" means all information relating to the Business, existing at the Distribution Date or otherwise arising during the Term, including but not limited to details of customers, suppliers, distributors and agents, sales targets, sales statistics, market share statistics, market surveys and information relating to future business development or planning, information relating to discounts, commissions and rebates received and/or paid and litigation or legal advice, in whatever form (including computer disks or tapes) that information may be recorded or stored.

"Business Records" means all books and records in whatever form (including computer disks or tapes) containing or relating to Business Information or on which Business Information is recorded or stored.

“Employees” means the employees physically located at the Premises, employed by Service Provider to support the Business immediately prior to the Distribution Date, a list of whom is stated in the Annex.

“Employees Transfer Date” has the meaning set out in “Transfer of Employees”.

“Monthly Costs” has the meaning set out in “Pricing and Payment Terms”.

“Parties” mean collectively, Service Provider and Service Recipient of this Schedule, and a “Party” means either of them.

“PRC” means the People’s Republic of China excluding, for the purpose of this Agreement, Hong Kong Special Administrative Region, Macau Special Administrative Region, and Taiwan.

“Premises” has the meanings set out in “Locations”.

“Representatives” means, the Service Owners identified under the section entitled “Service Owner” or such other person(s) designated by Service Recipient (or its designee) from time to time.

“RMB” means Renminbi, the lawful currency of the PRC.

“Service” has the meaning set out in “General Service Description”.

“Term” has the meaning set out in “Term and Option”.

“USD” means United States Dollars, the lawful currency of the United States of America.

Annex

List of Flow Control Employees in Wuxi

The employees who are retained by Service Provider to provide the Services are set forth below:

<u>Employee No</u>	<u>Candidate (Chinese Name)</u>	<u>Candidate (English Name)</u>	<u>Position</u>
0200301			GM, Flow Control
0868003			Black Belt
0820040			Finance Manager
0820022			Sr. Cashier & Bank Accountant
0820008			Finance Supervisor
0820032			AR Accountant
0830002			IT Supervisor
0863003			ESH Officer
0840020			HR Supervisor
0840003			HR & Adm. Assistant
0200312			P&P Supervisor
0200318			Purchasing Engineer
0870008			Sr. Sourcing Engineer
0870013			Sourcing Engineer
0860013			Warehouse Keeper
0860017			Forklift Worker
0860042			Forklift Worker
0860048			Forklift Worker
0860059			Forklift Worker
0860038			CSR Supervisor
0200311			Customer Service Representative
0200313			Customer Service Representative
0200304			Customer Service Representative
0200314			Customer Service Representative
0200310			Customer Service Representative
0100336			Customer Service Representative

<u>Employee No</u>	<u>Candidate (Chinese Name)</u>	<u>Candidate (English Name)</u>	<u>Position</u>
0200315			Customer Service Representative
0860004			Customs Assistant
0860047			Customs Declarant
0865022			Incoming Inspector
0865009			QA Inspector
0100303			QA Inspector
0200303			Assistant Production Manager
0200209			Manufacturing Engineer
0100312			Manufacturing Engineer
0100306			Foreman
0100302			Assembler
0100307			Assembler
0100308			Assembler
0100313			Assembler
0100315			Assembler
0100316			Assembler
0100322			Assembler
0100325			Assembler
0100327			Assembler
0100328			Assembler
0100339			Assembler
0100340			Assembler
0100342			Assembler
0100344			Assembler
0100345			Assembler
0100218			Assembler
0100222			Assembler
0100227			Assembler
0100229			Assembler
0100230			Assembler

<u>Employee No</u>	<u>Candidate (Chinese Name)</u>	<u>Candidate (English Name)</u>	<u>Position</u>
0100351			Assembler
0100363			Assembler
0680002			Assistant Marketing Communication Manager
0680003			Product Manager
0680004			Sales Manager
0680005			Sales Manager
0680007			Sales Engineer
0680008			National Sales Manager Flow Control
0680015			Sales Manager-Hygienic Business
0680018			Product Manager, AP
0680023			Product Manager, AP
0680030			Sales Engineer
0680031			Development Engineer

**SCHEDULE AB16
BASIC TIME AND MATERIALS SUPPORT**

Capitalized terms used herein and not otherwise defined shall have the meaning assigned to such term in the Agreement. The Services provided hereunder are subject in all respects to the terms and conditions of the Agreement, except where expressly noted.

SERVICE OWNER

All service matters, general inquiries and notices regarding this Service should be directed to:

Name	Title	Phone	e-mail
Service Provider's Contact			
ITT Corporation Daryl Bowker	TSA Manager	Office:315-568-7676	Daryl.bowker@ittcorp.com
Service Receiver's Contact			
Xylem Inc. Tim Coogan	TSA Manager	Office 914 323-5790	Tim.Coogan@xyleminc.com

PARTIES TO THE AGREEMENT

Service Provider: ITT Corporation

Service Receiver: Xylem Inc.

GENERAL SERVICE DESCRIPTION

Service Receiver may need assistance after the Distribution Date from the Service Provider for miscellaneous services, including but not limited to consulting, advisory, knowledge transfer and

other similar services in various areas including, but not limited to finance, tax, accounting, insurance, treasury, human resources and communications, which are not already provided for under all of the other TSAs between ITT Corporation, Xylem Inc., and Exelis Inc.

The Service Provider hereby agrees to cause its and its affiliates employees (collectively, "Experts") to provide a reasonable amount of services, including specifically the services listed in Annex A, upon reasonable notice and request from the Service Receiver on a time and materials basis from the Distribution Date through April 30, 2013 (the "Minimum Term" and the "Maximum Term").

To utilize this TSA Schedule, employees of Service Receiver should request such services via email or telephonically where both parties have a clear expectation of the estimated number of hours of assistance being requested. For projects that are expected to require more than 5 to 10 hours of assistance a one or two paragraph project plan should be agreed to in order to avoid misunderstandings. The project plan should be put together by the Service Provider's "Expert" with respect to the requested services.

Employees of Service Receiver should advise their TSA manager that a request for services has been made together with a description of such services requested and the estimated number of hours requested.

The "Expert" should advise their TSA manager that a request for services has been made and the estimated number of hours requested.

SCOPE OF SERVICES

The scope of services will depend on the needs of the Service Recipient and the capabilities and availability of the Experts.

LOCATIONS

All locations around the world

PREREQUISITES/DEPENDENCIES

The Experts remain employees of Service Provider. Service Receivers acknowledge and agree that Service Provider has discretion to terminate the Experts and the Experts have the ability to terminate their employment with Service Provider. In the event the Experts are no longer employed by Service Provider, Service Provider will, at the request of the Service Receiver, use commercially reasonable efforts to provide similar services. However, if Service Receivers or an affiliate employ any of the Experts, the specific service requested under this

Schedule can be terminated by the Service Provider, at the Service Provider's sole discretion on 5 business days notice to the Service Receiver.

TAX STATUS

Sales tax will be charged as determined by the Service Provider and the Service Receiver shall pay such tax along with the payment for the service provided.

BILLING LOCATION

Service Provider will provide Service Receiver with an invoice to its address set forth below under Notice Requirements, except in cases where services are provided outside of the United States, in which case invoices will be created by the Service Provider's legal entity in the country where the services are being performed and invoiced to the Service Receiver's legal entity that requested the services in the Service Provider's local currency. The bill will cover all charges for services under this Schedule from Service Provider and, to the extent reasonably feasible, will be itemized among Service Receiver's legal entities if identified by the Service Receiver when requesting the service. The invoice will contain the number of hours each Expert worked, a short paragraph describing the services and the US dollar amount per Expert.

The Experts shall track their time on either a time sheet or any other proper method such as the utilizing the time sheet attached hereto and Service Provider agrees that the time sheets will accompany the invoice that is sent to the Service Recipient for payment. In cases where the requested services are expected to take longer than 30 days to complete, the Service Provider will be allowed to invoice the Service Receiver once per month for all costs incurred to date.

NOTICE REQUIREMENTS

No notice of Termination is required under this Schedule and there shall be no make-whole fee under this Schedule.

Notices and bills to the Service Provider should be sent to:

ITT Corporation
240 Fall Street
Seneca Falls, NY 13148
Attention: Daryl R. Bowker

Notices and bills to the Service Receiver should be sent to:

Xylem Inc.
1133 Westchester Avenue
Suite 2000
White Plains, NY 10604
Attention: Tim Coogan

PRICING

In addition to the costs specifically set forth below, Service Receivers shall also pay all business travel expenses relating to the Services in accordance with Service Providers documented travel policies and any incremental out of pocket costs incurred by the Service Provider in order to provide the requested services that are invoiced by unaffiliated 3rd parties. Service Provider agrees to provide vendor invoices as backup to the Service Receiver when invoicing the Service Receiver under the terms of this TSA.

The hourly rates below include a 4.5% increase for inflation and the 2% profit margin and shall be applicable in 2011 and 2012. The rates shall increase by 4.5% in 2013. There shall be no make whole fee due under Section 11 of the Agreement upon early termination of this TSA.

<u>Service</u>	<u>Hourly Rate*</u>
Hourly Rate Administrative/Secretarial.	\$50 per hour
Hourly Rate for a Non Executive	\$100 per hour
Hourly Rate for an Executive	\$150 per hour

* Note: In cases where invoicing is done outside the United States, the above rates should be converted to local currency based on the exchange rate on the date the invoice is prepared.

The pricing for the services described in Annex A will be as set forth in Annex A unless no pricing is provided in which case if services are provided on an hourly basis the rates above will apply.

Service Provider: ITT Corporation

Service Owner: Mary Gerstner, mary.gerstner@itt.com (914) 641-2002

Service Receiver: Xylem Inc.

Service Owner: Rod Smith, rod.smith@xylem.com (806) 252-4692

Service Receiver: Exelis Inc.

Service Owner: Vince Thomas, vince.thomas@exelisinc.com phone (702) 790-6351

The Service Provider will invoice the Service Receivers to equally share in out of pocket expenses incurred to deliver a joint Master Black Belt training class and subsequent Train the Trainer classes. Out of pocket expenses include but are not limited to Consultant expense, curriculum binders, CDs, books, meals, and various classroom supplies. All time, travel, and related expenses will be the responsibility of each company.

Master Black Belt training consists of 4 weeks. It will be led by one employee from each company and supplemented with consulting expertise as needed. The curriculum delivered will be the 2011 enhanced Master Black Belt content developed jointly with the University of Michigan. Certification will be the responsibility of each company.

Management Reporting (HEM/Planning) Post Separation Support Requirements

Following the separation of ITT into 3 companies, key management reporting resources will be required to provide post separation support and knowledge transfer between the NewCos. High level areas of support and knowledge transfer include:

- Month-end close
- Year-end close
- New Year setup and rollforward
- OpPlan, Forecast, and Budget
- Metadata Management
- Ledger Mapping
- Break/Fix Support

Listed below are the key HFM and Planning resources whose post separation support will be required during the period 11/1/2011 through the 2012 March Close (approximately 4/20/2012).

Resource	Future NewCo	Executive	November			December			January			February			March			April		
			ITTCo	Xylem	Exelis	ITTCo	Xylem	Exelis	ITTCo	Xylem	Exelis	ITTCo	Xylem	Exelis	ITTCo	Xylem	Exelis	ITTCo	Xylem	Exelis
ITTCo	No	n/a	48	48	n/a	48	24	n/a	48	24	n/a	36	12	n/a	36	12	n/a	12	12	12
Xylem	No	48	n/a	48	24	n/a	24	24	n/a	24	12	n/a	12	n/a	12	n/a	12	12	n/a	12
Exelis	No	48	48	n/a	24	24	n/a	24	24	n/a	12	12	n/a	12	12	n/a	12	12	12	n/a
ITTCo	No	n/a	48	0	n/a	24	0	n/a	24	0	n/a	12	0	n/a	12	0	n/a	12	0	0
ITTCo	Yes	n/a	48	48	n/a	24	24	n/a	24	24	n/a	12	12	n/a	12	12	n/a	12	12	12
Xylem	No	48	n/a	48	24	n/a	24	24	n/a	24	12	n/a	12	12	n/a	12	n/a	12	12	12

Service Provider Owners and Service Receiver Owners are set forth under "Service Owner" above

**SCHEDULE AB17
MANUFACTURING SERVICES TSA
SCHEDULE FOR VADODARA INDIA
SERVICE OWNER**

All service matters and general inquiries regarding this service should be directed to:

<u>Name</u>	<u>Title</u>	<u>Phone</u>	<u>e-mail</u>
Service Provider Rabi Burman	General Manager, ITT Corporation India Pvt Ltd. Plot No 731A, GIDC Savli, Manjusar, Savli Road. Vadodara, Gujarat 391 770	+91 976 633 4443	Rabi.Burman@itt.com
Service Recipient Sam Yamdagni	President, Xylem Water Solutions India Pvt Ltd. Plot No 731B, GIDC Savli, Manjusar, Savli Road. Vadodara, Gujarat 391 770	+91 22 67843080	Sam.Yamdagni@xyleminc.com

PARTIES TO THE AGREEMENT

1. **Service Provider** — ITT Corporation India Pvt. Ltd.
2. **Service Recipient** — Xylem Water Solutions India Pvt. Ltd.

GENERAL SERVICE DESCRIPTION

1. Manufacturing of Xylem products
2. Finance & Accounting Services
3. Accounts Payables Services

TERM AND OPTION

1. Minimum Service Period — 2 months — Commencing on the Distribution Date. The Term can be extended through June 30, 2012 with the mutual consent of both parties.
2. The Monthly Costs are set forth below under Pricing & Payment Terms. The Service Recipient and Service Provider agree that, except as set forth in this Manufacturing Services TSA Schedule for Vadodara India ("this TSA") no additional 2%, 10% or 4.5% increase in such pricing should be applied as set forth in Section 2 of the Agreement.
3. Service Recipient shall have the option to terminate this Agreement at any time, with no additional make-whole fee as required in Section 11(b) of the Agreement, after the 1st 3 months with 1 month advance written notice to the Service Provider.

SERVICES TO BE PROVIDED

1. Manufacturing of Xylem products
 - a. Provide order acknowledgement to Xylem India for the orders placed
 - b. Manufacture Xylem products based on orders placed by Xylem India and supervised by Xylem India employees seconded to ITT
 - c. Use Xylem assets and processes currently employed in Baroda and manufacture products per SOPs
 - d. Manage the factory employees seconded to ITT by Xylem
 - e. Place orders to suppliers on a timely manner and manage inventories in order to properly supply & fulfill customer orders
 - f. Ship finished goods directly to Xylem customers as requested in the purchase order
 - g. Maintain records of purchase cost based on latest purchase price as per BOM, stores and spares and packing material purchased for products manufactured by Xylem Water Solutions India Private Limited
 - h. Invoice Xylem for the manufacturing services on a monthly basis
 2. Finance and accounting services
 - a. Maintain general ledger and chart of accounts
 - b. Reconcile balance sheet accounts at a minimum of once per quarter with respect to accounts payable, inventory, loans and advances, current liabilities and fixed assets
 - c. Prepare and file all required statutory reports with the appropriate governmental authorities on a timely basis
 - d. Fixed Asset accounting and reconciliation of Fixed Assets register to GL
 - e. Respond to special requests from service recipients legal advisors
 - f. Respond to Service Recipient's ad hoc requests for financial data in a timely manner within reason
 - g. Respond to Service Recipient's ad hoc requests for financial data with respect to Service Recipient's business in a timely manner within reason
 - h. Provide auditable information with respect to Debit notes raised on Service Recipient
 3. Accounts Payable Services
 - a. Process vendor invoices for payment as per payment terms approved by the Service Recipient. Any advance payment exceeding INR 200K shall require to be funded by Service Recipient
 - b. Perform 3 way match in Accounts payable system
 - c. Review invoice approvals
 - d. Maintain PO balance when partial shipments
 - e. Maintain firm control over purchase orders (Note: all other purchasing department activities to be performed by the Service Recipient)
 4. Administrative Services
 - a. Security
 - b. Nurse Station
 - c. Horticulture
 - d. Water
-

- e. Electricity
- f. Housekeeping
- g. Pantry
- h. Telephone
- i. DG Set

LOCATIONS

IP facility located at the following address;

Plot No 731A, GIDC Savli, Manjusar, Savli Road.
Vadodara, Gujarat 391 770, India

PREREQUISITES/DEPENDENCIES

1. After the termination of this agreement, it may be necessary from time to time for the Service Provider, on behalf of the Service Recipient, to respond to inquiries made by government authorities about Service Recipient's financial statements and tax filings, including providing support for audits. In this event, the Service Provider will contact the Service Recipient and agree on an appropriate course of action and response. To the extent that Service Provider's resources are to be used to respond to the inquiries, the Service Provider will be entitled to invoice the Service Recipient at the following rates per hour provided if assistance is needed under this section after 2012, the parties will renegotiate such rates in good faith;
 - a. Clerical — US Cost plus 2% - 10%
 - b. Professional — US Cost plus 2% - 10%
 - c. Management — US Cost plus 2% - 10%
2. At the termination of this agreement, the Service Recipient will provide the necessary support at its own expense to transfer data to its own systems. The Service Provider will agree to provide training to the Service Recipient's employees on the Service Provider's premises or via conference call / web ex prior to the termination of the agreement. The Service Provider will not be required to send any of its employees to any other Service Recipient location.
3. In the event of 3rd party claims against the Service Recipient which are unrelated to this agreement, the Service Recipient agrees to indemnify the Service Provider for any costs that the Service Provider may incur in the event that the 3rd party elects to also claim damages against the Service Provider because of their relationship with the Service Recipient. The Service Recipient also agrees to defend the Service Provider at its sole cost to the extent permitted to do so under Indian Law.
4. All inventories and open purchase orders made on behalf of Service Recipient therein will be transferred to Service Recipient at the actual cost on completion of this TSA.
5. The Service Recipient shall accept all invoices pertaining to the manufacturing activities of the Service Recipient during the TSA period even if the same are paid after the TSA period.

TAX STATUS

1. Service Provider — Payments received under the terms of this agreement will be considered taxable income in India
2. Service Recipient — Payments made under the terms of this agreement will be tax deductible in India
3. Service Provider takes credit of service tax paid on employee secondment

**BILLING LOCATION
NOTICES**

All correspondence with respect to this agreement should be sent to the Service Owners listed above with copies to the following;

1. Service Provider — Joanne Scalard
1133 Westchester Ave, Suite 2000
White Plains, NY 10605
2. Service Recipient — Dan Kelly
1133 Westchester Avenue, Suite 3000
White Plains, NY 10605

NOTICE REQUIREMENTS

No.	Third Party Provider None required	Prior Notice Requirement to Terminate Service See Term and Option above
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PRICING & PAYMENT TERMS

1. The monthly charges for contract manufacturing services provided under this TSA will be INR Cost plus 2% - 10% to the actual costs incurred.
 - a. Service Recipient has an option to extend the TSA for another 3 months at the same monthly rate
 - b. Service provider calculates all variable costs monthly — direct material and other costs (PPV, packaging, stores & spares, freight, customs, related to the manufacturing activity) and invoices the Service Recipient.
 - c. Service Provider, to the extent possible, will use the inventories and other material available to it and which are a part of the Transferred Physical Assets to execute the purchase orders placed by the Service Recipient.
 - d. Service Recipient will charge as service fee 5% of the cost of Direct Labor and Indirect Labor being supplied (seconded) to the Service Provider.
2. The monthly charges described above will be adjusted as follows:
 - a. Service Provider and Service Recipient agree that the Line Items (defined later) pertaining to the Water Business (as that term is defined in the Slump Sale Agreement executed by and between the Service Provider and the Service Recipient on even date) of the Seller on 1 October 2011 are: (i) Accounts Receivable: INR [•]; (ii) Accounts Payable: INR [•]; and (iii) Inventories: INR [•];
 - b. Service Provider and Service Recipient estimate that the Line Items pertaining to the Water Business (as that term is defined in the Slump Sale Agreement executed by and between the Service Provider and the Service Recipient on even date) of the Seller on 30 October 2011 (**Estimated Accounts**) will be: (i) Accounts Receivable: INR [•]; (ii) Accounts Payable: INR [•]; and (iii) Inventories: INR [•];
 - c. Service Provider and Service Recipient will: (i) calculate the Line Items pertaining to the Water Business (as that term is defined in the Slump Sale Agreement executed by and between the Service Provider and the Service Recipient on even date) of the Seller on 30 October 2011 (**Completion Accounts**); (ii) if the value of the Line Items in the Completion Accounts Differ is greater than the value of the Line Items set out in the Estimated Accounts, Service Receiver will pay Service Provider the difference together with the monthly charges for October 2011 as calculated at 1 above; and (iii) if the value of the Line Items in the Completion Accounts is lesser than the value of the Line Items set out in the Estimated Accounts, Service Recipient will deduct that difference from the monthly charges payable for October 2011 as calculated at 1 above difference

For this purpose Line Items means the value of Accounts Payable, Accounts Receivable, and Inventories of the Water Business of the Seller as set out in the unaudited [management] accounts on each relevant date.

3. All Invoices are payable in Indian Rupees (INR).
4. Invoices will be prepared monthly and mailed to the service recipient via email or regular mail.
5. Service Provider to attach additional backup of all variable costs (direct materials, attached to these invoices).
6. The 1st invoice will be dated on the last day of the financial closing in November
7. Invoice payment terms are net 30 days from invoice date.
8. Subsequent invoices will follow every 30 days

**SCHEDULE AB18
SERVICES TSA ANNEX FOR
AXMINSTER
SERVICE OWNER**

All service matters and general inquiries regarding this service should be directed to: **John Veness**

Name	Title	Phone	e-mail
Service Provider John Veness	General Manager	+44(0) 1297 630247	John.Veness@itt.com
Service Recipient Duncan Lewis	General Manager	+44 1297 630209	Duncan.Lewis@itt.com

PARTIES TO THE AGREEMENT

1. **Service Provider:** ITT Industries Ltd.
2. **Service Recipient:** Lowara UK Ltd.

GENERAL SERVICE DESCRIPTION

1. **Operations Services**
2. **Import/Export Services**
3. **INTRASTAT Compliance Services**

TERM AND OPTION

1. **24 months — Commencing on the date of the separation into 3 companies**
2. **The 24 month Term shall not be extended. Service Recipient will have the option to terminate this agreement at any time after the 1st 12 months with 6 months advance written notice to the Service Provider.**

SERVICES TO BE PROVIDED

1. **Operations Services**
 - a. **Lowara may need the services of ITT's personnel for assistance with operations reporting.**
 - b. **Lowara may need the services of ITT's personnel for assistance with operational processes including quality control.**
2. **Import/Export Services**

- a. Lowara may require the assistance of ITT personnel in the matters of export and import processes.
 - b. Lowara may require the assistance of ITT personnel in the matters of export and import regulatory compliance.
3. INTRASTAT Services
- a. Lowara may require the assistance of ITT personnel for collecting information for INTRASTAT.
 - b. Lowara may require the assistance of ITT personnel for reporting information to the governmental authorities for INTRASTAT.

LOCATIONS

1. Lowara facility located at the following address:

Lowara UK Ltd.
Millwey Rise Industrial Estate
Axminster EX13 5HU, United Kingdom

PREREQUISITES/DEPENDENCIES

1. Real Estate Sublease is in effect.
2. Service Recipient will follow all of Service Provider's Environmental, Safety, & Health (ES&H) policies and procedures while using the pump testing facilities. Service Provider will provide its ES&H written policies to Service Recipient at the outset of this agreement and agrees to provide overview training prior to the Service Recipient's use of the pump testing facilities.
3. Service Recipient's customers will be granted access to the test facility along with Service Recipient's representatives for a customer witnessed pump test.
4. Service recipient is precluded from hiring Service Provider's employees that may provide these services under this agreement for the duration of this agreement plus an additional 1 year after the agreement is terminated.
5. In the event of 3rd party claims against Service Recipient which are unrelated to this agreement, the Service Recipient agrees to indemnify the Service Provider for any costs that the Service Provider may incur in the event that the 3rd party elects to also claim damages against the Service Provider because of their relationship with the Service Recipient. The Service Recipient also agrees to defend the Service Provider at its sole cost to the extent permitted to do so under United Kingdom law.

TAX STATUS

1. Service Provider — Payments received under the terms of this agreement will be considered taxable income in the United Kingdom
2. Service Recipient — Payments made under the terms of this agreement will be tax deductible in the United Kingdom
3. VAT of the current rate % of the invoice amount will be charged by the service provider to the service recipient

BILLING LOCATION

Lowara UK Ltd. Millwey Rise Industrial Estate Axminster EX13 5HU, United Kingdom

SERVICE LEVEL

1. Service Provider agrees to use reasonable care and diligence in the fulfillment of all services described above. Service Provider also agrees that it will promptly carry out services based on reasonable business practices and judgment.

NOTICES

All correspondence with respect to this agreement should be sent to the Service Owners listed above.

NOTICE REQUIREMENTS

No.	Third Party Provider	Prior Notice Requirement to Terminate Service
N/A	None required	See Term and Option above

PRICING & PAYMENT TERMS

1. The hourly fixed charge for Operations services, Import/Export services, and INTERSTAT Compliance services will be Cost plus 2% - 10% per hour for the term of this agreement — Payable in British Pounds.
2. The fixed hourly rate of Cost plus 2% - 10% per hour shall be the minimum charge. Partial hour charges will be rounded up to include the entire hour. For example, a service provided in 2 hours and 20 minutes will be charged at 3 hours or Cost plus 2% - 10%.
3. Invoices will be prepared monthly and mailed to the service provider via email. Invoices shall include the date services were provided, the name(s) of the person(s) who provided the service, and the number of hours spent providing the service.
4. There will be no additional backup attached to these invoices.
5. Invoice payment terms are net 30 days from invoice date.
6. During the term of this TSA Schedule, no additional 2%, 10% or 4.5% increase in the pricing as set forth above should be applied pursuant to Section 2(a)(i) of the Agreement.

**SCHEDULE AB19
TESTING SERVICES TSA SCHEDULE
FOR INDIA**

SERVICE OWNER

All service matters and general inquiries regarding this service should be directed to:

Name	Title	Phone	e-mail
Service Provider Rabi Burman	General Manager, ITT Corporation India Pvt Ltd. Plot No 731A, GIDC Savli, Manjusar, Savli Road. Vadodara, Gujarat 391 770	+91 976 633 4443	Rabi.Burman@itt.com
Service Recipient Tangellapalli Venugopalakrishna	Controller, Xylem Water Solutions India Pvt Ltd. Plot No 731B, GIDC Savli, Manjusar, Savli Road. Vadodara, Gujarat 391 770	+91 22 67843080	Tangellapalli.Venugopalakrishna@xyleminc.com

PARTIES TO THE AGREEMENT

1. **Service Provider** — ITT Corporation India Pvt. Ltd.
2. **Service Recipient** — Xylem Water Solutions India Pvt. Ltd.

GENERAL SERVICE DESCRIPTION

1. Testing services for Xylem products using IP test bed infrastructure in the Baroda plant

TERM AND OPTION

1. Maximum Service Period — 23 months — Commencing on the Date of physical separation of Service Provider and Service Recipient. TSA starts when Xylem manufacturing operations move in to the new Service Recipient plant. Minimum service: As needed by Xylem India.
2. The Hourly Costs are set forth below under Pricing & Payment Terms.
3. Service Recipient will have the option to terminate this agreement at any time, with no additional make-whole fee as required by Section 11(b) of the Agreement, after the 1st 12 months with 1 month advance written notice to the Service Provider
4. This agreement cannot be extended beyond the maximum service period of 24 months after the Distribution date of Oct 31, 2011.

SERVICES TO BE PROVIDED

1. **Testing of Xylem products**
 - a. Service Provider provides Service Recipient full access to the test bed and infrastructure to fully test pumps and other related products
 - b. Service Provider also provides tools, equipment and personnel to fully validate a product
 - c. Service Provider also fully tests the products per instructions from Service Recipient or its customers or its agents
 - d. Service Provider provides full report(s) on the results of the test and performance of the products
 - e. Service Provider personnel will take control of the products at the loading dock and transfer the products to the test bed, install them on the test bed, fully test the products, remove the products and package them and return as required by Service Recipient
 - f. Service Recipient or its agents or its customers will have access to the products while they are being prepared for testing, while products are being tested and while the products are being processed for return to Xylem
 - g. Service Recipient or its agents or its customers will have access to the control room in order to witness the test.
 - h. Only Service Provider personnel are allowed to run the test and operate all tools, machinery and controls related to the testing of these products
 2. For any possible later delivery, the Service Provider shall notify Xylem in advance and both parties shall agree on an Extended Schedule for such delivery. If the delivery is still not made according to the Extended Schedule, the Service Provider shall pay \$50/day as late delivery penalty, but not exceed the total test value.
-

LOCATIONS

1. IP facility located at the following address;

Plot No 731A, GIDC Savli, Manjusar, Savli Road.
Vadodara, Gujarat 391 770, India

PREREQUISITES/DEPENDENCIES

1. After the termination of this agreement, it may be necessary from time to time for the Service Provider, on behalf of the Service Recipient, to respond to inquiries made by customers or government authorities about Service Recipient's financial statements and tax filings, including providing support for audits. In this event, the Service Provider will contact the Service Recipient and agree on an appropriate course of action and response. To the extent that Service Provider's resources are to be used to respond to the inquiries, after the TSA ends, the Service Provider will be entitled to invoice the Service Recipient at the following rates per hour provided if assistance is needed under this section after 2012, the parties will renegotiate such rates in good faith;
- a. Clerical — US Cost plus 2% - 10%
 - b. Professional — US Cost plus 2% - 10%
 - c. Management — US Cost plus 2% - 10%
2. At the termination of this agreement, the Service Recipient will provide the necessary support at its own expense to transfer data to its own systems. The Service Provider will agree to provide training to the Service Recipient's employees on the Service Provider's premises or via conference call / web ex prior to the termination of the agreement. The Service Provider will not be required to send any of its employees to any other Service Recipient location.
3. In the event of 3rd party claims against the Service Recipient which are unrelated to this agreement, the Service Recipient agrees to indemnify the Service Provider for any costs that the Service Provider may incur in the event that the 3rd party elects to also claim damages against the Service Provider because of their relationship with the Service Recipient. The Service Recipient also agrees to defend the Service Provider at its sole cost to the extent permitted to do so under Indian Law.

TAX STATUS

1. Service Provider — Payments received under the terms of this agreement will be considered taxable income in India
2. Service Recipient — Payments made under the terms of this agreement will be tax deductible in India

**BILLING LOCATION
NOTICES**

All correspondence with respect to this agreement should be sent to the Service Owners listed above with copies to the following;

1. Service Provider — Joanne Scalard
1133 Westchester Ave, Suite 3000
White Plains, NY 10605
2. Service Recipient — Dan Kelly
1133 Westchester Avenue, Suite 2000
White Plains, NY 10605

NOTICE REQUIREMENTS

No.	Third Party Provider	Prior Notice Requirement to Terminate Service
	None required	See Term and Option above

4

PRICING & PAYMENT TERMS

1. The hourly fixed charge for testing services provided under this TSA will be INR Cost plus 2% - 10%.
 - a. Year 1 (2011) handling charges: 2%
 - b. Year 2 (2012) handling charges: 5%
 - c. Year 3 (2013) handling charges: 10%
2. See attached spreadsheet for estimation of hours per pump model and types of tests required.
3. The agreed lead time for testing will need to be mutually agreed between both parties prior to acceptance of the Purchase Orders placed by Xylem India
4. All Invoices are payable in Indian Rupees (INR).
5. Invoices will be prepared monthly and mailed to the service recipient via email or regular mail.
6. The 1st invoice will be dated on the last day of the financial closing in December 2011
7. Invoice payment terms are net 30 days from invoice date.
8. Subsequent invoices will follow every 30 days as long as there is activity. If Service Recipient doesn't use any testing services in any given month, Service Provider doesn't have to provide an invoice.

Xylem India — Baroda Testing Requirements

Product	Performance Test for 1 hour per testing standards	IP Test Bed		NPSH Test (optional)	Blue Tank Test Bed	Xylem Production Line Testing			Electrical panel logic test
		Set-up & Removal	Test			Impeller Balancing	Hydro Test		
	Sampling method(eg 1 in 10) as decided by QA or Customer Request	1	45M	30M / Point	NA		100%	100%	
	Sampling method(eg 1 in 10) as decided by QA or Customer Request	2 hours total	1H	N/A	NA		1	100%	NA
	Sampling method(eg 1 in 10) as decided by QA or Customer Request	1	45M	30M / Point	NA		100%	100%	NA
	Sampling method(eg 1 in 10) as decided by QA or Customer Request	2 hours total	1H	N/A	NA		NA	100%	NA
	As required by Xylem (# of hours to be listed in the PO)	2 hours total	per PO	per PO	NA		NA	NA	NA
	NA	NA	NA	NA	Sampling		NA	100%	NA
	NA	NA	NA	NA	Sampling		NA	100%	NA
	NA	NA	NA	NA	NA		NA	100%	NA
	NA	NA	NA	NA	NA		NA	100%	NA
	NA	NA	NA	NA	NA		NA	100%	NA
	NA	NA	NA	NA	NA		NA	100%	NA
	NA	NA	NA	NA	NA		NA	100%	100%
	NA	NA	NA	NA	NA		NA	100%	100%
	NA	NA	NA	NA	NA		NA	100%	100%
	NA	NA	NA	NA	NA		NA	100%	100%

Comments (General)
 1. Standard test setups (e.g. basic couplings)
 2. No advanced testing (vibration, temperature, run-time, etc...)
 3. Assumes no problems that require tear-down and retest
 4. Assumes no special test-setup (e.g. seal pots, etc...)
 5. Special testing / tear-down and rebuild / etc... billed at shop (TSA) rate

**Schedule AC1
ACCOUNTS PAYABLE, SUPPLIER
PAYMENT AND SALES & USE TAX
SERVICES**

Capitalized terms used herein and not otherwise defined shall have the meaning assign such term in the Agreement. The Services provided hereunder are subject in all respects to the terms and conditions of the Agreement, expect where expressly noted.

SERVICE OWNER

All service matters, general inquiries and notices regarding this service should be directed to:

Name	Title	Phone	e-mail
Kim Acker ITT Corporation	ITT Shared Service Working Capital Manager	(315) 568-7258	kim.acker@itt.com
Elizabeth Webster Exelis Inc.	Senior Business Analyst	(315) 568-7850	elizabeth.webster@exelisinc.com

GENERAL SERVICE DESCRIPTION

Service Provider will perform Accounts Payable, Supplier Payment and Sales and Use Tax Services for Service Receiver.

Service Receiver and its Subsidiaries will utilize the Service Provider's resources based on the functionality, processes, input and output screens and documents that support the Service Provider's business and business processes in the twelve months prior to the Distribution Date.

SCOPE OF SERVICES

Upon the terms and subject to the conditions of this Services Schedule and the Agreement, the Service Provider shall provide to Service Recipient the services identified below (collectively, the "Services").

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
SS-AP-SP -01	Accounts Payable and Supplier Payment Processing Services	<p>Provide Accounts Payable, Supplier Payment and Sales and Use Tax Services:</p> <p>Sales and Use Tax Services — The Service Provider will provide:</p> <ul style="list-style-type: none"> The Service Provider based on Sales and Use tax data received in a predefined form from the Service Receiver's Business Units, will prepare the Sales and Use Tax Returns. A list of all valid Service Receiver Business Units is found in Attachment A. The Service Provider will file all required Sales and Use Tax Returns together with payments that are required. The Service Provider will send copies of the Returns to the appropriate Service Receiver Business Units. The Service Provider, on receipt of phone calls and emails, will respond to routine inquiries and correspondence from the various jurisdictions. Taxware Configuration Support — The Service Provider on receiving Jurisdiction Change information from the Service Receiver will configure jurisdictional tax obligations. The Service Provider on receipt of a request from the Service Receiver will provide Use Tax information (via the ZUSE_TAX report) to the Service Receiver. Value Added Tax (VAT) Recovery Support — The Service Provider will review vendor invoices for VAT charges, and submit VAT included invoices to 3rd party (Meridian) for submission to VAT Taxing Authorities. Upon receipt of a VAT refund check from the Service Receiver's 3rd party (Meridian), Service Provider will provide the funds to the Service Receiver's Business Unit. <p>Accounts Payable and Supplier Payment Vendor Master Data Maintenance:</p> <ul style="list-style-type: none"> The Service Provider on receiving Service Receiver approved remit-to vendor set-ups and update requests submitted via the vendor portal, will utilize address standardization and duplicate checking to review and approve or reject the vendor request. If approved, the add/changed Vendor information will be updated in the vendor master within 1 hour between the hours of 8:00am and 5:00pm EST. The Service Provider on receiving a Credit Reference Request form, will forward the request to the Service Provider's Banking partner (Citibank) where they process the request. The Service Provider after receiving electronic banking details from the Service Receiver or their Vendor, adds all Banking Details. The Service Provider requires complete (per banking requirement 	720 Returns per Year 720 Returns per Year	18	<p>Cost plus 2% - 10% per month for services and</p> <p>Cost plus 2% - 10%* per month for Vendor Cost</p> <p>(*Includes 4.5% inflation for 2012 and 2013. Vendor Cost Charges cease after 18 months)</p>

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
		<p>instructions) electronic banking details be sent to the Vendor Administrator, and will be processed within 48 hours.</p> <ul style="list-style-type: none"> The Service Provider reserves the right to be the sole owner and administrator of Master Programs, Tables, Data, and Application Security and Access controls will as necessary get joint approval from all Service Receivers for those proposed changes that will impact another Service Receiver. <p>In addition, the Provider will provide the following services: Complete SAP Month End jobs and reports to support postings.</p> <p>Accounts Payable and Supplier Payment Document Management and Processing:</p> <ul style="list-style-type: none"> The Service Provider will pick up mail from the Service Receiver's Seneca Falls Post Office Box. The Service Provider on receiving incoming documents (e.g., mail, fax, non-Service Receiver email) from the Service Receiver or Service Receiver's Suppliers, are opened, reviewed, and scanned into SAP within 1 business day, and are indexed within 2 business days. Priority documents are indexed within 1 business day. The Service Provider's Document Processing and Help Desk Teams determine priority. Upon completion of indexing, the documents route to either the Check Request portal for further input by the Service Receiver or on to Document Processing for matching by the Service Provider. Non-compliant workflow handling — Accounts Payable document received by the Service Provider, which does not contain sufficient information to be indexed, is routed to the Service Receiver for Non-Compliant Workflow review. The Service Receiver must provide direction to the Service Provider prior to any additional processing. Duplicate Checking — The Service Provider for each Accounts Payable document received compares it to previously received and processed documents to ensure no duplicate invoices are processed, and will delete duplicate as necessary. The Service Provider will store all Service Receiver's Invoices and attachment information onsite and off-site with an external document storage vendor (Iron Mountain). <p>Accounts Payable and Supplier Payment Document Processing:</p> <ul style="list-style-type: none"> The Service Provider will for all Purchase Order related invoices either 2 or 3 way match them. Any 	<p>159,878 Documents per Year</p> <p>241,547 Documents</p>		

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
		documents found by the Service Provider having exceptions or needing approvals, are parked for review by the Service Receiver, all matched documents are posted.	per Year		
		<ul style="list-style-type: none"> The Service Provider receives electronic documents via interface from the Service Receiver or an internal business group within Provider. Documents are received and posted automatically unless an exception exists. A combination of one or more of these components: PO, tax review, and an Accounts Payable document can be received from the Service Receiver or an internal business group within Provider. The Service Provider will retain all hard copy invoices for DCAA audit requirements. 	84,587 Documents per Year		
		<ul style="list-style-type: none"> For Service Receiver's Business Units that cannot support foreign currency payments through Receiver's Purchase Order systems, the Service Provider requires additional processing prior to payment. Invoices received in a currency other than USD and CAD require an update to the Purchase Order prior to invoice posting. The Service Provider will provide the Service Receiver the converted USD or CAD value, so that the Purchase Order can be updated to match the provided amount. 			
		<ul style="list-style-type: none"> The Service Provider determining any Accounts Payable document that does not pass the 2 or 3 way match or requires approval, must be parked for review by the Service Receiver. 			
		<ul style="list-style-type: none"> The Service Provider on receiving returned 'parked' documents from the Service Receiver, will: <ul style="list-style-type: none"> Process the returned corrective actions for each 'parked' document, specified by the Service Receiver. The Service Receiver must review each 'parked' document. Review the directions provided by the Service Receiver and either post, delete, delete and recreate, or re-park the document based on the comments provided by the Service Receiver and the ability to match the document 			
		<ul style="list-style-type: none"> No item in the processing queue should remain in the queue greater than 5 business days. On a daily basis the processing team will also work priorities based on status and due date. 			
		<ul style="list-style-type: none"> The Service Provider will review upon receipt of a One-Time Vendor check request submitted via the check request portal from the Service Receiver, will be reviewed by the Service Provider, and sent to the Service Receiver's approver regardless of approval limit. 			
		<ul style="list-style-type: none"> The Service Provider on receiving Stop Payment and Void notifications from the Service Receiver's bank, will process Stop payments and voids within SAP (in conjunction with Treasury processing with the bank) and Invoice reversals when necessary. 	521 Requests per Year		

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
		Accounts Payable and Supplier Payment Vendor Payment Processing:	1,368 Payment Runs per Year		
		<ul style="list-style-type: none"> The Service Provider will execute Payment runs on Mondays, Wednesdays, and Fridays (excluding USA and Canadian holidays) at 8:00am EST, for those invoices, which have reached to their Due Dates, and transmit Payment file to the Service Receiver's Bank. The Service Provider will review any exceptions from the payment process, and will update the system accordingly. The Service Provider on receipt of a Vendor Refund request from the Service Receiver, or a returned payment from the Post Office, will process them appropriately The Service Provider on receipt of an Emergency request, will provide to the Service Receiver Emergency payment services. These services are processed from Seneca Falls, between 1:00pm and 2:00pm EST daily excluding USA/Canadian Holidays. All overnight instructions are to be provided in advance. This service should be reserved for true emergencies only based on the urgency of the transaction (shut-offs which severely impact business operations) subject to approval by Service Provider. Emergency Check requests received by the Service Provider after 2:00pm EST are subject to additional charges. The Service Provider will process Intercompany Payments twice each month. 			
		Accounts Payable and Supplier Payment Help Desk Processing — The Service Provider will provide Help Desk services to the Service Receiver:			
		<ul style="list-style-type: none"> The Service Provider will receive inquiries via Issuetrak from the Service Receiver or their Vendors are received and recorded centrally. The Service Provider will create Tickets, assign priority and will be resolved by the Service Provider Help Desk staff or appropriate resources. The Service Provider will receive approved User ID requests through Issuetrak from the Service Receiver, and will update the appropriate user access information necessary to provide user access. The Service Provider will provide access to applications through user request form(s) submitted by Service Receiver via Service Provider P2P Help Desk tickets for authorized service receiver users. Service Provider will maintain and reset SAP user passwords and application security through Provider P2P Help Desk requests. Service Provider will monitor and restrict unauthorized access to source code and data. User add/update/delete requests will be completed within three (3) business days of receipt of complete, approved form. Tickets are assigned a priority of High, Medium and 	4,376 Internal User Inquiries per Year		
			176 Requests (Adds, Deletes, and Updates) per Year		

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
SS-AP-SP -02	P2P Delivery Environment Application Support Services	<p>Urgent. High tickets are resolved within 1 business day, and Medium tickets are resolved within 2 business Days. Urgent priority tickets are responded to within 1 hour, during normal Service Provider business day. Tickets classified as User set-ups and others are completed within 3 days. The Service Provider will receive approved User ID requests through Issuetrak from the Service Receiver and will update the appropriate user.</p> <p>Accounts Payable and Supplier Payment Reporting and Processing:</p> <ul style="list-style-type: none"> • Daily Reporting — The Service Provider will continue to provide any daily reports currently provided to the Service Receiver automatically through email or SAP inbox. • Month-End Processing — All transactions posted throughout the month are accounted for at month end and updates sent to the Service Receiver’s Business Units for posting on their ledger. Reports are sent to Service receiver via an email or SAP inbox. • Year-End Processing — All parked documents as of 12/31 are completed and recreated in the new fiscal year via an electronic message. • 1099’s — Service Provider will consolidate all transactions posted against vendors labeled as 1099 vendors throughout the year for 1099 issuance and filing. Service Receiver must continue to provide any non SAP 1099 data to the Service Provider and review and obtain W-9 for all One Time Vendor requests for 1099 compliance. <p>Accounts Payable and Supplier Payment Audit Support:</p> <ul style="list-style-type: none"> • The Service Provider will continue to provide existing reporting, invoice copies, and payment information (in conjunction with Treasury) upon audit request. Service Receiver will be responsible for transactions for which Service Provider systems are not the system of record. <p>Provide application support services for P2P Delivery Environment, which consists of SAP, Vendor Portal, Taxware, OpenText, and Interface Infrastructure MQ and XI (MQ support is only on Provider’s MQ):</p> <ul style="list-style-type: none"> • P2P Delivery Environment Support & Maintenance — Service Provider will monitor incident resolution requests; and recommend and implement incident resolution. Service Provider will identify and communicate breaks in application, develop solution to address break, and implement fixes to resolve 	<p>11 Postings per Business Unit per Month (month-end processing)</p> <p>534 SAP Users</p> <p>241,547 Invoice Postings per Year</p>		

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
		<p>break. Service Provide reserves the right to charge time and material for a Service Receiver initiated break which requires greater than 8 hours to resolve. Service Provider will maintain production batch schedule, assess impact of failed batch jobs, and adjust schedule to account for batch job failures and delays. Service Provider will execute web server and application server configuration changes; and monitor and maintain application administration. Service Provider will provide SAP Basis support, development support for the P2P Delivery Environment, and configuration management in support of business as usual activities (excludes enhancement requests by Service Receiver). Requests for support and maintenance will be submitted and tracked via Service Provider Help Desk ticket. Service Provider will publish scheduled down time which will allow for normal maintenance of the P2P environment including operating system upgrades; database maintenance, and other tasks required in order to keep environment running efficiently. Ad-Hoc down time will be communicated to Service Receiver with 3 business days advance notice where possible.</p> <ul style="list-style-type: none"> • P2P Delivery Environment Testing Support - Support of Receiver requested testing cycles are included in services during the TSA with the following exceptions to be treated as supplemental services and charged via Time and Materials Based on Additional Pricing Section: • Testing requiring a client refresh more than twice a year. • Test requiring run and verification of a full month-end close where Provider and Receiver are not in consensus that the change has an impact to month-end close. 	44,022 New Purchase Orders Created per Year		

Service Volumes Greater or Less Than Observed Pre-Distribution Date

Service Provider will deliver the same volume of Services as delivered in the 12 months prior to the Distribution Date, plus or minus 3% (such activity, including any such 3% deviation, "Business as Usual activities" or "BAU") at no additional cost per unit. Service Provider will accommodate Service Receiver's inorganic (Mergers, Acquisitions, and Divestitures) activities on a time and materials basis with respect to the one-time set-up fees. The table below will then apply following the completion of the one-time set-up activities.

<u>Scenario</u>	<u>One-Time Setup Fees</u>	<u>Monthly Fees</u>
Service Volume within BAU [Note: BAU already includes +/- 10% of pre-distribution date volumes]	No incremental one-time fees when Service Receiver utilizes services and structure as-is with no changes under this agreement	Steady-State fee structure for requisite service as documented below
Service Volume greater or less than BAU	Service Provider will develop a commercially reasonable quote for acceptance by the Service Receiver provided the Service Receiver utilizes services and structure as-is with no significant changes under this agreement	Service Provider will develop a commercially reasonable quote for acceptance by the Service Receiver incremental to the base service costs documented below for the requisite service

Ad-Hoc development/services or processing of reports consistent with what was provided prior to the distribution date will be supported as part of this agreement. Service Provider will use commercially reasonable efforts based on provider's current abilities to accommodate regulatory or legal ad-hoc requests. Ad-hoc requests which may need to be performed to assist Service Receiver in meeting new legal obligations will be provided on a time and materials basis as described in the Additional Pricing section of this agreement. Any changes to 3rd party relationships which require interface modifications or re-writes are not included as part of the scope of this agreement. Should the Service Receiver require such changes, Parties agree to negotiate in good faith with regard to such modification. In the event modifications to the services provided are required by law for only the Service Recipient and such modifications increase the cost for Service Provider, Service Recipient that requires the modifications shall pay all the additional costs including the costs for the other Service Recipients.

Exit Services

The following services will be provided upon receipt of a Termination Notice to exit from this Service.

<u>Service #</u>	<u>Service Name</u>	<u>Description of Service</u>	<u>Service Charge (\$/hour)</u>
SS-AP-SP -03	Accounts Payable and Supplier Payment & P2P Delivery Environment Migration	Service Provider will make commercially reasonable efforts to assist Service Receiver in exiting of this agreement. These efforts include: <ul style="list-style-type: none">• Support of data extraction requests from the Service Receiver• Providing Subject Matter Expertise in helping the Service Receiver understand current state business processes, and current state functional data mapping	Time and Materials Based on Additional Pricing Section
SS-AP-SP -04	Accounts Payable and Supplier Payment & P2P Delivery Environment Knowledge Transfer	Service Provider will provide the following knowledge transfer services: <ul style="list-style-type: none">• Existing non-sensitive documentation maintained by the Service Provider will be given to the Service Receiver as it relates to Accounts Payable and Supplier Payment; Sales and Use Tax; and P2P Delivery Environment services	Time and Materials Based on Additional Pricing Section

Supplemental Services

For requests for supplemental services relating to Accounts Payable and Supplier Payment Processing by Service Receiver not mentioned in this Schedule or not included within the costs documented in this agreement, Service Receiver will provide a discreet project request and submit such request to Service Provider using the formalized Change Request attached as Annex A for consideration by Service Provider.

Where notice is required a number of business days prior to some required action by Service Provider, notice must be received by 12 noon Eastern Time to be counted as received during such business day. Service Provider shall, within a commercially reasonable period, provide a price quote to be commercially reasonable based on the current cost of the Services to Service Receiver taking into account, such items as the specific time the request was made, service delivery volumes, exit planning activities, and other activities Service Provider is currently engaged in at the time of the request, but not later than 30 days after the request was made. If Service Provider, in its sole discretion determines (i) such request would increase the ongoing operating costs for Service Provider (as a service recipient) or any other service receiver or (ii) that it is not capable of making such changes with its current staff during the time period requested without interrupting the Services provided to itself or any other service receiver. Service Provider need not provide a price quote or perform the services. Where a price quote is provided, Service Provider shall provide the service requested upon acceptance of the price.

LOCATIONS

Services are initially provided from Seneca Falls, USA to other USA and Canada locations.

PREREQUISITES/DEPENDENCIES

- If Service Receiver or their Supplier(s) provides inaccurate information to Service Provider it will be the responsibility of the Service Receiver to rectify any problems and bear extraordinary cost and external fees incurred to rectify the issue.
- The Service Receiver, will strive to see that all invoices sent by their Suppliers are sent directly to Seneca Falls and must reference a valid Purchase Order number (where applicable), in order for the Service Provider to meet existing Service Levels.
- Any external fees associated with late returns due to the Service Receiver missing these requirements (3 bullets below) is the responsibility of the Service Receiver
- The Service Receiver will furnish to the Service Provider relevant and accurate Sales and Use tax data by the end of the second week after each month end closing or the 10th of the month, whichever comes first.
- The Service Receiver will be responsible to register with appropriate Taxing Authorities for any new locations (Business Units). The Service Receiver will ensure that the applicable tax registration information will be provided to the Service Provider in a timely fashion.
- The Service Receiver will be responsible for updating and maintaining any changes with existing registrations with Taxing Authorities. Notification of changes will be provided to the Service Provider, if applicable.
- The Service Receiver is required to ensure accuracy of the vendor master records used in the transactions including: address, and terms from the vendor master or Purchase Order. The Service Provider is responsible for vendor remit to maintenance and accuracy.
- The Service Receiver is responsible for the cost and outstanding liabilities of any additional Service Receiver location, not found in Attachment A, prior to the Service Provider providing services.
- Service Receiver will maintain the interfaces documented in Attachment B.
- Service Receiver must have one of following the ERP systems active and maintained along with associated interfaces for the duration this agreement is in effect: Order Management System (OMS) and Infinium.

- Service Receiver must have MQ Series active and maintained for the duration this agreement is in effect.
- Service Receiver will support testing as required for changes implemented by Service Provider for BAU enhancements or where mandated by any 3rd party vendor support, e.g. SAP. Where enhancements require extensive testing by the Service Receiver, Service Provider will get approval from Service Receiver.
- Security and access controls will be maintained as set forth in the Master Services Agreement.

NOTICE REQUIREMENT

Official Notices and Bills under this Schedule should be sent to the following addresses (with an email copy to the Service Owners set forth above):

If to the Service Provider:
ITT Corporation
240 Fall Street
Seneca Falls, NY 13148
Attention: Daryl R. Bowker
Daryl.bowker@itt.com

If to the Service Receiver:
Exelis Inc.
1650 Tysons Boulevard
Suite 1700
McLean, VA 22102
Attention: Joe Daniel
Joe.daniel@exelisinc.com

SERVICE LEVEL

Service Provider will classify incidents at its own discretion. Such classifications shall be consistent with the priorities Service Provider set for itself as a recipient of services.

The P2P Delivery Environment scheduled downtime will be Mondays and Tuesdays from 10:00 PM to 3:30 AM ET and Sundays from 1:00 AM to 8:00 AM ET.

Service Provider P2P Help Desk support is available 8:00 AM — 5:00 PM ET Monday through Friday except for holidays. Items are assessed for priority within one (1) hour of receipt. Barring circumstances outside of Service Provider's control, urgent priority items are addressed within one (1) hour. High priority items will be responded to within one (1) business day and medium priority within two (2) business days. Priority is assessed by the helpdesk staff with direction from Service Receiver.

In the event incidents cannot be resolved, Service Provider shall promptly notify Service Receiver and work together to try and resolve such incidents.

ADDITIONAL PRICING

Hourly Rate for Services Not Specified but Provided by Service Provider Employees (including but not limited to modifications, consulting, exit strategy development, transition, etc.) are documented below. Such services will be provided solely at the Service Provider's discretion. Service Provider is not obligated to provide additional services not specified in this agreement. The employee category is defined by the Service Provider. The rates documented below shall be commercially reasonable and designated by the Service Provider, closest to its current cost to provide the service. The hourly rates below include the 4.5% amount for inflation each year. These rates apply to internal Service Provider employees only, and should external resources be required, the costs for those external resources will be reviewed with the Service Receiver prior to execution of the project.

Additional Pricing Rates (All in USD)

Location	Low	Medium	High
USA	\$ 75	\$ 100	\$ 125
Greece	\$ 35	\$ 46	\$ 58
Mexico	\$ 19	\$ 25	\$ 31
Sweden	\$ 75	\$ 100	\$ 125

Attachment A

The Service Provider will perform services on behalf of the Service Receiver, to the following Service Receiver Business Units:

<u>Pre-day 1 Company Codes</u>	<u>Company name</u>	<u>City</u>
1005		Fort Wayne
1010		Clifton
1018		Seneca Falls
1160		Reston
1165		Van Nuys
1170		McLean
1180		Roanoke
1185		Rochester
1186		Rochester
1190		Colorado Springs
1191		Colorado Springs
1195		Colorado Springs
1198		Colorado Springs
1199		Colorado Springs
1200		Charleston

NOTES:

- 1) All times noted are U.S. Eastern Time Zone
- 2) Hours quoted are business hours (i.e. Monday — Friday excluding local Holidays) only, excludes Saturday and Sunday
- 3) A "business day" equals 24 hours

ATTACHMENT B

<u>Interface Name</u>	<u>Business Purpose</u>	<u>Source</u>	<u>Destination</u>	<u>Frequency</u>
Vendor	Central Vendor Master Maintenance	Service Provider	Service Receiver	Real-time
Purchase Order	Purchase Order add, change, delete	Service Receiver	Service Provider	Real-time
Receipts	Receipt posting and reversals	Service Receiver	Service Provider	Real-time
Invoice Posting	Invoice posting and reversals	Service Provider	Service Receiver	Real-time
Invoice Payment	Payment posting and reversals	Service Provider	Service Receiver	Real-time
Month End Reconciliation:				
ME_APRECLS	ME A/P trade reclass	Service Provider	Service Receiver	Month End
ME_FCREVAL	ME Foreign Currency revaluation	Service Provider	Service Receiver	Month End
ME_HCR	ME Headquarter cash reclearing	Service Provider	Service Receiver	Month End
ME_ICRECFX	MW Intercompany FX reclass	Service Provider	Service Receiver	Month End
ME_ICRECLS	ME Intercompany Payables reclass	Service Provider	Service Receiver	Month End
ME_OCR	ME Uncleared Cash reclass	Service Provider	Service Receiver	Month End
ME_SMLDIFF	ME Small Difference balancing	Service Provider	Service Receiver	Month End
ME_SSF	ME Shared Service Fee — P2P	Service Provider	Service Receiver	Month End
ME_SSFEBUY	ME Shared Service Fee — eBuyITT	Service Provider	Service Receiver	Month End
ME_TAXRCLS	ME Sales & Use tax reclass (for self-assessed tax)	Service Provider	Service Receiver	Month End
ME_VDPFX	MW Vendor down payment	Service Provider	Service Receiver	Month End

**Schedule AC2
eBuyITT INVOICE PROCESSING
SERVICES**

Capitalized terms used herein and not otherwise defined shall have the meaning assign such term in the Agreement. The Services provided hereunder are subject in all respects to the terms and conditions of the Agreement, expect where expressly noted.

SERVICE OWNER

All service matters, general inquiries and notices regarding this service should be directed to:

Name	Title	Phone	e-mail
Philip Galluzzi ITT Corporation	Manager, TDS Business Relationships & Corporate Travel	(386) 446-6160	phil.galluzzi@itt.com
Joe Daniel Exelis Inc.	TSA Manager	(703) 338-3405	joe.daniel@exelisinc.com

GENERAL SERVICE DESCRIPTION

Service Provider will perform eBuyITT Invoice Processing Services for Service Receiver.

Service Receiver and its Subsidiaries will utilize the Service Provider's resources based on the functionality, processes, input and output screens and documents that support the Service Provider's business and business processes in the twelve months prior to the Distribution Date.

SCOPE OF SERVICES

Upon the terms and subject to the conditions of this Services Schedule and the Agreement, the Service Provider shall provide to Service Recipient the services identified below (collectively, the "Services").

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
SS-eBuyITT- -01	eBuyITT Invoice Processing Services	Provide eBuyITT Invoice Processing Services:			
		<ul style="list-style-type: none"> eBuyITT Invoice Review — The Service Provider will receive designated invoice submissions from the Service Receiver's eBuyITT enabled Suppliers (via EDI transaction or manual entry) and prep invoices and feed the submitted invoices to Perfect Commerce. The Service Provider will use the daily invoice feeds from Perfect Commerce to prep invoices for financial back office operations. 	8,418 Hard Copy Invoices Annually* / 34,693 Invoices Annually		
		<ul style="list-style-type: none"> eBuyITT Exception Handling and Resolution — The Service Provider will reconcile and re-validate invoices flagged with validation errors. Once the invoice is validated, the Service Provider will process it as stated above. Mismatched invoices will not be paid without resolution. 	2,800 Transactions Annually		
		<ul style="list-style-type: none"> Invoice Recording & Payment Processing — Service Provider will send the balanced invoices to an internal business unit within the Service Provider, on a daily basis, for additional Accounts Payable recording and payment processing for the Service Receiver. 	8,418 Hard Copy Invoices Annually* / 34,693 Invoices Annually		
		<ul style="list-style-type: none"> Vendor File Maintenance — The Service Provider will receive vendor master data for new vendor setup from an internal business unit to perform Vendor File Maintenance. 	As Needed Basis	18	Cost plus 2% - 10% per month
		<ul style="list-style-type: none"> Tax Exempt Certificate File Tax Exempt Certificate File Maintenance — The Service Provider will receive Service Receiver Supplier's tax exempt vendor certificates from an internal business unit to maintain tax exempt master file. 	8,418 Hard Copy Invoices Annually* / 34,693 Invoices Annually		
		<ul style="list-style-type: none"> Cost Distribution Services — Service Provider will use validated invoices as documented above to provide Service Receiver a cost distribution file transmitted via FTP and/or email, or transmitted to an internal business unit data and centralized tax services via the current Purchase to pay distribution process to all Service Receiver's business units that are currently on Purchase to Pay. The Service Provider will provide cost distribution and taxability indicators, per agreed frequency to the Service Receiver's business units that are not currently supported by the Shared Services Accounts Payable (P2P) process). 	As Needed Basis		
<ul style="list-style-type: none"> eBuyITT Aged-Invoice Workflow Notification — Service Provider will perform routine communication of aged open invoices requiring Service Receiver triage and action. 	As Needed Basis				

* Note: The BAU transaction volume for hard copy invoices, and not the total invoice volume (i.e., both electronic and hard copy), will be used as the pre-distribution date baseline to calculate changes in service volumes (plus or minus 10%) as defined in the next section.

Service Volumes Greater or Less Than Observed Pre-Distribution Date

Service Provider will deliver the same volume of Services as delivered in the 12 months prior to the Distribution Date, plus or minus 10% (such activity, including any such 10% deviation, "Business as Usual activities" or "BAU") at no additional cost per unit. Service Provider will accommodate Service Receiver's inorganic (Mergers, Acquisitions, and Divestitures) activities on a time and materials basis with respect to the one-time set-up fees. The table below will then apply following the completion of the one-time set-up activities.

Scenario	One-Time Setup Fees	Monthly Fees
Service Volume within BAU [Note: BAU already includes +/- 10% of pre-distribution date volumes]	No incremental one-time fees when Service Receiver utilizes services and structure as-is with no changes under this agreement	Steady-State fee structure for requisite service as documented below
Service Volume greater or less than BAU	Service Provider will develop a commercially reasonable quote for acceptance by the Service Receiver provided the Service Receiver utilizes services and structure as-is with no significant changes under this agreement	Service Provider will develop a commercially reasonable quote for acceptance by the Service Receiver incremental to the base service costs documented below for the requisite service

Ad-Hoc development/services or processing of reports consistent with what was provided prior to the distribution date will be supported as part of this agreement. Service Provider will use commercially reasonable efforts based on provider's current abilities to accommodate regulatory or legal ad-hoc requests. Ad-hoc requests which may need to be performed to assist Service Receiver in meeting new legal obligations will be provided on a time and materials basis as described in the Additional Pricing section of this agreement. Any changes to 3rd party relationships which require interface modifications or re-writes (e.g., Benefits provider change) are not included as part of the scope of this agreement. Should the Service Receiver require such changes, Parties agree to negotiate in good faith with regard to such modification. In the event modifications to the services provided are required by law for only the Service Recipient and such modifications increase the cost for Service Provider, Service Recipient that requires the modifications shall pay all the additional costs including the costs for the other Service Recipients.

Exit Services

The following services will be provided upon receipt of a Termination Notice to exit from this Service.

<u>Service #</u>	<u>Service Name</u>	<u>Description of Service</u>	<u>Service Charge (\$/hour)</u>
SS-eBuyITT-02	eBuyITT Invoice Processing Services Migration	Service Provider will make commercially reasonable efforts to assist Service Receiver in exiting of this agreement. These efforts include: <ul style="list-style-type: none">• Support of data extraction requests from the Service Receiver• Providing Subject Matter Expertise in helping the Service Receiver understand current state business processes, and current state functional data mapping	Time and Materials Based on Additional Pricing Section
SS-eBuyITT-03	eBuyITT Invoice Processing Services Knowledge Transfer	Service Provider will provide the following knowledge transfer services: <ul style="list-style-type: none">• Existing non-sensitive documentation maintained by the Service Provider will be given to the Service Receiver as it relates to eBuyITT services	Time and Materials Based on Additional Pricing Section

Supplemental Services

For requests for supplemental services relating to eBuyITT Invoice Processing by Service Receiver not mentioned in this Schedule or not included within the costs documented in this agreement, Service Receiver will provide a discreet project request and submit such request to Service Provider using the formalized Change Request attached as Annex A for consideration by Service Provider.

Where notice is required a number of business days prior to some required action by Service Provider, notice must be received by 12 noon Eastern Time to be counted as received during such business day. Service Provider shall, within a commercially reasonable period, provide a price quote to be commercially reasonable based on the current cost of the Services to Service Receiver taking into account, such items as the specific time the request was made, service delivery volumes, exit planning activities, and other activities Service Provider is currently engaged in at the time of the request, but not later than 30 days after the request was made. If Service Provider, in its sole discretion determines (i) such request would increase the ongoing operating costs for Service Provider (as a service recipient) or any other service receiver or (ii) that it is not capable of making such changes with its current staff during the time period requested without interrupting the Services provided to itself or any other service receiver. Service Provider need not provide a price quote or perform the services. Where a price quote is provided, Service Provider shall provide the service requested upon acceptance of the price.

LOCATIONS

Services are initially provided from Palm Coast, FL USA to other USA locations.

PREREQUISITES/DEPENDENCIES

- Service Receiver will maintain current Cost Distribution data delivery methodologies (e.g., FTP drop site/email attachment receipt).
- If Service Receiver or their suppliers provides inaccurate information to Service Provider it will be the responsibility of the Service Receiver to rectify any problems and bear any costs incurred to rectify the issue.
- Security and access controls will be maintained as set forth in the Master Services Agreement.
- Service Receiver must actively be engaged on the GSCS Service Agreement from Global Supply Chain Services (GSCS) and utilize Perfect Commerce as the eProcurement platform for the duration this agreement is in effect.

NOTICE REQUIREMENT

Official Notices and Bills under this Schedule should be sent to the following addresses (with an email copy to the Service Owners set forth above):

If to the Service Provider:
ITT Corporation
240 Fall Street
Seneca Falls, NY 13148
Attention: Daryl R. Bowker
Daryl.bowker@itt.com

If to the Service Receiver:
Exelis Inc.
1650 Tysons Boulevard
Suite 1700
McLean, VA 22102
Attention: Joe Daniel
Joe.daniel@exelisinc.com

SERVICE LEVEL

Service Provider will classify incidents at its own discretion. Such classifications shall be consistent with the priorities Service Provider set for itself as a recipient of services.

In the event incidents cannot be resolved, Service Provider shall promptly notify Service Receiver and work together to try and resolve such incidents.

ADDITIONAL PRICING

Hourly Rate for Services Not Specified but Provided by Service Provider Employees (including but not limited to modifications, consulting, exit strategy development, transition, etc.) are documented below. Such services will be provided solely at the Service Provider's discretion. Service Provider is not obligated to provide additional services not specified in this agreement. The employee category is defined by the Service Provider. The rates documented below shall be commercially reasonable and designated by the Service Provider, closest to its current cost to provide the service. The hourly rates below include the 4.5% amount for inflation each year. These rates apply to internal Service Provider employees only, and should external resources be required, the costs for those external resources will be reviewed with the Service Receiver prior to execution of the project.

Additional Pricing Rates (All in USD)

Location	Low	Medium	High
USA	\$ 75	\$ 100	\$ 125
Greece	\$ 35	\$ 46	\$ 58
Mexico	\$ 19	\$ 25	\$ 31
Sweden	\$ 75	\$ 100	\$ 125

SCHEDULE AC3

P-CARD TRANSACTION PROCESSING

Capitalized terms used herein and not otherwise defined shall have the meaning assign such term in the Agreement. The Services provided hereunder are subject in all respects to the terms and conditions of the Agreement, except where expressly noted.

SERVICE OWNER

All service matters, general inquiries and notices regarding this service should be directed to:

Name	Title	Phone	e-mail
Philip Galluzzi ITT Corporation	Manager, TDS Business Relationships & Corporate Travel	(386) 446-6160	phil.galluzzi@itt.com
Joe Daniel Exelis Inc.	TSA Manager	(703) 338-3405	joe.daniel@exelisinc.com

GENERAL SERVICE DESCRIPTION

Service Provider will perform P-Card Transaction Processing Services for Service Receiver.

Service Receiver and its Subsidiaries will utilize the Service Provider's resources based on the functionality, processes, input and output screens, and documents that support the Service Provider's business and business processes in the twelve months prior to the Distribution Date.

SCOPE OF SERVICES

Upon the terms and subject to the conditions of this Services Schedule and the Agreement, the Service Provider shall provide to Service Recipient the services identified below (collectively, the "Services").

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
SS-PCard Processing-01	P-Card Transaction Processing Services	<p>Provide P-Card Transaction Processing Services:</p> <ul style="list-style-type: none"> P-Card Invoice Review — The Service Provider will receive a notification and data file from US Bank once monthly containing transaction details and Company information for Service Receiver's P-Card holders. In addition, the Service Provider will receive from an internal business unit an authorization to proceed with the P-Card File download. The Service Provider will review the file, format data for financial processing, and validate invoices for completeness and accuracy. The Service Provider will flag invoices with validation errors. The Service Provider will use booked AP invoices to generate proprietary data files to be sent via email to Service Receiver's Treasury Department for payment settlement. P-Card Exception Handling and Resolution — The Service Provider will reconcile and re-validate invoices flagged with validation errors. Once the invoice is validated, the Service Provider will process it as stated above. Mismatched invoices will not be paid without resolution. For processing credits, the Service Provider will insure that management accounts have monthly debit balances prior to transmission to Service Receiver's Treasury Department. If a management account is received as a zero or credit balance, the Service Provider will remove credit transactions from being processed in ascending order until the management account reflects a debit balance. The Service Provider will communicate the removed credits to the internal business unit for resolution. P-Card Cost Distribution — The Service Provider will use validated invoices as documented above to provide Service Receiver a Cost Distribution file transmitted via File Transfer Protocol (FTP) and/or email. P-Card File Maintenance — The Service Provider will perform file maintenance based on internal business unit approval for new and/or changes to P-Card holders. Only valid, internal business unit-approved cardholder transactions are processed. Three (3) business days prior notice is required to maintain P-Card file. 	410 Transactions Annually	18	Cost plus 2% - 10% per month

Service Volumes Greater or Less Than Observed Pre-Distribution Date

Service Provider will deliver the same volume of Services as delivered in the 12 months prior to the Distribution Date, plus or minus 10% (such activity, including any such 10% deviation, "Business as Usual activities" or "BAU") at no additional cost per unit. Service Provider will accommodate Service Receiver's inorganic (Mergers, Acquisitions, and Divestitures) activities on a time and materials basis with respect to the one-time set-up fees. The table below will then apply following the completion of the one-time set-up activities

Scenario	One-Time Setup Fees	Monthly Fees
Service Volume within BAU [Note: BAU already includes +/- 10% of pre-distribution date volumes]	No incremental one-time fees when Service Receiver utilizes services and structure as-is with no changes under this agreement	Steady-State fee structure for requisite service as documented below
Service Volume greater or less than BAU	Service Provider will develop a commercially reasonable quote for acceptance by the Service Receiver provided the Service Receiver utilizes services and structure as-is with no significant changes under this agreement	Service Provider will develop a commercially reasonable quote for acceptance by the Service Receiver incremental to the base service costs documented below for the requisite service

Ad-Hoc development/services or processing of reports consistent with what was provided prior to the distribution date will be supported as part of this agreement. Service Provider will use commercially reasonable efforts based on provider's current abilities to accommodate regulatory or legal ad-hoc requests. Ad-hoc requests which may need to be performed to assist Service Receiver in meeting new legal obligations will be provided on a time and materials basis as described in the Additional Pricing section of this agreement. Any changes to 3rd party relationships which require interface modifications or re-writes are not included as part of the scope of this agreement. Should the Service Receiver require such changes, Parties agree to negotiate in good faith with regard to such modification. In the event modifications to the services provided are required by law for only the Service Recipient and such modifications increase the cost for Service Provider, Service Recipient that requires the modifications shall pay all the additional costs including the costs for the other Service Recipients.

Exit Services

The following services will be provided upon receipt of a Termination Notice to exit from this Service.

Service #	Service Name	Description of Service	Service Charge (\$/hour)
		Service Provider will make commercially reasonable efforts to assist Service Receiver in exiting of this agreement. These efforts include: <ul style="list-style-type: none">• Support of data extraction requests from the Service Receiver• Providing Subject Matter Expertise in helping the Service Receiver understand current state business processes, and functional data mapping	
SS-PCard Processing-02	P-Card Transaction Processing Migration		Time and Materials Based on Additional Pricing Section
		Service Provider will provide the following knowledge transfer services: <ul style="list-style-type: none">• Existing non-sensitive documentation maintained by the Service Provider will be given to the Service Receiver as it relates to P-Card Transaction Processing services	
SS-PCard Processing-03	P-Card Transaction Processing Knowledge Transfer		Time and Materials Based on Additional Pricing Section

Supplemental Services

For requests for supplemental services relating to P-Card Transaction Processing by Service Receiver not mentioned in this Schedule or not included within the costs documented in this agreement, Service Receiver will provide a discreet project request and submit such request to Service Provider using the formalized Change Request attached as Annex A for consideration by Service Provider.

Where notice is required a number of business days prior to some required action by Service Provider, notice must be received by 12 noon Eastern Time to be counted as received during such business day. Service Provider shall, within a commercially reasonable period, provide a price quote to be commercially reasonable based on the current cost of the Services to Service Receiver taking into account, such items as the specific time the request was made, service delivery volumes, exit planning activities, and other activities Service Provider is currently engaged in at the time of the request, but not later than 30 days after the request was made. If Service Provider, in its sole discretion determines (i) such request would increase the ongoing operating costs for Service Provider (as a service recipient) or any other service receiver or (ii) that it is not capable of making such changes with its current staff during the time period requested without interrupting the Services provided to itself or any other service receiver. Service Provider need not provide a price quote or perform the services. Where a price quote is provided, Service Provider shall provide the service requested upon acceptance of the price.

LOCATIONS

Services are initially provided from Palm Coast, FL, USA to other USA locations.

PREREQUISITES/DEPENDENCIES

- If Service Receiver, or their Supplier(s), provides inaccurate information to Service Provider it will be the responsibility of the Service Receiver to rectify any problems and bear any costs incurred to rectify the issue.
- Service Receiver, in a separate and independent agreement, must utilize US Bank as the P-Card supplier for the duration this agreement is in effect.
- Service Receiver must actively be engaged on the GSCS Service Agreement from Global Supply Chain Services (GSCS) for the duration this agreement is in effect.
- Service Receiver must maintain current Cost Distribution data delivery methodologies (e.g., FTP drop site/email attachment receipt) and payment settlement interface (Treasury) for the duration this agreement is in effect.
- Security and access controls will be maintained as set forth in the Master Services Agreement.

NOTICE REQUIREMENT

Official Notices and Bills under this Schedule should be sent to the following addresses (with an email copy to the Service Owners set forth above):

If to the Service Provider:
ITT Corporation
240 Fall Street
Seneca Falls, NY 13148
Attention: Daryl R. Bowker
Daryl.bowker@itt.com

If to the Service Receiver:
Exelis Inc.
1650 Tysons Boulevard
Suite 1700
McLean, VA 22102
Attention: Joe Daniel
Joe.daniel@exelisinc.com

SERVICE LEVEL

Service Provider will classify incidents at its own discretion. Such classifications shall be consistent with the priorities Service Provider set for itself as a recipient of services.

In the event incidents cannot be resolved, Service Provider shall promptly notify Service Receiver and work together to try and resolve such incidents.

ADDITIONAL PRICING

Hourly Rate for Services Not Specified but Provided by Service Provider Employees (including but not limited to modifications, consulting, exit strategy development, transition, etc.) are documented below. Such services will be provided solely at the Service Provider's discretion. Service Provider is not obligated to provide additional services not specified in this agreement. The employee category is defined by the Service Provider. The rates documented below shall be commercially reasonable and designated by the Service Provider, closest to its current cost to provide the service. The hourly rates below include the 4.5% amount for inflation each year. These rates apply to internal Service Provider employees only, and should external resources be required, the costs for those external resources will be reviewed with the Service Receiver prior to execution of the project.

Additional Pricing Rates (All in USD)

Location	Low	Medium	High
USA	\$ 75	\$ 100	\$ 125
Greece	\$ 35	\$ 46	\$ 58
Mexico	\$ 19	\$ 25	\$ 31
Sweden	\$ 75	\$ 100	\$ 125

**SCHEDULE AC4
TELECOM INVOICE PROCESSING
SERVICES (TAPS)**

Capitalized terms used herein and not otherwise defined shall have the meaning assign such term in the Agreement. The Services provided hereunder are subject in all respects to the terms and conditions of the Agreement, except where expressly noted.

SERVICE OWNER

All service matters, general inquiries and notices regarding this service should be directed to:

<u>Name</u>	<u>Title</u>	<u>Phone</u>	<u>e-mail</u>
Philip Galluzzi ITT Corporation	Manager, TDS Business Relationships & Corporate Travel	(386) 446-6160	phil.galluzzi@itt.com
Randy McElvain Exelis Inc.	Director, Enterprise Infrastructure Operations	(260) 451-1353	randy.mcelvain@exelisinc.com

GENERAL SERVICE DESCRIPTION

Service Provider will perform Telecom Invoice Processing Services (TAPS), for Long Distance Voice and Data Circuitry, for Service Receiver.

Service Receiver and its Subsidiaries will utilize the Service Provider's resources based on the functionality, processes, input and output screens and documents that support the Service Provider's business and business processes in the twelve months prior to the Distribution date.

SCOPE OF SERVICES

Upon the terms and subject to the conditions of this Services Schedule and the Agreement, Service Provider shall provide to Service Recipient the services identified below (collectively, the "Services").

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
		Provide Telecom Invoice Processing (TAPS) Services:			
SS-TAPS-01	Telecom Invoice Processing Services (TAPS)	<ul style="list-style-type: none"> TAPS supplier statements — The Service Provider will receive Service Receiver's current Primary Telecom Service Supplier statements monthly. The statements are transmitted via EDI, or entered manually via paper statements, to the Service Provider. To produce balanced TAPS statements, the Service Provider will perform various validation and duplication protection routines with criteria including Master Control Number, Account number, and AT&T Statement numbers. Only total current charges are recognized in the TAPS system for processing each month. TAPS Exception Handling and Resolution - Service Provider will reconcile accounts that failed validation. The Service Provider will make commercially reasonable efforts to gain resolution from the Service Receiver, to produce resolved accounts that are ready for financial processing. Accounts that fail validation are not paid without resolution. Invoice Recording & Payment Processing — Service Provider will send the balanced invoices to an internal business unit within the Service Provider, on a monthly basis, for additional Accounts Payable recording and payment processing for the Service Receiver. TAPS Cost Distribution — The Service Provider will transmit to the Service Receiver a Cost Distribution file from the processed validated Statements, Service Provider will transmit this file via FTP and/or email to the Service Receiver. TAPS Customer File Maintenance — The Service Provider will perform Customer File Maintenance after receiving a Change Request from the Service Receiver. Only valid, ITT Customer accounts and Statements are processed. Three (3) business days prior notice are required to maintain the Customer file. 	<p>2,700 Transactions Annually</p> <p>90 Transactions Annually</p> <p>2,700 Transactions Annually</p> <p>27 Transactions per Month</p> <p>45 Transactions Annually</p>	9	Cost plus 2% - 10% per month

Service Volumes Greater or Less Than Observed Pre-Distribution

Service Provider will deliver the same volume of Services as delivered in the 12 months prior to the Distribution Date, plus or minus 10% (such activity, including any such 10% deviation, "Business as Usual activities" or "BAU") at no additional cost per unit. Service Provider will accommodate Service Receiver's inorganic (Mergers, Acquisitions, and Divestitures) activities on a time and materials basis with respect to the one-time set-up fees. The table below will then apply following the completion of the one-time set-up activities

Scenario	One-Time Setup Fees	Monthly Fees
Service Volume within BAU [Note: BAU already includes +/- 10% of pre-distribution volumes]	No incremental one-time fees when Service Receiver utilizes services and structure as-is with no changes under this agreement	Steady-State fee structure for requisite service as documented in this agreement
Service Volume greater or less than BAU	Service Provider will develop a commercially reasonable quote for acceptance by the Service Receiver provided the Service Receiver utilizes services and structure as-is with no significant changes under this agreement	Service Provider will develop a commercially reasonable quote for acceptance by the Service Receiver incremental to the base service costs documented below for the requisite service

Ad-Hoc development/services or processing of reports consistent with what was provided prior to the distribution date will be supported as part of this agreement. Service Provider will use commercially reasonable efforts based on provider's current abilities to accommodate regulatory or legal ad-hoc requests. Ad-hoc requests which may need to be performed to assist Service Receiver in meeting new legal obligations will be provided on a time and materials basis as described in the Additional Pricing section of this agreement. Any changes to 3rd party relationships which require interface modifications or re-writes are not included as part of the scope of this agreement. Should the Service Receiver require such changes, Parties agree to negotiate in good faith with regard to such modification. In the event modifications to the services provided are required by law for only the Service Recipient and such modifications increase the cost for Service Provider, Service Recipient that requires the modifications shall pay all the additional costs including the costs for the other Service Recipients.

Exit Services

The following services will be provided upon receipt of a Termination Notice to exit from this Service.

<u>Service #</u>	<u>Service Name</u>	<u>Description of Service</u>	<u>Service Charge (\$/hour)</u>
SS-TAPS-02	Telecom Invoice Processing (TAPS) Migration	Service Provider will make commercially reasonable efforts to assist Service Receiver in exiting of this agreement. These efforts include: <ul style="list-style-type: none">• Support of data extraction requests from the Service Receiver• Providing Subject Matter Expertise in helping the Service Receiver understand current state business processes and functional data mapping	Time and Materials Based on Additional Pricing Section
SS-TAPS-03	Telecom Invoice Processing (TAPS) Knowledge Transfer	Service Provider will provide the following knowledge transfer services: <ul style="list-style-type: none">• Existing non-sensitive documentation maintained by the Service Provider will be given to the Service Receiver as it relates to Telecom Invoice Processing (TAPS) services	Time and Materials Based on Additional Pricing Section

Supplemental Services

For requests for supplemental services relating to Telecom Invoice Processing Services (TAPS) by Service Receiver not mentioned in this Schedule or not included within the costs documented in this agreement, Service Receiver will provide a discreet project request and submit such request to Service Provider using the formalized Change Request attached as Annex A for consideration by Service Provider.

Where notice is required a number of business days prior to some required action by Service Provider, notice must be received by 12 noon Eastern Time to be counted as received during such business day. Service Provider shall, within a commercially reasonable period, provide a price quote to be commercially reasonable based on the current cost of the Services to Service Receiver taking into account, such items as the specific time the request was made, service delivery volumes, exit planning activities, and other activities Service Provider is currently engaged in at the time of the request, but not later than 30 days after the request was made. If Service Provider, in its sole discretion determines (i) such request would increase the ongoing operating costs for Service Provider (as a service recipient) or any other service receiver or (ii) that it is not capable of making such changes with its current staff during the time period requested without interrupting the Services provided to itself or any other service receiver. Service Provider need not provide a price quote or perform the services. Where a price quote is provided, Service Provider shall provide the service requested upon acceptance of the price.

LOCATIONS

Services are initially provided from Palm Coast, FL, USA to other USA locations and select EU and Asia locations.

PREREQUISITES/DEPENDENCIES

- Security and access controls will be maintained as set forth in the Master Services Agreement.
- If Service Receiver, or their Supplier(s), sends inaccurate data to Service Provider it will be the responsibility of the Service Receiver to rectify any problems and bear any costs incurred to rectify the issue.
- Service Receiver must actively be engaged on the Accounts Payable and Supplier Payment TSA for the duration this agreement is in effect.
- Service Receiver must actively be engaged in the circuitry configuration and inventory control of their networks and have Subject Matter Experts (SME) available to assist with statement processing discrepancies.
- Service Receiver, in a separate and independent agreement, must utilize AT&T as the telecommunication data vendor.
- Service Receiver will maintain current Cost Distribution data delivery methodologies (e.g., FTP drop site/email attachment receipt).

NOTICE REQUIREMENT

Official Notices and Bills under this Schedule should be sent to the following addresses (with an email copy to the Service Owners set forth above):

If to the Service Provider:
ITT Corporation
240 Fall Street
Seneca Falls, NY 13148
Attention: Daryl R. Bowker
Daryl.bowker@itt.com

If to the Service Receiver:
Exelis Inc.
1650 Tysons Boulevard
Suite 1700
McLean, VA 22102
Attention: Joe Daniel
Joe.daniel@exelisinc.com

SERVICE LEVEL

Service Provider will classify incidents at its own discretion. Such classifications shall be consistent with the priorities Service Provider set for itself as a recipient of services. In the event incidents cannot be resolved, Service Provider shall promptly notify Service Receiver and work together to try and resolve such incidents.

ADDITIONAL PRICING

Hourly Rate for Services Not Specified but Provided by Service Provider Employees (including but not limited to modifications, consulting, exit strategy development, transition, etc.) are documented below. Such services will be provided solely at the Service Provider's discretion. Service Provider is not obligated to provide additional services not specified in this agreement. The employee category is defined by the Service Provider. The rates documented below shall be commercially reasonable and designated by the Service Provider, closest to its current cost to provide the service. The hourly rates below include the 4.5% amount for inflation each year. These rates apply to internal Service Provider employees only, and should external resources be required, the costs for those external resources will be reviewed with the Service Receiver prior to execution of the project.

Additional Pricing Rates (All in USD)

Location	Low	Medium	High
USA	\$ 75	\$ 100	\$ 125
Greece	\$ 35	\$ 46	\$ 58
Mexico	\$ 19	\$ 25	\$ 31
Sweden	\$ 75	\$ 100	\$ 125

**SCHEDULE AC5
U.S
ACTIVE SALARIED ELIGIBLE
EMPLOYEES MEDICAL, PHARMACY
AND DENTAL PROGRAM**

Capitalized terms used herein and not otherwise defined shall have the meaning assigned such term in the Agreement. The Services provided hereunder are subject in all respects to the terms and conditions of the Agreement, except where expressly noted.

SERVICE OWNER

All service matters and general inquiries regarding this Service should be directed to:

<u>Name</u>	<u>Title</u>	<u>Phone</u>	<u>e-mail</u>
<u>Service Provider's Contact</u>			
ITT Corporation Deborah Macchia	Mgr, Benefits Planning and Administration	(914) 304-1729	Deb.macchia@itt.com
Lisa Munoz	Benefits Analyst	(914) 304-2026	Lisa.munoz@itt.com
Thomas Hickey	Manager, Benefits, Financial Reporting And Administration	(914) 641-2077	Thomas.hickey@itt.com
<u>Service Recipient's Contact</u>			
Exelis Inc. Bill Bonk	Director of Global Benefits	(703) 790-6385	Bill.bonk@exelisinc.com
John Brown	Manager of Benefits Administration	(631) 630-5071	John.Brown@exelisinc.com

PARTIES TO THE AGREEMENT

Service Provider: ITT Corporation — White Plains, NY
Service Recipient: Exelis Inc. — White Plains

TERM

Services provided hereunder shall terminate December 31, 2013; provided that for the avoidance of doubt the coverages provided hereunder and described below only apply to Claims (as defined herein) made by Service Recipient's Covered Employees (as defined herein) and incurred on or before December 31, 2011.

GENERAL SERVICE DESCRIPTION

Service Provider currently provides active medical, pharmacy(Rx) and dental administration for coverages provided through Empire and Anthem (medical), Medco(Rx), MetLife(dental) and SHPS (FSA) (Empire, Anthem, Medco, MetLife and SHPS collectively, the "Vendors") for its U.S. Active, Salaried, Eligible Employees ("Covered Employees"). Service Provider shall keep the current contracts with the Vendors and the ITT CORPORATION SALARIED MEDICAL AND DENTAL PLAN () and the ITT Salaried Medical Plan and Salaried Dental Plan General Plan Terms (collectively, the "Plans") and all coverage thereunder in full force through December 31, 2011 for Service Recipient's Covered Employees. All claims of Service Recipient's Covered Employees made under the Plans and incurred on or prior to December 31, 2011 the ("2011 Plan Year") will be adjudicated in accordance with the current contract and Service Provider will continue to take such actions on behalf of Service Recipient's Covered Employees as if such employees are employees of Service Provider.

All medical, dental, pharmacy and FSA claims of Service Recipient's Covered Employees made under the Plans (the "Claims") will be paid by the Vendors on behalf of the Service Provider. Service Recipient will pay Service Provider for coverage based on 2011 budget premium rates previously set for the calendar year 2011 and described in the "Pricing" section below. Service Recipient will pay Service Provider monthly premium payments for this service, for any full or partial months, based on actual enrollment for the months covered post-spin using enrollments as of the first (1st) calendar day of the month, commencing on the day after the Distribution Date. Service Recipient will prepare and deliver to Service Provider a monthly self bill containing cost breakdown by business unit and plan tier as set forth on Attachment A, within five (5) Business Days after the beginning of each calendar month. The Service Recipient will be required to pay the Service Provider the monthly premium payments within ten (10) Business Days after the beginning of each calendar month. A detailed listing of Service Recipient's employees covered, including the Plans and enrollment tier in which they are enrolled, will be made available to Service Provider upon its reasonable request.

Service Provider will retain responsibility for executing funding of Claim payments and eligibility management with Vendors through December 31, 2013.

Service Provider will conduct a Headcount True-Up (as defined below) of the monthly premiums and establish an Incurred But Not Reported ("IBNR") claims reserve for Claims incurred prior to December 31, 2011 date, but paid after that date, and conduct a reconciliation of such reserve. See "Headcount True-Up" and "IBNR Reconciliation" sections under Additional Pricing for details.

SCOPE OF SERVICES

Upon the terms and subject to the conditions of this Services Schedule and the Agreement, Service Provider shall provide to Service Recipient the services identified below or described above (collectively, the "Services").

- Monthly Premium billing.
- Monthly administrative services billing (for administrative services billed on an hourly basis. See Additional Pricing section for Hourly Rates).
- See General Service Description for a description of payments and billing hereunder. See Pricing for a description of the Headcount True-Up (as defined below) and reconciliation for IBNR (as defined below) Claims.
- Claims processing
 - All Vendor Claims process will remain unchanged from the process as used during the 12-month period prior to the Distribution Date.
 - The Claims appeal process will not change from the process as used during the 12-month period prior to the Distribution Date. Empire/Anthem/Medco, MetLife and SHPS will handle all appeals as provided under the Employee Retirement Income Security Act. Once all such appeals have been exhausted, escalations will be handled by Service Provider.
 - Service Provider will pay all Claims incurred during the 2011 Plan Year.
- Eligibility
 - All eligibility adjustments (adding dependents, new hires, ect.) will be handled by local Service Recipient HR through the Infinium interface.
 - The Service Recipient may add or remove employees/dependants to coverage in accordance with the terms of the Plans, generally upon a qualifying event, new hire or termination. These rules will be the same rules in effect immediately prior to Distribution Date and will remain in effect until January 31, 2012.
 - Manual adjustments to eligibility will be handled directly with the Vendors by authorized Service Recipient local HR. These adjustments will be one off type adjustments that cannot be made through Infinium due to timing.

- All file transmissions to Vendors will be handled by the Exelis Inc. Fort Wayne Shared Service team under the HR/Payroll/Benefits Transition Services Agreement.
- All files normally maintained manually by the Service Recipient local HR departments during the twelve (12) month period prior to the Distribution Date will remain unchanged.
- COBRA qualifying events notices will be handled by SHPS. Service Recipient Local HR department will notify SHPS of termination of employment (as is the current practice in the twelve (12) months prior to Distribution Date). SHPS will provide election notice to Covered Employees with appropriate coverages. There is a separate Letter of Intent with SHPS, attached as Attachment B.
- Claims payment
 - All Covered Employee Claims made under the Plans and incurred for the 2011 Plan Year will be paid by Service Provider.
 - Vendor administrative service charges for the 2011 Plan Year will be paid by Service Provider.
 - Empire and MetLife maintain bank accounts which Service Provider funds daily to pay claims. Each Vendor will separate claims paid by claims incurred date.
 - Service Provider will pay all Medical and Dental Claims incurred for the 2011 Plan Year, but submitted for payment after the end of the 2011 Plan Year but no later than allowed under the terms of the applicable Plan.
 - MEDCO invoices bi-weekly for claims paid. Service Provider will pay for all MEDCO claims incurred for the 2011 Plan Year.

PREREQUISITES/DEPENDENCIES

Service Recipient Responsibilities

- Service Recipient will provide accurate and timely employee enrollments via Infinium.
- Service Recipient will research eligibility issues as needed.
- In case of inaccurate data sent to Service Provider it will be the responsibility of the Service Recipient to rectify any problems and assessments incurred.
- Local Human Resources/Benefits departments will support Covered Employees.

BILLING LOCATION

Service Recipient will provide Service Provider a self billed invoice and payment to their address set forth below. The bill will cover all charges for Services under this Schedule provided by Service Provider. The invoice will contain the number of enrolled employees per tier per coverage, as set forth in Schedule A. A detailed list of Covered Employees will be provided by the Service Provider upon reasonable request of the Service Recipient. All administrative functions handled by the Service Provider in the twelve (12) month period prior to the Distribution Date are contained in the fee structure set forth below. The Service Provider and Service Recipient agree to negotiate in good faith for any additional services related to the Service provided hereunder that are outside the normal course of business.

SERVICE LEVEL

The Service Provider will provide the same service level to the Service Recipient as it provides to its Covered Employees.

NOTICE REQUIREMENTS

Official Notices and Bills under this Schedule should be sent to the following addresses (with an email copy to the Service Owners set forth above):

If to the Service Provider:
ITT Corporation
240 Fall Street
Seneca Falls, NY 13148
Attention: Daryl R. Bowker
Daryl.bowker@itt.com

If to the Service Recipient:
Exelis Inc.
1650 Tysons Boulevard
Suite 1700
McLean, VA 22102
Attention: Joe Daniel
Joe.daniel@exelisinc.com

Termination notices are not required. Service Provider will pay Claims incurred during the 2011 Plan Year, during the period from November 1, 2011 through December 31, 2013 with no

further premium billed to the Service Recipient. Pursuant to the terms of the Plans there is a twenty-four (24) month Claim filing limit.

PRICING

In addition to the costs specifically set forth below, Service Recipient shall also pay all routine business travel expenses relating to such Services. The below table contains the monthly premium rates the Service Provider shall charge. The Service Recipient will be required to pay the Service Provider the monthly premium payments within ten (10) Business Days after the beginning of each calendar month. A detailed listing of Service Recipient's Covered Employees, including the Plans and enrollment tier in which they are enrolled, will be made available to Service Provider upon its reasonable request. Each business unit has been banded 1 through 5. Depending on the assigned band the appropriate budget amount is charged to that business unit. The amounts in the table are per employee per month, by plan and coverage tier. See "General Service Description" for further detail on payment and billing for the monthly premium payments.

Medical and Pharmacy Premium

Rating Band	Basic		
	Employee Only	Employee +1	Family
Band 1			
Band 2			
Band 3			
Band 4			
Band 5			

Rating Band	Enhanced		
	Employee Only	Employee + 1	Family
Band 1			
Band 2			
Band 3			
Band 4			
Band 5			

Rating Band	EPO		
	Employee Only	Employee +1	Family
Band 1			
Band 2			
Band 3			
Band 4			
Band 5			

Rating Band	HDHP		
	Employee Only	Employee + 1	Family
Band 1			
Band 2			
Band 3			
Band 4			
Band 5			

Dental Premium

MetLife Dental

EE EE+1 Family

FSA Pricing

Coloc	Participating Location	New Company	PartCount	ASO Fee	Total ASO per Month
205010	Electronic Warfare	Exelis			
213010	Communications System Division — Ft Wayne	Exelis			
213020	Communications System Division — Nutley	Exelis			
213030	Defense Division HQ	Exelis			
261010	Night Vision	Exelis			
374010	Gilfillan Division	Exelis			
400010	Systems	Exelis			
400011	Communications Systems-CS	Exelis			
510001	Power Solutions	Exelis			
510002	Power Solutions — Hourly	Exelis			
513010	Advanced Engineering & Sciences	Exelis			
513010	Advanced Engineering & Sciences — AGT	Exelis			
513020	Systems Division — SGS	Exelis			
579010	Geospatial Systems — Rochester	Exelis			
579020	Geospatial Systems — Ft Wayne	Exelis			
579030	Geospatial Systems — New Jersey	Exelis			
717010	Antenna Products and Networking Systems	Exelis			
718010	EDO	Exelis			
720010	ALM	Exelis			
721010	Communications and Countermeasures Systems	Exelis			
722010	Reconnaissance and Surveillance Systems	Exelis			
727010	Naval Command and Sonar Systems	Exelis			
728010	Mine Defense Systems	Exelis			
729010	Electro-Ceramic Products	Exelis			
730010	EVI	Exelis			
731010	Impact Science and Technology	Exelis			
732010	NextGen	Exelis			
736010	Fiber Science	Exelis			
737010	Speciality Plastics	Exelis			
740010	Defense Systems	Exelis			
		Exelis			

Additional Pricing

Hourly Rates

Hourly Rates for Services not specified or normally provided by Service Provider in the twelve (12) month period prior to the Distribute Date but otherwise provided by Service Provider employees (including but not limited to modification, consulting, exit strategy development, transition, etc.) are documented below. The employee category is defined by Service Provider. The rates documented below apply to Service Provider employees only, should external resources be required, the costs for those external resources will be reviewed with the Service Recipient prior to execution of the project.

Notwithstanding anything in the Agreement to the contrary, the following rates shall not be subject to (a) the 4.5% increase for inflation in 2012 described in Section 2(a)(3) (but such rates shall be subject to such increase in 2013) or (b) the 2% or 10% increases described in the proviso to Section 2(a)(i) of the Agreement.

General Category of Employee	Hourly Rate
1. Secretarial/Administrative	\$ 50.00
2. Non-Executive	\$ 100.00
3. Executive	\$ 150.00

Headcount True-Up

Service Provider shall conduct a "headcount" true-up by March 31, 2012 (the "Headcount True-Up"), based on actual enrollment during the period beginning on the day after the Distribution Date and ending on December 31, 2011. The Headcount True-Up will be based on reviewing the actual monthly Infinium enrollment by Plan and coverage tier, by unit, but, for the avoidance of doubt, no true-up of actual Claims will be conducted. The Service Provider shall promptly provide the results of the Headcount True-Up to Service Recipient together with any supporting data reasonably requested by Service Recipient. Within ten (10) Business Days after the parties reach agreement on the amount of the Headcount True-Up, the appropriate party shall pay to the other the amount so due.

IBNR Reconciliation

- Reconciliation for Incurred But Not Reported ("IBNR") Claims
 - The premiums collected from Service Recipient hereunder will be credited to Service Provider's active medical ledger.
 - The amount that Service Provider should hold in reserve to cover payment for all IBNR Claims incurred for the 2011 Plan Year shall be calculated in accordance with the following procedures:

- This calculation will be made by June 30, 2012 using the same methods, assumptions, processes, etc. as used during the 12-month period prior to the Distribution Date to calculate the IBNR Claim reserve remaining to pay Claims incurred before January 1, 2012, but paid after June 30, 2012.
- Service Provider and Service Recipient will engage Towers Watson, or such other person as the parties may agree to engage (the "Calculation Agent"), to calculate the target level of the IBNR claim reserve, whose determination shall be binding and conclusive on the Service Provider and Service Recipient.
- The IBNR Claim reserve will have its final reconciliation calculated the Calculation Agent by June 30, 2012.
- If the amount held for the IBNR Claim reserve is greater than the target level of the IBNR Claim reserve, as determined herein, within ten (10) Business Days of Service Provider being notified of such determination by the Calculation Agent, Service Provider shall pay its proportionate amount to Service Recipient (based upon Service Recipient's number of Covered Employees (as of December 31, 2011) in relation to the total number of Covered Employees (for all of the Parties to the Agreement) in the IBNR Claim reserve pool (as of December 31, 2011) (the "Proportionate Amount")), required, when included with the Proportionate Amounts to be paid to the other Parties to the Agreement, required to bring the amount held for the IBNR Claim reserve to its targeted level, as determined by the Calculation Agent.
- If the amount held for the IBNR Claim reserve is less than the target level of the IBNR claim reserve, as determined herein, within ten (10) Business Days of Service Recipient being notified of such determination by the Calculation Agent and its Proportionate Amount by the Service Provider, Service Recipient shall pay its Proportionate Amount to Service Provider, required, when included with the Proportionate Amounts to be paid by the other Parties to the Agreement, necessary to bring the amount held for the IBNR Claim reserve to its targeted level, as determined by the Calculation Agent.

Attachment A

Monthly self bill Example

Unit	Value Center	Grand Total
	HQ	
	HQ	
	RCW	
	RCW	
	Flow Controls	
	WWW	
	IP	
	Flow Controls	
	WWW	
	RCW	
	RCW	
	RCW	
	RCW	
	RCW	
	WWW	
	WWW	
	WWW	
	WWW	
	WWW	
	RCW	
	ITT Analytics	
	ITT Analytics	
	ITT Analytics	
	ITT Analytics	

Attachment B



May 20, 2011

Ms. Deb Macchia
Manager, Benefits Planning and Communication
ITT Corporation
1133 Westchester Avenue
White Plains, NY 10604

RE: Trivestiture of ITT Corporation

Dear Ms. Macchia:

As you know, SHPS Human Resource Solutions, Inc. ("Company") currently provides ITT Corporation ("Client") spending account administration ("SAM") and COBRA services (collectively "Services") pursuant to a Service Agreement dated January 1, 2008 ("the Service Agreement"). This letter acknowledges the intent of Client to separate into three different entities; namely, Defense Co. ("Defense"), ITT Co. ("ITT") and Water Co. ("Water"). As part of this restructuring, you have requested we perform certain implementation services in order to set up ITT and Water as separate entities. It is the intent of the parties that Defense will assume the Service Agreement and that ITT and Water will enter into a transition services agreement with Defense through December 31, 2011. Existing services provided by the Company to Defense, ITT and Water will continue through December 31, 2011. Effective January 1, 2012, ITT and Water will enter into separate agreements with the Company. The Company agrees to (i) continue performing ongoing Service and (ii) provide implementation services, pursuant to terms and conditions of the Service Agreement and the following:

1. Services Beginning on or about June 1, 2011, Company will begin implementation services to set up ITT and Water. Company will continue providing ongoing Services to the Client, including Defense, ITT and Water populations, until the Separation Date.
2. Termination Fee Company agrees to defer implementation Fees in an amount of \$. or this amount, \$ shall be with respect to ITT (\$ for COBRA and \$ for FSA, respectively) and \$ shall be with respect to Water (\$ for COBRA and \$ for FSA, respectively) (the "Deferred Implementation Fees") over the period between January 1, 2012 and December 31, 2012, which will be included in the new agreements. In the event the Service Agreement is terminated for any reason prior to the expiration the Separation Date the Client shall pay Company the Deferred Implementation Fees in accordance with the payment terms set forth in the Service Agreement.

If the foregoing correctly sets forth the understanding of the parties, please acknowledge your acceptance of this Agreement by signing both copies of this letter at the place provided below and return one to my attention.

SCHEDULE AC6
FINANCIAL SHARED SERVICES (FSS)
ACTIVE MEDICAL AND DENTAL
ADMINISTRATION

Capitalized terms used herein and not otherwise defined shall have the meaning assigned such term in the Agreement. The Services provided hereunder are subject in all respects to the terms and conditions of the Agreement, except where expressly noted.

SERVICE OWNER

All service matters and general inquiries regarding this Service should be directed to:

<u>Name</u>	<u>Title</u>	<u>Phone</u>	<u>e-mail</u>
<u>Service Provider's Contact</u>			
ITT Corporation Conrad Arnold	Director Human Resources	(315) 568-7280	Conrad.amold@itt.com
<u>Service Recipient's Contact</u>			
Exelis Inc. Caroline Hunt	Sr. Mgr., Benefits.	(260) 451-6063	Caroline.hunt@exelisinc.com

PARTIES TO THE AGREEMENT

Service Provider: ITT Corporation — Seneca Falls, NY (IP)

Service Recipient: Exelis Inc. — Ft. Wayne, IN and Financial Shared Services, Rochester, NY) (collectively, "Service Recipients")

TERM

Services provided hereunder shall terminate June 30, 2012; provided that for the avoidance of doubt the coverages provided hereunder and described below only apply to Claims (as defined herein) made by Service Recipient's Covered Employees (as defined herein) and incurred on or before December 31, 2011.

GENERAL SERVICE DESCRIPTION

Service Provider currently provides administration for the Financial Shared Services active medical through Excellus Blue Cross\Blue Shield BluePoint2 E Plan, , dept. 0007 and active Dental through Excellus Dental plan, (collectively, the "Benefit Plans") for Service Recipients' U.S. active, eligible employees covered under such Benefit Plans (such employees, the "Covered Employees"). Service Provider shall keep the Benefit Plans and all coverage thereunder in full force through December 31, 2011 for Service Recipient's Covered Employees. Each Service Recipient may add or remove Covered Employees to or from coverage under the Benefit Plans as outlined under the terms of the Benefit Plans. All claims of Service Recipient's Covered Employees made under the Benefit Plans (the "Claims") and incurred on or prior to December 31, 2011 the ("2011 Plan Year") will be adjudicated in accordance with the current contract and Service Provider will continue to take such actions on behalf of Service Recipients' Covered Employees as if such employees are employees of Service Provider.

All Claims of Service Recipients' Covered Employees made under the Benefit Plans will be paid on behalf of the Service Provider.

Service Recipients will pay Service Provider for coverage based on 2011 budget premium rates previously set for the calendar year 2011 and described in the "Pricing" section below. Service Recipients will pay Service Provider monthly premium payments for this service, for any full or partial months, based on actual enrollment for the months covered post-spin using enrollments as of the first (1st) calendar day of the month, commencing on the day after the Distribution Date.

The Service Recipients will be required to pay the Service Provider the monthly premium payments within ten (10) Business Days after the beginning of each calendar month. A detailed listing of Service Recipient's employees covered, including the Plans and enrollment tier in which they are enrolled, will be made available to Service Provider upon its reasonable request.

SCOPE OF SERVICES

Upon the terms and subject to the conditions of this Services Schedule and the Agreement, Service Provider shall provide to Service Recipient the services identified below or described above (collectively, the "Services").

- Monthly premium billing.
- Monthly administrative services billing (for administrative services billed on an hourly basis. See Additional Pricing section for Hourly Rates).

See General Service Description for a description of payments and billing hereunder

The following services listed below will be provided by "experts", who are employees of Service Provider, (the "Experts") with the following persons the initial Experts: Cindy Jansen, Porzia Quinn and Conrad Arnold.

- Administration as needed on daily basis for the Benefit Plans. The Service Provider will provide all services that were provided during the twelve (12) months prior to the Distribution Date. The Service Provider will maintain the same level of service provided during the twelve (12) months prior to the Distribution Date.
 - Answer any questions pertaining to medical coverage.
 - Assist in resolving any issues that may arise regarding, medical coverage, ex. Claims, Medicare questions, etc.
 - Add employees/dependents to the Medical coverage as needed.
 - Reconcile and pay premiums from Medical carriers pertaining to the Exelis employees.
- Should the Service Recipient need services not provided during the twelve (12) months prior to the Distribution Date, the parties will negotiate in good faith to determine any additional cost involved in the services

PREREQUISITES/DEPENDENCIES

The Experts remain employees of Service Provider. Service Recipients acknowledge and agree that Service Provider has discretion to terminate the Experts and the Experts have the ability to terminate their employment with Service Provider. In the event the initially named Experts are no longer employed by Service Provider, Service Provider's then current benefit manager (or such other person as has the skill and knowledge to so provide such Services) will, at the request of the Service Recipients, provide such Service as described herein.

The Service Recipients' human resources department shall cooperate with the Service Provider, including the Experts, in order for the Service Provider and Experts to provide such Service under this Schedule.

BILLING LOCATION

Service Provider will provide Service Recipients a monthly invoice to their addresses set forth below through December 31, 2011. The bill will cover all charges for Services under this Schedule provided by Service Provider to Service Recipients. The invoice will contain the number of Covered Employees per tier per coverage. A detailed list of Covered Employees

and dependents covered will be provided by the Service Provider upon reasonable request of the Service Recipient. All administrative functions handled by the Service Provider in the twelve (12) month period prior to the Distribution Date are contained in the fee structure set forth below. The Service Provider and Service Recipients agree to negotiate in good faith for any additional services related to the Service provided hereunder that are outside the normal course of business.

SERVICE LEVEL

The Service Provider, including the Experts, will provide the same service level to the Service Recipients as it provides to its own Covered Employees.

NOTICE REQUIREMENTS

Official Notices and Bills under this Schedule should be sent to the following addresses (with an email copy to the Service Owners set forth above):

If to the Service Provider:
ITT Corporation
240 Fall Street
Seneca Falls, NY 13148
Attention: Daryl R. Bowker
Daryl.bowker@itt.com

If to the Service Receiver:
Exelis Inc.
1650 Tysons Boulevard
Suite 1700
McLean, VA 22102
Attention: Joe Daniel
Joe.daniel@exelisinc.com

PRICING

In addition to the costs specifically set forth below, Service Recipients shall also pay all routine business travel expenses relating to the Services. The Service Recipients shall pay the Service Provider based on the number of Covered Employees as of the first (1st) calendar day of the month. The Service Recipient will be required to pay the Service Provider the monthly premium payments within ten (10) Business Days after the beginning of each calendar month. A detailed listing of Service Recipient's Covered Employees, including the Plans and enrollment tier in which they are enrolled, will be made available to Service Provider upon its reasonable request.

See "General Service Description" for further detail on payment and billing for the monthly premium payments. The below table are the rates the Service Provider shall charge.

Coverage	Employee
(Invoicing for medical/dental premiums Only as noted below):	
BluePoint POS (FSS) Active	
Employee	\$
Employee + 1	\$
Employee + Child(ren)	\$
Family	\$
Dental (FSS) Active	
Employee	\$
Employee + 1	\$
Family	\$

Additional Pricing

Hourly Rates for Services not specified or normally provided by Service Provider in the twelve (12) month period prior to the Distribute Date but otherwise provided by Service Provider employees (including but not limited to modification, consulting, exit strategy development, transition, etc.) are documented below. The employee category is defined by Service Provider. The rates documented below apply to Service Provider employees only, should external resources be required, the costs for those external resources will be reviewed with the Service Recipient prior to execution of the project.

Notwithstanding anything in the Agreement to the contrary, the following rates shall not be subject to (a) the 4.5% increase for inflation in 2012 described in Section 2(a)(3) (but such rates shall be subject to such increase in 2013) or (b) the 2% or 10% increases described in the proviso to Section 2(a)(i) of the Agreement.

General Category of Employee	Hourly Rate
1. Secretarial/Administrative	\$ 50.00
2. Non-Executive	\$ 100.00
3. Executive	\$ 150.00

**SCHEDULE AC7
POST SPIN HYPERCARE**

Capitalized terms used herein and not otherwise defined shall have the meaning assign such term in the Agreement. The Services provided hereunder are subject in all respects to the terms and conditions of the Agreement, except where expressly noted.

SERVICE OWNER

All service matters, general inquiries and notices regarding this service should be directed to:

Name	Title	Phone	e-mail
Karla Viglasky ITT Corporation	Chief Information Officer	(315) 568-7069	karla.viglasky@itt.com
Ray DeLuxe Exelis Inc.	Chief Information Officer	(703) 790-6356	ray.deluxe@exelisinc.com

GENERAL SERVICE DESCRIPTION

Service Provider will perform Post Spin Hypercare Support Services for Service Receiver.

Service Receiver and its Subsidiaries will utilize Service Provider's resources based on the functionality, processes, input and output screens, and documents that support the Service Provider's business and business processes in the twelve months prior to the Distribution date.

SCOPE OF SERVICES

Upon the terms and subject to the conditions of this Services Schedule and the Agreement, Service Provider shall provide to Service Recipient the services identified below (collectively, the "Services").

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
IT-Hypercare-01	Hypercare Support Services	<p>Provide Post Spin Hypercare support services:</p> <p>Facility Shutdown Services — Service Provider will provide Service Receiver with Facility Shutdown services that include:</p> <ul style="list-style-type: none"> • Disposition of network and computer assets • Disposition of furniture and miscellaneous equipment; boxing of HR files, ITT logo, posters, etc. • Maintain working environment for remaining employees • Control the activation and deactivation of access cards • Close all third party contracts with vendors, such as food, vending machines, cable, printers, cleaning, etc. <p>Program Shutdown Services — Service Provider will provide Service Receiver with Program Shutdown services that include:</p> <ul style="list-style-type: none"> • Crisis management for final cutover, to ensure all projects go live on spin date • Command center support and ramp down • Access to TPMO and IT-SS Connect sites through ITT Co. Active Directory and VPN accounts for up to 20 people <p>Financial Support Services —Service Provider will provide Service Receiver with financial support services that include:</p> <ul style="list-style-type: none"> • Purchase Order (invoice payment) and Contract management for suppliers assisting with separation <p>Miscellaneous Support Services — Service Provider will provide Service Receiver with supplemental and miscellaneous project support services that include:</p> <ul style="list-style-type: none"> • Project management, strategy development, infrastructure consulting, etc. Prioritization and resource allocation for these services will be jointly agreed to by CIOs. <p>All requests for support will be directed to and coordinated through Cindy Hoots.</p>		3*	Cost plus 2% - 10% per month

* TSA duration will end on 12/31/2011 regardless of actual spin-date.

** Costs represent salary expense (no retention or severance) and additional facility charges for the Hanover location.

LOCATIONS

Services are initially provided from Hanover, MD, USA to other USA locations.

PREREQUISITES/DEPENDENCIES

- Security and access controls will be maintained as set forth in the Master Services Agreement.
- Travel and expenses will be paid by the requesting organization.

NOTICE REQUIREMENT

Official Notices and Bills under this Schedule should be sent to the following addresses (with an email copy to the Service Owners set forth above):

If to the Service Provider:
ITT Corporation
240 Fall Street
Seneca Falls, NY 13148
Attention: Daryl R. Bowker
Daryl.bowker@itt.com

If to the Service Receiver:
Exelis Inc.
1650 Tysons Boulevard
Suite 1700
McLean, VA 22102
Attention: Joe Daniel
Joe.daniel@exelisinc.com

SERVICE LEVEL

Service Provider will classify incidents at its own discretion. Such classifications shall be consistent with the priorities Service Provider set for itself as a recipient of services.

In the event incidents cannot be resolved, Service Provider shall promptly notify Service Receiver and work together to try and resolve such incidents.

**SCHEDULE AC8
FINANCIAL & SYSTEM
DOCUMENTATION REQUIREMENTS TO
SUPPORT DCAA AUDITS OF ITT HQ
AND ITT SHARED SERVICES
(2006 — 2011)**

SERVICE OWNER

All service matters, general inquiries and notices regarding this Service should be directed to:

Name	Title	Phone	e-mail
<u>Service Provider's Contact</u>			
ITT Corporation			
Daryl Bowker	Director, ITT Shared Services	(315) 568-7676	Daryl.Bowker@itt.com
William Feher	VP, ITT Internal Audit	(914) 641-2020	William.Feher@itt.com
<u>Service Recipient's Contact</u>			
Exelis Inc.	ITT Exelis, Asst Controller	(703) 790-6309	Joe.Daniel@exelisinc.com
Joe Daniel	ITT Exelis, Senior	(914) 641-2047	Mark.Quirk@exelisinc.com
Mark Quirk	Compliance Mgr		

PARTIES TO THE AGREEMENT

Service Provider: ITT Corporation
Service Receiver: Exelis Inc.

GENERAL SERVICE DESCRIPTION

As a government contractor, the Service Receiver has a requirement to support future DCAA audits of open audit years 2006 through 2011. In order for Service Receiver to support DCAA's future audits of ITT Corporation's (including its Shared Service) Residual and Directly-

Allocated Incurred Costs, Service Receiver needs copies of ITT Corporation's (including its Shared Service) records, as defined by FAR 4.703

Service Receiver needs assistance from Service Provider to provide compliance services similar to those provided to the Service Receiver during the four years prior to October 1, 2011, for 24 months ("Minimum Term"), but not longer than 36 months from the date hereof ("Maximum Term).

In addition, to the other services provided above, Service Provider will provide office space for three Service Receiver employees ("SREEs") to its facilities at 1133 Westchester Avenue, White Plains, NY (the "Premises") for a minimum term of three months (the "Minimum Occupancy Term") and a maximum term of nine months (the "Maximum Occupancy Term"). Service Provider will attempt to accommodate the Service Provider and the SREEs needs but the space provided at the Premises and the miscellaneous services described below under "1133 Premises" will not be similar to the space or services provided to such employees prior to October 1, 2011.

SCOPE OF SERVICES

The following services will be provided on a time and materials basis by Service Provider.

- Related to the Service Provider Head Quarters (White Plains) records:
 - The attached work plan (Schedule XX.xls) has been developed to ensure all required records are copied prior to the separation of the Company. Continued access to these records are required after the split.
 - Access to the above identified Service Provider (White Plains NY) records is to enable Service Receiver personnel to retrieve, copy, and scan these records (2006 through 2011) to support future DCAA/DCMA audits.
 - In addition, the Service Provider agrees to provide supporting documentation in cases where the aforementioned work plan did not meet the needs of future DCAA/DCMA audit scope (i.e. DCAA asks for a consulting agreement or journal entry support that was not part of the scope the Service Receiver Data Retention Work Plan). See attached worksheet called "DCAA Audit Records Work Plan".
 - The Service Provider agrees to retain, to the maximum extent possible, the contracts/consultant agreements that have been booked to the ITTHQ Incurred Cost General Ledger for the open audit years 2006 through 2011, as these documents as part of the DCAA audit universe.
 - The SREEs require a copier/scanner in order that the records can be copied and scanned. The ability to electronically scan records to an ITTCo archive location will also be required.

- Related to the ITT Shared Services data and records, the following has been agreed upon:

1. Service Provider (ITT Shared Services which includes ITT Transportation and Distribution Services (“TDS”), ITT Financial Shared Services (“FRC”), ITT Enterprise Infrastructure (“EI”), and ITT Global Strategic Sourcing (“GSS”)) to provide the following system-generated General Ledgers in PDF format to Service Receiver, within 36 months after the Distribution Date:
 - Company 20 (TDS) GL Summary by Account CYs 2006 — 2011
 - Company 30 (FRC) GL Summary by Account CYs 2006 — 2011
 - Company 50 (EI) GL Summary by Account CYs 2006 — 2011
 - Company 40 (GSS) GL Summary by Account CYs 2006-2011 (where applicable).

The Service Provider and Service Receiver will work together to investigate the commercial feasibility of replicating and licensing an instance of PRMS to enable Service Receiver to obtain a soft copy of the General Ledgers by Account for the Shared Service Companies noted in 1 above (Companies 20, 30, 50, and 40). All costs, including but not limited to, third party costs, costs for licensing, costs for pruning the data of IP & WTG data which also resides in the shared files, and costs incurred by the Provider for this effort shall be born 100% by the Service Receiver.

2. The Service Provider (ITT Shared Services) will provide the mapping and supporting documentation to the Service Receiver, as described in this Schedule for CYs 2008 through 2011.
3. Service Provider (ITT Shared Services) will provide Data Custodian Audit Support (supporting the DCAA audit without mapping and copying the supporting documentation for all applicable costs) for CYs 2006 — 2007. Service Provider will provide supporting documentation on a DCAA audit “as required” basis for CYs 2006 — 2007.
4. The Service Provider will provide the Service Receiver “Knowledge Transfer” as it relates to research, retrieval, explanation, and replication of the items listed in Section #’s 6 through # 8 below for CYs 2008 through 2011. The Service Provider will use commercially reasonable efforts to transfer the knowledge held by its employees as it relates to research, retrieval, explanation and replication of the items listed in Sections 6 through 8 below for calendar years 2008 through 2011. The knowledge transfer shall take place through multiple meetings at the Service Provider’s location at mutually convenient times over the term of this Schedule.
5. The following items related to the Shared Service GLs listed above will be delivered in hardcopy or scanned format to Service Provider, within 36 months after the Distribution Date:
 - a. Company 20/30/40/50 Intercompany Statements for each year CY 2008 — 2011 for allocations to ITTHQ, DEHQ, and Defense Business Units.

- b. Allocations process mapping, which includes the budgeted allocations, interim preliminary true up allocations, Final Year-end true ups, and adjustments throughout the year.
 - c. Both Parties will work together to jointly determine the items that make up the significant portion of the allocation (which shall not be less than 80% of the actual annual cost) in order that those items be copied/scanned and provided to the Service Receiver. This effort will be a Best Efforts Level of Effort, which means the Service Provider would be empowered to hire additional employees or temporary workers and contract for significant overtime to accomplish the effort and all such costs would be born 100% by the Service Receiver, but in no case is the Service Provider required to focus so much effort on this task that it's business is disrupted. In addition, the Service Provider will provide supporting documentation in cases where the aforementioned work plan did not meet the needs of future DCAA/DCMA audit scope (i.e. DCAA asks for a consulting agreement or journal entry support that was not part of the scope the ITT Exelis Data Retention Work Plan).
 - d. Supporting Journal Entries (JE) and JE Source data for the Intercompany Statements listed in 6.a. above for those units that submit annual incurred cost submissions to the US Government.
 - i. This list of units is identified in the attachment called "List of Defense Units for DCAA TSA."
 - e. Mapping of how the Annual GL amounts relate to the True-ups performed and allocated to ITTHQ, DEHQ, and the Defense BUs.
 - f. Related to the GL Summaries listed in 1 above, the Service Provider will provide the following JEs and documentation that supports the annual GLs for the respective Shared Service companies, the following is also required to be provided by the Service Provider:
 - i. Mapping and documenting the process of how the JEs were booked into each GL.
 - ii. Supporting JEs for each Cost Center's costs that were allocated to ITTHQ, DEHQ, and the Defense BUs. This list of Cost Centers is included in this TSA as an attachment called "List of Defense Units for DCAA TSA.xls" in Section 6.d.i. above.
6. Related to P2P and SAP invoices, for the years 2006-2011:
- a. Service Provider will provide electronic SAP P2P Annual Reports of AP Detail by business unit to include such detail as SAP Document #, Invoice #, Account, Vendor, Date, Amount, et al.
 - b. Service Receiver will provide these SAP P2P reports, as needed, for the units in the attachment called "Defense-SAP.xls", which will not include any additional units other than those supported in similar efforts in the past.
 - c. Service Receiver will develop at its own cost a process that will enable Service Receiver to retrieve the PDF version of the Invoice that is attributable to the specific SAP Document Number. These PDF invoices will be

electronically copied from the FRC P2P System and maintained on a Service Receiver server for future use.

- d. Service Provider will retain the original invoices (prior to scanning) for potential DCAA audits of the SAP P2P Imaging system and process until such time that those open audit years are closed, as required by FAR regulations.
 - e. A report will be developed jointly by Service Receiver and Service Provider to enable an audit trail linking the aforementioned SAP Document Number to the Citibank ACH for proof of payment to the DCAA auditors.
 - f. Service Provider will copy and provide Bank Statements to Service Receiver for use as 3rd party proof of payment for the DCAA auditors.
7. Related to Program BEST:
- a. Service Provider will provide the basis of allocation of Program BEST CY 2008 through 2010 actuals to the 4 Defense Value Centers.
 - i. Service Provider will provide copies of GL ledger details (and supporting JEs and source documentation) to support the future DCAA audit of these Program BEST costs.
 - b. Service Provider to provide details and support for the disposition of Program BEST

1133 Westchester Avenue Premises

In addition to the services provided above, Service Provider will provide office space for the SREEs at the Premises. Access will include approximately 150 square feet of work space, 2 desks and access to the internet, and phone. Included within the rental rate will be electrical, housekeeping, and pantry, however, if a printer or scanner needs to be separately leased, Service Receiver will pay the extra charge. Mail and reception service will not be provided.

The Service Provider will also provide office space for the Government auditors (DCAA) until such time the Government auditors have completed their open audits. Access will include approximately 150 square feet of work space, desks and access to the internet, phone, and a printer, as is currently provided to the Government auditors, until such time that its ongoing audits are complete, tentatively scheduled audit completion date is December 31, 2011. Such amounts will be billed to Service Receiver as set forth below.

General

- Fixed assets on the books of the Service Provider as of the date of the Distribution Date will remain the property of the Service Provider during and at the end of the term.
- Fixed assets on the books of the Service Receiver as of the Distribution Date will remain the property of the Service Receiver during and at the end of the term.
- Service Receiver shall have the reasonable right to use, and Service Provider shall at all times have exclusive control of, and operate and maintain, the common areas including the pantry in the manner Service Provider may reasonably determine to be appropriate.

- SREEs will be permitted in the common areas and the specific location assigned to them. They will be provided with ID badges which they must wear at all times.

Prohibitions

Service Receiver is prohibited from the following without the Service Provider's consent:

- Making any changes to the physical layout of the Premises or any capital improvements.
- Inviting or permitting any other employee or agent or guest of Service Recipient to enter the Premises, other than employees who were former Service Provider employees.- Why would that make a difference? I would think they could not bring any additional folks on site without express written approval from Provider. Service Receiver assumes all responsibility for actions of its employees, agents and guests on the Premises.
- Service Receiver will not be allowed to access the ITT computer network, except where is has been agreed that the Service Receiver will have a Guest ID in order to retrieve audit data/documents scanned to secure archive folders on the ITTCo network. This will be accomplished through the Service Receiver Employees having access to the aforementioned secure archive folder via an ITTCo laptop, setup for these purposes only. The SREEs will also be allowed to access Service Receiver's own computer network via wireless or landline data connections on the Premises.
- Service Receiver has no right to sublease, assign or transfer their space, except upon a change of control of Service Receiver in which case only former Service Provider employees will be permitted access to the Premises.
- Service Receiver agrees not to put up any external or internal signs during the term of the agreement.

Service Receiver's Responsibilities

- Service Receiver will be required to provide and pay for all support and services required to move out of the Premises at the end of the term. If Service Receiver requires contractors to assist them in moving out of the Premises, Service Receiver agrees to provide Service Provider with proof of adequate contractor insurance coverage prior to contractor entering into the facility and to perform such moves at a mutually agreeable time to the Service Provider.
- Service Receiver agrees to remove all of their personal property from the Premises at the end of the term. Service Receiver must return rented space to pre move in condition, with the exception of the offices, which should be left in an "as is" condition.
- Service Receiver agrees to abide by all rules and regulations of the 1133 building set by the landlord including but not limited to those included in the lease between the landlord of the Premises and the Service Provider.

- Service Receiver agrees that all cabling that is used to attach Service Receiver's PC's to the IT infrastructure will remain the property of the Service Provider and will not be removed by the Service Receiver at the end of the term.
- The SREEs will be required to show proper identification to enter the Premises as determined by the Service Provider
- Service Receiver will enter into its own contract for phone service at the Premises and all costs associated with this contract will be paid for by Service Receiver.

Pricing for Space at the Premises

During 2011 space	Cost plus 2% - 10% per month for SREE's
During 2011	Cost plus 2% - 10% per month for DCAA
From January 1, 2012 through the Maximum Occupancy Term	Cost plus 2% - 10% per month for SREEs Cost plus 2% - 10% per month for DCAA

The monthly rates above include the 4.5% increase for inflation and the 2% profit margin.

NO EARLY TERMINATION FEE OR MAKE-WHOLE FEE WILL BE DUE IF THE SERVICE RECEIPT OR THE DCAA DETERMINES TO LEAVE THE PREMISES EARLY. THE AFOREMENTIONED PRICING DOES NOT INCLUDE THE COST OF A SEPARATE PRINTER OR SCANNER THAT MAY NEED TO BE SEPARATELY LEASED.

LOCATIONS

- White Plains, NY
- Seneca Falls, NY
- Palm Coast, FL

BILLING

Service Provider will provide Service Receiver with an invoice to its address set forth above. The invoice provided must contain the following detail:

- Direct hours billed by level
- T&M Billing rate
- Detail of other direct reimbursable charges
- Scope of work performed

In addition, upon request, the Service Provider must provide supporting documentation for the

invoiced costs and rates in order to support a DCAA audit.

SERVICE LEVEL

Service Provider will provide the same service level to the Service Receiver as they provide to their employer and the same service level as provided during the 12 month period prior to the Distribution Date.

NOTICE REQUIREMENTS

Service Receiver shall notify Service Provider at least 90 days in advance of the Minimum Term if it wants to extend or terminate this Schedule, other than for the Premises, but such extension shall not be for longer than the Maximum Term. If notification is not received by the Service Provider, the service will terminate at the end of the Minimum Term. Service Receiver shall notify Service Provider at least 30 days in advance of the date it desires to vacate the Premises. Service Receiver must vacate the Premises no later than the date of the Maximum Occupancy Term.

Official Notices and Bills under this Schedule should be sent to the following addresses (with an email copy to the Service Owners set forth above):

If to the Service Provider:
ITT Corporation
240 Fall Street
Seneca Falls, NY 13148
Attention: Daryl R. Bowker
Daryl.bowker@itt.com

If to the Service Receiver:
Exelis Inc.
1650 Tysons Boulevard
Suite 1700
McLean, VA 22102
Attention: Joe Daniel
Joe.daniel@exelisinc.com

PRICING

In addition to the costs specifically set forth below, Service Receivers shall also pay all business travel expenses incurred by the Service Provider relating to the Services.

“Total” and “Annual Total” costs as set forth below do not include various hourly costs, which will be assessed on an as-needed basis.

Shared Service “Data Custodial” Support for CYs 2006 through 2007:

One (1) Staff-level Individual T&M Rate

Cost plus 2% - 10%

One (1) Management-level Individual T&M Rate

Cost plus 2% - 10%

Shared Service “Data Duplication”: Support for CYs 2008 through 2011:

One (1) Staff-level Individual T&M Rate

Cost plus 2% - 10%

One (1) Management-level Individual T&M Rate

Cost plus 2% - 10%

The Service Receiver will pay a minimum charge monthly for support of the Provider’s cost to retain staffing who are available to fulfill all requests on a timely basis as calculated below:

One (1) Staff-level Individual at a rate of 50% of monthly salary -

Cost plus 2% - 10%/hr X 1040 hours / 12 = Cost plus 2% - 10%/month

One (1) Management-level Individual at a rate of 50% of monthly salary -

Cost plus 2% - 10%/hr X 1040 hours / 12 = Cost plus 2% - 10%/month

Any additional service performed over and above the minimum number of hours will be charged on a T&M basis according to the calculations noted above for 2006 through 2011.

The hourly and monthly rates above include the 4.5% increase for inflation for 2012.

DCAA Audit Records Work Plan

Financial & System Documentation Requirements to Support DCAA Audits of ITT HQ and ITT Shared Services (2006 — 2011)

Work Plan with Tasks/Activities and time phasing

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
1	Provide PMO (Gerstner) with 1st Draft of Work Plan	N/A	DEHQ		Y	
2	Send mass eMail to all affected parties, stating general overview	N/A	ALL		Y	
3	Meet with FRC to discuss scope	N/A	Seneca Falls Shared Services (FRC/EI/TDS)		Y	
4	Meet with FWSS (Acctg) to discuss scope	N/A	FWSS Acctg			
5	Meet with FWSS (Payroll) to discuss scope	N/A	FWSS Payroll			
6	Meet with FWSS (Travel) to discuss scope	N/A	FWSS Travel			
7	Meet with HQ Controllers to discuss scope	N/A	HQ Controllers		Y	
8	Meet with HQ Corp Responsibility to discuss scope	N/A	HQ Corp Responsibility		Y	
9	Meet with HQ Flight Ops Dept to discuss scope	N/A	HQ Flight Ops Dept			
10	Meet with HQ Human Resources to discuss scope	N/A	HQ Human Resources		Y	
11	Meet with Hq Internal Audit to discuss scope	N/A	HQ Internal Audit		Y	
12	Meet with HQ Legal Dept I to discuss scope	N/A	HQ Legal		Y	

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
13	Meet with HQ Pension/Benefits Dept to discuss scope	N/A	HQ Pension Dept		Y	
14	Meet with HQ Tax Dept to discuss scope	N/A	HQ Tax		Y	
15	Meet with HQ Treasury Dept to discuss scope	N/A	HQ Treasury		Y	
16	Initiate contract with Interns to copy "in-house" ITT Records	N/A	HQ Human Resources		Y	
18	Initiate contract with NOVA to copy "Archived" ITT Records	N/A	GSS			
19	Download ITT HQ General Ledger (Company 600) (.PDF & .txt formats)	2006	HQ Controllers			
20	Download ITT HQ General Ledger (Company 600) (.PDF & .txt formats)	2007	HQ Controllers			
21	Download ITT HQ General Ledger (Company 600) (.PDF & .txt formats)	2008	HQ Controllers			
22	Download ITT HQ General Ledger (Company 600) (.PDF & .txt formats)	2009	HQ Controllers			
23	Download ITT HQ General Ledger (Company 600) (.PDF & .txt formats)	2010	HQ Controllers			
24	Download ITT HQ General Ledger (Company 600) (.PDF & .txt formats)	2011	HQ Controllers			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
25	Download ITT HQ A&G Summary Report (Company 600)(.PDF & .txt formats)	2006	HQ Controllers			
26	Download ITT HQ A&G Summary Report (Company 600)(.PDF & .txt formats)	2007	HQ Controllers			
27	Download ITT HQ A&G Summary Report (Company 600)(.PDF & .txt formats)	2008	HQ Controllers			
28	Download ITT HQ A&G Summary Report (Company 600)(.PDF & .txt formats)	2009	HQ Controllers			
29	Download ITT HQ A&G Summary Report (Company 600)(.PDF & .txt formats)	2010	HQ Controllers			
30	Download ITT HQ A&G Summary Report (Company 600)(.PDF & .txt formats)	2011	HQ Controllers			
31	Download ITT HQ A&G Detail Report (Company 600) (.PDF & .txt formats)	2006	HQ Controllers			
32	Download ITT HQ A&G Detail Report (Company 600) (.PDF & .txt formats)	2007	HQ Controllers			
33	Download ITT HQ A&G Detail Report (Company 600) (.PDF & .txt formats)	2008	HQ Controllers			
34	Download ITT HQ A&G Detail Report (Company 600) (.PDF & .txt formats)	2009	HQ Controllers			
35	Download ITT HQ A&G Detail Report (Company 600) (.PDF & .txt formats)	2010	HQ Controllers			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
36	Download ITT HQ A&G Detail Report (Company 600) (.PDF & .txt formats)	2011	HQ Controllers			
37	Copy ITT HQ Infinium Voucher Registers (Hardcopy)	2006	HQ Controllers			
38	Copy ITT HQ Infinium Voucher Registers (Hardcopy)	2007	HQ Controllers			
39	Original Hardcopy Invoices/Checks to support ITTHQ Infinium Voucher Registers (and .txt or .xls version, if available)	2006	HQ Controllers			
40	Original Hardcopy Invoices/Checks to support ITTHQ Infinium Voucher Registers (and .txt or .xls version, if available)	2007	HQ Controllers			
41	SAP P2P Voucher Register Invoice Listings for ITTHQ (CY 2007 -2011?)	2007	HQ Controllers			
42	SAP P2P Voucher Register Invoice Listings for ITTHQ (CY 2007 -2011?)	2008	HQ Controllers			
43	SAP P2P Voucher Register Invoice Listings for ITTHQ (CY 2007 -2011?)	2009	HQ Controllers			
44	SAP P2P Voucher Register Invoice Listings for ITTHQ (CY 2007 -2011?)	2010	HQ Controllers			
45	SAP P2P Voucher Register Invoice Listings for ITTHQ (CY 2007 -2011?)	2011	HQ Controllers			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
46	Original SAP Hardcopy and PDF Invoices for ITTHQ Co # 600	2007	HQ Controllers			
47	Original SAP Hardcopy and PDF Invoices for ITTHQ Co # 600	2008	HQ Controllers			
48	Original SAP Hardcopy and PDF Invoices for ITTHQ Co # 600	2009	HQ Controllers			
49	Original SAP Hardcopy and PDF Invoices for ITTHQ Co # 600	2010	HQ Controllers			
50	Original SAP Hardcopy and PDF Invoices for ITTHQ Co # 600	2011	HQ Controllers			
51	ITT HQ Co 600 Voucher Reg Invoice Proof of Payment (check, EFT, etc) in SAP system	2007	HQ Controllers			
52	ITT HQ Co 600 Voucher Reg Invoice Proof of Payment (check, EFT, etc) in SAP system	2008	HQ Controllers			
53	ITT HQ Co 600 Voucher Reg Invoice Proof of Payment (check, EFT, etc) in SAP system	2009	HQ Controllers			
54	ITT HQ Co 600 Voucher Reg Invoice Proof of Payment (check, EFT, etc) in SAP system	2010	HQ Controllers			
55	ITT HQ Co 600 Voucher Reg Invoice Proof of Payment (check, EFT, etc) in SAP system	2011	HQ Controllers			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
56	All Journal Entries for ITTHQ General Ledger (Co # 600)	2006	HQ Controllers			
57	All Journal Entries for ITTHQ General Ledger (Co # 600)	2007	HQ Controllers			
58	All Journal Entries for ITTHQ General Ledger (Co # 600)	2008	HQ Controllers			
59	All Journal Entries for ITTHQ General Ledger (Co # 600)	2009	HQ Controllers			
60	All Journal Entries for ITTHQ General Ledger (Co # 600)	2010	HQ Controllers			
61	All Journal Entries for ITTHQ General Ledger (Co # 600)	2011	HQ Controllers			
62	All Supporting Source Documentss for the ITTHQ JEs	2006	HQ Controllers			
63	All Supporting Source Documentss for the ITTHQ JEs	2007	HQ Controllers			
64	All Supporting Source Documentss for the ITTHQ JEs	2008	HQ Controllers			
65	All Supporting Source Documentss for the ITTHQ JEs	2009	HQ Controllers			
66	All Supporting Source Documentss for the ITTHQ JEs	2010	HQ Controllers			
67	All Supporting Source Documentss for the ITTHQ JEs	2011	HQ Controllers			
68	ITT HQ Co # 600 "INTERCOMPANY STATEMENT OFF ACCOUNT" — ALL Defense Sites(Group, VCs, BUs), Entire Year (System-generated PDF & .xls formats)	2006	HQ Controllers			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
69	ITT HQ Co # 600 "INTERCOMPANY STATEMENT OFF ACCOUNT" — ALL Defense Sites(Group, VCs, BUs), Entire Year (System-generated PDF & .xls formats)	2007	HQ Controllers			
70	ITT HQ Co # 600 "INTERCOMPANY STATEMENT OFF ACCOUNT" — ALL Defense Sites(Group, VCs, BUs), Entire Year (System-generated PDF & .xls formats)	2008	HQ Controllers			
71	ITT HQ Co # 600 "INTERCOMPANY STATEMENT OFF ACCOUNT" — ALL Defense Sites(Group, VCs, BUs), Entire Year (System-generated PDF & .xls formats)	2009	HQ Controllers			
72	ITT HQ Co # 600 "INTERCOMPANY STATEMENT OFF ACCOUNT" — ALL Defense Sites(Group, VCs, BUs), Entire Year (System-generated PDF & .xls formats)	2010	HQ Controllers			
73	ITT HQ Co # 600 "INTERCOMPANY STATEMENT OFF ACCOUNT" — ALL Defense Sites(Group, VCs, BUs), Entire Year (System-generated PDF & .xls formats)	2011	HQ Controllers			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
74	All Supporting Journal Entries for ITTHQ Intercompany Statement of Account	2006	HQ Controllers			
75	All Supporting Journal Entries for ITTHQ Intercompany Statement of Account	2007	HQ Controllers			
76	All Supporting Journal Entries for ITTHQ Intercompany Statement of Account	2008	HQ Controllers			
77	All Supporting Journal Entries for ITTHQ Intercompany Statement of Account	2009	HQ Controllers			
78	All Supporting Journal Entries for ITTHQ Intercompany Statement of Account	2010	HQ Controllers			
79	All Supporting Journal Entries for ITTHQ Intercompany Statement of Account	2011	HQ Controllers			
80	All supporting Source Docs and DC Advices for the ITTHQ I/C Statement JEs	2006	HQ Controllers			
81	All supporting Source Docs and DC Advices for the ITTHQ I/C Statement JEs	2007	HQ Controllers			
82	All supporting Source Docs and DC Advices for the ITTHQ I/C Statement JEs	2008	HQ Controllers			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
83	All supporting Source Docs and DC Advices for the ITTHQ I/C Statement JEs	2009	HQ Controllers			
84	All supporting Source Docs and DC Advices for the ITTHQ I/C Statement JEs	2010	HQ Controllers			
85	All supporting Source Docs and DC Advices for the ITTHQ I/C Statement JEs	2011	HQ Controllers			
86	Internal Audit Plans /Schedules (ALL)	2006	HQ Internal Audit			
87	Internal Audit Plans /Schedules (ALL)	2007	HQ Internal Audit			
88	Internal Audit Plans /Schedules (ALL)	2008	HQ Internal Audit			
89	Internal Audit Plans /Schedules (ALL)	2009	HQ Internal Audit			
90	Internal Audit Plans /Schedules (ALL)	2010	HQ Internal Audit			
91	Internal Audit Plans /Schedules (ALL)	2011	HQ Internal Audit			
92	Internal Audit Reports, Including COSO	2006	HQ Internal Audit			
93	Internal Audit Reports, Including COSO	2007	HQ Internal Audit			
94	Internal Audit Reports, Including COSO	2008	HQ Internal Audit			
95	Internal Audit Reports, Including COSO	2009	HQ Internal Audit			
96	Internal Audit Reports, Including COSO	2010	HQ Internal Audit			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
97	Internal Audit Reports, Including COSO	2011	HQ Internal Audit			
98	Internal Audit Generic WPs, including COSO	2006	HQ Internal Audit			
99	Internal Audit Generic WPs, including COSO	2007	HQ Internal Audit			
100	Internal Audit Generic WPs, including COSO	2008	HQ Internal Audit			
101	Internal Audit Generic WPs, including COSO	2009	HQ Internal Audit			
102	Internal Audit Generic WPs, including COSO	2010	HQ Internal Audit			
103	Internal Audit Generic WPs, including COSO	2011	HQ Internal Audit			
104	Internal Audit Completed WPs, including COSO for all Defense, HQ, & FRC sites	2006	HQ Internal Audit			
105	Internal Audit Completed WPs, including COSO for all Defense, HQ, & FRC sites	2007	HQ Internal Audit			
106	Internal Audit Completed WPs, including COSO for all Defense, HQ, & FRC sites	2008	HQ Internal Audit			
107	Internal Audit Completed WPs, including COSO for all Defense, HQ, & FRC sites	2009	HQ Internal Audit			
108	Internal Audit Completed WPs, including COSO for all Defense, HQ, & FRC sites	2010	HQ Internal Audit			
109	Internal Audit Completed WPs, including COSO for all Defense, HQ, & FRC sites	2011	HQ Internal Audit			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
110	Binders that support the COSO Audit Reports	2006	HQ Internal Audit			
111	Binders that support the COSO Audit Reports	2007	HQ Internal Audit			
112	Binders that support the COSO Audit Reports	2008	HQ Internal Audit			
113	Binders that support the COSO Audit Reports	2009	HQ Internal Audit			
114	Binders that support the COSO Audit Reports	2010	HQ Internal Audit			
115	Binders that support the COSO Audit Reports	2011	HQ Internal Audit			
116	Internal Audit Risk Assessments	2006	HQ Internal Audit			
117	Internal Audit Risk Assessments	2007	HQ Internal Audit			
118	Internal Audit Risk Assessments	2008	HQ Internal Audit			
119	Internal Audit Risk Assessments	2009	HQ Internal Audit			
120	Internal Audit Risk Assessments	2010	HQ Internal Audit			
121	Internal Audit Risk Assessments	2011	HQ Internal Audit			
122	Internal Audit Year-end Mgmt Testing Memos	2006	HQ Internal Audit			
123	Internal Audit Year-end Mgmt Testing Memos	2007	HQ Internal Audit			
124	Internal Audit Year-end Mgmt Testing Memos	2008	HQ Internal Audit			
125	Internal Audit Year-end Mgmt Testing Memos	2009	HQ Internal Audit			
126	Internal Audit Year-end Mgmt Testing Memos	2010	HQ Internal Audit			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
127	Internal Audit Year-end Mgmt Testing Memos	2011	HQ Internal Audit			
128	Binders that support the IA Year-end Mgmt Testing Memos	2006	HQ Internal Audit			
129	Binders that support the IA Year-end Mgmt Testing Memos	2007	HQ Internal Audit			
130	Binders that support the IA Year-end Mgmt Testing Memos	2008	HQ Internal Audit			
131	Binders that support the IA Year-end Mgmt Testing Memos	2009	HQ Internal Audit			
132	Binders that support the IA Year-end Mgmt Testing Memos	2010	HQ Internal Audit			
133	Binders that support the IA Year-end Mgmt Testing Memos	2011	HQ Internal Audit			
134	internal Audit Year-end Fraud Testing Memos	2006	HQ Internal Audit			
135	internal Audit Year-end Fraud Testing Memos	2007	HQ Internal Audit			
136	internal Audit Year-end Fraud Testing Memos	2008	HQ Internal Audit			
137	internal Audit Year-end Fraud Testing Memos	2009	HQ Internal Audit			
138	internal Audit Year-end Fraud Testing Memos	2010	HQ Internal Audit			
139	internal Audit Year-end Fraud Testing Memos	2011	HQ Internal Audit			
140	Binders that support the IA Year-end Fraud Testing Memos	2006	HQ Internal Audit			
141	Binders that support the IA Year-end Fraud Testing Memos	2007	HQ Internal Audit			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
142	Binders that support the IA Year-end Fraud Testing Memos	2008	HQ Internal Audit			
143	Binders that support the IA Year-end Fraud Testing Memos	2009	HQ Internal Audit			
144	Binders that support the IA Year-end Fraud Testing Memos	2010	HQ Internal Audit			
145	Binders that support the IA Year-end Fraud Testing Memos	2011	HQ Internal Audit			
146	ITTHQ Generic SOX Templates	2006	HQ Internal Audit			
147	ITTHQ Generic SOX Templates	2007	HQ Internal Audit			
148	ITTHQ Generic SOX Templates	2008	HQ Internal Audit			
149	ITTHQ Generic SOX Templates	2009	HQ Internal Audit			
150	ITTHQ Generic SOX Templates	2010	HQ Internal Audit			
151	ITTHQ Generic SOX Templates	2011	HQ Internal Audit			
152	ITTHQ Code of Conduct — 2006 (PDF version)	2006	HQ Corp Responsibility		Y	
153	ITTHQ Code of Conduct — 2009 (PDF version)	2009	HQ Corp Responsibility		Y	
154	ITTHQ Code of Conduct — 2011 (PDF version)	2011	HQ Corp Responsibility			
155	A copy of the Annual Code of Conduct Training Material	2006	HQ Corp Responsibility			
156	A copy of the Annual Code of Conduct Training Material	2007	HQ Corp Responsibility			
157	A copy of the Annual Code of Conduct Training Material	2008	HQ Corp Responsibility			
158	A copy of the Annual Code of Conduct Training Material	2009	HQ Corp Responsibility			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
159	A copy of the Annual Code of Conduct Training Material	2010	HQ Corp Responsibility			
160	A copy of the Annual Code of Conduct Training Material	2011	HQ Corp Responsibility			
161	Training Records to support that every ITT Employee has taken the Code of Conduct Training each year.	2006	HQ Corp Responsibility			
162	Training Records to support that every ITT Employee has taken the Code of Conduct Training each year.	2007	HQ Corp Responsibility			
163	Training Records to support that every ITT Employee has taken the Code of Conduct Training each year.	2008	HQ Corp Responsibility			
164	Training Records to support that every ITT Employee has taken the Code of Conduct Training each year.	2009	HQ Corp Responsibility			
165	Training Records to support that every ITT Employee has taken the Code of Conduct Training each year.	2010	HQ Corp Responsibility			
166	Training Records to support that every ITT Employee has taken the Code of Conduct Training each year.	2011	HQ Corp Responsibility			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
167	Evidence of CCRB Meetings (i.e. Agenda & Signed Roster of Attendees)	2006	HQ Corp Responsibility			
168	Evidence of CCRB Meetings (i.e. Agenda & Signed Roster of Attendees)	2007	HQ Corp Responsibility			
169	Evidence of CCRB Meetings (i.e. Agenda & Signed Roster of Attendees)	2008	HQ Corp Responsibility			
170	Evidence of CCRB Meetings (i.e. Agenda & Signed Roster of Attendees)	2009	HQ Corp Responsibility			
171	Evidence of CCRB Meetings (i.e. Agenda & Signed Roster of Attendees)	2010	HQ Corp Responsibility			
172	Evidence of CCRB Meetings (i.e. Agenda & Signed Roster of Attendees)	2011	HQ Corp Responsibility			
173	All Quarterly E&C Metrics Reports (Raven/Longo)	2006	HQ Corp Responsibility			
174	All Quarterly E&C Metrics Reports (Raven/Longo)	2007	HQ Corp Responsibility			
175	All Quarterly E&C Metrics Reports (Raven/Longo)	2008	HQ Corp Responsibility			
176	All Quarterly E&C Metrics Reports (Raven/Longo)	2009	HQ Corp Responsibility			
177	All Quarterly E&C Metrics Reports (Raven/Longo)	2010	HQ Corp Responsibility			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
178	All Quarterly E&C Metrics Reports (Raven/Longo)	2011	HQ Corp Responsibility			
179	Evidence of Hotline Posters & Ombudsman Info, and EthicsPoint Mechanisms (i.e. Policy, Memo, & actual posters)	2006	HQ Corp Responsibility			
180	Evidence of Hotline Posters & Ombudsman Info, and EthicsPoint Mechanisms (i.e. Policy, Memo, & actual posters)	2007	HQ Corp Responsibility			
181	Evidence of Hotline Posters & Ombudsman Info, and EthicsPoint Mechanisms (i.e. Policy, Memo, & actual posters)	2008	HQ Corp Responsibility			
182	Evidence of Hotline Posters & Ombudsman Info, and EthicsPoint Mechanisms (i.e. Policy, Memo, & actual posters)	2009	HQ Corp Responsibility			
183	Evidence of Hotline Posters & Ombudsman Info, and EthicsPoint Mechanisms (i.e. Policy, Memo, & actual posters)	2010	HQ Corp Responsibility			
184	Evidence of Hotline Posters & Ombudsman Info, and EthicsPoint Mechanisms (i.e. Policy, Memo, & actual posters)	2011	HQ Corp Responsibility			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
185	E&C Policies & Procedures/ "Thud" Book	2006	HQ Corp Responsibility			
186	E&C Policies & Procedures/ "Thud" Book	2007	HQ Corp Responsibility			
187	E&C Policies & Procedures/ "Thud" Book	2008	HQ Corp Responsibility			
188	E&C Policies & Procedures/ "Thud" Book	2009	HQ Corp Responsibility			
189	E&C Policies & Procedures/ "Thud" Book	2010	HQ Corp Responsibility			
190	E&C Policies & Procedures/ "Thud" Book	2011	HQ Corp Responsibility			
191	Listing of All ITT Board of Directors and their affiliations	2006	HQ Legal			
192	Listing of All ITT Board of Directors and their affiliations	2007	HQ Legal			
193	Listing of All ITT Board of Directors and their affiliations	2008	HQ Legal			
194	Listing of All ITT Board of Directors and their affiliations	2009	HQ Legal			
195	Listing of All ITT Board of Directors and their affiliations	2010	HQ Legal			
196	Listing of All ITT Board of Directors and their affiliations	2011	HQ Legal			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
197	ITT Board of Director Minutes (See Comments)	2006	HQ Legal			
198	ITT Board of Director Minutes (See Comments)	2007	HQ Legal			
199	ITT Board of Director Minutes (See Comments)	2008	HQ Legal			
200	ITT Board of Director Minutes (See Comments)	2009	HQ Legal			
201	ITT Board of Director Minutes (See Comments)	2010	HQ Legal			
202	ITT Board of Director Minutes (See Comments)	2011	HQ Legal			
203	ITT Board of Director Audit Committee Minutes (See Comments)	2006	HQ Legal			
204	ITT Board of Director Audit Committee Minutes (See Comments)	2007	HQ Legal			
205	ITT Board of Director Audit Committee Minutes (See Comments)	2008	HQ Legal			
206	ITT Board of Director Audit Committee Minutes (See Comments)	2009	HQ Legal			
207	ITT Board of Director Audit Committee Minutes (See Comments)	2010	HQ Legal			
208	ITT Board of Director Audit Committee Minutes (See Comments)	2011	HQ Legal			
209	ITT Year-end Financial Report, including 10K & Proxy (4 copies)	2006	HQ Controllers			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
210	ITT Year-end Financial Report, including 10K & Proxy (4 copies)	2007	HQ Controllers			
211	ITT Year-end Financial Report, including 10K & Proxy (4 copies)	2008	HQ Controllers			
212	ITT Year-end Financial Report, including 10K & Proxy (4 copies)	2009	HQ Controllers			
213	ITT Year-end Financial Report, including 10K & Proxy (4 copies)	2010	HQ Controllers			
214	ITT Year-end Financial Report, including 10K & Proxy (4 copies)	2011	HQ Controllers			
215	Federal Income Tax Returns (2 copies)	2006	HQ Tax		Y	
216	Federal Income Tax Returns (2 copies)	2007	HQ Tax		Y	
217	Federal Income Tax Returns (2 copies)	2008	HQ Tax		Y	
218	Federal Income Tax Returns (2 copies)	2009	HQ Tax		Y	
219	Federal Income Tax Returns (2 copies)	2010	HQ Tax			
220	Federal Income Tax Returns (2 copies)	2011	HQ Tax			
221	IRS Form 8109 (Federal Tax Deposit Coupon), Electronic Federal Tax Payment System (EFTPS), or other information to support ITT's timely payment of payroll taxes.	2006	HQ Tax			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
222	IRS Form 8109 (Federal Tax Deposit Coupon), Electronic Federal Tax Payment System (EFTPS), or other information to support ITT's timely payment of payroll taxes.	2007	HQ Tax			
223	IRS Form 8109 (Federal Tax Deposit Coupon), Electronic Federal Tax Payment System (EFTPS), or other information to support ITT's timely payment of payroll taxes.	2008	HQ Tax			
224	IRS Form 8109 (Federal Tax Deposit Coupon), Electronic Federal Tax Payment System (EFTPS), or other information to support ITT's timely payment of payroll taxes.	2009	HQ Tax			
225	IRS Form 8109 (Federal Tax Deposit Coupon), Electronic Federal Tax Payment System (EFTPS), or other information to support ITT's timely payment of payroll taxes.	2010	HQ Tax			
226	IRS Form 8109 (Federal Tax Deposit Coupon), Electronic Federal Tax Payment System (EFTPS), or other information to support ITT's timely payment of payroll taxes.	2011	HQ Tax			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
227	ITT Contract with Deloitte & Touche (External Auditors)	2006	HQ Controllers			
228	ITT Contract with Deloitte & Touche (External Auditors)	2007	HQ Controllers			
229	ITT Contract with Deloitte & Touche (External Auditors)	2008	HQ Controllers			
230	ITT Contract with Deloitte & Touche (External Auditors)	2009	HQ Controllers			
231	ITT Contract with Deloitte & Touche (External Auditors)	2010	HQ Controllers			
232	ITT Contract with Deloitte & Touche (External Auditors)	2011	HQ Controllers			
233	ITT Contract with Ernst & Young (Internal Auditors)	2006	HQ Internal Audit			
234	ITT Contract with Ernst & Young (Internal Auditors)	2007	HQ Internal Audit			
235	ITT Contract with Ernst & Young (Internal Auditors)	2008	HQ Internal Audit			
236	ITT Contract with Ernst & Young (Internal Auditors)	2009	HQ Internal Audit			
237	ITT Contract with Ernst & Young (Internal Auditors)	2010	HQ Internal Audit			
238	ITT Contract with Ernst & Young (Internal Auditors)	2011	HQ Internal Audit			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
239	Organization Charts for ALL ITTHQ Departments	2006	HQ Human Resources			
240	Organization Charts for ALL ITTHQ Departments	2007	HQ Human Resources			
241	Organization Charts for ALL ITTHQ Departments	2008	HQ Human Resources			
242	Organization Charts for ALL ITTHQ Departments	2009	HQ Human Resources			
243	Organization Charts for ALL ITTHQ Departments	2010	HQ Human Resources			
244	Organization Charts for ALL ITTHQ Departments	2011	HQ Human Resources			
245	Listing of All IITT HQ Employees by Department	2006	HQ Human Resources			
246	Listing of All IITT HQ Employees by Department	2007	HQ Human Resources			
247	Listing of All IITT HQ Employees by Department	2008	HQ Human Resources			
248	Listing of All IITT HQ Employees by Department	2009	HQ Human Resources			
249	Listing of All IITT HQ Employees by Department	2010	HQ Human Resources			
250	Listing of All IITT HQ Employees by Department	2011	HQ Human Resources			
251	Floor/Office Layout of ITTHQ Office	2006	HQ Human Resources			
252	Floor/Office Layout of ITTHQ Office	2007	HQ Human Resources			
253	Floor/Office Layout of ITTHQ Office	2008	HQ Human Resources			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
254	Floor/Office Layout of ITTHQ Office	2009	HQ Human Resources			
255	Floor/Office Layout of ITTHQ Office	2010	HQ Human Resources			
256	Floor/Office Layout of ITTHQ Office	2011	HQ Human Resources			
257	ITT Lease for 4 Red Oak Lane, White Plains NY	2006	HQ Controllers			
258	ITT Lease for 1133 Westchester Ave, White Plains NY	2008	HQ Controllers			
259	ITT HQ W-2s fpr All ITTHQ Executives (19 & above)	2006	FWSS Payroll			
260	ITT HQ W-2s fpr All ITTHQ Executives (19 & above)	2007	FWSS Payroll			
261	ITT HQ W-2s fpr All ITTHQ Executives (19 & above)	2008	FWSS Payroll			
262	ITT HQ W-2s fpr All ITTHQ Executives (19 & above)	2009	FWSS Payroll			
263	ITT HQ W-2s fpr All ITTHQ Executives (19 & above)	2010	FWSS Payroll			
264	ITT HQ W-2s fpr All ITTHQ Executives (19 & above)	2011	FWSS Payroll			
265	ITT HQ W-2s fpr All Remaining ITTHQ Employees (18 & below)	2006	FWSS Payroll			
266	ITT HQ W-2s fpr All Remaining ITTHQ Employees (18 & below)	2007	FWSS Payroll			
267	ITT HQ W-2s fpr All Remaining ITTHQ Employees (18 & below)	2008	FWSS Payroll			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
268	ITT HQ W-2s fpr All Remaining ITTHQ Employees (18 & below)	2009	FWSS Payroll			
269	ITT HQ W-2s fpr All Remaining ITTHQ Employees (18 & below)	2010	FWSS Payroll			
270	ITT HQ W-2s fpr All Remaining ITTHQ Employees (18 & below)	2011	FWSS Payroll			
271	ITTHQ Co 600 Payroll Register (System-generated PDF format)	2006	FWSS Payroll			
272	ITTHQ Co 600 Payroll Register (System-generated PDF format)	2007	FWSS Payroll			
273	ITTHQ Co 600 Payroll Register (System-generated PDF format)	2008	FWSS Payroll			
274	ITTHQ Co 600 Payroll Register (System-generated PDF format)	2009	FWSS Payroll			
275	ITTHQ Co 600 Payroll Register (System-generated PDF format)	2010	FWSS Payroll			
276	ITTHQ Co 600 Payroll Register (System-generated PDF format)	2011	FWSS Payroll			
277	ITT Executive Compensation Surveys, Benchmarking, Analyses performed by ITT, and any other data used used to justify the irreasonableness of Executive Compensation (L. Thumen)	2006	HQ Human Resources			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
278	ITT Executive Compensation Surveys, Benchmarking, Analyses performed by ITT, and any other data used used to justify the reasonableness of Executive Compensation (L. Thumen)	2007	HQ Human Resources			
279	ITT Executive Compensation Surveys, Benchmarking, Analyses performed by ITT, and any other data used used to justify the reasonableness of Executive Compensation (L. Thumen)	2008	HQ Human Resources			
280	ITT Executive Compensation Surveys, Benchmarking, Analyses performed by ITT, and any other data used used to justify the reasonableness of Executive Compensation (L. Thumen)	2009	HQ Human Resources			
281	ITT Executive Compensation Surveys, Benchmarking, Analyses performed by ITT, and any other data used used to justify the reasonableness of Executive Compensation (L. Thumen)	2010	HQ Human Resources			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
282	ITT Executive Compensation Surveys, Benchmarking, Analyses performed by ITT, and any other data used used to justify the reasonableness of Executive Compensation (L. Thumen)	2011	HQ Human Resources			
283	ITTHQ Corporate Policies & Procedures (ALL)	2006	HQ Corp Responsibility			
284	ITTHQ Corporate Policies & Procedures (ALL)	2007	HQ Corp Responsibility			
285	ITTHQ Corporate Policies & Procedures (ALL)	2008	HQ Corp Responsibility			
286	ITTHQ Corporate Policies & Procedures (ALL)	2009	HQ Corp Responsibility			
287	ITTHQ Corporate Policies & Procedures (ALL)	2010	HQ Corp Responsibility			
288	ITTHQ Corporate Policies & Procedures (ALL)	2011	HQ Corp Responsibility			
289	SAS 70 Reports & Contract/Agreements for all 3rd Party Service Providers that ITTHQ uses.	2006	Multiple HQ Depts			
290	SAS 70 Reports & Contract/Agreements for all 3rd Party Service Providers that ITTHQ uses.	2007	Multiple HQ Depts			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
291	SAS 70 Reports & Contract/Agreements for all 3rd Party Service Providers that ITTHQ uses.	2008	Multiple HQ Depts			
292	SAS 70 Reports & Contract/Agreements for all 3rd Party Service Providers that ITTHQ uses.	2009	Multiple HQ Depts			
293	SAS 70 Reports & Contract/Agreements for all 3rd Party Service Providers that ITTHQ uses.	2010	Multiple HQ Depts			
294	SAS 70 Reports & Contract/Agreements for all 3rd Party Service Providers that ITTHQ uses.	2011	Multiple HQ Depts			
295	HFM Data Support for 3 Factor Formula Calculations (System-generated PDF format)	2006	HQ Controllers			
296	HFM Data Support for 3 Factor Formula Calculations (System-generated PDF format)	2007	HQ Controllers			
297	HFM Data Support for 3 Factor Formula Calculations (System-generated PDF format)	2008	HQ Controllers			
298	HFM Data Support for 3 Factor Formula Calculations (System-generated PDF format)	2009	HQ Controllers			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
299	HFM Data Support for 3 Factor Formula Calculations (System-generated PDF format)	2010	HQ Controllers			
300	HFM Data Support for 3 Factor Formula Calculations (System-generated PDF format)	2011	HQ Controllers			
301	Bonus Agreements/Approvals for ALL ITTHQ Employess (Non-Execs)	2006	HQ Human Resources			
302	Bonus Agreements/Approvals for ALL ITTHQ Employess (Non-Execs)	2007	HQ Human Resources			
303	Bonus Agreements/Approvals for ALL ITTHQ Employess (Non-Execs)	2008	HQ Human Resources			
304	Bonus Agreements/Approvals for ALL ITTHQ Employess (Non-Execs)	2009	HQ Human Resources			
305	Bonus Agreements/Approvals for ALL ITTHQ Employess (Non-Execs)	2010	HQ Human Resources			
306	Bonus Agreements/Approvals for ALL ITTHQ Employess (Non-Execs)	2011	HQ Human Resources			
307	Bonus Agreements/Approvals for All ITT Executives (HQ, SS, DEF)	2006	HQ Human Resources			
308	Bonus Agreements/Approvals for All ITT Executives (HQ, SS, DEF)	2007	HQ Human Resources			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
309	Bonus Agreements/Approvals for All ITT Executives (HQ, SS, DEF)	2008	HQ Human Resources			
310	Bonus Agreements/Approvals for All ITT Executives (HQ, SS, DEF)	2009	HQ Human Resources			
311	Bonus Agreements/Approvals for All ITT Executives (HQ, SS, DEF)	2010	HQ Human Resources			
312	Bonus Agreements/Approvals for All ITT Executives (HQ, SS, DEF)	2011	HQ Human Resources			
313	TSR Statements for ALL ITT HQ, SS, & DEFENSE Employees	2006	HQ Human Resources			
314	TSR Statements for ALL ITT HQ, SS, & DEFENSE Employees	2007	HQ Human Resources			
315	TSR Statements for ALL ITT HQ, SS, & DEFENSE Employees	2008	HQ Human Resources			
316	TSR Statements for ALL ITT HQ, SS, & DEFENSE Employees	2009	HQ Human Resources			
317	TSR Statements for ALL ITT HQ, SS, & DEFENSE Employees	2010	HQ Human Resources			
318	TSR Statements for ALL ITT HQ, SS, & DEFENSE Employees	2011	HQ Human Resources			
319	LTIP Calculations (M Hahn) w/supporting source documentation	2006	HQ Controllers			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
320	LTIP Calculations (M Hahn) w/supporting source documentation	2007	HQ Controllers			
321	LTIP Calculations (M Hahn) w/supporting source documentation	2008	HQ Controllers			
322	LTIP Calculations (M Hahn) w/supporting source documentation	2009	HQ Controllers			
323	LTIP Calculations (M Hahn) w/supporting source documentation	2010	HQ Controllers			
324	LTIP Calculations (M Hahn) w/supporting source documentation	2011	HQ Controllers			
325	Approvals/Supporting Docs for ALL ITTHQ Service Recognition Awards (To support expense booked in Co 600 A&G)	2006	HQ Controllers			
326	Approvals/Supporting Docs for ALL ITTHQ Service Recognition Awards (To support expense booked in Co 600 A&G)	2007	HQ Controllers			
327	Approvals/Supporting Docs for ALL ITTHQ Service Recognition Awards (To support expense booked in Co 600 A&G)	2008	HQ Controllers			
328	Approvals/Supporting Docs for ALL ITTHQ Service Recognition Awards (To support expense booked in Co 600 A&G)	2009	HQ Controllers			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
329	Approvals/Supporting Docs for ALL ITTHQ Service Recognition Awards (To support expense booked in Co 600 A&G)	2010	HQ Controllers			
330	Approvals/Supporting Docs for ALL ITTHQ Service Recognition Awards (To support expense booked in Co 600 A&G)	2011	HQ Controllers			
331	Approvals/Supporting Docs for ALL ITTHQ Tuition Reimburesments (To support expense booked in Co 600 A&G)	2006	HQ Controllers			
332	Approvals/Supporting Docs for ALL ITTHQ Tuition Reimburesments (To support expense booked in Co 600 A&G)	2007	HQ Controllers			
333	Approvals/Supporting Docs for ALL ITTHQ Tuition Reimburesments (To support expense booked in Co 600 A&G)	2008	HQ Controllers			
334	Approvals/Supporting Docs for ALL ITTHQ Tuition Reimburesments (To support expense booked in Co 600 A&G)	2009	HQ Controllers			
335	Approvals/Supporting Docs for ALL ITTHQ Tuition Reimburesments (To support expense booked in Co 600 A&G)	2010	HQ Controllers			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
336	Approvals/Supporting Docs for ALL ITTHQ Tuition Reimburements (To support expense booked in Co 600 A&G)	2011	HQ Controllers			
337	PARs/Approvals for ALL Software Acquisiitions at ITTHQ Co # 600	2006	HQ Controllers			
338	PARs/Approvals for ALL Software Acquisiitions at ITTHQ Co # 601	2007	HQ Controllers			
339	PARs/Approvals for ALL Software Acquisiitions at ITTHQ Co # 602	2008	HQ Controllers			
340	PARs/Approvals for ALL Software Acquisiitions at ITTHQ Co # 603	2009	HQ Controllers			
341	PARs/Approvals for ALL Software Acquisiitions at ITTHQ Co # 604	2010	HQ Controllers			
342	PARs/Approvals for ALL Software Acquisiitions at ITTHQ Co # 605	2011	HQ Controllers			
343	PARs/Approvals for ALL Capital Expebdiures/Acquisiitions at ITT HQ Co 600 Locations	2006	HQ Controllers			
344	PARs/Approvals for ALL Capital Expebdiures/Acquisiitions at ITT HQ Co 600 Locations	2007	HQ Controllers			
345	PARs/Approvals for ALL Capital Expebdiures/Acquisiitions at ITT HQ Co 600 Locations	2008	HQ Controllers			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
346	PARs/Approvals for ALL Capital Expebdiures/Acquisiitions at ITT HQ Co 600 Locations	2009	HQ Controllers			
347	PARs/Approvals for ALL Capital Expebdiures/Acquisiitions at ITT HQ Co 600 Locations	2010	HQ Controllers			
348	PARs/Approvals for ALL Capital Expebdiures/Acquisiitions at ITT HQ Co 600 Locations	2011	HQ Controllers			
349	Fixed Assets Register for all ITT HQ Co 600 Fixed Assets	2006	HQ Controllers			
350	Fixed Assets Register for all ITT HQ Co 600 Fixed Assets	2007	HQ Controllers			
351	Fixed Assets Register for all ITT HQ Co 600 Fixed Assets	2008	HQ Controllers			
352	Fixed Assets Register for all ITT HQ Co 600 Fixed Assets	2009	HQ Controllers			
353	Fixed Assets Register for all ITT HQ Co 600 Fixed Assets	2010	HQ Controllers			
354	Fixed Assets Register for all ITT HQ Co 600 Fixed Assets	2011	HQ Controllers			
355	Depreciation Basis for ALL ITTHQ Co 600 Fixed Assets	2006	HQ Controllers			
356	Depreciation Basis for ALL ITTHQ Co 600 Fixed Assets	2007	HQ Controllers			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
357	Depreciation Basis for ALL ITTHQ Co 600 Fixed Assets	2008	HQ Controllers			
358	Depreciation Basis for ALL ITTHQ Co 600 Fixed Assets	2009	HQ Controllers			
359	Depreciation Basis for ALL ITTHQ Co 600 Fixed Assets	2010	HQ Controllers			
360	Depreciation Basis for ALL ITTHQ Co 600 Fixed Assets	2011	HQ Controllers			
361	Invoices for All Fixed Assers at ITTHQ Co 600	2006	HQ Controllers			
362	Invoices for All Fixed Assers at ITTHQ Co 601	2007	HQ Controllers			
363	Invoices for All Fixed Assers at ITTHQ Co 602	2008	HQ Controllers			
364	Invoices for All Fixed Assers at ITTHQ Co 603	2009	HQ Controllers			
365	Invoices for All Fixed Assers at ITTHQ Co 604	2010	HQ Controllers			
366	Invoices for All Fixed Assers at ITTHQ Co 605	2011	HQ Controllers			
367	Leasehold Improvememt Register for all ITT HQ Co 600 Leasehold Imps	2006	HQ Controllers			
368	Leasehold Improvememt Register for all ITT HQ Co 600 Leasehold Imps	2007	HQ Controllers			
369	Leasehold Improvement Register for all ITT HQ Co 600 Leasehold Imps	2008	HQ Controllers			
370	Leasehold Improvememt Register for all ITT HQ Co 600 Leasehold Imps	2009	HQ Controllers			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
371	Leasehold Improvement Register for all ITT HQ Co 600 Leasehold Imps	2010	HQ Controllers			
372	Leasehold Improvement Register for all ITT HQ Co 600 Leasehold Imps	2011	HQ Controllers			
373	Amortization Basis for ALL ITTHQ Co 600 Leasehold Improvs	2006	HQ Controllers			
374	Amortization Basis for ALL ITTHQ Co 600 Leasehold Improvs	2007	HQ Controllers			
375	Amortization Basis for ALL ITTHQ Co 600 Leasehold Improvs	2008	HQ Controllers			
376	Amortization Basis for ALL ITTHQ Co 600 Leasehold Improvs	2009	HQ Controllers			
377	Amortization Basis for ALL ITTHQ Co 600 Leasehold Improvs	2010	HQ Controllers			
378	Amortization Basis for ALL ITTHQ Co 600 Leasehold Improvs	2011	HQ Controllers			
379	Invoices for All Leasehold Improvs at ITTHQ Co 600	2006	HQ Controllers			
380	Invoices for All Leasehold Improvs at ITTHQ Co 600	2007	HQ Controllers			
381	Invoices for All Leasehold Improvs at ITTHQ Co 600	2008	HQ Controllers			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
382	Invoices for All Leasehold Improvs at ITTHQ Co 600	2009	HQ Controllers			
383	Invoices for All Leasehold Improvs at ITTHQ Co 600	2010	HQ Controllers			
384	Invoices for All Leasehold Improvs at ITTHQ Co 600	2011	HQ Controllers			
385	Rental Agreements that support all Acct 451/455 Rental Expenses	2006	HQ Controllers			
386	Rental Agreements that support all Acct 451/455 Rental Expenses	2007	HQ Controllers			
387	Rental Agreements that support all Acct 451/455 Rental Expenses	2008	HQ Controllers			
388	Rental Agreements that support all Acct 451/455 Rental Expenses	2009	HQ Controllers			
389	Rental Agreements that support all Acct 451/455 Rental Expenses	2010	HQ Controllers			
390	Rental Agreements that support all Acct 451/455 Rental Expenses	2011	HQ Controllers			
391	Agreements/Contracts with Temporary Help & Temp Agencies (Acct 738)	2006	HQ Human Resources			
392	Agreements/Contracts with Temporary Help & Temp Agencies (Acct 738)	2007	HQ Human Resources			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
393	Agreements/Contracts with Temporary Help & Temp Agencies (Acct 738)	2008	HQ Human Resources			
394	Agreements/Contracts with Temporary Help & Temp Agencies (Acct 738)	2009	HQ Human Resources			
395	Agreements/Contracts with Temporary Help & Temp Agencies (Acct 738)	2010	HQ Human Resources			
396	Agreements/Contracts with Temporary Help & Temp Agencies (Acct 738)	2011	HQ Human Resources			
397	Agreements/Contracts with Employment Agencies, Search Agencies, and Executive Searches (i.e. Acct 741), for ALL employment searches	2006	HQ Human Resources			
398	Agreements/Contracts with Employment Agencies, Search Agencies, and Executive Searches (i.e. Acct 741), for ALL employment searches	2007	HQ Human Resources			
399	Agreements/Contracts with Employment Agencies, Search Agencies, and Executive Searches (i.e. Acct 741), for ALL employment searches	2008	HQ Human Resources			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
400	Agreements/Contracts with Employment Agencies, Search Agencies, and Executive Searches (i.e. Acct 741), for ALL employment searches	2009	HQ Human Resources			
401	Agreements/Contracts with Employment Agencies, Search Agencies, and Executive Searches (i.e. Acct 741), for ALL employment searches	2010	HQ Human Resources			
402	Agreements/Contracts with Employment Agencies, Search Agencies, and Executive Searches (i.e. Acct 741), for ALL employment searches	2011	HQ Human Resources			
403	Relocation Expense Supprting Docs (Acct 744)	2006	HQ Human Resources			
404	Relocation Expense Supprting Docs (Acct 744)	2007	HQ Human Resources			
405	Relocation Expense Supprting Docs (Acct 744)	2008	HQ Human Resources			
406	Relocation Expense Supprting Docs (Acct 744)	2009	HQ Human Resources			
407	Relocation Expense Supprting Docs (Acct 744)	2010	HQ Human Resources			
408	Relocation Expense Supprting Docs (Acct 744)	2011	HQ Human Resources			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
409	Contracts/Agreements for ALL ITT BOARD OF DIRECTORS (Acct 750)	2006	HQ Legal			
410	Contracts/Agreements for ALL ITT BOARD OF DIRECTORS (Acct 750)	2007	HQ Legal			
411	Contracts/Agreements for ALL ITT BOARD OF DIRECTORS (Acct 750)	2008	HQ Legal			
412	Contracts/Agreements for ALL ITT BOARD OF DIRECTORS (Acct 750)	2009	HQ Legal			
413	Contracts/Agreements for ALL ITT BOARD OF DIRECTORS (Acct 750)	2010	HQ Legal			
414	Contracts/Agreements for ALL ITT BOARD OF DIRECTORS (Acct 750)	2011	HQ Legal			
415	Supporting Docs for ALL ITT BOARD OF DIRECTORS FEES (Acct 750)	2006	HQ Legal			
416	Supporting Docs for ALL ITT BOARD OF DIRECTORS FEES (Acct 750)	2007	HQ Legal			
417	Supporting Docs for ALL ITT BOARD OF DIRECTORS FEES (Acct 750)	2008	HQ Legal			
418	Supporting Docs for ALL ITT BOARD OF DIRECTORS FEES (Acct 750)	2009	HQ Legal			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
419	Supporting Docs for ALL ITT BOARD OF DIRECTORS FEES (Acct 750)	2010	HQ Legal			
420	Supporting Docs for ALL ITT BOARD OF DIRECTORS FEES (Acct 750)	2011	HQ Legal			
421	G/L Support for ALL ITTHQ Co 600 Severance Expense (System-generated PDF and xls format)	2006	FWSS Payroll			
422	G/L Support for ALL ITTHQ Co 600 Severance Expense (System-generated PDF and xls format)	2007	FWSS Payroll			
423	G/L Support for ALL ITTHQ Co 600 Severance Expense (System-generated PDF and xls format)	2008	FWSS Payroll			
424	G/L Support for ALL ITTHQ Co 600 Severance Expense (System-generated PDF and xls format)	2009	FWSS Payroll			
425	G/L Support for ALL ITTHQ Co 600 Severance Expense (System-generated PDF and xls format)	2010	FWSS Payroll			
426	G/L Support for ALL ITTHQ Co 600 Severance Expense (System-generated PDF and xls format)	2011	FWSS Payroll			
427	Termination Agreements for ALL ITTHQ Co 600 Severed Employees	2006	HQ Human Resources			
428	Termination Agreements for ALL ITTHQ Co 600 Severed Employees	2007	HQ Human Resources			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
429	Termination Agreements for ALL ITTHQ Co 600 Severed Employees	2008	HQ Human Resources			
430	Termination Agreements for ALL ITTHQ Co 600 Severed Employees	2009	HQ Human Resources			
431	Termination Agreements for ALL ITTHQ Co 600 Severed Employees	2010	HQ Human Resources			
432	Termination Agreements for ALL ITTHQ Co 600 Severed Employees	2011	HQ Human Resources			
433	Concur Reports for ALL EXPENSES that are charged through Concur at ITTHQ (System-generated?) See Comments)	2006	FWSS Travel			
434	Concur Reports for ALL EXPENSES that are charged through Concur at ITTHQ (System-generated?) See Comments)	2007	FWSS Travel			
435	Concur Reports for ALL EXPENSES that are charged through Concur at ITTHQ (System-generated?) See Comments)	2008	FWSS Travel			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
436	Concur Reports for ALL EXPENSES that are charged through Concur at ITTHQ (System-generated?) See Comments)	2009	FWSS Travel			
437	Concur Reports for ALL EXPENSES that are charged through Concur at ITTHQ (System-generated?) See Comments)	2010	FWSS Travel			
438	Concur Reports for ALL EXPENSES that are charged through Concur at ITTHQ (System-generated?) See Comments)	2011	FWSS Travel			
439	Supporting Docs/Receipts fo ALL EXPENSES that are charged through Concur at ITTHQ	2006	FWSS Travel			
440	Supporting Docs/Receipts fo ALL EXPENSES that are charged through Concur at ITTHQ	2007	FWSS Travel			
441	Supporting Docs/Receipts fo ALL EXPENSES that are charged through Concur at ITTHQ	2008	FWSS Travel			
442	Supporting Docs/Receipts fo ALL EXPENSES that are charged through Concur at ITTHQ	2009	FWSS Travel			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
443	Supporting Docs/Receipts fo ALL EXPENSES that are charged through Concur at ITTHQ	2010	FWSS Travel			
444	Supporting Docs/Receipts fo ALL EXPENSES that are charged through Concur at ITTHQ	2011	FWSS Travel			
445	ALL Consultant Agreements/Contracts at ITTHQ Co 600 (Acct 734 & 735)	2006	Mulitple HQ Depts			
446	ALL Consultant Agreements/Contracts at ITTHQ Co 600 (Acct 734 & 735)	2007	Mulitple HQ Depts			
447	ALL Consultant Agreements/Contracts at ITTHQ Co 600 (Acct 734 & 735)	2008	Mulitple HQ Depts			
448	ALL Consultant Agreements/Contracts at ITTHQ Co 600 (Acct 734 & 735)	2009	Mulitple HQ Depts			
449	ALL Consultant Agreements/Contracts at ITTHQ Co 600 (Acct 734 & 735)	2010	Mulitple HQ Depts			
450	ALL Consultant Agreements/Contracts at ITTHQ Co 600 (Acct 734 & 735)	2011	Mulitple HQ Depts			
451	Pension Buck Reports	2006	HQ Pension Dept			
452	Pension Buck Reports	2007	HQ Pension Dept			
453	Pension Buck Reports	2008	HQ Pension Dept			
454	Pension Buck Reports	2009	HQ Pension Dept			
455	Pension Buck Reports	2010	HQ Pension Dept			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
456	Pension Buck Reports	2011	HQ Pension Dept			
457	Supporting Data that ITTHQ sent to Buck for the actualials to calculate CAS Complaint Pension Expenses & Contributions	2006	HQ Pension Dept			
458	Supporting Data that ITTHQ sent to Buck for the actualials to calculate CAS Complaint Pension Expenses & Contributions	2007	HQ Pension Dept			
459	Supporting Data that ITTHQ sent to Buck for the actualials to calculate CAS Complaint Pension Expenses & Contributions	2008	HQ Pension Dept			
460	Supporting Data that ITTHQ sent to Buck for the actualials to calculate CAS Complaint Pension Expenses & Contributions	2009	HQ Pension Dept			
461	Supporting Data that ITTHQ sent to Buck for the actualials to calculate CAS Complaint Pension Expenses & Contributions	2010	HQ Pension Dept			
462	Supporting Data that ITTHQ sent to Buck for the actualials to calculate CAS Complaint Pension Expenses & Contributions	2011	HQ Pension Dept			
463	IRS Form 5500	2006	HQ Pension Dept			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
464	IRS Form 5500	2007	HQ Pension Dept			
465	IRS Form 5500	2008	HQ Pension Dept			
466	IRS Form 5500	2009	HQ Pension Dept			
467	IRS Form 5500	2010	HQ Pension Dept			
468	IRS Form 5500	2011	HQ Pension Dept			
469	Trustee Report (Northern Master Trust?) and explanations for any significant withdrawals of pension assets. Need to ensure that Government contributed pension assets are protected.	2006	HQ Pension Dept			
470	Trustee Report (Northern Master Trust?) and explanations for any significant withdrawals of pension assets. Need to ensure that Government contributed pension assets are protected.	2007	HQ Pension Dept			
471	Trustee Report (Northern Master Trust?) and explanations for any significant withdrawals of pension assets. Need to ensure that Government contributed pension assets are protected.	2008	HQ Pension Dept			
472	Trustee Report (Northern Master Trust?) and explanations for any significant withdrawals of pension assets. Need to ensure that Government contributed pension assets are protected.	2009	HQ Pension Dept			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
473	Trustee Report (Northern Master Trust?) and explanations for any significant withdrawals of pension assets. Need to ensure that Government contributed pension assets are protected.	2010	HQ Pension Dept			
474	Trustee Report (Northern Master Trust?) and explanations for any significant withdrawals of pension assets. Need to ensure that Government contributed pension assets are protected.	2011	HQ Pension Dept			
475	Calculations of Post-Retirement Benefits (PRB) Allocation to HQ, DEHQ, Defense BUs.	2006	HQ Pension Dept			
476	Calculations of Post-Retirement Benefits (PRB) Allocation to HQ, DEHQ, Defense BUs.	2007	HQ Pension Dept			
477	Calculations of Post-Retirement Benefits (PRB) Allocation to HQ, DEHQ, Defense BUs.	2008	HQ Pension Dept			
478	Calculations of Post-Retirement Benefits (PRB) Allocation to HQ, DEHQ, Defense BUs.	2009	HQ Pension Dept			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
479	Calculations of Post-Retirement Benefits (PRB) Allocation to HQ, DEHQ, Defense BUs.	2010	HQ Pension Dept			
480	Calculations of Post-Retirement Benefits (PRB) Allocation to HQ, DEHQ, Defense BUs.	2011	HQ Pension Dept			
481	Supporting Source Docs for each element of the Calculations of PRBs Allocation to HQ, DEHQ, Defense BUs.	2006	HQ Pension Dept			
482	Supporting Source Docs for each element of the Calculations of PRBs Allocation to HQ, DEHQ, Defense BUs.	2007	HQ Pension Dept			
483	Supporting Source Docs for each element of the Calculations of PRBs Allocation to HQ, DEHQ, Defense BUs.	2008	HQ Pension Dept			
484	Supporting Source Docs for each element of the Calculations of PRBs Allocation to HQ, DEHQ, Defense BUs.	2009	HQ Pension Dept			
485	Supporting Source Docs for each element of the Calculations of PRBs Allocation to HQ, DEHQ, Defense BUs.	2010	HQ Pension Dept			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
486	Supporting Source Docs for each element of the Calculations of PRBs Allocation to HQ, DEHQ, Defense BUs.	2011	HQ Pension Dept			
487	Support for the Medical & Dental Cost (i.e. Statements from the Trust and Proof of ITT Payment to fund the trust,, etc)	2006	HQ Pension Dept			
488	Support for the Medical & Dental Cost (i.e. Statements from the Trust and Proof of ITT Payment to fund the trust,, etc)	2007	HQ Pension Dept			
489	Support for the Medical & Dental Cost (i.e. Statements from the Trust and Proof of ITT Payment to fund the trust,, etc)	2008	HQ Pension Dept			
490	Support for the Medical & Dental Cost (i.e. Statements from the Trust and Proof of ITT Payment to fund the trust,, etc)	2009	HQ Pension Dept			
491	Support for the Medical & Dental Cost (i.e. Statements from the Trust and Proof of ITT Payment to fund the trust,, etc)	2010	HQ Pension Dept			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
492	Support for the Medical & Dental Cost (i.e. Statements from the Trust and Proof of ITT Payment to fund the trust,, etc)	2011	HQ Pension Dept			
493	Listing of Participants in the PRBs to support PRB eligibility	2006	HQ Pension Dept		Y	
494	Listing of Participants in the PRBs to support PRB eligibility	2007	HQ Pension Dept			
495	Listing of Participants in the PRBs to support PRB eligibility	2008	HQ Pension Dept			
496	Listing of Participants in the PRBs to support PRB eligibility	2009	HQ Pension Dept		Y	
497	Listing of Participants in the PRBs to support PRB eligibility	2010	HQ Pension Dept		Y	
498	Listing of Participants in the PRBs to support PRB eligibility	2011	HQ Pension Dept			
499	Actuarial Reports for EDO Frozen Pension Costs	2008	HQ Pension Dept		Y	
500	Actuarial Reports for EDO Frozen Pension Costs	2009	HQ Pension Dept		Y	
501	Actuarial Reports for EDO Frozen Pension Costs	2010	HQ Pension Dept		Y	
502	Actuarial Reports for EDO Frozen Pension Costs	2011	HQ Pension Dept		Y	

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
503	Actuarial Reports for EDO Frozen Pension Costs	2012	HQ Pension Dept		Y	
504	Supporting Data that ITT sent to Actuaries to calculate CAS Complaint EDO Frozen Pension Expenses & Contributions	2008	HQ Pension Dept		Y	
505	Supporting Data that ITT sent to Actuaries to calculate CAS Complaint EDO Frozen Pension Expenses & Contributions	2009	HQ Pension Dept		Y	
506	Supporting Data that ITT sent to Actuaries to calculate CAS Complaint EDO Frozen Pension Expenses & Contributions	2010	HQ Pension Dept		Y	
507	Supporting Data that ITT sent to Actuaries to calculate CAS Complaint EDO Frozen Pension Expenses & Contributions	2011	HQ Pension Dept		Y	
508	Supporting Data that ITT sent to Actuaries to calculate CAS Complaint EDO Frozen Pension Expenses & Contributions	2012	HQ Pension Dept		Y	
509	Agreements with Empire for the Administration of ITT Healthcare Costs	2006	HQ Pension Dept			
510	Agreements with Empire for the Administration of ITT Healthcare Costs	2007	HQ Pension Dept			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
511	Agreements with Empire for the Administration of ITT Healthcare Costs	2008	HQ Pension Dept			
512	Agreements with Empire for the Administration of ITT Healthcare Costs	2009	HQ Pension Dept			
513	Agreements with Empire for the Administration of ITT Healthcare Costs	2010	HQ Pension Dept			
514	Agreements with Empire for the Administration of ITT Healthcare Costs	2011	HQ Pension Dept			
515	Calculations of Healthcare Allocation to HQ, DEHQ, Defense BUs.	2006	HQ Pension Dept			
516	Calculations of Healthcare Allocation to HQ, DEHQ, Defense BUs.	2007	HQ Pension Dept			
517	Calculations of Healthcare Allocation to HQ, DEHQ, Defense BUs.	2008	HQ Pension Dept			
518	Calculations of Healthcare Allocation to HQ, DEHQ, Defense BUs.	2009	HQ Pension Dept			
519	Calculations of Healthcare Allocation to HQ, DEHQ, Defense BUs.	2010	HQ Pension Dept			
520	Calculations of Healthcare Allocation to HQ, DEHQ, Defense BUs.	2011	HQ Pension Dept			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
521	Calculations of Healthcare Rates (ii.e. EE, EE +1, EE +Family) for all types of H/C types	2006	HQ Pension Dept			
522	Calculations of Healthcare Rates (ii.e. EE, EE +1, EE +Family) for all types of H/C types	2007	HQ Pension Dept			
523	Calculations of Healthcare Rates (ii.e. EE, EE +1, EE +Family) for all types of H/C types	2008	HQ Pension Dept			
524	Calculations of Healthcare Rates (ii.e. EE, EE +1, EE +Family) for all types of H/C types	2009	HQ Pension Dept			
525	Calculations of Healthcare Rates (ii.e. EE, EE +1, EE +Family) for all types of H/C types	2010	HQ Pension Dept			
526	Calculations of Healthcare Rates (ii.e. EE, EE +1, EE +Family) for all types of H/C types	2011	HQ Pension Dept			
527	Supporting Source Docs for each element of the Calculations of IHealthcare Allocation to HQ, DEHQ, Defense BUs.	2006	HQ Pension Dept			
528	Supporting Source Docs for each element of the Calculations of IHealthcare Allocation to HQ, DEHQ, Defense BUs.	2007	HQ Pension Dept			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
529	Supporting Source Docs for each element of the Calculations of IHealthcare Allocation to HQ, DEHQ, Defense BUs.	2008	HQ Pension Dept			
530	Supporting Source Docs for each element of the Calculations of IHealthcare Allocation to HQ, DEHQ, Defense BUs.	2009	HQ Pension Dept			
531	Supporting Source Docs for each element of the Calculations of IHealthcare Allocation to HQ, DEHQ, Defense BUs.	2010	HQ Pension Dept			
532	Supporting Source Docs for each element of the Calculations of IHealthcare Allocation to HQ, DEHQ, Defense BUs.	2011	HQ Pension Dept			
533	Support for the Healthcare Partipants by BU.	2006	HQ Pension Dept			
534	Support for the Healthcare Partipants by BU.	2007	HQ Pension Dept			
535	Support for the Healthcare Partipants by BU.	2008	HQ Pension Dept			
536	Support for the Healthcare Partipants by BU.	2009	HQ Pension Dept			
537	Support for the Healthcare Partipants by BU.	2010	HQ Pension Dept			
538	Support for the Healthcare Partipants by BU.	2011	HQ Pension Dept			
539	Dependant Eligibility Healthcare 3rd Party Audit and Results	2011	HQ Pension Dept			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
540	Agreements with Met Life for the Administration of ITT Healthcare Costs	2006	HQ Pension Dept			
541	Agreements with Met Life for the Administration of ITT Healthcare Costs	2007	HQ Pension Dept			
542	Agreements with Met Life for the Administration of ITT Healthcare Costs	2008	HQ Pension Dept			
543	Agreements with Met Life for the Administration of ITT Healthcare Costs	2009	HQ Pension Dept			
544	Agreements with Met Life for the Administration of ITT Healthcare Costs	2010	HQ Pension Dept			
545	Agreements with Met Life for the Administration of ITT Healthcare Costs	2011	HQ Pension Dept			
546	Calculations of Met Life Allocation to HQ, DEHQ, Defense BUs.	2006	HQ Pension Dept			
547	Calculations of Met Life Allocation to HQ, DEHQ, Defense BUs.	2007	HQ Pension Dept			
548	Calculations of Met Life Allocation to HQ, DEHQ, Defense BUs.	2008	HQ Pension Dept			
549	Calculations of Met Life Allocation to HQ, DEHQ, Defense BUs.	2009	HQ Pension Dept			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
550	Calculations of Met Life Allocation to HQ, DEHQ, Defense BUs.	2010	HQ Pension Dept			
551	Calculations of Met Life Allocation to HQ, DEHQ, Defense BUs.	2011	HQ Pension Dept			
552	Calculations of Met Life Rates (i.e. EE, EE +1, EE +Family) for all types of H/C types	2006	HQ Pension Dept			
553	Calculations of Met Life Rates (i.e. EE, EE +1, EE +Family) for all types of H/C types	2007	HQ Pension Dept			
554	Calculations of Met Life Rates (i.e. EE, EE +1, EE +Family) for all types of H/C types	2008	HQ Pension Dept			
555	Calculations of Met Life Rates (i.e. EE, EE +1, EE +Family) for all types of H/C types	2009	HQ Pension Dept			
556	Calculations of Met Life Rates (i.e. EE, EE +1, EE +Family) for all types of H/C types	2010	HQ Pension Dept			
557	Calculations of Met Life Rates (i.e. EE, EE +1, EE +Family) for all types of H/C types	2011	HQ Pension Dept			
558	Supporting Source Docs for each element of the Calculations of MetLife Dental Allocation to HQ, DEHQ, Defense BUs.	2006	HQ Pension Dept			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
559	Supporting Source Docs for each element of the Calculations of MetLife Dental Allocation to HQ, DEHQ, Defense BUs.	2007	HQ Pension Dept			
560	Supporting Source Docs for each element of the Calculations of MetLife Dental Allocation to HQ, DEHQ, Defense BUs.	2008	HQ Pension Dept			
561	Supporting Source Docs for each element of the Calculations of MetLife Dental Allocation to HQ, DEHQ, Defense BUs.	2009	HQ Pension Dept			
562	Supporting Source Docs for each element of the Calculations of MetLife Dental Allocation to HQ, DEHQ, Defense BUs.	2010	HQ Pension Dept			
563	Supporting Source Docs for each element of the Calculations of MetLife Dental Allocation to HQ, DEHQ, Defense BUs.	2011	HQ Pension Dept			
564	Support for the Met Life Partipants by BU.	2006	HQ Pension Dept			
565	Support for the Met Life Partipants by BU.	2007	HQ Pension Dept			
566	Support for the Met Life Partipants by BU.	2008	HQ Pension Dept			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
567	Support for the Met Life Partipants by BU.	2009	HQ Pension Dept			
568	Support for the Met Life Partipants by BU.	2010	HQ Pension Dept			
569	Support for the Met Life Partipants by BU.	2011	HQ Pension Dept			
570	Dependant Eligibility Dental 3rd Party Audit and Results	2011	HQ Pension Dept			
571	ISP/401k Allocation Worksheets	2006	FWSS Acctg			
572	ISP/401k Allocation Worksheets	2007	FWSS Acctg			
573	ISP/401k Allocation Worksheets	2008	FWSS Acctg			
574	ISP/401k Allocation Worksheets	2009	FWSS Acctg			
575	ISP/401k Allocation Worksheets	2010	FWSS Acctg			
576	ISP/401k Allocation Worksheets	2011	FWSS Acctg			
577	Supporting Source Docs for each element of the Calculations of ISP/401k Allocation to HQ, DEHQ, Defense BUs.	2006	FWSS Acctg			
578	Supporting Source Docs for each element of the Calculations of ISP/401k Allocation to HQ, DEHQ, Defense BUs.	2007	FWSS Acctg			
579	Supporting Source Docs for each element of the Calculations of ISP/401k Allocation to HQ, DEHQ, Defense BUs.	2008	FWSS Acctg			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
580	Supporting Source Docs for each element of the Calculations of ISP/401k Allocation to HQ, DEHQ, Defense BUs.	2009	FWSS Acctg			
581	Supporting Source Docs for each element of the Calculations of ISP/401k Allocation to HQ, DEHQ, Defense BUs.	2010	FWSS Acctg			
582	Supporting Source Docs for each element of the Calculations of ISP/401k Allocation to HQ, DEHQ, Defense BUs.	2011	FWSS Acctg			
583	Support for the ISP/401k Partipants by BU.	2006	FWSS Acctg			
584	Support for the ISP/401k Partipants by BU.	2007	FWSS Acctg			
585	Support for the ISP/401k Partipants by BU.	2008	FWSS Acctg			
586	Support for the ISP/401k Partipants by BU.	2009	FWSS Acctg			
587	Support for the ISP/401k Partipants by BU.	2010	FWSS Acctg			
588	Support for the ISP/401k Partipants by BU.	2011	FWSS Acctg			
589	Support for the ISP/401k ITT Matching Payments (proof of payment)	2006	FWSS Acctg			
590	Support for the ISP/401k ITT Matching Payments (proof of payment)	2007	FWSS Acctg			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
591	Support for the ISP/401k ITT Matching Payments (proof of payment)	2008	FWSS Acctg			
592	Support for the ISP/401k ITT Matching Payments (proof of payment)	2009	FWSS Acctg			
593	Support for the ISP/401k ITT Matching Payments (proof of payment)	2010	FWSS Acctg			
594	Support for the ISP/401k ITT Matching Payments (proof of payment)	2011	FWSS Acctg			
595	3rd Party Provider agreements/contracts related to the Administration of ITT ISP/401k costs.	2006	HQ Pension Dept			
596	3rd Party Provider agreements/contracts related to the Administration of ITT ISP/401k costs.	2007	HQ Pension Dept			
597	3rd Party Provider agreements/contracts related to the Administration of ITT ISP/401k costs.	2008	HQ Pension Dept			
598	3rd Party Provider agreements/contracts related to the Administration of ITT ISP/401k costs.	2009	HQ Pension Dept			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
599	3rd Party Provider agreements/contracts related to the Administration of ITT ISP/401k costs.	2010	HQ Pension Dept			
600	3rd Party Provider agreements/contracts related to the Administration of ITT ISP/401k costs.	2011	HQ Pension Dept			
601	Copy of the Recurring Journal Entry Binders (S. Agustin)	2006	HQ Controllers			
602	Copy of the Recurring Journal Entry Binders (S. Agustin)	2007	HQ Controllers			
603	Copy of the Recurring Journal Entry Binders (S. Agustin)	2008	HQ Controllers			
604	Copy of the Recurring Journal Entry Binders (S. Agustin)	2009	HQ Controllers			
605	Copy of the Recurring Journal Entry Binders (S. Agustin)	2010	HQ Controllers			
606	Copy of the Recurring Journal Entry Binders (S. Agustin)	2011	HQ Controllers			
607	Excel Spreadshhet that supports the Recurring Journal Entry Binders (C. Lupincci), including Y/E Trueups	2006	HQ Controllers			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
608	Excel Spreadshhet that supports the Recurring Journal Entry Binders (C. Lupincci), including Y/E Trueups	2007	HQ Controllers			
609	Excel Spreadshhet that supports the Recurring Journal Entry Binders (C. Lupincci), including Y/E Trueups	2008	HQ Controllers			
610	Excel Spreadshhet that supports the Recurring Journal Entry Binders (C. Lupincci), including Y/E Trueups	2009	HQ Controllers			
611	Excel Spreadshhet that supports the Recurring Journal Entry Binders (C. Lupincci), including Y/E Trueups	2010	HQ Controllers			
612	Excel Spreadshhet that supports the Recurring Journal Entry Binders (C. Lupincci), including Y/E Trueups	2011	HQ Controllers			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
613	Executive Forum. HR Conference, Geneen Award, et al Charge-outs to ITTHQ, DEHQ, & Defense BUs	2006	HQ Controllers			
614	Executive Forum. HR Conference, Geneen Award, et al Charge-outs to ITTHQ, DEHQ, & Defense BUs	2007	HQ Controllers			
615	Executive Forum. HR Conference, Geneen Award, et al Charge-outs to ITTHQ, DEHQ, & Defense BUs	2008	HQ Controllers			
616	Executive Forum. HR Conference, Geneen Award, et al Charge-outs to ITTHQ, DEHQ, & Defense BUs	2009	HQ Controllers			
617	Executive Forum. HR Conference, Geneen Award, et al Charge-outs to ITTHQ, DEHQ, & Defense BUs	2010	HQ Controllers			
618	Executive Forum. HR Conference, Geneen Award, et al Charge-outs to ITTHQ, DEHQ, & Defense BUs	2011	HQ Controllers			
619	Supporting Source Docs for each element of the respective training expenses incurred and allocated to HQ, DEHQ, Defense BUs.	2006	HQ Controllers			
620	Supporting Source Docs for each element of the respective training expenses incurred and allocated to HQ, DEHQ, Defense BUs.	2007	HQ Controllers			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
621	Supporting Source Docs for each element of the respective training expenses incurred and allocated to HQ, DEHQ, Defense BUs.	2008	HQ Controllers			
622	Supporting Source Docs for each element of the respective training expenses incurred and allocated to HQ, DEHQ, Defense BUs.	2009	HQ Controllers			
623	Supporting Source Docs for each element of the respective training expenses incurred and allocated to HQ, DEHQ, Defense BUs.	2010	HQ Controllers			
624	Supporting Source Docs for each element of the respective training expenses incurred and allocated to HQ, DEHQ, Defense BUs.	2011	HQ Controllers			
625	Supporting Source Docs for each element of the Basis of Allocation for each Recurring JE Allocation to HQ, DEHQ, Defense BUs.	2006	HQ Controllers			
626	Supporting Source Docs for each element of the Basis of Allocation for each Recurring JE Allocation to HQ, DEHQ, Defense BUs.	2007	HQ Controllers			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
627	Supporting Source Docs for each element of the Basis of Allocation for each Recurring JE Allocation to HQ, DEHQ, Defense BUs.	2008	HQ Controllers			
628	Supporting Source Docs for each element of the Basis of Allocation for each Recurring JE Allocation to HQ, DEHQ, Defense BUs.	2009	HQ Controllers			
629	Supporting Source Docs for each element of the Basis of Allocation for each Recurring JE Allocation to HQ, DEHQ, Defense BUs.	2010	HQ Controllers			
630	Supporting Source Docs for each element of the Basis of Allocation for each Recurring JE Allocation to HQ, DEHQ, Defense BUs.	2011	HQ Controllers			
631	Clayton Young Spreadsheets detailing the calculation and allocation of the BIG 5 INSURANCE CATEGORIES (WAG/DBA,, Aircraft Products Liability, Property, Umbrella, Fiduciary/Other)	2006	HQ Treasury			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
632	Clayton Young Spreadsheets detailing the calculation and allocation of the BIG 5 INSURANCE CATEGORIES (WAG/DBA,, Aircraft Products Liability, Property, Umbrella, Fiduciary/Other)	2007	HQ Treasury			
633	Clayton Young Spreadsheets detailing the calculation and allocation of the BIG 5 INSURANCE CATEGORIES (WAG/DBA,, Aircraft Products Liability, Property, Umbrella, Fiduciary/Other)	2008	HQ Treasury			
634	Clayton Young Spreadsheets detailing the calculation and allocation of the BIG 5 INSURANCE CATEGORIES (WAG/DBA,, Aircraft Products Liability, Property, Umbrella, Fiduciary/Other)	2009	HQ Treasury			
635	Clayton Young Spreadsheets detailing the calculation and allocation of the BIG 5 INSURANCE CATEGORIES (WAG/DBA,, Aircraft Products Liability, Property, Umbrella, Fiduciary/Other)	2010	HQ Treasury			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
636	Clayton Young Spreadsheets detailing the calculation and allocation of the BIG 5 INSURANCE CATEGORIES (WAG/DBA,, Aircraft Products Liability, Property, Umbrella, Fiduciary/Other)	2011	HQ Treasury			5/25: Norrine to provide
637	Allocation Basis and Experience Support for each element of the Big 5 Insurance Allocations to ITTHQ, DEHQ, & Defense VCs & BUs.	2006	HQ Treasury			
638	Allocation Basis and Experience Support for each element of the Big 5 Insurance Allocations to ITTHQ, DEHQ, & Defense VCs & BUs.	2007	HQ Treasury			
639	Allocation Basis and Experience Support for each element of the Big 5 Insurance Allocations to ITTHQ, DEHQ, & Defense VCs & BUs.	2008	HQ Treasury			
640	Allocation Basis and Experience Support for each element of the Big 5 Insurance Allocations to ITTHQ, DEHQ, & Defense VCs & BUs.	2009	HQ Treasury			
641	Allocation Basis and Experience Support for each element of the Big 5 Insurance Allocations to ITTHQ, DEHQ, & Defense VCs & BUs.	2010	HQ Treasury			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
642	Allocation Basis and Experience Support for each element of the Big 5 Insurance Allocations to ITTHQ, DEHQ, & Defense VCs & BUs.	2011	HQ Treasury			
643	Copies of Big 5 Insurance Policies	2006	HQ Treasury			
644	Copies of Big 5 Insurance Policies	2007	HQ Treasury			
645	Copies of Big 5 Insurance Policies	2008	HQ Treasury			
646	Copies of Big 5 Insurance Policies	2009	HQ Treasury			
647	Copies of Big 5 Insurance Policies	2010	HQ Treasury			
648	Copies of Big 5 Insurance Policies	2011	HQ Treasury			
649	Copies of Big 5 Broker Agreements	2006	HQ Treasury			
650	Copies of Big 5 Broker Agreements	2007	HQ Treasury			
651	Copies of Big 5 Broker Agreements	2008	HQ Treasury			
652	Copies of Big 5 Broker Agreements	2009	HQ Treasury			
653	Copies of Big 5 Broker Agreements	2010	HQ Treasury			
654	Copies of Big 5 Broker Agreements	2011	HQ Treasury			
655	ITT HQ General Ledger Print-outs of the Insurance Charges (Big 5) and allocations to Def BUs (System-generated) (Fullan)	2006	HQ Controllers			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
656	ITT HQ General Ledger Print-outs of the Insurance Charges (Big 5) and allocations to Def BUs (System-generated) (Fullan)	2007	HQ Controllers			
657	ITT HQ General Ledger Print-outs of the Insurance Charges (Big 5) and allocations to Def BUs (System-generated) (Fullan)	2008	HQ Controllers			
658	ITT HQ General Ledger Print-outs of the Insurance Charges (Big 5) and allocations to Def BUs (System-generated) (Fullan)	2009	HQ Controllers			
659	ITT HQ General Ledger Print-outs of the Insurance Charges (Big 5) and allocations to Def BUs (System-generated) (Fullan)	2010	HQ Controllers			
660	ITT HQ General Ledger Print-outs of the Insurance Charges (Big 5) and allocations to Def BUs (System-generated) (Fullan)	2011	HQ Controllers			
661	JEs and Support for all Big 5 Insurance Charges on the GL and allocations to Defense	2006	HQ Controllers			
662	JEs and Support for all Big 5 Insurance Charges on the GL and allocations to Defense	2007	HQ Controllers			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
663	JEs and Support for all Big 5 Insurance Charges on the GL and allocations to Defense	2008	HQ Controllers			
664	JEs and Support for all Big 5 Insurance Charges on the GL and allocations to Defense	2009	HQ Controllers			
665	JEs and Support for all Big 5 Insurance Charges on the GL and allocations to Defense	2010	HQ Controllers			
666	JEs and Support for all Big 5 Insurance Charges on the GL and allocations to Defense	2011	HQ Controllers			
667	Documentation that shows that the Big 5 Insurance Policies that ITT chose was a sound business decision (i.e. was it competed, analyses performed, etc)	2006	HQ Treasury			
668	Documentation that shows that the Big 5 Insurance Policies that ITT chose was a sound business decision (i.e. was it competed, analyses performed, etc)	2007	HQ Treasury			
669	Documentation that shows that the Big 5 Insurance Policies that ITT chose was a sound business decision (i.e. was it competed, analyses performed, etc)	2008	HQ Treasury			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
670	Documentation that shows that the Big 5 Insurance Policies that ITT chose was a sound business decision (i.e. was it competed, analyses performed, etc)	2009	HQ Treasury			
671	Documentation that shows that the Big 5 Insurance Policies that ITT chose was a sound business decision (i.e. was it competed, analyses performed, etc)	2010	HQ Treasury			
672	Documentation that shows that the Big 5 Insurance Policies that ITT chose was a sound business decision (i.e. was it competed, analyses performed, etc)	2011	HQ Treasury			
673	FICA/FUTA/SUI Allocations to ITTHQ, DEHQ, and Defense BUs	2006	HQ Tax			
674	FICA/FUTA/SUI Allocations to ITTHQ, DEHQ, and Defense BUs	2007	HQ Tax			
675	FICA/FUTA/SUI Allocations to ITTHQ, DEHQ, and Defense BUs	2008	HQ Tax			
676	FICA/FUTA/SUI Allocations to ITTHQ, DEHQ, and Defense BUs	2009	HQ Tax			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
677	FICA/FUTA/SUI Allocations to ITTHQ, DEHQ, and Defense BUs	2010	HQ Tax			
678	FICA/FUTA/SUI Allocations to ITTHQ, DEHQ, and Defense BUs	2011	HQ Tax			
679	Supporting Source Docs for each element of the Calculations of FICA/FUTA/SUI Allocation to HQ, DEHQ, Defense BUs.	2006	HQ Tax			
680	Supporting Source Docs for each element of the Calculations of FICA/FUTA/SUI Allocation to HQ, DEHQ, Defense BUs.	2007	HQ Tax			
681	Supporting Source Docs for each element of the Calculations of FICA/FUTA/SUI Allocation to HQ, DEHQ, Defense BUs.	2008	HQ Tax			
682	Supporting Source Docs for each element of the Calculations of FICA/FUTA/SUI Allocation to HQ, DEHQ, Defense BUs.	2009	HQ Tax			
683	Supporting Source Docs for each element of the Calculations of FICA/FUTA/SUI Allocation to HQ, DEHQ, Defense BUs.	2010	HQ Tax			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
684	Supporting Source Docs for each element of the Calculations of FICA/FUTA/SUI Allocation to HQ, DEHQ, Defense BUs.	2011	HQ Tax			
685	FICA/FUTA/SUI tax returns that support the expense	2006	HQ Tax			
686	FICA/FUTA/SUI tax returns that support the expense	2007	HQ Tax			
687	FICA/FUTA/SUI tax returns that support the expense	2008	HQ Tax			
688	FICA/FUTA/SUI tax returns that support the expense	2009	HQ Tax			
689	FICA/FUTA/SUI tax returns that support the expense	2010	HQ Tax			
690	FICA/FUTA/SUI tax returns that support the expense	2011	HQ Tax			
691	Supporting Source Documentation that supports the FICA/FUTA/SUI Tax Retruns	2006	HQ Tax			
692	Supporting Source Documentation that supports the FICA/FUTA/SUI Tax Retruns	2007	HQ Tax			
693	Supporting Source Documentation that supports the FICA/FUTA/SUI Tax Retruns	2008	HQ Tax			
694	Supporting Source Documentation that supports the FICA/FUTA/SUI Tax Retruns	2009	HQ Tax			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
695	Supporting Source Documentation that supports the FICA/FUTA/SUI Tax Retruns	2010	HQ Tax			
696	Supporting Source Doumentation that supports the FICA/FUTA/SUI Tax Retruns	2011	HQ Tax			
697	Proof of Payment to support the respective FICA? FUTA/SUI Tax expense	2006	HQ Tax			
698	Proof of Payment to support the respective FICA? FUTA/SUI Tax expense	2007	HQ Tax			
699	Proof of Payment to support the respective FICA? FUTA/SUI Tax expense	2008	HQ Tax			
700	Proof of Payment to support the respective FICA? FUTA/SUI Tax expense	2009	HQ Tax			
701	Proof of Payment to support the respective FICA? FUTA/SUI Tax expense	2010	HQ Tax			
702	Proof of Payment to support the respective FICA? FUTA/SUI Tax expense	2011	HQ Tax			
703	State Income & Franchise TaxI Allocations to ITTHQ, DEHQ, and Defense BUS	2006	HQ Tax			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
704	State Income & Franchise TaxI Allocations to ITTHQ, DEHQ, and Defense BUs	2007	HQ Tax			
705	State Income & Franchise TaxI Allocations to ITTHQ, DEHQ, and Defense BUs	2008	HQ Tax			
706	State Income & Franchise TaxI Allocations to ITTHQ, DEHQ, and Defense BUs	2009	HQ Tax			
707	State Income & Franchise TaxI Allocations to ITTHQ, DEHQ, and Defense BUs	2010	HQ Tax			
708	State Income & Franchise TaxI Allocations to ITTHQ, DEHQ, and Defense BUs	2011	HQ Tax			
709	Supporting Source Docs for each element of the Calculations of State Income & Franchise Tax Allocations to HQ, DEHQ, Defense BUs.	2006	HQ Tax			
710	Supporting Source Docs for each element of the Calculations of State Income & Franchise Tax Allocations to HQ, DEHQ, Defense BUs.	2007	HQ Tax			
711	Supporting Source Docs for each element of the Calculations of State Income & Franchise Tax Allocations to HQ, DEHQ, Defense BUs.	2008	HQ Tax			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
712	Supporting Source Docs for each element of the Calculations of State Income & Franchise Tax Alllocations to HQ, DEHQ, Defense BUs.	2009	HQ Tax			
713	Supporting Source Docs for each element of the Calculations of State Income & Franchise Tax Alllocations to HQ, DEHQ, Defense BUs.	2010	HQ Tax			
714	Supporting Source Docs for each element of the Calculations of State Income & Franchise Tax Alllocations to HQ, DEHQ, Defense BUs.	2011	HQ Tax			
715	State Income & Franchise tax returns that support the expense, with Supporting Source Documentation that supports the respective State Income & Franchise Tax Retrurns	2006	HQ Tax			
716	State Income & Franchise tax returns that support the expense, with Supporting Source Documentation that supports the respective State Income & Franchise Tax Retrurns	2007	HQ Tax			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
717	State Income & Franchise tax returns that support the expense, with Supporting Source Documentation that supports the respective State Income & Franchise Tax Returns	2008	HQ Tax			
718	State Income & Franchise tax returns that support the expense, with Supporting Source Documentation that supports the respective State Income & Franchise Tax Returns	2009	HQ Tax			
719	State Income & Franchise tax returns that support the expense, with Supporting Source Documentation that supports the respective State Income & Franchise Tax Returns	2010	HQ Tax			
720	State Income & Franchise tax returns that support the expense, with Supporting Source Documentation that supports the respective State Income & Franchise Tax Returns	2011	HQ Tax			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
721	Proof of Payment to support the respective State Income & Franchise Tax expense	2006	HQ Tax			
722	Proof of Payment to support the respective State Income & Franchise Tax expense	2007	HQ Tax			
723	Proof of Payment to support the respective State Income & Franchise Tax expense	2008	HQ Tax			
724	Proof of Payment to support the respective State Income & Franchise Tax expense	2009	HQ Tax			
725	Proof of Payment to support the respective State Income & Franchise Tax expense	2010	HQ Tax			
726	Proof of Payment to support the respective State Income & Franchise Tax expense	2011	HQ Tax			
727	Environmental Database that supports the Environmental Chargeouts to Defense BUs, including actual invoices, proof of payment, and any documentation that describes the requirement that this remediation is necessary	2006	HQ Controllers			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
728	Environmental Database that supports the Enviromental Chargeouts to Defense BUs, including actual invoices, proof of payment, and any documentation that describes the requirement that this remediaiton is necessary	2007	HQ Controllers			
729	Environmental Database that supports the Enviromental Chargeouts to Defense BUs, including actual invoices, proof of payment, and any documentation that describes the requirement that this remediaiton is necessary	2008	HQ Controllers			
730	Environmental Database that supports the Enviromental Chargeouts to Defense BUs, including actual invoices, proof of payment, and any documentation that describes the requirement that this remediaiton is necessary	2009	HQ Controllers			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
731	Environmental Database that supports the Enviromental Chargeouts to Defense BUs, including actual invoices, proof of payment, and any documentation that describes the requirement that this remediaiton is necessary	2010	HQ Controllers			
732	Environmental Database that supports the Enviromental Chargeouts to Defense BUs, including actual invoices, proof of payment, and any documentation that describes the requirement that this remediaiton is necessary	2011	HQ Controllers			
733	Flight Logs — 2 Corporare Jets	2006	HQ Flight Ops Dept			
734	Flight Logs — 2 Corporare Jets	2007	HQ Flight Ops Dept			
735	Flight Logs — 2 Corporare Jets	2008	HQ Flight Ops Dept			
736	Flight Logs — 2 Corporare Jets	2009	HQ Flight Ops Dept			
737	Flight Logs — 2 Corporare Jets	2010	HQ Flight Ops Dept			
738	Flight Logs — 2 Corporare Jets	2011	HQ Flight Ops Dept			
739	Lease Agreements for each Corporate Jet (assumption — same jets since 2006), with lease amirization schedule & justification	2011	HQ Flight Ops Dept			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
740	Supporting Source Documents for Major CC 85100 (Aviation) expense accts (>\$50k)	2006	HQ Flight Ops Dept			
741	Supporting Source Documents for Major CC 85100 (Aviation) expense accts (>\$50k)	2007	HQ Flight Ops Dept			
742	Supporting Source Documents for Major CC 85100 (Aviation) expense accts (>\$50k)	2008	HQ Flight Ops Dept			
743	Supporting Source Documents for Major CC 85100 (Aviation) expense accts (>\$50k)	2009	HQ Flight Ops Dept			
744	Supporting Source Documents for Major CC 85100 (Aviation) expense accts (>\$50k)	2010	HQ Flight Ops Dept			
745	Supporting Source Documents for Major CC 85100 (Aviation) expense accts (>\$50k)	2011	HQ Flight Ops Dept			
746	Source Data related to # of miles flown by each Corporate Jet (K Donnelly)	2006	HQ Flight Ops Dept			
747	Source Data related to # of miles flown by each Corporate Jet (K Donnelly)	2007	HQ Flight Ops Dept			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
748	Source Data related to # of miles flown by each Corporate Jet (K Donnelly)	2008	HQ Flight Ops Dept			
749	Source Data related to # of miles flown by each Corporate Jet (K Donnelly)	2009	HQ Flight Ops Dept			
750	Source Data related to # of miles flown by each Corporate Jet (K Donnelly)	2010	HQ Flight Ops Dept			
751	Source Data related to # of miles flown by each Corporate Jet (K Donnelly)	2011	HQ Flight Ops Dept			
752	Fort Wayne Shared Service (FWSS) General Ledgers for all costs incurred by Cost Center/Department (System-generated PDF & xls format)	2006	FWSS Acctg			
753	Fort Wayne Shared Service (FWSS) General Ledgers for all costs incurred by Cost Center/Department (System-generated PDF & xls format)	2007	FWSS Acctg			
754	Fort Wayne Shared Service (FWSS) General Ledgers for all costs incurred by Cost Center/Department (System-generated PDF & xls format)	2008	FWSS Acctg			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
755	Fort Wayne Shared Service (FWSS) General Ledgers for all costs incurred by Cost Center/Department (System-generated PDF & xls format)	2009	FWSS Acctg			
756	Fort Wayne Shared Service (FWSS) General Ledgers for all costs incurred by Cost Center/Department (System-generated PDF & xls format)	2010	FWSS Acctg			
757	Fort Wayne Shared Service (FWSS) General Ledgers for all costs incurred by Cost Center/Department (System-generated PDF & xls format)	2011	FWSS Acctg			
758	All Journal Entries for FWSS Location Operations	2006	FWSS Acctg			
759	All Journal Entries for FWSS Location Operations	2007	FWSS Acctg			
760	All Journal Entries for FWSS Location Operations	2008	FWSS Acctg			
761	All Journal Entries for FWSS Location Operations	2009	FWSS Acctg			
762	All Journal Entries for FWSS Location Operations	2010	FWSS Acctg			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
763	All Journal Entries for FWSS Location Operations	2011	FWSS Acctg			
764	All Supporting Docs for the FWSS JEs	2006	FWSS Acctg			
765	All Supporting Docs for the FWSS JEs	2007	FWSS Acctg			
766	All Supporting Docs for the FWSS JEs	2008	FWSS Acctg			
767	All Supporting Docs for the FWSS JEs	2009	FWSS Acctg			
768	All Supporting Docs for the FWSS JEs	2010	FWSS Acctg			
769	All Supporting Docs for the FWSS JEs	2011	FWSS Acctg			
770	FWSS Infinuim Voucher Registers (CY 2006-2007?)	2006	FWSS Acctg			
771	FWSS Infinuim Voucher Registers (CY 2006-2007?)	2007	FWSS Acctg			
772	SAP P2P Voucher Register Invoice Listings for FWSS (CY 2007 -2011?)	2007	FWSS Acctg			
773	SAP P2P Voucher Register Invoice Listings for FWSS (CY 2007 -2011?)	2008	FWSS Acctg			
774	SAP P2P Voucher Register Invoice Listings for FWSS (CY 2007 -2011?)	2009	FWSS Acctg			
775	SAP P2P Voucher Register Invoice Listings for FWSS (CY 2007 -2011?)	2010	FWSS Acctg			
776	SAP P2P Voucher Register Invoice Listings for FWSS (CY 2007 -2011?)	2011	FWSS Acctg			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
777	FWSS SAP & Inifinium Hardcopy Invoices & Invoice Proof of Payment (check, EFT, etc)	2006	FWSS Acctg			
778	FWSS SAP & Inifinium Hardcopy Invoices & Invoice Proof of Payment (check, EFT, etc)	2007	FWSS Acctg			
779	FWSS SAP & Inifinium Hardcopy Invoices & Invoice Proof of Payment (check, EFT, etc)	2008	FWSS Acctg			
780	FWSS SAP & Inifinium Hardcopy Invoices & Invoice Proof of Payment (check, EFT, etc)	2009	FWSS Acctg			
781	FWSS SAP & Inifinium Hardcopy Invoices & Invoice Proof of Payment (check, EFT, etc)	2010	FWSS Acctg			
782	FWSS SAP & Inifinium Hardcopy Invoices & Invoice Proof of Payment (check, EFT, etc)	2011	FWSS Acctg			
783	Agreements/Contracts with Consultants, 3rd Part Service Providers, S/W & H/W Contracts, etc	2006	FWSS Acctg			
784	Agreements/Contracts with Consultants, 3rd Part Service Providers, S/W & H/W Contracts, etc	2007	FWSS Acctg			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
785	Agreements/Contracts with Consultants, 3rd Part Service Providers, S/W & H/W Contracts, etc	2008	FWSS Acctg			
786	Agreements/Contracts with Consultants, 3rd Part Service Providers, S/W & H/W Contracts, etc	2009	FWSS Acctg			
787	Agreements/Contracts with Consultants, 3rd Part Service Providers, S/W & H/W Contracts, etc	2010	FWSS Acctg			
788	Agreements/Contracts with Consultants, 3rd Part Service Providers, S/W & H/W Contracts, etc	2011	FWSS Acctg			
789	PARs/Approvals for ALL Software/Hardware Acquisitions amd ALL Capital Expenditures/Acquisitions at All FWSS Locations	2006	FWSS Acctg			
790	PARs/Approvals for ALL Software/Hardware Acquisitions amd ALL Capital Expenditures/Acquisitions at All FWSS Locations	2007	FWSS Acctg			
791	PARs/Approvals for ALL Software/Hardware Acquisitions amd ALL Capital Expenditures/Acquisitions at All FWSS Locations	2008	FWSS Acctg			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
792	PARs/Approvals for ALL Software/Hardware Acquisitions amd ALL Capital Expenditures/Acquisitions at All FWSS Locations	2009	FWSS Acctg			
793	PARs/Approvals for ALL Software/Hardware Acquisitions amd ALL Capital Expenditures/Acquisitions at All FWSS Locations	2010	FWSS Acctg			
794	PARs/Approvals for ALL Software/Hardware Acquisitions amd ALL Capital Expenditures/Acquisitions at All FWSS Locations	2011	FWSS Acctg			
795	Fixed Assets & Lease Register (incl Amortization sched), including any Leasehold Improvements, for all FWSS Locations' Fixed Assets	2006	FWSS Acctg			
796	Fixed Assets & Lease Register (incl Amortization sched), including any Leasehold Improvements, for all FWSS Locations' Fixed Assets	2007	FWSS Acctg			
797	Fixed Assets & Lease Register (incl Amortization sched), including any Leasehold Improvements, for all FWSS Locations' Fixed Assets	2008	FWSS Acctg			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
798	Fixed Assets & Lease Register (incl Amortization sched), including any Leasehold Improvements, for all FWSS Locations' Fixed Assets	2009	FWSS Acctg			
799	Fixed Assets & Lease Register (incl Amortization sched), including any Leasehold Improvements, for all FWSS Locations' Fixed Assets	2010	FWSS Acctg			
800	Fixed Assets & Lease Register (incl Amortization sched), including any Leasehold Improvements, for all FWSS Locations' Fixed Assets	2011	FWSS Acctg			
801	Depreciation Schedule and Basis for All FWSS Fixed Assets	2006	FWSS Acctg			
802	Depreciation Schedule and Basis for All FWSS Fixed Assets	2007	FWSS Acctg			
803	Depreciation Schedule and Basis for All FWSS Fixed Assets	2008	FWSS Acctg			
804	Depreciation Schedule and Basis for All FWSS Fixed Assets	2009	FWSS Acctg			
805	Depreciation Schedule and Basis for All FWSS Fixed Assets	2010	FWSS Acctg			
806	Depreciation Schedule and Basis for All FWSS Fixed Assets	2011	FWSS Acctg			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
807	Invoices for All Fixed Assers & Leasehold Improvements at All FW Shared Service Locations	2006	FWSS Acctg			
808	Invoices for All Fixed Assers & Leasehold Improvements at All FW Shared Service Locations	2007	FWSS Acctg			
809	Invoices for All Fixed Assers & Leasehold Improvements at All FW Shared Service Locations	2008	FWSS Acctg			
810	Invoices for All Fixed Assers & Leasehold Improvements at All FW Shared Service Locations	2009	FWSS Acctg			
811	Invoices for All Fixed Assers & Leasehold Improvements at All FW Shared Service Locations	2010	FWSS Acctg			
812	Invoices for All Fixed Assers & Leasehold Improvements at All FW Shared Service Locations	2011	FWSS Acctg			
813	Rental Agreements that support all FW Shared Service Rental Expenses	2006	FWSS Acctg			
814	Rental Agreements that support all FW Shared Service Rental Expenses	2007	FWSS Acctg			
815	Rental Agreements that support all FW Shared Service Rental Expenses	2008	FWSS Acctg			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
816	Rental Agreements that support all FW Shared Service Rental Expenses	2009	FWSS Acctg			
817	Rental Agreements that support all FW Shared Service Rental Expenses	2010	FWSS Acctg			
818	Rental Agreements that support all FW Shared Service Rental Expenses	2011	FWSS Acctg			
819	Payroll Registers for All FWSS Locations	2006	FWSS Acctg			
820	Payroll Registers for All FWSS Locations	2007	FWSS Acctg			
821	Payroll Registers for All FWSS Locations	2008	FWSS Acctg			
822	Payroll Registers for All FWSS Locations	2009	FWSS Acctg			
823	Payroll Registers for All FWSS Locations	2010	FWSS Acctg			
824	Payroll Registers for All FWSS Locations	2011	FWSS Acctg			
825	Concur Reports (with receipts) related to all FW Shared Service Locations	2006	FWSS Acctg			
826	Concur Reports (with receipts) related to all FW Shared Service Locations	2007	FWSS Acctg			
827	Concur Reports (with receipts) related to all FW Shared Service Locations	2008	FWSS Acctg			
828	Concur Reports (with receipts) related to all FW Shared Service Locations	2009	FWSS Acctg			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
829	Concur Reports (with receipts) related to all FW Shared Service Locations	2010	FWSS Acctg			
830	Concur Reports (with receipts) related to all FW Shared Service Locations	2011	FWSS Acctg			
831	FWSS "INTERCOMPANY STATEMENT OFF ACCOUNT" -to ITTHQ and ALL Defense Sites(Group, VCs, BUs), Entire Year (System-generated PDF & XLS format)	2006	FWSS Acctg			
832	FWSS "INTERCOMPANY STATEMENT OFF ACCOUNT" -to ITTHQ and ALL Defense Sites(Group, VCs, BUs), Entire Year (System-generated PDF & XLS format)	2007	FWSS Acctg			
833	FWSS "INTERCOMPANY STATEMENT OFF ACCOUNT" -to ITTHQ and ALL Defense Sites(Group, VCs, BUs), Entire Year (System-generated PDF & XLS format)	2008	FWSS Acctg			
834	FWSS "INTERCOMPANY STATEMENT OFF ACCOUNT" -to ITTHQ and ALL Defense Sites(Group, VCs, BUs), Entire Year (System-generated PDF & XLS format)	2009	FWSS Acctg			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
835	FWSS "INTERCOMPANY STATEMENT OFF ACCOUNT" -to ITTHQ and ALL Defense Sites(Group, VCs, BUs), Entire Year (Syste,-generated PDF & XLS format)	2010	FWSS Acctg			
836	FWSS "INTERCOMPANY STATEMENT OFF ACCOUNT" -to ITTHQ and ALL Defense Sites(Group, VCs, BUs), Entire Year (Syste,-generated PDF & XLS format)	2011	FWSS Acctg			
837	All Supporting Journal Entries for FWSS Intercompany Statement of Account, including ALL supporting Source Docs and DC Advices for the FWSS I/C Statement JEs	2006	FWSS Acctg			
838	All Supporting Journal Entries for FWSS Intercompany Statement of Account, including ALL supporting Source Docs and DC Advices for the FWSS I/C Statement JEs	2007	FWSS Acctg			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
839	All Supporting Journal Entries for FWSS Intercompany Statement of Account, including ALL supporting Source Docs and DC Advices for the FWSS I/C Statement JEs	2008	FWSS Acctg			
840	All Supporting Journal Entries for FWSS Intercompany Statement of Account, including ALL supporting Source Docs and DC Advices for the FWSS I/C Statement JEs	2009	FWSS Acctg			
841	All Supporting Journal Entries for FWSS Intercompany Statement of Account, including ALL supporting Source Docs and DC Advices for the FWSS I/C Statement JEs	2010	FWSS Acctg			
842	All Supporting Journal Entries for FWSS Intercompany Statement of Account, including ALL supporting Source Docs and DC Advices for the FWSS I/C Statement JEs	2011	FWSS Acctg			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
843	Supporting Allocation Calculations (with references to JEs/DCs by month) to all FWSS allocations and True-ups to ITTHQ, DEHQ, and the Defense VCs/BUs, including the following FWSS allocations: FWSS AP Allocation, Concur Travel User Fees, Defense Apps, Enterprise Apps, Payroll Alloc, 401(k) Hourly, ISP Salaried, ISP Salaried Excess, Metlife (STD & LIFE) Salaried, FICA/FMHI, FUTA, SUI	2006	FWSS Acctg			
844	Supporting Allocation Calculations (with references to JEs/DCs by month) to all FWSS allocations and True-ups to ITTHQ, DEHQ, and the Defense VCs/BUs, including the following FWSS allocations: FWSS AP Allocation, Concur Travel User Fees, Defense Apps, Enterprise Apps, Payroll Alloc, 401(k) Hourly, ISP Salaried, ISP Salaried Excess, Metlife (STD & LIFE) Salaried, FICA/FMHI, FUTA, SUI	2007	FWSS Acctg			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
845	Supporting Allocation Calculations (with references to JEs/DCs by month) to all FWSS allocations and True-ups to ITTHQ, DEHQ, and the Defense VCs/BUs, including the following FWSS allocations: FWSS AP Allocation, Concur Travel User Fees, Defense Apps, Enterprise Apps, Payroll Alloc, 401(k) Hourly, ISP Salaried, ISP Salaried Excess, Metlife (STD & LIFE) Salaried, FICA/FMHI, FUTA, SUI	2008	FWSS Acctg			
846	Supporting Allocation Calculations (with references to JEs/DCs by month) to all FWSS allocations and True-ups to ITTHQ, DEHQ, and the Defense VCs/BUs, including the following FWSS allocations: FWSS AP Allocation, Concur Travel User Fees, Defense Apps, Enterprise Apps, Payroll Alloc, 401(k) Hourly, ISP Salaried, ISP Salaried Excess, Metlife (STD & LIFE) Salaried, FICA/FMHI, FUTA, SUI	2009	FWSS Acctg			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
847	Supporting Allocation Calculations (with references to JEs/DCs by month) to all FWSS allocations and True-ups to ITTHQ, DEHQ, and the Defense VCs/BUs, including the following FWSS allocations: FWSS AP Allocation, Concur Travel User Fees, Defense Apps, Enterprise Apps, Payroll Alloc, 401(k) Hourly, ISP Salaried, ISP Salaried Excess, Metlife (STD & LIFE) Salaried, FICA/FMHI, FUTA, SUI	2010	FWSS Acctg			
848	Supporting Allocation Calculations (with references to JEs/DCs by month) to all FWSS allocations and True-ups to ITTHQ, DEHQ, and the Defense VCs/BUs, including the following FWSS allocations: FWSS AP Allocation, Concur Travel User Fees, Defense Apps, Enterprise Apps, Payroll Alloc, 401(k) Hourly, ISP Salaried, ISP Salaried Excess, Metlife (STD & LIFE) Salaried, FICA/FMHI, FUTA, SUI	2011	FWSS Acctg			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
849	Supporting Source Docs for each element of the Basis of Allocation for each FWSS Allocation to HQ, DEHQ, Defense BUs listed above (i.e. System-generated Active Directory Listing, et al)	2006	FWSS Acctg			
850	Supporting Source Docs for each element of the Basis of Allocation for each FWSS Allocation to HQ, DEHQ, Defense BUs listed above (i.e. System-generated Active Directory Listing, et al)	2007	FWSS Acctg			
851	Supporting Source Docs for each element of the Basis of Allocation for each FWSS Allocation to HQ, DEHQ, Defense BUs listed above (i.e. System-generated Active Directory Listing, et al)	2008	FWSS Acctg			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
852	Supporting Source Docs for each element of the Basis of Allocation for each FWSS Allocation to HQ, DEHQ, Defense BUs listed above (i.e. System-generated Active Directory Listing, et al)	2009	FWSS Acctg			
853	Supporting Source Docs for each element of the Basis of Allocation for each FWSS Allocation to HQ, DEHQ, Defense BUs listed above (i.e. System-generated Active Directory Listing, et al)	2010	FWSS Acctg			
854	Supporting Source Docs for each element of the Basis of Allocation for each FWSS Allocation to HQ, DEHQ, Defense BUs listed above (i.e. System-generated Active Directory Listing, et al)	2011	FWSS Acctg			
855	Seneca Falls Shared Service (FRC/EI/TDS) General Ledgers for all costs incurred by Cost Center/Department (System-generated PDF & xls format)	2006	Seneca Falls Shared Services (FRC/EI/TDS)			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
856	Seneca Falls Shared Service (FRC/EI/TDS) General Ledgers for all costs incurred by Cost Center/Department (System-generated PDF & xls format)	2007	Seneca Falls Shared Services (FRC/EI/TDS)			
857	Seneca Falls Shared Service (FRC/EI/TDS) General Ledgers for all costs incurred by Cost Center/Department (System-generated PDF & xls format)	2008	Seneca Falls Shared Services (FRC/EI/TDS)			
858	Seneca Falls Shared Service (FRC/EI/TDS) General Ledgers for all costs incurred by Cost Center/Department (System-generated PDF & xls format)	2009	Seneca Falls Shared Services (FRC/EI/TDS)			
859	Seneca Falls Shared Service (FRC/EI/TDS) General Ledgers for all costs incurred by Cost Center/Department (System-generated PDF & xls format)	2010	Seneca Falls Shared Services (FRC/EI/TDS)			
860	Seneca Falls Shared Service (FRC/EI/TDS) General Ledgers for all costs incurred by Cost Center/Department (System-generated PDF & xls format)	2011	Seneca Falls Shared Services (FRC/EI/TDS)			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
861	All Journal Entries for FRC/EI/TDS Location Operations	2006	Seneca Falls Shared Services (FRC/EI/TDS)			
862	All Journal Entries for FRC/EI/TDS Location Operations	2007	Seneca Falls Shared Services (FRC/EI/TDS)			
863	All Journal Entries for FRC/EI/TDS Location Operations	2008	Seneca Falls Shared Services (FRC/EI/TDS)			
864	All Journal Entries for FRC/EI/TDS Location Operations	2009	Seneca Falls Shared Services (FRC/EI/TDS)			
865	All Journal Entries for FRC/EI/TDS Location Operations	2010	Seneca Falls Shared Services (FRC/EI/TDS)			
866	All Journal Entries for FRC/EI/TDS Location Operations	2011	Seneca Falls Shared Services (FRC/EI/TDS)			
867	All Supporting Docs for the FRC/EI/TDS JEs	2006	Seneca Falls Shared Services (FRC/EI/TDS)			
868	All Supporting Docs for the FRC/EI/TDS JEs	2007	Seneca Falls Shared Services (FRC/EI/TDS)			
869	All Supporting Docs for the FRC/EI/TDS JEs	2008	Seneca Falls Shared Services (FRC/EI/TDS)			
870	All Supporting Docs for the FRC/EI/TDS JEs	2009	Seneca Falls Shared Services (FRC/EI/TDS)			
871	All Supporting Docs for the FRC/EI/TDS JEs	2010	Seneca Falls Shared Services (FRC/EI/TDS)			
872	All Supporting Docs for the FRC/EI/TDS JEs	2011	Seneca Falls Shared Services (FRC/EI/TDS)			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
873	SAP P2P Voucher Register Invoice Listings for FRC/EI/TDS (CY 2006 -2011?)	2006	Seneca Falls Shared Services (FRC/EI/TDS)			
874	SAP P2P Voucher Register Invoice Listings for FRC/EI/TDS (CY 2006 -2011?)	2007	Seneca Falls Shared Services (FRC/EI/TDS)			
875	SAP P2P Voucher Register Invoice Listings for FRC/EI/TDS (CY 2006 -2011?)	2008	Seneca Falls Shared Services (FRC/EI/TDS)			
876	SAP P2P Voucher Register Invoice Listings for FRC/EI/TDS (CY 2006 -2011?)	2009	Seneca Falls Shared Services (FRC/EI/TDS)			
877	SAP P2P Voucher Register Invoice Listings for FRC/EI/TDS (CY 2006 -2011?)	2010	Seneca Falls Shared Services (FRC/EI/TDS)			
878	SAP P2P Voucher Register Invoice Listings for FRC/EI/TDS (CY 2006 -2011?)	2011	Seneca Falls Shared Services (FRC/EI/TDS)			
879	FRC/EI/TDS SAP & Infinium Hardcopy Invoices & Invoice Proof of Payment (check, EFT, etc)	2006	Seneca Falls Shared Services (FRC/EI/TDS)			
880	FRC/EI/TDS SAP & Infinium Hardcopy Invoices & Invoice Proof of Payment (check, EFT, etc)	2007	Seneca Falls Shared Services (FRC/EI/TDS)			
881	FRC/EI/TDS SAP & Infinium Hardcopy Invoices & Invoice Proof of Payment (check, EFT, etc)	2008	Seneca Falls Shared Services (FRC/EI/TDS)			

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882	FRC/EI/TDS SAP & Infinium Hardcopy Invoices & Invoice Proof of Payment (check, EFT, etc)	2009	Seneca Falls Shared Services (FRC/EI/TDS)			
883	FRC/EI/TDS SAP & Infinium Hardcopy Invoices & Invoice Proof of Payment (check, EFT, etc)	2010	Seneca Falls Shared Services (FRC/EI/TDS)			
884	FRC/EI/TDS SAP & Infinium Hardcopy Invoices & Invoice Proof of Payment (check, EFT, etc)	2011	Seneca Falls Shared Services (FRC/EI/TDS)			
885	Agreements/Contracts with Consultants, 3rd Part Service Providers, S/W & H/W Contracts, etc	2006	Seneca Falls Shared Services (FRC/EI/TDS)			
886	Agreements/Contracts with Consultants, 3rd Part Service Providers, S/W & H/W Contracts, etc	2007	Seneca Falls Shared Services (FRC/EI/TDS)			
887	Agreements/Contracts with Consultants, 3rd Part Service Providers, S/W & H/W Contracts, etc	2008	Seneca Falls Shared Services (FRC/EI/TDS)			
888	Agreements/Contracts with Consultants, 3rd Part Service Providers, S/W & H/W Contracts, etc	2009	Seneca Falls Shared Services (FRC/EI/TDS)			
889	Agreements/Contracts with Consultants, 3rd Part Service Providers, S/W & H/W Contracts, etc	2010	Seneca Falls Shared Services (FRC/EI/TDS)			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
890	Agreements/Contracts with Consultants, 3rd Part Service Providers, S/W & H/W Contracts, etc	2011	Seneca Falls Shared Services (FRC/EI/TDS)			
891	PARs/Approvals for ALL Software/Hardware Acquisitions amd ALL Capital Expenditures/Acquisitions at All FRC/EI/TDS Locations	2006	Seneca Falls Shared Services (FRC/EI/TDS)			
892	PARs/Approvals for ALL Software/Hardware Acquisitions amd ALL Capital Expenditures/Acquisitions at All FRC/EI/TDS Locations	2007	Seneca Falls Shared Services (FRC/EI/TDS)			
893	PARs/Approvals for ALL Software/Hardware Acquisitions amd ALL Capital Expenditures/Acquisitions at All FRC/EI/TDS Locations	2008	Seneca Falls Shared Services (FRC/EI/TDS)			
894	PARs/Approvals for ALL Software/Hardware Acquisitions amd ALL Capital Expenditures/Acquisitions at All FRC/EI/TDS Locations	2009	Seneca Falls Shared Services (FRC/EI/TDS)			
895	PARs/Approvals for ALL Software/Hardware Acquisitions amd ALL Capital Expenditures/Acquisitions at All FRC/EI/TDS Locations	2010	Seneca Falls Shared Services (FRC/EI/TDS)			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
896	PARs/Approvals for ALL Software/Hardware Acquisitions and ALL Capital Expenditures/Acquisitions at All FRC/EI/TDS Locations	2011	Seneca Falls Shared Services (FRC/EI/TDS)			
897	Fixed Assets & Lease Register (incl Amortization sched), including any Leasehold Improvements, for all FRC/EI/TDS Locations' Fixed Assets	2006	Seneca Falls Shared Services (FRC/EI/TDS)			
898	Fixed Assets & Lease Register (incl Amortization sched), including any Leasehold Improvements, for all FRC/EI/TDS Locations' Fixed Assets	2007	Seneca Falls Shared Services (FRC/EI/TDS)			
899	Fixed Assets & Lease Register (incl Amortization sched), including any Leasehold Improvements, for all FRC/EI/TDS Locations' Fixed Assets	2008	Seneca Falls Shared Services (FRC/EI/TDS)			
900	Fixed Assets & Lease Register (incl Amortization sched), including any Leasehold Improvements, for all FRC/EI/TDS Locations' Fixed Assets	2009	Seneca Falls Shared Services (FRC/EI/TDS)			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
901	Fixed Assets & Lease Register (incl Amortization sched), including any Leasehold Improvements, for all FRC/EI/TDS Locations' Fixed Assets	2010	Seneca Falls Shared Services (FRC/EI/TDS)			
902	Fixed Assets & Lease Register (incl Amortization sched), including any Leasehold Improvements, for all FRC/EI/TDS Locations' Fixed Assets	2011	Seneca Falls Shared Services (FRC/EI/TDS)			
903	Depreciation Schedule and Basis for All FRC/EI/TDS Fixed Assets	2006	Seneca Falls Shared Services (FRC/EI/TDS)			
904	Depreciation Schedule and Basis for All FRC/EI/TDS Fixed Assets	2007	Seneca Falls Shared Services (FRC/EI/TDS)			
905	Depreciation Schedule and Basis for All FRC/EI/TDS Fixed Assets	2008	Seneca Falls Shared Services (FRC/EI/TDS)			
906	Depreciation Schedule and Basis for All FRC/EI/TDS Fixed Assets	2009	Seneca Falls Shared Services (FRC/EI/TDS)			
907	Depreciation Schedule and Basis for All FRC/EI/TDS Fixed Assets	2010	Seneca Falls Shared Services (FRC/EI/TDS)			
908	Depreciation Schedule and Basis for All FRC/EI/TDS Fixed Assets	2011	Seneca Falls Shared Services (FRC/EI/TDS)			
909	Invoices for All Fixed Assers & Leasehold Improvements at All FW Shared Service Locations	2006	Seneca Falls Shared Services (FRC/EI/TDS)			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
910	Invoices for All Fixed Assers & Leasehold Improvements at All FW Shared Service Locations	2007	Seneca Falls Shared Services (FRC/EI/TDS)			
911	Invoices for All Fixed Assers & Leasehold Improvements at All FW Shared Service Locations	2008	Seneca Falls Shared Services (FRC/EI/TDS)			
912	Invoices for All Fixed Assers & Leasehold Improvements at All FW Shared Service Locations	2009	Seneca Falls Shared Services (FRC/EI/TDS)			
913	Invoices for All Fixed Assers & Leasehold Improvements at All FW Shared Service Locations	2010	Seneca Falls Shared Services (FRC/EI/TDS)			
914	Invoices for All Fixed Assers & Leasehold Improvements at All FW Shared Service Locations	2011	Seneca Falls Shared Services (FRC/EI/TDS)			
915	Rental Agreements that support all FW Shared Service Rental Expenses	2006	Seneca Falls Shared Services (FRC/EI/TDS)			
916	Rental Agreements that support all FW Shared Service Rental Expenses	2007	Seneca Falls Shared Services (FRC/EI/TDS)			
917	Rental Agreements that support all FW Shared Service Rental Expenses	2008	Seneca Falls Shared Services (FRC/EI/TDS)			
918	Rental Agreements that support all FW Shared Service Rental Expenses	2009	Seneca Falls Shared Services (FRC/EI/TDS)			
919	Rental Agreements that support all FW Shared Service Rental Expenses	2010	Seneca Falls Shared Services (FRC/EI/TDS)			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
920	Rental Agreements that support all FW Shared Service Rental Expenses	2011	Seneca Falls Shared Services (FRC/EI/TDS)			
921	Payroll Registers for All FRC/EI/TDS Locations	2006	Seneca Falls Shared Services (FRC/EI/TDS)			
922	Payroll Registers for All FRC/EI/TDS Locations	2007	Seneca Falls Shared Services (FRC/EI/TDS)			
923	Payroll Registers for All FRC/EI/TDS Locations	2008	Seneca Falls Shared Services (FRC/EI/TDS)			
924	Payroll Registers for All FRC/EI/TDS Locations	2009	Seneca Falls Shared Services (FRC/EI/TDS)			
925	Payroll Registers for All FRC/EI/TDS Locations	2010	Seneca Falls Shared Services (FRC/EI/TDS)			
926	Payroll Registers for All FRC/EI/TDS Locations	2011	Seneca Falls Shared Services (FRC/EI/TDS)			
927	Concur Reports (with receipts) related to all FW Shared Service Locations	2006	Seneca Falls Shared Services (FRC/EI/TDS)			
928	Concur Reports (with receipts) related to all FW Shared Service Locations	2007	Seneca Falls Shared Services (FRC/EI/TDS)			
929	Concur Reports (with receipts) related to all FW Shared Service Locations	2008	Seneca Falls Shared Services (FRC/EI/TDS)			
930	Concur Reports (with receipts) related to all FW Shared Service Locations	2009	Seneca Falls Shared Services (FRC/EI/TDS)			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
931	Concur Reports (with receipts) related to all FW Shared Service Locations	2010	Seneca Falls Shared Services (FRC/EI/TDS)			
932	Concur Reports (with receipts) related to all FW Shared Service Locations	2011	Seneca Falls Shared Services (FRC/EI/TDS)			
933	FRC/EI/TDS "INTERCOMPANY STATEMENT OFF ACCOUNT" -to ITTHQ and ALL Defense Sites(Group, VCs, BUs), Entire Year (Syste,-generated PDF & XLS format)	2006	Seneca Falls Shared Services (FRC/EI/TDS)			
934	FRC/EI/TDS "INTERCOMPANY STATEMENT OFF ACCOUNT" -to ITTHQ and ALL Defense Sites(Group, VCs, BUs), Entire Year (Syste,-generated PDF & XLS format)	2007	Seneca Falls Shared Services (FRC/EI/TDS)			
935	FRC/EI/TDS "INTERCOMPANY STATEMENT OFF ACCOUNT" -to ITTHQ and ALL Defense Sites(Group, VCs, BUs), Entire Year (Syste,-generated PDF & XLS format)	2008	Seneca Falls Shared Services (FRC/EI/TDS)			
936	FRC/EI/TDS "INTERCOMPANY STATEMENT OFF ACCOUNT" -to ITTHQ and ALL Defense Sites(Group, VCs, BUs), Entire Year (Syste,-generated PDF & XLS format)	2009	Seneca Falls Shared Services (FRC/EI/TDS)			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
937	FRC/EI/TDS "INTERCOMPANY STATEMENT OFF ACCOUNT" -to ITTHQ and ALL Defense Sites(Group, VCs, BUs), Entire Year (Syste,-generated PDF & XLS format)	2010	Seneca Falls Shared Services (FRC/EI/TDS)			
938	FRC/EI/TDS "INTERCOMPANY STATEMENT OFF ACCOUNT" -to ITTHQ and ALL Defense Sites(Group, VCs, BUs), Entire Year (Syste,-generated PDF & XLS format)	2011	Seneca Falls Shared Services (FRC/EI/TDS)			
939	All Supporting Journal Entries for FRC/EI/TDS Intercompany Statement of Account, including ALL supporting Source Docs and DC Advices for the FRC/EI/TDS I/C Statement JEs	2006	Seneca Falls Shared Services (FRC/EI/TDS)			
940	All Supporting Journal Entries for FRC/EI/TDS Intercompany Statement of Account, including ALL supporting Source Docs and DC Advices for the FRC/EI/TDS I/C Statement JEs	2007	Seneca Falls Shared Services (FRC/EI/TDS)			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
941	All Supporting Journal Entries for FRC/EI/TDS Intercompany Statement of Account, including ALL supporting Source Docs and DC Advices for the FRC/EI/TDS I/C Statement JEs	2008	Seneca Falls Shared Services (FRC/EI/TDS)			
942	All Supporting Journal Entries for FRC/EI/TDS Intercompany Statement of Account, including ALL supporting Source Docs and DC Advices for the FRC/EI/TDS I/C Statement JEs	2009	Seneca Falls Shared Services (FRC/EI/TDS)			
943	All Supporting Journal Entries for FRC/EI/TDS Intercompany Statement of Account, including ALL supporting Source Docs and DC Advices for the FRC/EI/TDS I/C Statement JEs	2010	Seneca Falls Shared Services (FRC/EI/TDS)			
944	All Supporting Journal Entries for FRC/EI/TDS Intercompany Statement of Account, including ALL supporting Source Docs and DC Advices for the FRC/EI/TDS I/C Statement JEs	2011	Seneca Falls Shared Services (FRC/EI/TDS)			

#	Description	Year, if applicable	Dept Affected	POCs	Complete (Y/N)	Comments
945	Supporting Allocation Calculations (with references to JEs/DCs by month) to all FRC/EI/TDS allocations and True-ups to ITTHQ, DEHQ, and the Defense VCs/BUs, including the following FRC/EI/TDS allocations: Freight, Corp Incentives (net any expense for entire TDS), Household Goods, TAPS/Telecom, Travel, EbuyITT, Collections, Credit, Cash Applications, Treasury Svcs (Cash Mgmt), Acct Payable (P2P Fees), AP Special Projects, Mgmt Reporting, Unclaimed Prop, Sales & Use Tax, Data Center Midwest, Wintell (Midwest), Network Mgmt, Svc Center (Help Desk/Remedy System, Ent Sys/Svcs (email/MS), GSS, Network VPN, Global Directory Svcs, Voice Telecom, Collaborative System, InfoSec (EI & GIS Portion)	2006	Seneca Falls Shared Services (FRC/EI/TDS)			

#	Description	Year, if applicable	Dept Affected	POCs	Complete (Y/N)	Comments
946	Supporting Allocation Calculations (with references to JEs/DCs by month) to all FRC/EI/TDS allocations and True-ups to ITTHQ, DEHQ, and the Defense VCs/BUs, including the following FRC/EI/TDS allocations: Freight, Corp Incentives (net any expense for entire TDS), Household Goods, TAPS/Telecom, Travel, EbuyITT, Collections, Credit, Cash Applications, Treasury Svcs (Cash Mgmt), Acct Payable (P2P Fees), AP Special Projects, Mgmt Reporting, Unclaimed Prop, Sales & Use Tax, Data Center Midwest, Wintell (Midwest), Network Mgmt, Svc Center (Help Desk/Remedy System, Ent Sys/Svcs (email/MS), GSS, Network VPN, Global Directory Svcs, Voice Telecom, Collaborative System, InfoSec (EI & GIS Portion)	2007	Seneca Falls Shared Services (FRC/EI/TDS)			

#	Description	Year, if applicable	Dept Affected	POCs	Complete (Y/N)	Comments
947	Supporting Allocation Calculations (with references to JEs/DCs by month) to all FRC/EI/TDS allocations and True-ups to ITTHQ, DEHQ, and the Defense VCs/BUs, including the following FRC/EI/TDS allocations: Freight, Corp Incentives (net any expense for entire TDS), Household Goods, TAPS/Telecom, Travel, EbuyITT, Collections, Credit, Cash Applications, Treasury Svcs (Cash Mgmt), Acct Payable (P2P Fees), AP Special Projects, Mgmt Reporting, Unclaimed Prop, Sales & Use Tax, Data Center Midwest, Wintell (Midwest), Network Mgmt, Svc Center (Help Desk/Remedy System, Ent Sys/Svcs (email/MS), GSS, Network VPN, Global Directory Svcs, Voice Telecom, Collaborative System, InfoSec (EI & GIS Portion)	2008	Seneca Falls Shared Services (FRC/EI/TDS)			

#	Description	Year, if applicable	Dept Affected	POCs	Complete (Y/N)	Comments
948	Supporting Allocation Calculations (with references to JEs/DCs by month) to all FRC/EI/TDS allocations and True-ups to ITTHQ, DEHQ, and the Defense VCs/BUs, including the following FRC/EI/TDS allocations: Freight, Corp Incentives (net any expense for entire TDS), Household Goods, TAPS/Telecom, Travel, EbuyITT, Collections, Credit, Cash Applications, Treasury Svces (Cash Mgmt), Acct Payable (P2P Fees), AP Special Projects, Mgmt Reporting, Unclaimed Prop, Sales & Use Tax, Data Center Midwest, Wintell (Midwest), Network Mgmt, Svc Center (Help Desk/Remedy System, Ent Sys/Svcs (email/MS), GSS, Network VPN, Global Directory Svcs, Voice Telecom, Collaborative System, InfoSec (EI & GIS Portion)	2009	Seneca Falls Shared Services (FRC/EI/TDS)			

#	Description	Year, if applicable	Dept Affected	POCs	Complete (Y/N)	Comments
949	Supporting Allocation Calculations (with references to JEs/DCs by month) to all FRC/EI/TDS allocations and True-ups to ITTHQ, DEHQ, and the Defense VCs/BUs, including the following FRC/EI/TDS allocations: Freight, Corp Incentives (net any expense for entire TDS), Household Goods, TAPS/Telecom, Travel, EbuyITT, Collections, Credit, Cash Applications, Treasury Svcs (Cash Mgmt), Acct Payable (P2P Fees), AP Special Projects, Mgmt Reporting, Unclaimed Prop, Sales & Use Tax, Data Center Midwest, Wintell (Midwest), Network Mgmt, Svc Center (Help Desk/Remedy System, Ent Sys/Svcs (email/MS), GSS, Network VPN, Global Directory Svcs, Voice Telecom, Collaborative System, InfoSec (EI & GIS Portion)	2010	Seneca Falls Shared Services (FRC/EI/TDS)			

#	Description	Year, if applicable	Dept Affected	POCs	Complete (Y/N)	Comments
950	Supporting Allocation Calculations (with references to JEs/DCs by month) to all FRC/EI/TDS allocations and True-ups to ITTHQ, DEHQ, and the Defense VCs/BUs, including the following FRC/EI/TDS allocations: Freight, Corp Incentives (net any expense for entire TDS), Household Goods, TAPS/Telecom, Travel, EbuyITT, Collections, Credit, Cash Applications, Treasury Svcs (Cash Mgmt), Acct Payable (P2P Fees), AP Special Projects, Mgmt Reporting, Unclaimed Prop, Sales & Use Tax, Data Center Midwest, Wintell (Midwest), Network Mgmt, Svc Center (Help Desk/Remedy System, Ent Sys/Svcs (email/MS), GSS, Network VPN, Global Directory Svcs, Voice Telecom, Collaborative System, InfoSec (EI & GIS Portion)	2011	Seneca Falls Shared Services (FRC/EI/TDS)			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
951	Supporting Source Docs for each element of the Basis of Allocation for each FRC/EI/TDS Allocation to HQ, DEHQ, Defense BUs listed above (i.e. System-generated Active Directory Listing, et al)	2006	Seneca Falls Shared Services (FRC/EI/TDS)			
952	Supporting Source Docs for each element of the Basis of Allocation for each FRC/EI/TDS Allocation to HQ, DEHQ, Defense BUs listed above (i.e. System-generated Active Directory Listing, et al)	2007	Seneca Falls Shared Services (FRC/EI/TDS)			
953	Supporting Source Docs for each element of the Basis of Allocation for each FRC/EI/TDS Allocation to HQ, DEHQ, Defense BUs listed above (i.e. System-generated Active Directory Listing, et al)	2008	Seneca Falls Shared Services (FRC/EI/TDS)			
954	Supporting Source Docs for each element of the Basis of Allocation for each FRC/EI/TDS Allocation to HQ, DEHQ, Defense BUs listed above (i.e. System-generated Active Directory Listing, et al)	2009	Seneca Falls Shared Services (FRC/EI/TDS)			

<u>#</u>	<u>Description</u>	<u>Year, if applicable</u>	<u>Dept Affected</u>	<u>POCs</u>	<u>Complete (Y/N)</u>	<u>Comments</u>
955	Supporting Source Docs for each element of the Basis of Allocation for each FRC/EI/TDS Allocation to HQ, DEHQ, Defense BUs listed above (i.e. System-generated Active Directory Listing, et al)	2010	Seneca Falls Shared Services (FRC/EI/TDS)			
956	Supporting Source Docs for each element of the Basis of Allocation for each FRC/EI/TDS Allocation to HQ, DEHQ, Defense BUs listed above (i.e. System-generated Active Directory Listing, et al)	2011	Seneca Falls Shared Services (FRC/EI/TDS)			
957	Program BEST (GL, Approved PARs, Consultants Contracts/Agreements, SAP Agreements/Contracts/Invoices, Due Dilligence Reports, AP Docs, Travel Docs, Org Chart, Time Keeping Records, et al)	2009	FRC (Prog Best)			
958	Program BEST (GL, Approved PARs, Consultants Contracts/Agreements, SAP Agreements/Contracts/Invoices, Due Dilligence Reports, AP Docs, Travel Docs, Org Chart, Time Keeping Records, et al)	2010	FRC (Prog Best)			

#	Description	Year, if applicable	Dept Affected	POCs	Complete (Y/N)	Comments
959	Program BEST (GL, Approved PARs, Consultants Contracts/Agreements, SAP Agreements/Contracts/Invoices, Due Dilligence Reports, AP Docs, Travel Docs, Org Chart, Time Keeping Records, et al)	2011	FRC (Prog Best)			

Summary of Tasks/Activities

Department Affected	Count of Tasks/Activities
ALL	1
DEHQ	1
FWSS Acctg	104
FWSS Payroll	25
FWSS Travel	13
GSS	1
HQ Controllers	208
HQ Corp Responsibility	46
HQ Flight Ops Dept	20
HQ Human Resources	68
HQ Internal Audit	73
HQ Legal	31
HQ Pension Dept	151
HQ Tax	67
HQ Treasury	31
Multiple HQ Depts	12
Seneca Falls Shared Serv	104
FRC (Prog Best)	3
Grand Total	959

Department Affected	Count of Tasks/Activities																Grand Total
Count of Dept Affected	Column Labels																Grand Total
Row Labels	FWSS Acctg	FWSS Payroll	FWSS Travel	GSS	HQ Controllers	HQ Corp Responsibility	HQ Flight Ops Dept	HQ Human Resources	HQ Internal Audit	HQ Legal	HQ Pension Dept	HQ Tax	HQ Treasury	Multiple HQ Depts	Seneca Falls Shared Services (FRC/EI/TDS)	FRC (Prog Best)	Grand Total
						40											40
					6					31							31
											34						34
		25					6										31
													31				31
											1			5			5
						5								1			5
			13														13
									20								116
											19						20
											43						19
																3	43
						6											3
	104																104
										73							2
				1													73
					50												1
					141												50
						6											104
														6			147
												67					6
	104	25	13	1	208	46	20	68	73	31	151	67	31	12	104	3	959

List of Defense Units for DCAA TSA

Cost Centers

	FRC co. 30
300216	Collections
300217	Credit
300215	Cash Application
300220	Corporate Services
300230	Operations Management
300222	Treasury Services (Cash Management)
300226	Accounts Payable (P2P Service Fees)
300512	AP Special Projects
300225	Management Reporting
300235	Unclaimed Property
300214	Sales and Use tax Compliance
	TDS co. 20
200101	Freight
200101	Corporate Incentives net Expenses for entire TDS
200101	Household Goods
200101	Taps/Telecom
200101	Travel
200101	EbuyIT
	EI — co. 50
CC 500201	Data Center East
CC 500202	Wintel Hosting East
CC 500203	Data Center Midwest
CC 500204	Wintel Hosting Midwest
CC501251	Voice Comm
CC 501201	Network — Americas
CC 501211	Network — EMEA
CC 501221	Network — ASPAC
CC501261	Directory Services
CC 502241	Enterprise Systems
CC 503201	Global Help Desk
CC 501231	Enterprise Infrastructure
CC 83000	Global Info. Services
CC 83400	Connect
	GSS — co. 40
400201 —	GSS Leadership
400301 —	GSS Americas
400302 —	GSS Brazil
400305 —	GSS China
400306 —	GSS Poland
400307 —	GSS India
400308 —	GSS Italy
400401 —	GSS indirect
400407 —	GSS Buying Channel Support
400409 —	GSS Global Logistics
400413 —	GSS Supplier Quality

Defense -SAP

<u>Co #</u>	<u>Defense vs. Commercial</u>	<u>New Company</u>		
1005	DEF	Defense	CS	
1009	DEF	Defense	Defense — Custodials	
1010	DEF	Defense	ES — EWS	
1101	CM	Defense	GIS	
1160	DEF	Defense	AES	
1165	DEF	Defense	ES/RDR — Gil	
1170	DEF	Defense	Defense HQ	
1185	DEF	Defense	SSD — Old	
1186	DEF	Defense	SSD	
1190	DEF	Defense	CIS	
1191	DEF	Defense	Systems HQ	
1195	DEF	Defense	SSI	
1198	DEF	Defense	Systems FSIC	
1199	DEF	Defense	CIS_CS	
1200	DEF	Defense	CNS	
			<u>ITT HQ & FSS</u>	<u>New Company</u>
<u>Co #</u>				
1003		FSS		ITT
1001		ITT HQ		ITT

**SCHEDULE AC9
BASIC TIME AND MATERIALS SUPPORT**

Capitalized terms used herein and not otherwise defined shall have the meaning assigned to such term in the Agreement. The Services provided hereunder are subject in all respects to the terms and conditions of the Agreement, except where expressly noted.

SERVICE OWNER

All service matters, general inquiries and notices regarding this Service should be directed to:

Name	Title	Phone	e-mail
Service Provider's Contact			
ITT Corporation Daryl Bowker	TSA Manager	Office:315-568-7676	Daryl.bowker@ittcorp.com
Service Receiver's Contact			
Exelis Inc. Joe Daniel	TSA Manager	Office: (703) 790-6309	Joe.daniel@itt.com

PARTIES TO THE AGREEMENT

Service Provider: ITT Corporation

Service Receiver: Exelis Inc.

GENERAL SERVICE DESCRIPTION

Service Receiver may need assistance after the Distribution Date from the Service Provider for miscellaneous services, including but not limited to consulting, advisory, knowledge transfer and

other similar services in various areas including, but not limited to finance, tax, accounting, insurance, treasury, human resources and communications, which are not already provided for under all of the other TSAs between ITT Corporation, Xylem Inc., and Exelis Inc.

The Service Provider hereby agrees to cause its and its affiliates employees (collectively, "Experts") to provide a reasonable amount of services, including specifically the services listed in Annex A, upon reasonable notice and request from the Service Receiver on a time and materials basis from the Distribution Date through April 30, 2013 (the "Minimum Term" and the "Maximum Term").

To utilize this TSA Schedule, employees of Service Receiver should request such services via email or telephonically where both parties have a clear expectation of the estimated number of hours of assistance being requested. For projects that are expected to require more than 5 to 10 hours of assistance a one or two paragraph project plan should be agreed to in order to avoid misunderstandings. The project plan should be put together by the Service Provider's "Expert" with respect to the requested services.

Employees of Service Receiver should advise their TSA manager that a request for services has been made together with a description of such services requested and the estimated number of hours requested.

The "Expert" should advise their TSA manager that a request for services has been made and the estimated number of hours requested.

SCOPE OF SERVICES

The scope of services will depend on the needs of the Service Recipient and the capabilities and availability of the Experts.

LOCATIONS

All locations around the world

PREREQUISITES/DEPENDENCIES

The Experts remain employees of Service Provider. Service Receivers acknowledge and agree that Service Provider has discretion to terminate the Experts and the Experts have the ability to terminate their employment with Service Provider. In the event the Experts are no longer employed by Service Provider, Service Provider will, at the request of the Service Receiver, use commercially reasonable efforts to provide similar services. However, if Service Receivers or an affiliate employ any of the Experts, the specific service requested under this

Schedule can be terminated by the Service Provider, at the Service Provider's sole discretion on 5 business days notice to the Service Receiver.

TAX STATUS

Sales tax will be charged as determined by the Service Provider and the Service Receiver shall pay such tax along with the payment for the service provided.

BILLING LOCATION

Service Provider will provide Service Receiver with an invoice to its address set forth below under Notice Requirements, except in cases where services are provided outside of the United States, in which case invoices will be created by the Service Provider's legal entity in the country where the services are being performed and invoiced to the Service Receiver's legal entity that requested the services in the Service Provider's local currency. The bill will cover all charges for services under this Schedule from Service Provider and, to the extent reasonably feasible, will be itemized among Service Receiver's legal entities if identified by the Service Receiver when requesting the service. The invoice will contain the number of hours each Expert worked, a short paragraph describing the services and the US dollar amount per Expert.

The Experts shall track their time on either a time sheet or any other proper method such as the utilizing the time sheet attached hereto and Service Provider agrees that the time sheets will accompany the invoice that is sent to the Service Recipient for payment. In cases where the requested services are expected to take longer than 30 days to complete, the Service Provider will be allowed to invoice the Service Receiver once per month for all costs incurred to date.

NOTICE REQUIREMENTS

No notice of Termination is required under this Schedule and there shall be no make-whole fee under this Schedule

Notices and bills to the Service Provider should be sent to:

ITT Corporation
240 Fall Street
Seneca Falls, NY 13148
Attention: Daryl R. Bowker

Notices and bills to the Service Receiver should be sent to:

Exelis Inc.
1650 Tysons Boulevard
Suite 1700
McLean, VA 22102
Attention: Joe Daniel

PRICING

In addition to the costs specifically set forth below, Service Receivers shall also pay all business travel expenses relating to the Services in accordance with Service Providers documented travel policies and any incremental out of pocket costs incurred by the Service Provider in order to provide the requested services that are invoiced by unaffiliated 3rd parties. Service Provider agrees to provide vendor invoices as backup to the Service Receiver when invoicing the Service Receiver under the terms of this TSA.

The hourly rates below include a 4.5% increase for inflation and the 2% profit margin and shall be applicable in 2011 and 2012. The rates shall increase by 4.5% in 2013. There shall be no make whole fee due under Section 11 of the Agreement upon early termination of this TSA.

<u>Service</u>	<u>Hourly Rate*</u>
Hourly Rate Administrative/Secretarial.	\$50 per hour
Hourly Rate for a Non Executive	\$100 per hour
Hourly Rate for an Executive	\$150 per hour

* Note: In cases where invoicing is done outside the United States, the above rates should be converted to local currency based on the exchange rate on the date the invoice is prepared.

The pricing for the services described in Annex A will be as set forth in Annex A unless no pricing is provided in which case if services are provided on an hourly basis the rates above will apply.

Annex A

Annex A-1 —Individual Employee Services

Service Provider (ITT) will provide Service Receiver (Defense) with the services of [redacted] during the period from the Distribution Date through December 31, 2011. Defense will pay ITT Cost plus 2% - 10% per month for services and expect that [redacted] will dedicate 50% of his time to the needs of the Service Receiver. Defense will continue to provide [redacted] with his current office and access to a phone, though his computer connectivity will be terminated. [redacted] will have access to the common areas in Fort Wayne and to his office and well as other areas if invited by Defense personnel. Defense will not charge ITT for space rental (build it into his monthly rate to make things simpler so you only need one bill). In the event [redacted] can no longer or chooses not to provide services, this Annex A-1 and the services of [redacted] will be terminated and [redacted] will no longer have access to the Fort Wayne facility. No make-whole fee will be paid under this Annex A-1.

[redacted] will provide the following services:

Serve as a confidant/advisor and provide guidance and assistance to the ITT Exelis labor relations and human resources staff on the delivery of a broad range of proactive human resources and labor relations activities and initiatives. Specifically:

Provides assistance with HR functional strategic/operations planning

Draft and vet HR policies as requested

Conducting and or mentoring staff on training activities including conducting needs assessments to identify training needs, formulates recommendations and executes training program development as requested

Provide consulting support to ITT Exelis management on matters of policy development, contract administration and negotiation, maintenance of union free operations, and negotiation objectives development

Provide assistance with the development of timely and strategically aligned prep documents and the development of bargaining proposals

Annex A-2 Master Black Belt Training

Service Provider: ITT Corporation

Service Owner: Mary Gerstner, mary.gerstner@itt.com (914) 641-2002

Service Receiver: Xylem Inc.

Service Owner: Rod Smith, rod.smith@xylem.com (806) 252-4692

Service Receiver: Exelis Inc.

Service Owner: Vince Thomas, vince.thomas@exelisinc.com phone (702) 790-6351

The Service Provider will invoice the Service Receivers to equally share in out of pocket expenses incurred to deliver a joint Master Black Belt training class and subsequent Train the Trainer classes. Out of pocket expenses include but are not limited to Consultant expense, curriculum binders, CDs, books, meals, and various classroom supplies. All time, travel, and related expenses will be the responsibility of each company.

Master Black Belt training consists of 4 weeks. It will be led by one employee from each company and supplemented with consulting expertise as needed. The curriculum delivered will be the 2011 enhanced Master Black Belt content developed jointly with the University of Michigan. Certification will be the responsibility of each company.

Annex A-3 Furniture Storage in Dubai

Service provider/Remit to: Camil George Shuggi, General Manager of IP Dubai branch. Address: Office 504; Deira Twin towers; Baniyas Street; Deira; Dubai ; UAE

Service receiver/Bill to: Bernard Joseph Dunn, General Manager of Defense Dubai branch. Address: Office #1102; Crystal tower; Business Bay; Downtown Dubai ; Dubai ;UAE

Services: The ITT Dubai office will store existing furniture for the Exelis Dubai office for up to three months commencing on the Distribution Date. The maximum term expires on January 31, 2012. 5 days advance notice is required to terminate this service.

Pricing: The storage charge for the furniture will be billed on a monthly basis. The cost per month will be AED Cost plus 2% - 10%/- This charge is based on a daily rate of AED Cost plus 2% - 10%/- . Partial month billing will be based on the daily rate. The rate above includes the 2%, 10% or 4.5% increase that should be applied as set forth in Section 2(a) of the Agreement. There will be no make-whole fee for early termination.

Management Reporting (HFM/Planning) Post Separation Support Requirements

Following the separation of ITT into 3 companies, key management reporting resources will be required to provide post separation support and knowledge transfer between the NewCos. High level areas of support and knowledge transfer include:

- Month-end close
- Year-end close
- New Year setup and rollforward
- OpPlan, Forecast, and Budget
- Metadata Management
- Ledger Mapping
- Break/Fix Support

Listed below are the key HFM and Planning resources whose post separation support will be required during the period 11/1/2011 through the 2012 March Close (approximately 4/20/2012).

Resource	Future NewCo	Executive	November			December			January			February			March			April		
			ITTCo	Xylem	Exelis	ITTCo	Xylem	Exelis	ITTCo	Xylem	Exelis	ITTCo	Xylem	Exelis	ITTCo	Xylem	Exelis	ITTCo	Xylem	Exelis
	ITTCo	No	n/a	48	48	n/a	48	24	n/a	48	24	n/a	36	12	n/a	36	12	n/a	12	12
	Xylem	No	48	n/a	48	24	n/a	24	24	n/a	24	12	n/a	12	n/a	12	n/a	12	n/a	12
	Exelis	No	48	48	n/a	24	24	n/a	24	24	n/a	12	12	n/a	12	12	n/a	12	12	n/a
	ITTCo	No	n/a	48	0	n/a	24	0	n/a	24	0	n/a	12	0	n/a	12	0	n/a	12	0
	ITTCo	Yes	n/a	48	48	n/a	24	24	n/a	24	24	n/a	12	12	n/a	12	12	n/a	12	12
	Xylem	No	48	n/a	48	24	n/a	24	24	n/a	24	12	n/a	12	12	n/a	12	n/a	12	12

Service Provider Owners and Service Receiver Owners are set forth under "Service Owner" above

Annex A-5 — Individual Employee Services

Service Receiver (Exelis) will reimburse Service Provider for all its costs and expenses, including but not limited to wages, bonus, retention fees (mutually agreed to between Service Provider and Service Receiver) benefits, leave liabilities and taxes, but specifically excluding any severance obligations which shall be paid for by Service Provider in connection with employing and an employee to be identified later (individually and collectively, the "Employees") on a part time basis during the period from the Distribution Date through September 30, 2012 (the "end date"). Service Receiver shall have no control or authority over the Employees and the Employees shall act on behalf of and at the discretion of the Service Provider. Service Provider will continue to provide the Employees with the same service and support (medical and dental benefits, payroll, access to the Service Provider's facility (without a full time desk), etc.) as provided prior to the Distribution Date. Nothing contained herein shall prevent Service Provider from terminating Employees' employment "for cause" at Service Provider's discretion.

Service Receiver acknowledges that at the end date, the employee's employment will be terminated. This TSA may be terminated by Service Receiver early by providing 5 business days prior notice. There shall be no penalty or make whole if Service Receiver exits this TSA earlier than the stated end date.

Service Receiver hereby expressly agrees to indemnify Service Provider for any liabilities, damages, costs, expenses, settlement amounts, duties, or fines, including court costs and reasonable attorney fees, arising from this Annex A-5 provided, however, that Service Provider shall not be entitled to be indemnified for any such liabilities, damages, costs, expenses, settlement amounts, duties, or fines, including court costs and reasonable attorney fees arising as a result of Service Provider's negligence or willful misconduct in providing the services under this Annex A-5 or in connection with any severance obligations.

In the event the Employees' employment with Service Provider is terminated, Service Provider shall use commercially reasonable efforts to hire another person and Service Receiver shall pay any and all costs associated with the new hire.

Service Provider: ITT Corporation

Service Provider Owner:
Burt Fealing
1133 Westchester Avenue, Suite 3000
White Plains, NY 10604
Burt.Fealing@itt.com

Service Receiver: Exelis Inc.

Service Receiver Owner:
Vince Thomas
Exelis Inc.
1650 Tysons Boulevard
Suite 1700
McLean, VA 22102
Vince.Thomas@exelisinc.com

SCHEDULE B

Service Provider: Xylem Inc.

Service Recipient: ITT Corporation and/or Exelis Inc.

Service to be Provided:

**SCHEDULE B1
UK BENEFITS SUPPORT**

Capitalized terms used herein and not otherwise defined shall have the meaning assigned to such term in the Agreement. The Services provided hereunder are subject in all respects to the terms and conditions of the Agreement, except where expressly noted.

SERVICE OWNER

All service matters and general inquiries regarding this Service should be directed to:

<u>Name</u>	<u>Title</u>	<u>Phone</u>	<u>e-mail</u>
Service Provider's Contact Water Process Ltd Barbara West	UK Benefits Manager	44- 1256-311-801	barbara.west@xyleminc.com
Service Recipient's Contact ITT Industries Limited Roger Wearn	Shared Services Manager	44-1256 3111767	roger.wearn@itt.com

PARTIES TO THE AGREEMENT

Service Provider: Water Process Ltd

Service Receiver: ITT Industries Limited

GENERAL SERVICE DESCRIPTION

Benefits for Service Receivers in England have been managed pre-spin by Service Provider based in Basingstoke. Service Receivers need assistance from Barbara West and/or Linda Frawley (collectively, the "Experts") on a time and materials basis to provide services similar to those provided to the Service Receiver or its affiliates during the 12 month period prior to October 1, 2011, including continuity of Benefits Administration, training and advice for 18 months ("Minimum Term"), but not longer than 24 months from the date hereof ("Maximum Term").

SCOPE OF SERVICES

The following services will be provided on a time and materials basis by the Experts.

- Launch Flexible Benefits Package for Service Receivers' United Kingdom locations including administration, communications, etc.
- Assistance in establishing Service Receiver's policy for enrollment in Private Medical
- Assistance with administering the share incentive plan for the Service Receiver.
- Assistance with the administration and preparation for cessation of Service Receiver's Defined Benefit Plan (General Pension Plan) and movement to a Defined Contribution Plan (ITT Retirement Savings Plan).
- Provide guidance in negotiating premiums with various Benefit Brokers to include interfacing with appropriate Benefits Vendors on behalf of Service Receiver, but not executing agreements on Service Receiver's behalf.
- Facilitate the transition of the Benefits Vendor relationship to designated Service Receiver's HR Benefits Manager
- Facilitate the transition of the daily benefit activities to the HR staff of Service Receiver in the United Kingdom
- Provide guidance on applicable British Laws versus Benefits provided, but not legal advice.
- All communications initially prepared by the Experts to Service Receiver's employees will be reviewed by the Service Receiver's Sr. Manager of Benefits and Service Receivers' Vice President, Human Resources, or such other person as may be designated by Service Receiver
- The Experts will provide employees designated by the Service Receiver with monthly status reports. The Experts will work under a schedule mutually agreed to prior to October 1, 2011 which will average approximately four (4) hours per week during the first three (3) to six (6) months and then two (2) to four (4) hours thereafter. The Experts will utilize their current office and equipment at Service Provider, Basingstoke, England, unless Service Provider moves such employees, at its discretion.
- Such other services as the Experts have provided to ITT Corporation's commercial business during the twelve (12) month period prior to October 1, 2011 and requested by Service Receiver, which shall not include legal or tax advice or the execution of any documentation for any governmental authority.

LOCATIONS

United Kingdom

PREREQUISITES/DEPENDENCIES

The Experts remain employees of Service Provider. Service Receiver acknowledges and agrees that Service Provider has discretion to terminate the Experts and the Experts have the ability to terminate their employment with Service Provider. In the event the Experts are no longer employed by Service Provider, Service Provider's then current benefit manager will, at the request of the Service Receiver, provide similar services at an agreed to hourly rate, based on such benefit manager's all in cost to the Service Provider (total compensation plus allocated overhead). However, if Service Receiver or an affiliate employs any of the Experts, this Schedule can be terminated by the Service Provider, at the Service Provider's sole discretion on 5 business days notice to the Service Receiver. In the event the Experts are no longer employed by Service Provider or no longer capable of providing services due to disability, and the Experts are not replaced by another benefits leader, this Schedule shall terminate with no further obligations of either party.

The Service Receivers' human resources department shall cooperate with the Experts as the Experts provide service under this Schedule.

TAX STATUS

VAT will be charged as determined by the Service Provider

BILLING LOCATION

Service Provider will provide ITT Industries Limited with an invoice to its address set forth below. The bill will cover all charges for services under this Schedule from Service Provider to Service Receiver and, to the extent reasonably feasible. The invoice will contain the number of hours each Expert worked, a short paragraph describing the services and the British Pound amount per Expert.

NOTICE REQUIREMENTS

Service Receiver shall notify Service Provider at least 90 days in advance of the Minimum Term if it wants to extend or terminate this Schedule, but such extension shall not be for longer than the Maximum Term. If notification is not received by the Service Provider, the service will terminate at the end of the Minimum Term. There shall be no make-whole fee in the event of an early termination under this Schedule.

Notices to the Service Provider should be sent to
Water Process Ltd, Jays Close,
Viabes Estate, Basingstoke, Hampshire RG22 4BA
Attention: Barbara West

Notices to the Service Receiver should be sent to
ITT Industries Limited
Jays Close, Viabes Estate,
Basingstoke, Hampshire RG22 4BA
Attention: Roger Wearn

PRICING

In addition to the costs specifically set forth below, Service Receivers shall also pay all business travel expenses relating to the Services.

The hourly rates below include a 4.5% increase each year for inflation and a 2% increase for a profit margin. In the event the service continues past the Minimum Term, the rate will increase by 8%

<u>Service</u>	<u>Hourly Rate</u>
Hourly Rate for Ms. West.	Cost plus 2% - 10% during 2011 Cost plus 2% - 10% during 2012 Cost plus 2% - 10% during 2013
Hourly Rate for Ms. Frawley	Cost plus 2% - 10% during 2011 Cost plus 2% - 10% during 2012 Cost plus 2% - 10% during 2013

**SCHEDULE BA2
ERP-LX & TANGO APPLICATION
NANJING**

Schedule Intentionally Deleted Prior to Distribution Date

**SCHEDULE BA3
GLOBAL ENTERPRISE
CONTENT MANAGEMENT**

**Schedule Intentionally Deleted
Prior to Distribution Date**

**SCHEDULE BA4
GLOBAL VAULT PROFESSIONAL
SERVICES**

Capitalized terms used herein and not otherwise defined shall have the meaning assign such term in the Agreement. The Services provided hereunder are subject in all respects to the terms and conditions of the Agreement, except where expressly noted.

SERVICE OWNER

All service matters, general inquiries and notices regarding this service should be directed to:

<u>Name</u>	<u>Title</u>	<u>Phone</u>	<u>e-mail</u>
<u>Service Provider</u>			
Jason Pratt Xylem Inc.		(717) 509-2310	jason.pratt@xyleminc.com
<u>Service Receiver</u>			
Ray Schussler ITT Corporation	Global Engineering Systems Manager	(315) 568-7287	ray.schussler@itt.com

GENERAL SERVICE DESCRIPTION

Service Provider will provide Global Vault Professional Services for Service Receiver.

Service Receiver and its Subsidiaries will utilize Service Provider's resources based on the functionality, processes, input and output screens, and documents that support the Service Provider's business and business processes in the twelve months prior to the Distribution date.

SCOPE OF SERVICES

Upon the terms and subject to the conditions of this Services Schedule and the Agreement, Service Provider shall provide to Service Recipient the services identified below (collectively, the "Services").

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
IT-Global Vault-01	Global Vault Professional Services	<p>Provide Global Vault Professional Services to support the Windchill/PDMLink, ProjectLink, and MPMLink FMC Standard Product Data Lifecycle Management (PDLM) Platform:</p> <ul style="list-style-type: none"> Windchill/PDMLink, ProjectLink and MPMLink FMC Standard Product Data Lifecycle Management (PDLM) Platform Support & Maintenance — Service Provider will receive ticket requests from Service Receiver, monitor incident resolution requests, and recommend and implement incident resolution per the SLA outlined in the Service Level section of this agreement. Service Provider will identify and communicate breaks in application discovered by automated or monitoring system, develop solution and approach to address break in application, and implement fixes to resolve break in application. Windchill/PDMLink, ProjectLink and MPMLink Standard Product Data Lifecycle Management (PDLM) Platform Database Support — Service Provider will receive ticket requests from Service Receiver and will trouble shoot database related incidents, maintain database schema if necessary, bounce databases as required, perform data cleanup activities as needed, monitor and maintain, provide support for all database issues in test/dev environments, archive and truncate database tables as required, compact databases as required, compress, and delete old log files as needed, and conduct scheduled maintenance activities. Training/Mentoring - The Service Provider after receiving a request from the Service Receiver, will provide Training, Mentoring, and knowledge about the ITT implementation of Windchill/ PDMLink to the Service Receiver 	Up to 30 hours per Month	12	Time and Materials based on the Additional Pricing Section
Service Provider will be required to:					
<ul style="list-style-type: none"> Maintain staff of United States persons only 					

Service Volumes Greater Than or Less Than Observed Pre-Distribution Date

Service Provider will deliver the same volume of Services as delivered in the 12 months prior to the Distribution Date, plus or minus 10% (such activity, including any such 10% deviation, "Business as Usual activities" or "BAU") at no additional cost per unit. Service Provider will accommodate Service Receiver's inorganic (Mergers, Acquisitions, and Divestitures) activities on a time and materials basis with respect to the one-time set-up fees. The table below will then apply following the completion of the one-time set-up activities.

Scenario	One-Time Setup Fees	Monthly Fees
Service Volume within BAU [Note: BAU already includes +/- 10% of pre-distribution date volumes]	No incremental one-time fees when Service Receiver utilizes services and structure as-is with no changes under this agreement	Steady-State fee structure for requisite service as documented below
Service Volume greater or less than BAU	Service Provider will develop a commercially reasonable quote for acceptance by the Service Receiver provided the Service Receiver utilizes services and structure as-is with no significant changes under this agreement	Service Provider will develop a commercially reasonable quote for acceptance by the Service Receiver incremental to the base service costs documented below for the requisite service

Ad-Hoc development/services or processing of reports consistent with what was provided prior to the distribution date will be supported as part of this agreement. Service Provider will use commercially reasonable efforts based on provider's current abilities to accommodate regulatory or legal ad-hoc requests. Ad-hoc requests which may need to be performed to assist Service Receiver in meeting new legal obligations will be provided on a time and materials basis as described in the Additional Pricing section of this agreement. Any changes to 3rd party relationships which require interface modifications or re-writes are not included as part of the scope of this agreement. Should the Service Receiver require such changes, Parties agree to negotiate in good faith with regard to such modification. In the event modifications to the services provided are required by law for only the Service Recipient and such modifications increase the cost for Service Provider, Service Recipient that requires the modifications shall pay all the additional costs including the costs for the other Service Recipients.

Exit Services

The following services will be provided upon receipt of a Termination Notice to exit from this Service.

Service #	Service Name	Description of Service	Service Charge (\$/hour)
IT-Global Vault-02	Global Vault Professional Services Migration	<p>Service Provider will make commercially reasonable efforts to assist Service Receiver in exiting of this agreement. These efforts include:</p> <ul style="list-style-type: none"> • Support of data extraction requests from the Service Receiver • Providing Subject Matter Expertise in helping the Service Receiver understand current state data schema and configuration details 	Time and Materials Based on Additional Pricing Section

Service #	Service Name	Description of Service	Service Charge (\$/hour)
IT-Global Vault-03	Global Vault Professional Services Knowledge Transfer	Service Provider will provide the following knowledge transfer services: <ul style="list-style-type: none"> Existing non-sensitive documentation maintained by the Service Provider will be given to the Service Receiver as it relates to the Global Vault Application and related interfaces 	Time and Materials Based on Additional Pricing Section

Supplemental Services

For requests for supplemental services relating to Global Vault Professional Services by Service Receiver not mentioned in this Schedule or not included within the costs documented in this agreement, Service Receiver will provide a discreet project request and submit such request to Service Provider using the formalized Change Request attached as Annex A for consideration by Service Provider.

Where notice is required a number of business days prior to some required action by Service Provider, notice must be received by 12 noon Eastern Time to be counted as received during such business day. Service Provider shall, within a commercially reasonable period, provide a price quote to be commercially reasonable based on the current cost of the Services to Service Receiver taking into account, such items as the specific time the request was made, service delivery volumes, exit planning activities, and other activities Service Provider is currently engaged in at the time of the request, but not later than 30 days after the request was made. If Service Provider, in its sole discretion determines (i) such request would increase the ongoing operating costs for Service Provider (as a service recipient) or any other service receiver or (ii) that it is not capable of making such changes with its current staff during the time period requested without interrupting the Services provided to itself or any other service receiver. Service Provider need not provide a price quote or perform the services. Where a price quote is provided, Service Provider shall provide the service requested upon acceptance of the price.

PREREQUISITES/DEPENDENCIES

- If Service Receiver, or the Service Receiver's Supplier(s), sends inaccurate information to Service Provider, it will be the responsibility of the Service Receiver to rectify any problems and bear any costs incurred to rectify the issue.
- Service Receiver will remove all Service Receiver data from the Service Provider's Global Vault instance. These services are included at \$0 cost.
- Service Provider will remove all Service Provider data from the Service Receiver's Global Vault instance. These services are included at \$0 cost.
- Service Receiver must provide VPN access for specific Service Provider users to the Service Receiver's servers. Service Provider must provide VPN access for specific Service Receiver users to the Service Provider's servers. VPN access will be provided to allow data cleanup and removal.

- Service Receiver must provide access, via secure VPN at all times or additional ports, to allow up to 10 Service Provider staff members to gain access to the Global Vault environment. The Service Receiver will need to provide these Service Provider staff members with the appropriate elevated privileges needed to complete the services requested, this will be required for the period of this TSA and should be consistent with the policies and procedures set forth by Service Receivers Service Delivery organization.
- Security and access controls will be maintained as set forth in the Master Services Agreement.

NOTICE REQUIREMENT

Official Notices and Bills under this Schedule should be sent to the following addresses (with an email copy to the Service Owners set forth above):

If to the Service Provider:
Xylem Inc.
240 Fall Street
Seneca Falls, NY 13148
Attention: Linda Lynch
Linda.lynn@xylem.com

If to the Service Receiver:
ITT Corporation
240 Fall Street
Seneca Falls, NY 13148
Attention: Daryl R. Bowker
Daryl.bowker@itt.com

SERVICE LEVEL

Service Provider will classify incidents at its own discretion. Such classifications shall be consistent with the priorities Service Provider set for itself as a recipient of services.

In the event incidents cannot be resolved, Service Provider shall promptly notify Service Receiver and work together to try and resolve such incidents.

ADDITIONAL PRICING

Hourly Rate for Services Not Specified but Provided by Service Provider Employees (including but not limited to modifications, consulting, exit strategy development, transition, etc.) are documented below. Such services will be provided solely at the Service Provider's discretion. Service Provider is not obligated to provide additional services not specified in this agreement. The employee category is defined by the Service Provider. The rates documented below shall be commercially reasonable and designated by the Service Provider, closest to its current cost to provide the service. The hourly rates below include the 4.5% amount for inflation each year. These rates apply to internal Service Provider employees only, and should external resources be required, the costs for those external resources will be reviewed with the Service Receiver prior to execution of the project.

Additional Pricing Rates (All in USD)

Location	Low	Medium	High
USA	\$ 75	\$ 100	\$ 125
Greece	\$ 35	\$ 46	\$ 58
Mexico	\$ 19	\$ 25	\$ 31
Sweden	\$ 75	\$ 100	\$ 125

Annex A
TSA Change Request Form

TSA Schedule:
Receiver TSA Owner:
Date of Request:
Completed By:

Requested Service Change:

Item Number	Service Description (Listed on schedule in the TSA)	Monthly Charge	Requested Change	Already agreed to with Service Provider (Y/N)
1				
2				
3				
4				
5				

Outcome:

Item Number	Outcome (Approved, Denied)	Specific Action to be taken
1		
2		
3		
4		
5		

Approvals

Approved By:
Provider TSA Functional Lead

Executive Representative:
Provider TSA Manager

Approved By:
Receiver TSA Functional Lead

Executive Representative:
Receiver TSA Manager

**SCHEDULE BA5
SUPPLIER PORTAL**

Capitalized terms used herein and not otherwise defined shall have the meaning assign such term in the Agreement. The Services provided hereunder are subject in all respects to the terms and conditions of the Agreement, except where expressly noted.

SERVICE OWNER

All service matters, general inquiries and notices regarding this service should be directed to:

<u>Name</u>	<u>Title</u>	<u>Phone</u>	<u>e-mail</u>
Cecilia Akesson Xylem Inc.	Team Leader	+46 471 247994	cecilia.akesson@xyleminc.com
Kevin Loucks ITT Corporation	Manager, Transition Management Office	(315) 568-7770	kevin.loucks@itt.com

GENERAL SERVICE DESCRIPTION

Service Provider will perform Supplier Portal Support Services for Service Receiver.

Service Receiver and its Subsidiaries will utilize Service Provider's resources based on the functionality, processes, input and output screens, and documents that support the Service Provider's business and business processes in the twelve months prior to the Distribution date.

SCOPE OF SERVICES

Upon the terms and subject to the conditions of this Services Schedule and the Agreement, Service Provider shall provide to Service Recipient the services identified below (collectively, the "Services").

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
IT-Supplier Portal-01	Supplier Portal Application Support Services	<p>Provide ongoing Supplier Portal service and application support:</p> <ul style="list-style-type: none"> Supplier Portal Processing — The Service Provider will operate the Supplier Portal such that the Service Receiver's staff and Suppliers can access the Supplier Portal via the Web. The Service Receiver's Suppliers access the Supplier Portal to review, create and update various types of Purchasing and Shipping information necessary to review Purchase Orders; create and send Order Response, receive Order Changes, review Order Acknowledgements, review Supplier Data, create Dispatch Advice, and review Goods Received messages that transmit to and from the Service Receiver's ERP/MRP system. The Service Provider's Supplier Portal will receive Supplier Data messages from the Service Receiver's ERP/MRP system, and create or update Supplier Information within the Supplier Portal. An email is sent back to the Service Receiver acknowledging the updates. The Service Provider's Supplier Portal will receive Purchase Order Register, Change and Cancel messages from the Service Receiver's ERP/MRP system, to create or change Purchase Order information within the Supplier Portal. The Service Provider's Supplier Portal sends an email notification to the designated Service Receiver's Supplier. The Service Provider's Portal will allow the Service Receiver's Suppliers to acknowledge the Orders on the Supplier Portal, and will send Order Response messages to the Service Receiver's ERP/MRP system. The Service Provider's Portal will receive Order Acknowledgement messages from the Service Receiver's ERP/MRP system, and update and reflect this on the Supplier Portal. The Service Provider's Supplier Portal allows the Receiver's Suppliers to create and update Dispatch Advice information in the Supplier Portal, the Supplier Portal sends Dispatch Advice messages to the Service Receiver's ERP/MRP system. The Supplier Portal, for Bookings with 'No Invoice Control', will generate a PDF report file, and print it to a designated default printer at the Service Receiver's Supplier's Forwarder. In 	93,000 Purchase Orders Annually	18	Cost plus 2% - 10% per mon

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
		<p>addition, the Supplier Portal will, once a Supplier has created a shipment and dispatched it, create a packing information (Flag/Label) PDF report and print it on the designated default printer that the Supplier has set up within the Supplier Portal.</p> <ul style="list-style-type: none"> • The Service Provider's Supplier Portal will receive Goods Received messages and create and update this information in the Supplier Portal. • The Service Provider's Supplier Portal allows the Service Receiver's Supplier to create and update an Invoice within the Service Provider's Supplier Portal, the Supplier Portal transmits the Invoice to the Service Receiver's ERP/MRP system. • When the Service Provider's Supplier Portal identifies a corrupt message or one with invalid or bad data, the Service Provider's Supplier Portal will generate and send an email to the designated Service Receiver contact. The Service Receiver determines how best to correct the invalid message. • Access to Supplier Portal Application — Service Provider will provide access to application for authorized Service Receiver Suppliers and staff per the security guidelines outlined in the Master Services Agreement. Service Provider will create new application and database users pre-approved by Service Recipient, maintain application and database passwords, maintain application and database security to meet security and controls guidelines identified in Master Services Agreement, as well as monitor and restrict unauthorized access to source code and data. Service Provider will maintain production batch schedule, execute batch jobs, assess impact of failed batch jobs, and adjust schedule to account for batch job failures and delays. Service Provider will execute web server and application server configuration changes, monitor and maintain application administration Cron jobs and shell scripts. • Supplier Portal Support & Maintenance — Service Provider will monitor incident resolution requests from the Service Receiver's Superusers and Staff, and recommend and implement incident resolution per the SLA outlined in the Service Level section of this agreement. Service Provider will identify and communicate breaks in application discovered by automated or monitoring system, develop solution and approach to address break in application, and implement fixes to resolve break in application. • Supplier Portal Database Support — Service Provider will monitor incident resolution requests, and recommend and implement incident resolution 	<p>1,700 emails Monthly</p> <p>150 Incidents Annually</p>		

<u>Service #</u>	<u>Service Name</u>	<u>Description of Service</u>	<u>BAU Transaction Volume</u>	<u>Minimum Service Period (in mo.)</u>	<u>Service Charge</u>
		per the SLA outlined in the Service Level section of this agreement. Service Provider will identify and communicate breaks in application discovered by automated or monitoring system, develop solution and approach to address break in application, and implement fixes to resolve break in application.			

Service Volumes Greater Than or Less Than Observed Pre-Distribution Date

Service Provider will deliver the same volume of Services as delivered in the 12 months prior to the Distribution Date, plus or minus 10% (such activity, including any such 10% deviation, "Business as Usual activities" or "BAU") at no additional cost per unit. Service Provider will accommodate Service Receiver's inorganic (Mergers, Acquisitions, and Divestitures) activities on a time and materials basis with respect to the one-time set-up fees. The table below will then apply following the completion of the one-time set-up activities.

<u>Scenario</u>	<u>One-Time Setup Fees</u>	<u>Monthly Fees</u>
Service Volume within BAU [Note: BAU already includes +/- 10% of pre-distribution date volumes]	No incremental one-time fees when Service Receiver utilizes services and structure as-is with no changes under this agreement	Steady-State fee structure for requisite service as documented below
Service Volume greater or less than BAU	Service Provider will develop a commercially reasonable quote for acceptance by the Service Receiver provided the Service Receiver utilizes services and structure as-is with no significant changes under this agreement	Service Provider will develop a commercially reasonable quote for acceptance by the Service Receiver incremental to the base service costs documented below for the requisite service

Ad-Hoc development/services or processing of reports consistent with what was provided prior to the distribution date will be supported as part of this agreement. Service Provider will use commercially reasonable efforts based on provider's current abilities to accommodate regulatory or legal ad-hoc requests. Ad-hoc requests which may need to be performed to assist Service Receiver in meeting new legal obligations will be provided on a time and materials basis as described in the Additional Pricing section of this agreement. Any changes to 3rd party relationships which require interface modifications or re-writes are not included as part of the scope of this agreement. Should the Service Receiver require such changes, Parties agree to negotiate in good faith with regard to such modification. In the event modifications to the services provided are required by law for only the Service Recipient and such modifications increase the cost for Service Provider, Service Recipient that requires the modifications shall pay all the additional costs including the costs for the other Service Recipients.

Exit Services

The following services will be provided upon receipt of a Termination Notice to exit from this Service.

<u>Service #</u>	<u>Service Name</u>	<u>Description of Service</u>	<u>Service Charge (\$/hour)</u>
IT-Supplier Portal-03	Supplier Portal Migration	Service Provider will make commercially reasonable efforts to assist Service Receiver in exiting of this agreement. These efforts include: <ul style="list-style-type: none">• Support of data extraction requests from the Service Receiver• Providing Subject Matter Expertise in helping the Service Receiver understand current state data schema and configuration details	Time and Materials Based on Additional Pricing Section
IT-Supplier Portal-04	Supplier Portal Training	Service Provider will provide the following education and training services: <ul style="list-style-type: none">• Provide training and education to the Service Receiver's staff to enhance their capability to stand alone and manage a Portal	Time and Materials Based on Additional Pricing Section
IT-Supplier Portal-05	Supplier Portal Knowledge Transfer	Service Provider will provide the following knowledge transfer services: <ul style="list-style-type: none">• Existing non-sensitive documentation maintained by the Service Provider will be given to the Service Receiver as it relates to the Supplier Portal Application and related interfaces	Time and Materials Based on Additional Pricing Section

Supplemental Services

For requests for supplemental services relating to Supplier Portal Applications by Service Receiver not mentioned in this Schedule or not included within the costs documented in this agreement, Service Receiver will provide a discreet project request and submit such request to Service Provider using the formalized Change Request attached as Annex A for consideration by Service Provider.

Where notice is required a number of business days prior to some required action by Service Provider, notice must be received by 12 noon Eastern Time to be counted as received during such business day. Service Provider shall, within a commercially reasonable period, provide a price quote to be commercially reasonable based on the current cost of the Services to Service Receiver taking into account, such items as the specific time the request was made, service delivery volumes, exit planning activities, and other activities Service Provider is currently engaged in at the time of the request, but not later than 30 days after the request was made. If Service Provider, in its sole discretion determines (i) such request would increase the ongoing

operating costs for Service Provider (as a service recipient) or any other service receiver or (ii) that it is not capable of making such changes with its current staff during the time period requested without interrupting the Services provided to itself or any other service receiver. Service Provider need not provide a price quote or perform the services. Where a price quote is provided, Service Provider shall provide the service requested upon acceptance of the price.

LOCATIONS

Services are initially provided from Emmaboda, Sweden to ITT co. global locations.

PREREQUISITES/DEPENDENCIES

- Service Receiver will maintain the applications and interfaces documented in Attachment A, within the Service Receiver's systems and applications.
- If Service Receiver, or the Service Receiver's Supplier(s), sends inaccurate data to Service Provider, it will be the responsibility of the Service Receiver to rectify any problems and bear any costs incurred to rectify the issue.
- The Service Receiver will continue to utilize and have available a Supplier Portal Superuser (senior buyer and business expert) to provide first line support for the Supplier Portal.
- The Service Receiver's Staff will need to have the Citrix client installed on their PC devices.
- The Service Receiver's must have one of the following ERP/MRP systems active in order to utilize the Service Provider's Supplier Portal: Business Planning and Control System (BPCS), Planning Resource Management System (PRMS) or IDMS B&G systems.
- Service Receiver, in a separate and independent agreement, must have Websphere MQ systems active and maintained with the correct interfaces and data feeds to Supplier Portal by the Service Receiver for the period of time in which this agreement is in effect.
- Security and access controls will be maintained as set forth in the Master Services Agreement.

NOTICE REQUIREMENT

Official Notices and Bills under this Schedule should be sent to the following addresses (with an email copy to the Service Owners set forth above):

If to the Service Provider:
Xylem Inc.
2881 E Bayard Street
Seneca Falls, NY 13148
Attention: Linda Lynch
Linda.lynych@xyleminc.com

If to the Service Receiver:
ITT Corporation
240 Fall Street
Seneca Falls, NY 13148
Attention: Daryl R. Bowker
Daryl.bowker@itt.com

SERVICE LEVEL

Service Provider will classify incidents at its own discretion. Such classifications shall be consistent with the priorities Service Provider set for itself as a recipient of services.

The Service Provider will provide support services during Swedish Office Hours, Monday through Thursday from 7:30am to 4:30pm, and on Friday from 7:30am to 1:30pm Swedish time. Incidents logged after Swedish Office Hours will be addressed on the start of the next support day.

In the event incidents cannot be resolved, Service Provider shall promptly notify Service Receiver and work together to try and resolve such incidents.

ADDITIONAL PRICING

Hourly Rate for Services Not Specified but Provided by Service Provider Employees (including but not limited to modifications, consulting, exit strategy development, transition, etc.) are documented below. Such services will be provided solely at the Service Provider's discretion. Service Provider is not obligated to provide additional services not specified in this agreement. The employee category is defined by the Service Provider. The rates documented below shall be commercially reasonable and designated by the Service Provider, closest to its current cost to provide the service. The hourly rates below include the 4.5% amount for inflation each year. These rates apply to internal Service Provider employees only, and should external resources be

required, the costs for those external resources will be reviewed with the Service Receiver prior to execution of the project.

Additional Pricing Rates (All in USD)

Location	Low	Medium	High
USA	\$ 75	\$ 100	\$ 125
Greece	\$ 35	\$ 46	\$ 58
Mexico	\$ 19	\$ 25	\$ 31
Sweden	\$ 75	\$ 100	\$ 125

ATTACHMENT A

<u>Message Name</u>	<u>Business Purpose</u>	<u>Source System</u>	<u>Destination System</u>
Supplier	Service Receiver Creates and Maintain Supplier data in the Supplier Portal	Service Receiver MRP/ERP	Supplier Portal
Orders	Service Receiver submits Purchase Orders to their Suppliers, via the Supplier Portal	Service Receiver MRP/ERP	Supplier Portal
Order Response	Supplier communicates to Service Receiver that the Order has been acknowledged	Supplier Portal	Service Receiver MRP/ERP
Order Response Acknowledgement	Service Provide communicates to their Supplier that the Service Provider acknowledges the Response from their Supplier	Service Receiver MRP/ERP	Supplier Portal
Dispatch advice	Supplier communicates to the Service Receiver when the Purchase Order has been fulfilled, manufactured and/or Packed. Supplier communicates to the Service Receiver Pickup Orders, Ship Dates, and VMI Goods collection notifications	Supplier Portal	Service Receiver ERP/MRP
Good Received	Service Receiver communicates to their Supplier that the Shipment has been received	Service Receiver ERP/MRP	Supplier Portal
Invoice	Supplier communicates to the Service Receiver a Invoice for payment	Supplier Portal	Service Receiver ERP/MRP

Annex A
TSA Change Request Form

TSA Schedule:
Receiver TSA Owner:
Date of Request:
Completed By:

Requested Service Change:

Item Number	Service Description (Listed on schedule in the TSA)	Monthly Charge	Requested Change	Already agreed to with Service Provider (Y/N)
1				
2				
3				
4				
5				

Outcome:

Item Number	Outcome (Approved, Denied)	Specific Action to be taken
1		
2		
3		
4		
5		

Approvals

Approved By:
Provider TSA Functional Lead

Executive Representative:
Provider TSA Manager

Approved By:
Receiver TSA Functional Lead

Executive Representative:
Receiver TSA Manager

**SCHEDULE BA6
SERVICES TSA ANNEX FOR
AXMINSTER
SERVICE OWNER**

All service matters and general inquiries regarding this service should be directed to the following service owners:

Name	Title	Phone	e-mail
Service Provider Lowara UK Ltd. Duncan Lewis	General Manager	+44(0) 1297 630209	Duncan.Lewis@xyleminc.com
Service Recipient ITT Industries Ltd. John Veness	General Manager	+44(0) 1297 630247	John.Veness@itt.com

PARTIES TO THE AGREEMENT

1. **Service Provider:** Lowara UK Ltd.
2. **Service Recipient:** ITT Industries Ltd.

GENERAL SERVICE DESCRIPTION

1. **Pump Testing Services**
2. **Information Technology Services**
3. **Finance Support Services**

TERM AND OPTION

1. **24 months — Commencing on the date of the separation into 3 companies**
2. **Service Recipient will have the option to terminate this agreement at any time after the 1st 12 months with 6 months advance written notice to the Service Provider.**

SERVICES TO BE PROVIDED

1. **Pump Testing Services**

- a. ITT personnel shall follow Lowara's written pump test procedures when conducting tests.
- b. ITT personnel who will use the test area must regularly attend an induction course on Lowara's environmental, safety & health (ESH) procedures.
- c. Only the ITT personnel who have been trained in these regular ESH induction courses shall be eligible to carry out pump tests.
- d. All ITT personnel and items/pumps that will use the test area must be logged into and out of the Lowara facility in accordance with Lowara's entrance and exit policies for non Lowara personnel.
- e. Service recipient shall carry out a risk assessment in accordance with service provider's on each occasion that recipient utilizes the test area.
- f. The test area must be left in the same condition post testing as it was prior to the testing.
- g. Lowara personnel working near the test area will not oversee or assist in the pump testing.

2. **Information Technology Services.**

Primary IT support for ITT will come from the ITT IT organization which will have a representative in Basingstoke. In addition, the ITT Technical Assistance Center (TAC) resources (telephonic) will also be available to ITT. If emergency local support is required for ITT personnel at the Axminster site, Lowara may provide assistance under the terms of the "Reasonable Cooperation" clause found in the Master Services Agreement.

The procedure for ITT to engage local support from Lowara shall be to contact the ITT IT resource in Basingstoke or the ITT TAC. The Basingstoke representative or the ITT TAC will then contact Lowara's IT resource center in order to request this assistance. On-site assistance will be provided if local resources are available. The hourly charge for this support shall be Cost plus 2% - 10% as described below in the "Pricing & Payment Terms" section of this document.

3. **Finance Services**

ITT may require assistance from the Lowara, UK and/or the Montecchio, Italy Finance department which will be available to provide additional training on the BPCS system. In the event that ITT encounters issues, the Lowara finance dept will have the support of the RCW Lowara IT resources in Axminster, UK and Montecchio, Italy to provide troubleshooting and support to the ITT BPCS group.

LOCATIONS

1. Lowara facility located at the following address:

Lowara UK Ltd.
Millwey Rise Industrial Estate
Axminster EX13 5HU, United Kingdom

PREREQUISITES/DEPENDENCIES

1. Real Estate Sublease is in effect.
2. Service Recipient will follow all of Service Provider's Environmental, Safety, & Health (ES&H) policies and procedures while using the pump testing facilities. Service Provider will provide its ES&H written policies to Service Recipient at the outset of this agreement and agrees to provide overview training prior to the Service Recipient's use of the pump testing facilities.
3. Service Recipient's customers will be granted access to the test facility along with Service Recipient's representatives for a customer witnessed pump test.
4. Service recipient is precluded from hiring Service Provider's employees that may provide these services under this agreement for the duration of this agreement plus an additional 1 year after the agreement is terminated.
5. In the event of 3rd party claims against Service Recipient which are unrelated to this agreement, the Service Recipient agrees to indemnify the Service Provider for any costs that the Service Provider may incur in the event that the 3rd party elects to also claim damages against the Service Provider because of their relationship with the Service Recipient. The Service Recipient also agrees to defend the Service Provider at is sole cost the extent permitted to do so under United Kingdom law.

TAX STATUS

1. Service Provider — Payments received under the terms of this agreement will be considered taxable income in the United Kingdom
2. Service Recipient — Payments made under the terms of this agreement will be tax deductible in the United Kingdom
3. VAT of the current rate % of the invoice amount will be charged by the service provider to the service recipient

BILLING LOCATION

Lowara UK Ltd. Millwey Rise Industrial Estate Axminster EX13 5HU, United Kingdom

SERVICE LEVEL

1. Service Provider agrees to use reasonable care and diligence in the fulfillment of all services described above. Service Provider also agrees that it will promptly carry out services based on reasonable business practices and judgment.

NOTICES

All correspondence with respect to this agreement should be sent to the Service Owners listed above.

NOTICE REQUIREMENTS

<u>No.</u>	<u>Third Party Provider</u>	<u>Prior Notice Requirement to Terminate Service</u>
N/A	None required	See Term and Option above
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

PRICING & PAYMENT TERMS

1. The hourly fixed charge for use of the pump testing area shall be Cost plus 2% - 10% per hour for the term of this agreement — payable in British Pounds. The Cost plus 2% - 10% per hour rate is subject to increase up to 6.0% per year if Service Provider deems this necessary to support the testing needs of the Service Recipient.

2. The hourly fixed charge for Information Technology services and Finance Support services will be Cost plus 2% - 10% per hour for the term of this agreement — Payable in British Pounds.
3. The fixed hourly rate of Cost plus 2% - 10% per hour shall be the minimum charge. Partial hour charges will be rounded up to include the entire hour. For example, a service provided in 2 hours and 20 minutes will be charged at 3 hours or Cost plus 2% - 10%.
4. Invoices will be prepared monthly and mailed to the service provider via email. Invoices shall include the date services were provided, the name(s) of the person(s) who provided the service, the number of hours spent providing the service, and the description of the product that was tested where applicable.
5. There will be no additional backup attached to these invoices.
6. Invoice payment terms are net 30 days from invoice date.
7. During the term of this TSA Schedule, no additional 2%, 10% or 4.5% increase in the pricing as set forth above should be applied pursuant to Section 2(a)(i) of the Agreement.

**SCHEDULE BA7
TEST AND PAINT SERVICES TSA IN
NANJING**

SERVICE OWNER

All service matters and general inquiries regarding this service should be directed to:

Name	Title	Phone	e-mail
Service Provider's Contact ITT Nanjing Co, Ltd (Xylem Nanjing) <i>Harald Rach</i>	General Manager ITT Nanjing Co., Ltd. (Xylem Nanjing) Longyang Road, Luhe Economic Development Area, Luhe District, Nanjing, Jiangsu Province, China	+86 25 5719 5050	Harald.rach@xyleminc.com
Service Recipient's Contact IP China/Shanghai Goulds Pumps <i>Carter Chan</i>	General Manager, IP China ITT (China) Investment Company Limited 30F Tower A, City Center of Shanghai, 100 Zunyi Road Shanghai 200051	+86 21 22082888 x6188	Carter.Chan@itt.com

PARTIES TO THE AGREEMENT

1. **Service Provider** — ITT Nanjing Co., Ltd (Xylem Nanjing)
2. **Service Recipient** — IP China / Shanghai Goulds Pump

GENERAL SERVICE DESCRIPTION

Service Provider to provide pump testing and pump painting services to Service Recipient.

Pumping testing and pump painting; Agreement to last until October 31, 2013

Testing service for VIT pumps and other pumps; Painting service for all pumps

TERM AND OPTION

1. Maximum Service Period — 24 months — Commencing on the Distribution date.
2. The Hourly rates are set forth below under Pricing & Payment Terms. There is an escalation in price after the 1st 12 months, as set forth in the pricing terms.
3. Service Recipient will have the option to terminate this agreement, with no additional make-whole fee as required by Section 11(b) of the Agreement, after the 1st 12 months with 1 month advance written notice to the Service Provider
4. This agreement cannot be extended beyond the term of 24 months.

SERVICES TO BE PROVIDED

1. **Testing of IP China / SGP products**
 - a. Service Provider provides Service Recipient full access to the test bed and infrastructure to fully test pumps and other related products
 - b. Service Provider also provides tools, equipment and personnel to fully validate a product as required by Service Recipient.
 - c. Service Provider also fully tests the products per instructions from Service Recipient or its customers or its agents
 - d. Service Provider provides full report(s) on the results of the test and performance of the products
 - e. Service Provider personnel will take control of the products at the loading dock and transfer the products to the test bed, install them on the test bed, fully test the products, remove the products and package them and return as required by Service Recipient
 - f. Service Recipient or its agents or its customers will have access to the products while they are being prepared for testing, while products are being tested and while the products are being processed for return to Service Recipient
 - g. Service Recipient or its agents or its customers will have access to the control room in order to witness the test.
 - h. Only Service Provider personnel are allowed to run the test and operate all tools, machinery and controls related to the testing of these products
2. **Painting of IP China / SGP products**
 - a. Service Provider provides paint services to Service Recipient utilizing existing paint booths at the Nanjing factory
 - b. Service Provider provides paint services according to Service Recipient requirements as agreed in the individual orders placed by Service Recipient

- c. Service Provider personnel will take control of the products at the loading dock and transfer the products to the paint booth, prep the products properly before installing them in the paint booth, fully paint the products, remove the products from the paint booth and package them and return as required by Service Recipient
- d. Service Recipient or its agents will have access to the products before and after the painting process in order to witness and accept the painted product.
3. Service Provider and Service Recipient agree on lead-times for testing and painting of each product at the time of placing of the order. Service Provider will make reasonable efforts to comply with the agreed lead-time and will communicate with the Service Recipient if there are any delays in fulfilling the order.
4. For any possible later delivery, the Service Provider shall notify IP in advance and both parties shall agree on an Extended Schedule for such delivery. If the delivery is still not made according to the Extended Schedule, the Service Provider shall pay \$50/day as later delivery penalty, but not exceed the total test value.

LOCATIONS

Service Provider factory is located at the following address:

Longyang Road, Luhe Economic Development Area, Luhe District, Nanjing, Jiangsu Province, China

TAX STATUS

1. Service Provider — Payments received under the terms of this agreement will be considered taxable income in China
2. Service Recipient — Payments made under the terms of this agreement will be tax deductible in China

PREREQUISITES/DEPENDENCIES

1. After the termination of this agreement, it may be necessary from time to time for the Service Provider, on behalf of the Service Recipient, to respond to inquiries made by customers or government authorities about Service Recipient's financial statements and tax filings, including providing support for audits. In this event, the Service Provider will contact the Service Recipient and agree on an appropriate course of action and response. To the extent that Service Provider's resources are to be used to respond to the inquiries, after the TSA ends, the Service Provider will be entitled to invoice the Service Recipient at the following rates per hour provided if assistance is needed under this section after 2012, the parties will renegotiate such rates in good faith;
 - a. Clerical — US\$ Cost plus 2% - 10%
 - b. Professional — US\$ Cost plus 2% - 10%
 - c. Management — US\$ Cost plus 2% - 10%
2. At the termination of this agreement, the Service Recipient will provide the necessary support at its own expense to transfer data to its own systems. The Service Provider will agree to provide training to the Service Recipient's employees on the Service Provider's premises or via conference call / web ex prior to the termination of the agreement. The Service Provider will not be required to send any of its employees to any other Service Recipient location.
3. In the event of 3rd party claims against the Service Recipient which are unrelated to this agreement, the Service Recipient agrees to indemnify the Service Provider for any costs that the Service Provider may incur in the event that the 3rd party elects to also claim damages against the Service Provider because of their relationship with the Service Recipient. The Service Recipient also agrees to defend the Service Provider at its sole cost to the extent permitted to do so under Chinese Law.

**BILLING LOCATION
NOTICES**

All correspondence with respect to this agreement should be sent to the Service Owners listed above with copies to the following;

Service Provider — Dan Kelly
1133 Westchester Avenue
Suite 2000
White Plains, NY 10605

Service Recipient — Joanne Scalard
1133 Westchester Ave
Suite 3000
White Plains, NY 10605

NOTICE REQUIREMENTS

No.	Third Party Provider	Prior Notice Requirement to Terminate Service

PRICING & PAYMENT TERMS

1. The hourly fixed charge for testing services provided under this TSA
 - a. Specified by model as described in the attached table
 - b. The hourly rate has an escalation as described in the table
2. The hourly fixed charge for painting services provided under this TSA
 - a. Specified by model as described in the attached table
 - b. The hourly rate has an escalation as described in the table
3. Refer to the attached MS-Excel pricing document for the pricing details
4. All Invoices are payable in Chinese Yuan (RMB).
5. Invoices will be prepared monthly and mailed to the service recipient via email or regular mail.
6. The 1st invoice will be dated on the last day of the financial closing in November 2011
7. Invoice payment terms are net 30 days from invoice date.
8. Subsequent invoices will follow every 30 days as long as there is activity. If Service Recipient don't use any testing services in any given month, Service Provider doesn't have to provide an invoice.

Performance test routing time for IP products

Model	Need hoisting machine outside, 1 work day per unit	Total time (Hrs)	TSA Rate 2011 (USD/hr)	TSA Testing Price (USD)	S&H Rate	Final TSA Price (USD) 2011	TSA Rate 2012 (USD/hr)	TSA Testing Price (USD)	S&H Rate	Final TSA Price (USD) 2012	TSA Rate 2013 (USD/hr)	TSA Testing Price (USD)	S&H Rate	Final TSA Price (USD) 2012
	No	1.67	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%
		1.67	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%
		1.67	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%
	No	1.87	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%
		1.87	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%
		1.87	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%
	No	1.87	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%
		1.87	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%
		1.87	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%
	No	2.07	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%
		2.07	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%
		2.07	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%
	No	2.07	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%
		2.07	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%
		2.07	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%
	NO	4.67	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%
	No	4.67	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%
	yes, when the length from bowl bottom to up discharge head is over 5.5m	7.87	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%	Cost plus 2% - 10%

Note:

- Hydro-test by IP supplier and seal test by IP operators so the list
- The test cost is only for performance test not including noise .
- Special flushing pipe of outside should be assembled by IP
- For big VIT pumps, need large equipment and needs outsourcing. To be considered case by case

**SCHEDULE BA8
SERVICES TSA SCHEDULE FOR
CHIHUAHUA
SERVICE OWNER**

All service matters and general inquiries regarding this service should be directed to:

Name	Title	Phone	e-mail
Service Provider Kacy Litzy	VP Director Global Operations	(661) 714 6295	Kacy.litzy@xyleminc.com
Service Recipient Alan Gilden	Valencia Director of Operations	(661) 295 4003	Alan.gilden@itt.com

PARTIES TO THE AGREEMENT

1. **Service Provider** — Flow Control LLC
2. **Service Recipient** — Aerospace Controls LLC

GENERAL SERVICE DESCRIPTION

1. Pass through of American Industries shelter plan expenses
2. IT Services
3. Environmental Health and Safety Services

TERM AND OPTION

1. Minimum Service Period — 6 months — Commencing on the Distribution Date
2. The Monthly Costs are set forth below under Pricing & Payment Terms. The Service Recipient and Service Provider agree that, except as set forth in this Services TSA Schedule for Chihuahua (“this TSA”) no additional 2%, 10% or 4.5% increase in such pricing should be applied as set forth in Section 2(a)(i) of the Agreement.
3. Service Recipient shall have the option to renew at 1.15 times the monthly fixed charge as noted below for an additional 3 months if written notice is provided 60 days prior to the end of the Minimum Service Period. Service Recipient will have the option to terminate this agreement at any time, with no additional make-whole fee as required by Section 11(b) of the Agreement with 1 months advance written notice to the Service Provider

SERVICES TO BE PROVIDED

1. Pass through of American Industries (the Shelter Plan Company) expenses including but not limited to the following:
 - a. Manage relationships with all Mexico government agencies
 - b. Human Resources
 - i. Recruit, selection and hiring of required personnel
 - ii. Labor administration
 1. Employee contracts
 2. Employee badge administration
 3. Compensation package
 4. Promotion policies & employee transfers
 5. Maintain employee records
 6. Employee conflict resolution
 7. Manage relationship with Labor Board
 8. Instruct personnel supervisors
 9. Develop and manage collective work agreement
 10. Ensure compliance with labor laws
 11. Negotiate with labor union
 12. Xpat support and administration
 - iii. Conduct required personnel training
 - iv. Payroll Services
 1. Collect weekly payroll and timekeeping data
 2. Gather supervisor approvals
 3. Process payroll
 4. Input of new hires into payroll system
 5. Process employee terminations
 6. Manage savings fund program
 7. Administer food coupons
 8. Make required payroll tax payments
 9. Provide cost per hour reports on line
 10. Timely payments to employees
 11. Maintain payroll and HR software
 - v. Employee retention programs
 1. Administer all employee retention programs (cafeteria, social security, medical, loans, day care etc)
 - vi. Infirmary Coordination
 1. Manage dispensary services
 2. Manage disability cases
 3. Maintain medical records
 4. Inspect cafeteria services
 - vii. General Services
 1. Hire and manage cafeteria services

2. Hire and manage transportation services
 3. Control access to facility through time and attendance system
 4. Address maintenance and cleanliness concerns
 5. Address any employee related issues with government agencies
- c. **Procurement, Accounting and Fiscal**
- i. Payment of all required Mexico corporate taxes
 - ii. Payment of all required payroll taxes
 - iii. Calculation and administration of employee profit sharing program
 - iv. Maintain fixed asset records
 - v. Process accounts payables (MR0) invoices on a timely basis and pay suppliers
 - vi. Obtain bids and proposals from suppliers and evaluate in a timely manner
 - vii. Manage vendor relationships
 - viii. Issue Purchase Orders to suppliers
 - ix. Track open purchase orders
 - x. Obtain required invoice approvals
 - xi. Code vendor invoices to proper account numbers
 - xii. Process and administrate employee travel expenses
 - xiii. Provide budget and actual spending reports
 - xiv. Maintain relationship with banks and bank account administration
 - xv. Prepare Shelter plan invoices that are sent to the service provider and pro rate expenses if necessary between the service provider and the service recipient
 - xvi. Resolve issues with government auditors
 - xvii. Keep required backup for statutory and audit purposes
 - xviii. Prepare required statutory financial statements and file on a timely basis
 - xix. Maintain general ledger software
- d. **Freight forwarding activities**
- i. **Southbound**
 1. Receive and unload goods in port of entry
 2. Verify identification data
 3. Prepare wrap and weigh pallets
 4. Forward documentation to Mexico customs broker
 5. Prepare detailed reports on quantity of bundles on each truck
 6. Ensure efficient customs clearance
 - ii. **Northbound**
 1. Coordinate with service recipient for disposal of waste material returned from Mexico
- e. **Import and Export**
- i-Exports
 1. Process pro forma invoice, packing list, pedimento
 2. Review above for accuracy
 3. Dispatch truck
 4. Traffic (Follow of the truck)
 5. Invoice review for carriers and Customs brokerage
 6. Payment requisitions for services
 - ii-Imports
 1. Review list of goods
 2. Classify merchandise

3. Coordinate with counterpart broker
 4. Process pro forma invoice, packing list, pedimento
 5. Review above for accuracy
 6. Dispatch truck
- iii. Other Shipments (Valencia)
1. Review list of goods
 2. Classify merchandise
 3. Input parts and data to SOE system
 4. Coordinate with counterpart broker
 5. Process pro forma invoice, packing list, pedimento
 6. Review above for accuracy
 7. Dispatch truck
- iv. Virtual imports exports
1. Review list of goods
 2. Classify merchandise
 3. Input parts and data to SOE system
 4. Coordinate with counterpart broker
 5. Process pro forma invoice, packing list, pedimento
 6. Review above for accuracy
 7. Dispatch truck
- v. In cases of customs inspection, coordinate with inspector for clearance of goods
- vi. Tracking of open and close Pedimentos
- vii. Process complimentary Pedimentos to pay duties
- viii. Prepare paperwork required to comply with Anexo 24
- ix. Import / export record keeping
- b. Provide support for classification of merchandise for US & Mexico customs purposes
- c. Review import export shipment information for accuracy
- d. Coordinate shipments and carriers to Service Recipient factories/customers in Mexico
- e. Coordinate virtual import/exports
- i. Coordinate with counterpart broker
 - ii. Review documentation for accuracy
 - iii. Agree with data to be submitted
- f. Coordination of customs shipment inspection activities to ensure timely resolution and clearance of goods
- g. Record keeping
- i. Ensure customs related documents are filed on a timely basis
- ii. Assure easy access to customs documentation when needed
- h. Coordinate with broker to ensure timely opening and closing of Mexican Pedimentos
- i. Ensure Mexican Pedimento duties are paid on a timely basis
- j. Maintain relationship with the Mexico Secretary of the Economy. Provide information as required.
- k. Insure timely compliance with Anexo 24

- l. Completion and filing of annual report of Foreign Business Transactions**
- m. Process and file amendment applications for the Maquila Program**
- n. Provide information to the tax authorities as required or requested**
- o. Support D&T audits of customs activities**
 - i. Attend meetings**
 - ii. Provide information**
 - iii. Maintain control over audits**
 - p. Support customs audits**
 - i. Attend meetings**
 - ii. Provide information & review audit findings and comments**

Note: For a complete list of pass through services to be provided by the service provider to the service recipient please refer to the service provider's contract with the Shelter Plan Provider- Scope of Shelter Services section of the contract

- 2. IT Services**
 - a. Technical on site support for PC's, software and services as requested by Service Recipient**
- 3. Environment Health and Safety Services (EH&S)**
 - a. Water Management services**
 - b. Reporting to government agencies in a timely and accurate manner**
 - c. Obtain required permits**
 - d. Chemical handling process**
 - e. Sale of scrap handling**
 - f. Ensure compliance with statutory legislation**

LOCATIONS

1. Flow Control Chihuahua Mexico facility located at the following address;

Av. Washington # 3701, Edificio 8
Parque Industrial las Americas
C.P. 31114
Chihuahua, Chihuahua. Mexico 31200

PREREQUISITES/DEPENDENCIES

1. The service provider will enter into a new shelter plan agreement with American Industries (the Shelter Plan Company) prior to the Distribution Date
2. Service Recipient will sign all required EHS filings, permits etc. NO POA will be provided to the Service Provider
3. Service Recipient is precluded from hiring Service Provider's employees that provide the services under this TSA for the duration of this TSA plus for an additional one year after the TSA is terminated.
4. At the expiration of this agreement, the Service Provider may hire any of the Service Recipient's shelter plan (American Industries) employees, if it chooses to do so.
5. The Service Provider's IT department will be allowed access to service recipient's designated areas as per the floor plan that forms a part of the Chihuahua facility rental TSA for purposes of providing the services that are included in this agreement. The Service Provider's IT department will have the right to access the Service Recipient's IT data in order to provide the services that are included in this agreement
6. To the extent that the Shelter Plan Company does not fulfill its obligations to the service provider under the terms of its agreement with the service provider, the service provider will have a reasonable period of time to prepare and to implement an alternative action plan to provide the services as described in this TSA. Both parties will make good faith efforts to cooperate with each other in the foregoing process and will mutually agree on the alternative approach with regard to the provision of services, due to the nonperformance of the Shelter Plan Company. The failure of the Shelter Plan Company to fulfill its obligations will not excuse the service provider from providing the services that are being passed through to the service recipient under the terms of this TSA.
7. Service recipient agrees to continue to pay any pass through expenses as per the Services To be Provided — Item 1 section of this agreement that may be presented for payment by the service provider after this agreement is terminated due to logistical or other issues, provided appropriate backup documentation is sent with the service provider invoice
8. To the extent that the Service Provider or the Shelter Plan Company terminates any of its employees who are providing services solely to the Service Recipient (and not supporting any other aspect of the Service Provider's business) under this TSA at the end of this agreement because of lack of work, the Service Recipient agrees to reimburse the Service Provider for any one time termination costs that are required to be paid as per government regulation or company policy.

TAX STATUS

1. Service Provider — Payments received under the terms of this agreement will be considered taxable income in the United States
2. Service Recipient — Payments made under the terms of this agreement will be tax

deductible in the United States

BILLING LOCATION

1. Flow Control LLC — Gloucester, Mass.USA

NOTICES

All correspondence with respect to this agreement should be sent to the Service Owners listed above with copies to the following:

1. Service Provider — Dan Kelly
1133 Westchester Avenue, Suite 2000
White Plains, NY 10605
2. Service Recipient — Alan Gilden
28150 Industry Drive
Valencia, Ca. 91355

NOTICE REQUIREMENTS

No.	Third Party Provider	Prior Notice Requirement to Terminate Service
	American Industries	See Term and Option above

PRICING & PAYMENT TERMS

1. American Industries (the Shelter Plan Company) pass through expenses
 - a. Service Provider will invoice Service Recipient once a month immediately following receipt of invoices from the Shelter Plan Company and obtaining timely invoice approval from both the service provider and service recipient Mexico General Managers. The monthly invoice from the service provider will be accompanied by all of the Shelter Plan Company invoices as substantiation for the invoice. All invoices will be payable in US Dollars.
 - b. There will be no changes to proration percentages used by the Shelter Plan Company to allocate pass through expenses between the service provider and service recipient during term of this agreement. The proration percentages used by the Shelter Plan Company immediately prior to the Distribution Date will be used for the term of this agreement.
 - c. The Service Recipient's Mexico General Manager agrees that invoice approval must be completed within 5 days of receipt of the invoices from the Service Provider or reasons for non approval disclosed to the Service Provider.
 2. IT Services, as defined in this agreement, will be charged on a time and materials basis. Materials will be charged at Service Provider's cost and required labor will be charged at a rate of Cost plus 2% - 10% per hour, payable in US Dollars. Invoices will be prepared monthly. Copies of vendor invoices will be attached to the invoice to support the materials charges and timesheets showing the number of hours and dates worked by person will be attached to support labor charges
 3. EH&S Services, as defined in this agreement, will be charged on a time and materials basis. Materials (example — permit fees) will be charged at Service Provider's cost and required labor will be charged at a rate of Cost plus 2% - 10% per hour, payable in US Dollars. Invoices will be prepared monthly. Copies of vendor invoices will be attached to the invoice to support the materials charges and timesheets showing the number of hours and dates worked by person will be attached to support labor charges
 4. Invoices as per items 1-3 above and the associated backup will be physically mailed in one package once a month by the service provider to the service recipient.
 5. There will be no additional backup attached to these invoices for items 1 and 2 above. For item 3 copies of vendor invoices will be attached to the invoice to support the materials charges and timesheets showing the number of hours and dates worked by person will be attached to support labor charges
 6. Sales taxes will be charged if required by USA state law
 7. Invoice payment terms are net 30 days from invoice date.
 8. Payments over 10 days late will be charged interest at a rate of 10% per annum
 9. Exit costs as well as costs incurred to respond to inquiries by the authorities by the Service Provider on behalf of the Service Recipient which occur after this agreement has been terminated will be invoiced & billed by the Service Provider as soon as practicable with appropriate backup documentation.
-

**SCHEDULE BA9
BASIC TIME AND MATERIALS SUPPORT**

Capitalized terms used herein and not otherwise defined shall have the meaning assigned to such term in the Agreement. The Services provided hereunder are subject in all respects to the terms and conditions of the Agreement, except where expressly noted.

SERVICE OWNER

All service matters, general inquiries and notices regarding this Service should be directed to:

Name	Title	Phone	e-mail
Service Provider's Contact			
Xylem Inc.			
Tim Coogan	TSA Manager	(914) 323-5790	Tim.Coogan@xyleminc.com
Linda Lynch	Director, FSS	(315) 239-2371	Linda.lynch@xyleminc.com
Service Receiver's Contact			
ITT Corporation			
Daryl Bowker	TSA Manager	(315) 568-7676	Daryl.bowker@itt.com

PARTIES TO THE AGREEMENT

Service Provider: Xylem Inc.

Service Receiver: ITT Corporation

GENERAL SERVICE DESCRIPTION

Service Receiver may need assistance after the Distribution Date from the Service Provider for miscellaneous services, including but not limited to consulting, advisory, knowledge transfer and other similar services in various areas including, but not limited to finance, tax, accounting,

insurance, treasury, human resources and communications, which are not already provided for under all of the other TSAs between ITT Corporation, Xylem Inc., and Exelis Inc.

The Service Provider hereby agrees to cause its and its affiliates employees (collectively, "Experts") to provide a reasonable amount of services, including specifically the services listed in Annex A, upon reasonable notice and request from the Service Receiver on a time and materials basis from the Distribution Date through April 30, 2013 (the "Minimum Term" and the "Maximum Term").

To utilize this TSA Schedule, employees of Service Receiver should request such services via email or telephonically where both parties have a clear expectation of the estimated number of hours of assistance being requested. For projects that are expected to require more than 5 to 10 hours of assistance a one or two paragraph project plan should be agreed to in order to avoid misunderstandings. The project plan should be put together by the Service Provider's "Expert" with respect to the requested services.

Employees of Service Receiver should advise their TSA manager that a request for services has been made together with a description of such services requested and the estimated number of hours requested.

The "Expert" should advise their TSA manager that a request for services has been made and the estimated number of hours requested.

SCOPE OF SERVICES

The scope of services will depend on the needs of the Service Recipient and the capabilities and availability of the Experts.

LOCATIONS

All locations around the world.

PREREQUISITES/DEPENDENCIES

The Experts remain employees of Service Provider. Service Receivers acknowledge and agree that Service Provider has discretion to terminate the Experts and the Experts have the ability to terminate their employment with Service Provider. In the event the Experts are no longer employed by Service Provider, Service Provider will, at the request of the Service Receiver, use commercially reasonable efforts to provide similar services. However, if Service Receivers or an affiliate employ any of the Experts, the specific service requested under this Schedule can be terminated by the Service Provider, at the Service Provider's sole discretion on 5 business days notice to the Service Receiver.

TAX STATUS

Sales tax will be charged as determined by the Service Provider and the Service Receiver shall pay such tax along with the payment for the service provided.

BILLING LOCATION

Service Provider will provide Service Receiver with an invoice to its address set forth below under Notice Requirements, except in cases where services are provided outside of the United States, in which case invoices will be created by the Service Provider's legal entity in the country where the services are being performed and invoiced to the Service Receiver's legal entity that requested the services in the Service Provider's local currency. The bill will cover all charges for services under this Schedule from Service Provider and, to the extent reasonably feasible, will be itemized among Service Receiver's legal entities if identified by the Service Receiver when requesting the service. The invoice will contain the number of hours each Expert worked, a short paragraph describing the services and the US dollar amount per Expert.

The Experts shall track their time on either a time sheet or any other proper method such as the utilizing the time sheet attached hereto and Service Provider agrees that the time sheets will accompany the invoice that is sent to the Service Recipient for payment. In cases where the requested services are expected to take longer than 30 days to complete, the Service Provider will be allowed to invoice the Service Receiver once per month for all costs incurred to date.

NOTICE REQUIREMENTS

No notice of Termination is required under this Schedule and there shall be no make-whole fee under this Schedule

Notices and bills to the Service Provider should be sent to:

Xylem Inc.
1133 Westchester Avenue
Suite 2000
White Plains, NY 10604
Attention: Tim Coogan

Notices and bills to the Service Receiver should be sent to:

ITT Corporation
240 Fall Street
Seneca Falls, NY 13148
Attention: Daryl R. Bowker

PRICING

In addition to the costs specifically set forth below, Service Receivers shall also pay all business travel expenses relating to the Services in accordance with Service Providers documented travel policies and any incremental out of pocket costs incurred by the Service Provider in order to provide the requested services that are invoiced by unaffiliated 3rd parties. Service Provider agrees to provide vendor invoices as backup to the Service Receiver when invoicing the Service Receiver under the terms of this TSA.

The hourly rates below include a 4.5% increase for inflation and the 2% profit margin and shall be applicable in 2011 and 2012. The rates shall increase by 4.5% in 2013. There shall be no make whole fee due under Section 11 of the Agreement upon early termination of this TSA.

<u>Service</u>	<u>Hourly Rate*</u>
Hourly Rate Administrative/Secretarial.	\$50 per hour
Hourly Rate for a Non Executive	\$100 per hour
Hourly Rate for an Executive	\$150 per hour

* Note: In cases where invoicing is done outside the United States, the above rates should be converted to local currency based on the exchange rate on the date the invoice is prepared.

The pricing for the services described in Annex A will be as set forth in Annex A unless no pricing is provided in which case if services are provided on an hourly basis the rates above will apply.

Annex A

Annex A-1

Employee, Month and Approx Percent of Time	Description of Service and Prerequisites	Approx Hours*	Hourly Rate
System Access Required: Infinium G/L & HFM			
November, 2011 (50%)	Oversee Staff Activities for October month end close	80	\$ Cost plus 2% - 10%
	Perform / Review Month End Analysis		
	Perform / Review Journal Entries		
	Perform / Review Account Reconciliations		
	Oversee HQ Domestic Intercompany Clearing Process		
	Coordinate & Reconcile HQ Legal Org. Entries		
	Assist with D&T Audit Requests		
	Assist with E&Y Opening Balance Sheet Adjustment Requests		
December, 2011(25%)	Oversee HQ Domestic Intercompany Clearing Process	50	\$ Cost plus 2% - 10%
	Coordinate & Reconcile HQ Legal Org. Entries		
	Assist with D&T Audit Requests		
	Assist with E&Y Opening Balance Sheet Adjustment Requests		
System Access Required: Infinium G/L & HFM			
November, 2011 (50%)	Perform Month End Analysis	80	\$ Cost plus 2% - 10%
	Perform Journal Entries		
	Perform Account Reconciliations		
	Reconcile HQ Legal Org. Entries		
	Assist with D&T Audit Requests		
	Assist with E&Y Opening Balance Sheet Adjustment Requests		
System Access Required: Infinium G/L			
November, 2011 (25%)	Perform Month End Analysis	40	\$ Cost plus 2% - 10%
	Perform Journal Entries		
	Perform Account Reconciliations		
	Total	250	

* Approx hours are a guideline. The employees will spend as much time as they are able supporting ITT so long as it does not unduly burden or interfere with Service Provider's business and operations.

Management Reporting (HFM/Planning) Post Separation Support Requirements

Following the separation of ITT into 3 companies, key management reporting resources will be required to provide post separation support and knowledge transfer between the NewCos. High level areas of support and knowledge transfer include:

- Month-end close
- Year-end close
- New Year setup and rollforward
- OpPlan, Forecast, and Budget
- Metadata Management
- Ledger Mapping
- Break/Fix Support

Listed below are the key HFM and Planning resources whose post separation support will be required during the period 11/1/2011 through the 2012 March Close (approximately 4/20/2012).

Resource	Future NewCo	Executive	November			December			January			February			March			April		
			ITTCo	Xylem	Exelis	ITTCo	Xylem	Exelis	ITTCo	Xylem	Exelis	ITTCo	Xylem	Exelis	ITTCo	Xylem	Exelis	ITTCo	Xylem	Exelis
ITTCo	No	n/a	48	48	48	n/a	48	24	n/a	48	24	n/a	36	12	n/a	36	12	n/a	12	12
Xylem	No	48	n/a	48	48	24	n/a	24	24	n/a	24	12	n/a	12	12	n/a	12	12	n/a	12
Exelis	No	48	48	n/a	n/a	24	24	n/a	24	24	n/a	12	12	n/a	12	12	n/a	12	12	n/a
ITTCo	No	n/a	48	0	0	n/a	24	0	n/a	24	0	n/a	12	0	n/a	12	0	n/a	12	0
ITTCo	Yes	n/a	48	48	48	n/a	24	24	n/a	24	24	n/a	12	12	n/a	12	12	n/a	12	12
Xylem	No	48	n/a	48	48	24	n/a	24	24	n/a	24	12	n/a	12	12	n/a	12	12	n/a	12

Service Provider Owners and Service Receiver Owners are set forth under "Service Owner" above

Annex A-3
HR Services in Australia

Service Provider: ITT Water & Wastewater Australia Limited

Service Provider Owner:
Gary Jollow, Director Human Resources Asia Pacific
Unit 2, 2 Capicure Drive
Eastern Creek NSW 2766
P: +61 2 9832 6381
F: +61 2 9832 6480
E: gary.jollow@itt.com

Service Receiver: ITT Corporation
Service Receiver Owner: Donna Luning
1133 Westchester Avenue
White Plains, NY 10604
914-584-0073
Donna.Luning@itt.com

Description of Services

Service Provider will continue to employ ("Employee") through December 31, 2011 ("end date"), provided however, that nothing contained herein shall prevent Service Provider from terminating Employee's employment "for cause" at Service Provider's discretion. Service Provider will continue to provide similar services to Employee as provided during the 12 month period prior to the Distribution Date, including but not limited to paying and processing Employee's payroll and providing the same set of benefits (medical, dental etc).

Service Receiver shall pay any and all costs associated with Employee's employment, including but not limited to wages, benefits, leave liabilities and taxes. In the event of a termination of employment, Service Receiver shall pay all associated costs with such severance. Service Receiver acknowledges that at the end date, the employee's employment will be terminated. This TSA may be terminated early by providing 5 business days prior notice. There shall be no penalty if Service Receiver exits this TSA earlier than the stated end date.

Service Receiver hereby expressly agrees to indemnify Service Provider for any liabilities, damages, costs, expenses, settlement amounts, duties, or fines, including court costs and reasonable attorney fees, arising from Service Provider providing the services under this Annex A-3 to the Service Receiver; provided, however, that Service Provider shall not be entitled to be indemnified for any such liabilities, damages, costs, expenses, settlement amounts, duties, or fines, including court costs and reasonable attorney fees arising as a result of Service Provider's negligence or willful misconduct in providing the services under this Annex A-3.

**SCHEDULE BC1
UK BENEFITS SUPPORT**

Capitalized terms used herein and not otherwise defined shall have the meaning assigned to such term in the Agreement. The Services provided hereunder are subject in all respects to the terms and conditions of the Agreement, except where expressly noted.

SERVICE OWNER

All service matters and general inquiries regarding this Service should be directed to:

Name	Title	Phone	e-mail
Service Provider's Contact			
Barbara West	UK Benefits Manager	44- 1256-311-801	barbara.west@xyleminc.com
Service Recipient's Contact			
Caroline Hunt	Senior Benefits Manager	(260) 451-6063	Caroline.hunt@exelis.com

PARTIES TO THE AGREEMENT

Service Provider: Water Process Ltd

Service Receivers: collectively, ITT Defense, Ltd and EDO MBM Technology Ltd.

GENERAL SERVICE DESCRIPTION

Service Receivers have two business locations in England — Brighton and Basingstoke. Benefits for Service Receivers in England have been managed pre-spin by Service Provider based in Basingstoke. Service Receivers need assistance from Barbara West and/or Linda Frawley (collectively, the "Experts") on a time and materials basis to provide services similar to those provided to the Service Receivers during the 12 month period prior to October 1, 2011, including continuity of Benefits Administration, training and advice for 18 months ("Minimum Term"), but not longer than 24 months from the date hereof ("Maximum Term").

SCOPE OF SERVICES

The following services will be provided on a time and materials basis by the Experts.

- Completion of Harmonization of Benefits for Service Receivers' Brighton location
- Launch Flexible Benefits Package for Service Receivers' Brighton and Basingstoke locations including administration, communications, etc.
- Assistance in establishing Service Receivers' policy for enrollment in Private Medical
- Assistance with establishing, implementing and administering a share incentive plan for the Service Receivers.
- Assistance with the administration and preparation for cessation of Service Receivers' Defined Benefit Plan (General Pension Plan) and movement to a Defined Contribution Plan (ITT Retirement Savings Plan)
- Provide guidance in negotiating premiums with various Benefit Brokers to include interfacing with appropriate Benefits Vendors on behalf of Service Receivers, but not executing agreements on Service Receivers' behalf.
- Facilitate the transition of the Benefits Vendor relationship to designated Service Receivers' HR Benefits Manager
- Facilitate the transition of the daily benefit activities to the HR staff of both Service Receivers in Basingstoke, UK and Brighton, UK
- Provide guidance on applicable British Laws versus Benefits provided, but not legal advice.
- All communications initially prepared by the Experts to Service Receivers' employees will be reviewed by the Service Receiver's Sr. Manager of Benefits and Service Receivers' Vice President, Human Resources, or such other person as may be designated by Service Receivers
- The Experts will provide employees designated by the Service Receivers with monthly status reports. The Experts will work under a schedule mutually agreed to prior to October 1, 2011 which will average approximately eight (8) hours per week during the first three (3) to six (6) months and then two (2) to four (4) hours thereafter. The Experts will utilize their current office and equipment at Service Provider, Basingstoke, England, unless Service Provider moves such employees, at its discretion.
- Such other services as the Experts have provided to ITT Corporation's Defense business during the twelve (12) month period prior to October 1, 2011 and requested by Service Receiver, which shall not include legal or tax advice or the execution of any documentation for any governmental authority.

LOCATIONS

Basingstoke, UK

Brighton, UK

PREREQUISITES/DEPENDENCIES

The Experts remain employees of Service Provider. Service Receivers acknowledge and agree that Service Provider has discretion to terminate the Experts and the Experts have the ability to terminate their employment with Service Provider. In the event the Experts are no longer employed by Service Provider, Service Provider's then current benefit manager will, at the request of the Service Receivers, provide similar services at an agreed to hourly rate, based on such benefit manager's all in cost to the Service Provider (total compensation plus allocated overhead). However, if Service Receivers or an affiliate employ any of the Experts, this Schedule can be terminated by the Service Provider, at the Service Provider's sole discretion on 5 business days notice to the Service Receiver. In the event the Experts are no longer employed by Service Provider or no longer capable of providing services due to disability, and the Experts are not replaced by another benefits leader, this Schedule shall terminate with no further obligations of either party.

The Service Receivers' human resources department shall cooperate with the Experts as the Experts provide service under this Schedule.

TAX STATUS

VAT will be charged as determined by the Service Provider

BILLING LOCATION

Service Provider will provide ITT Defense, Ltd. with an invoice to its address set forth above. The bill will cover all charges for services under this Schedule from Service Provider to both Service Receivers and, to the extent reasonably feasible, will be itemized between the two Service Receivers. The invoice will contain the number of hours each Expert worked, a short paragraph describing the services and the British Pound amount per Expert.

SERVICE LEVEL

To the extent necessary data is available after the date hereof, the Experts will provide the same service level to the Service Receiver as they provide to their employer.

NOTICE REQUIREMENTS

Service Receiver shall notify Service Provider at least 90 days in advance of the Minimum Term if it wants to extend or terminate this Schedule, but such extension shall not be for longer than the Maximum Term. If notification is not received by the Service Provider, the service will terminate at the end of the Minimum Term. There shall be no make-whole fee in the event of an early termination under this Schedule.

Notices to the Service Provider should be sent to
Water Process Ltd, Jays Close,
Viabes Estate, Basingstoke, Hampshire RG22 4BA
Attention: Barbara West

Notices to the Service Receiver should be sent to
ITT Defense, Ltd and EDO MBM Technology Ltd.
C/O Exelis Inc.
1919 W Cook Rd
Fort Wayne, Indiana 46818
Attention: Caroline Hunt

PRICING

In addition to the costs specifically set forth below, Service Receivers shall also pay all business travel expenses relating to the Services.

The hourly rates below include a 4.5% increase each year for inflation and a 2% increase for a profit margin. In the event the service continues past the Minimum Term, the rate will increase by 8%

<u>Service</u>	<u>Hourly Rate</u>
Hourly Rate for Ms. West.	Cost plus 2% - 10% during 2011
	Cost plus 2% - 10% during 2012
	Cost plus 2% - 10% during 2013
Hourly Rate for Ms. Frawley	Cost plus 2% - 10% during 2011
	Cost plus 2% - 10% during 2012
	Cost plus 2% - 10% during 2013

**SCHEDULE BC2
BASIC TIME AND MATERIALS SUPPORT**

Capitalized terms used herein and not otherwise defined shall have the meaning assigned to such term in the Agreement. The Services provided hereunder are subject in all respects to the terms and conditions of the Agreement, except where expressly noted.

SERVICE OWNER

All service matters, general inquiries and notices regarding this Service should be directed to:

Name	Title	Phone	e-mail
Service Provider's Contact			
Xylem Inc. Tim Coogan	TSA Manager	(914) 323-5790	Tim.Coogan@xyleminc.com
Linda Lynch	Director, Financial Shared Services	(315) 239-2371	Linda.Lynch@xyleminc.com
Service Receiver's Contact			
Exelis Inc. Joe Daniel	TSA Manager	(703) 790-6309	Joe.daniel@exelisinc.com

PARTIES TO THE AGREEMENT

Service Provider: Xylem Inc.

Service Receiver: Exelis Inc.

GENERAL SERVICE DESCRIPTION

Service Receiver may need assistance after the Distribution Date from the Service Provider for miscellaneous services, including but not limited to consulting, advisory, knowledge transfer and other similar services in various areas including, but not limited to finance, tax, accounting,

insurance, treasury, human resources and communications, which are not already provided for under all of the other TSAs between ITT Corporation, Xylem Inc., and Exelis Inc.

The Service Provider hereby agrees to cause its and its affiliates employees (collectively, "Experts") to provide a reasonable amount of services, including specifically the services listed in Annex A, upon reasonable notice and request from the Service Receiver on a time and materials basis from the Distribution Date through April 30, 2013 (the "Minimum Term" and the "Maximum Term").

To utilize this TSA Schedule, employees of Service Receiver should request such services via email or telephonically where both parties have a clear expectation of the estimated number of hours of assistance being requested. For projects that are expected to require more than 5 to 10 hours of assistance a one or two paragraph project plan should be agreed to in order to avoid misunderstandings. The project plan should be put together by the Service Provider's "Expert" with respect to the requested services.

Employees of Service Receiver should advise their TSA manager that a request for services has been made together with a description of such services requested and the estimated number of hours requested.

The "Expert" should advise their TSA manager that a request for services has been made and the estimated number of hours requested.

SCOPE OF SERVICES

The scope of services will depend on the needs of the Service Recipient and the capabilities and availability of the Experts.

LOCATIONS

All locations around the world

PREREQUISITES/DEPENDENCIES

The Experts remain employees of Service Provider. Service Receivers acknowledge and agree that Service Provider has discretion to terminate the Experts and the Experts have the ability to terminate their employment with Service Provider. In the event the Experts are no longer employed by Service Provider, Service Provider will, at the request of the Service Receiver, use commercially reasonable efforts to provide similar services. However, if Service Receivers or an affiliate employ any of the Experts, the specific service requested under this Schedule can be terminated by the Service Provider, at the Service Provider's sole discretion on 5 business days notice to the Service Receiver.

TAX STATUS

Sales tax will be charged as determined by the Service Provider and the Service Receiver shall pay such tax along with the payment for the service provided.

BILLING LOCATION

Service Provider will provide Service Receiver with an invoice to its address set forth below under Notice Requirements, except in cases where services are provided outside of the United States, in which case invoices will be created by the Service Provider's legal entity in the country where the services are being performed and invoiced to the Service Receiver's legal entity that requested the services in the Service Provider's local currency. The bill will cover all charges for services under this Schedule from Service Provider and, to the extent reasonably feasible, will be itemized among Service Receiver's legal entities if identified by the Service Receiver when requesting the service. The invoice will contain the number of hours each Expert worked, a short paragraph describing the services and the US dollar amount per Expert.

The Experts shall track their time on either a time sheet or any other proper method such as the utilizing the time sheet attached hereto and Service Provider agrees that the time sheets will accompany the invoice that is sent to the Service Recipient for payment. In cases where the requested services are expected to take longer than 30 days to complete, the Service Provider will be allowed to invoice the Service Receiver once per month for all costs incurred to date.

NOTICE REQUIREMENTS

No notice of Termination is required under this Schedule and there shall be no make-whole fee under this Schedule

Notices and bills to the Service Provider should be sent to:

Xylem Inc.
1133 Westchester Avenue
Suite 2000
White Plains, NY 10604
Attention: Tim Coogan

Notices and bills to the Service Receiver should be sent to:

Exelis Inc.
1650 Tysons Boulevard
Suite 1700
McLean, VA 22102
Attention: Joe Daniel

PRICING

In addition to the costs specifically set forth below, Service Receivers shall also pay all business travel expenses relating to the Services in accordance with Service Providers documented travel policies and any incremental out of pocket costs incurred by the Service Provider in order to provide the requested services that are invoiced by unaffiliated 3rd parties. Service Provider agrees to provide vendor invoices as backup to the Service Receiver when invoicing the Service Receiver under the terms of this TSA.

The hourly rates below include a 4.5% increase for inflation and the 2% profit margin and shall be applicable in 2011 and 2012. The rates shall increase by 4.5% in 2013. There shall be no make whole fee due under Section 11 of the Agreement upon early termination of this TSA.

Service	Hourly Rate*
Hourly Rate Administrative/Secretarial.	\$50 per hour
Hourly Rate for a Non Executive	\$100 per hour
Hourly Rate for an Executive	\$150 per hour

* Note: In cases where invoicing is done outside the United States, the above rates should be converted to local currency based on the exchange rate on the date the invoice is prepared.

The pricing for the services described in Annex A will be as set forth in Annex A unless no pricing is provided in which case if services are provided on an hourly basis the rates above will apply.

Annex A

Annex A-1

Management Reporting (HFM/Planning) Post Separation Support Requirements

Following the separation of ITT into 3 companies, key management reporting resources will be required to provide post separation support and knowledge transfer between the NewCos. High level areas of support and knowledge transfer include:

- Month-end close
- Year-end close
- New Year setup and rollforward
- OpPlan, Forecast, and Budget
- Metadata Management
- Ledger Mapping
- Break/Fix Support

Listed below are the key HFM and Planning resources whose post separation support will be required during the period 11/1/2011 through the 2012 March Close (approximately 4/20/2012).

Resource	Future NewCo	Executive	November			December			January			February			March			April		
			ITTCo	Xylem	Exelis	ITTCo	Xylem	Exelis	ITTCo	Xylem	Exelis	ITTCo	Xylem	Exelis	ITTCo	Xylem	Exelis	ITTCo	Xylem	Exelis
	ITTCo	No	n/a	48	48	n/a	48	24	n/a	48	24	n/a	36	12	n/a	36	12	n/a	12	12
	Xylem	No	48	n/a	48	24	n/a	24	24	n/a	24	n/a	12	n/a	12	12	n/a	12	12	n/a
	Exelis	No	48	48	n/a	24	24	n/a	24	24	n/a	12	12	n/a	12	12	n/a	12	12	n/a
	ITTCo	No	n/a	48	0	n/a	24	0	n/a	24	0	n/a	12	0	n/a	12	0	n/a	12	0
	ITTCo	Yes	n/a	48	48	n/a	24	24	n/a	24	24	n/a	12	12	n/a	12	12	n/a	12	12
	Xylem	No	48	n/a	48	24	n/a	24	24	n/a	24	12	n/a	12	12	n/a	12	12	12	n/a

Service Provider Owners and Service Receiver Owners are set forth under "Service Owner" above

Payroll Post Separation Support Requirements

Following the separation of ITT into 3 companies, a key payroll resource of Xylem will be required to provide post separation support and knowledge transfer to Exelis. High level areas of support and knowledge transfer include:

- Month-end close
- Year-end close
- ADP year-end balancing and W2 generation

Listed below is the key payroll resource whose post separation support will be required as indicated during the period 11/1/2011 through the 2011 year end close (approximately 1/31/12).

Estimated hours per month* allocated to post-spin payroll support:

	Nov-11	Dec-11	Jan-12
	20	20	40

* Amount shown is an "up to" amount of hours, the actual required amount may be less.

Service receiver must provide written notice of requested schedule. Service provider will respond within 48 hours as to the availability which shall not duly be withheld.

Annex A-3 Assistance with Legal Proceedings

Hyman Buchwald will provide assistance with certain legal proceedings involving Exelis.

**SCHEDULE BC3
SINGAPORE PERSONNEL SERVICES
SERVICE OWNER**

All service matters and general inquiries regarding this Service should be directed to:

Name	Title	Phone	e-mail
Service Provider's Contact			
Gary Jollow	HR Director Water and Wastewater Singapore	61 2 9832 6381	Gary.Jollow@xyleminc.com
Service Receiver's Contact			
Douglas Parks	Geospacial Systems, HR Director	571 203 7363	Douglas.Parks@exelisinc.com

PARTIES TO THE AGREEMENT

Service Provider: ITT Water and Wastewater Singapore PTE LTD

Service Receiver: Exelis Inc.

GENERAL SERVICE DESCRIPTION

ITT Water and Wastewater Singapore PTE LTD ("WWW"), entered into a Tenancy Agreement (the "Tenancy Agreement"), commencing on April 27th 2011 with ("Landlord") with respect to an apartment located at (the "Premises") for the benefit of employee and his family (collectively, the "Tenants") to be transferred to Service Receiver. The Service Receiver and Tenants desire to terminate the Tenancy Agreement effective as of November 20, 2011 (the "Termination Date") pursuant to an agreement between the Service Provider and the Landlord (the "Buy-out Agreement").

The negotiations of the Buy-out Agreement were led by the Service Receiver. Pursuant to the Buy-Out Agreement, the Service Provider agreed to pay the landlord a certain sum of money that would cover all known obligations of Service Provider to the Landlord (the "Buy-out Amount"). In addition, the Buy-out Agreement also provides that the Landlord is directed to pay the Deposit, as defined in the Tenancy Agreement, directly to the Service Receiver.

SCOPE OF SERVICES

Service Provider shall not do anything to disrupt or terminate the Tenancy Agreement prior to the Termination Date. Service Provider shall, within 30 days of receipt, deliver to the Service Receiver any and all amounts received from the Landlord with respect to the Premises.

Service Receiver shall indemnify and hold the Service Provider harmless for any and all actual costs or expenses incurred by Service Provider or paid by Service Provider to the Landlord in connection with the Premises, any remaining tax claims/issues associated with the sponsorship of or any claims may have with respect to his sponsorship by Service Provider or with respect to termination of his sponsorship by Service Provider. (the "Indemnified Amounts"). Service Receiver shall pay the Indemnified Amounts within 30 days of receipt of a notice describing the amount and reason Service Provider paid Landlord or any third party any amount in connection with the Premises. If such amount is greater than \$5,000, Service Provider shall notify Service Receiver 5 business days in advance of such payment to the Landlord or third party in connection with the Premises and shall allow the Service Receiver to contest the payment or the claim. Service Receiver will be liable for any and all actual damages, costs or expenses incurred by Service Provider in the event Service Provider contests the payment or the claim.

LOCATIONS

Singapore

PREREQUISITES/DEPENDENCIES

None

BILLING LOCATION

Service Provider will provide Service Receiver with an invoice to its address set forth below.

NOTICE REQUIREMENTS

Notices under this Schedule should be sent to the following addresses (with an email copy to the Service Owners set forth above):

If to Service Provider:
Xylem Inc.
1133 Westchester Avenue
Suite 2000
White Plains, NY 10604
Attention: Dan Kelly

If to Service Receiver
Exelis Inc.
1650 Tysons Blvd #1700
McLean, VA 22102-4827
Attention: Rachel Semanchik

PRICING

Service Receiver shall pay all miscellaneous expenses (telephone, broadband, utilities) charged to and paid by Service Provider with respect to and his family. Service Provider shall provide Service Receiver with an invoice detailing such amounts and Service Receiver shall pay such amounts within 30 days of the date of such invoice.

SCHEDULE C

Service Provider: Exelis Inc.

Service Recipient: ITT Corporation and/or Xylem Inc.

Service to be Provided:

**SCHEDULE CA1
GENERAL LEDGER ACCOUNTING
ITT HQ**

Capitalized terms used herein and not otherwise defined shall have the meaning assign such term in the Agreement. The Services provided hereunder are subject in all respects to the terms and conditions of the Agreement, except where expressly noted.

SERVICE OWNER

All service matters, general inquiries and notices regarding this service should be directed to:

Name	Title	Phone	e-mail
Misty Markle Exelis Inc.	Accounting Manager	(260) 451-6104	misty.markle@exelisinc.com
Catherine Lupinacci ITT Corporation	Manager of Corporate Accounting & Planning	(914) 641-2095	catherine.lupinacci@itt.com

GENERAL SERVICE DESCRIPTION

Service Provider will perform General Ledger Accounting Services for ITT Corp Headquarters for Service Receiver.

Service Receiver and its Subsidiaries will utilize the Service Provider's resources based on the functionality, processes, input and output screens, and documents that support the Service Provider's business and business processes in the twelve months prior to the Distribution Date.

SCOPE OF SERVICES

Upon the terms and subject to the conditions of this Services Schedule and the Agreement, the Service Provider shall provide to Service Recipient the services identified below (collectively, the "Services").

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
SS-GLHQ-01	General Ledger Accounting Services ITT Co. HQ	Provide General Ledger Accounting Services to ITT Corp Headquarters:			
		• Balance and Post Payroll Journal Entries — The Service Provider will use the Completed Payroll Cycles from the Service Receiver to post the Journal on ITT Co. HQ ledger. This will occur three (3) business days after the payroll cycle completes.	155 Annually		
		• Prepare Payroll Accrual Report — The Service Provider will receive a notification from Service Receiver to produce the Payroll Accrual Report in PDF format from Infinium for Service Receiver. The report will be completed one (1) business day after notification is received.	4 Annually		
		• Prepare Journal Entries for Infinium Enterprise Application and Payroll Service Charges — The Service Provider will use the TSA Costs from Service Receiver to post the Journal on ITT Co. HQ ledger. This will be completed prior to month end close.	50 Annually		
		• Prepare Journal Entries for Fringe — The Service Provider will use the Payroll Month End Close from Service Receiver to post the Journal on ITT Co. HQ ledger. This will be completed prior to month end close.	24 Annually	14	Cost plus 2% - 10% per month
		• Prepare Journal Entries for Environmental Reserve — The Service Provider will use the Payroll Month End Close from Service Receiver to post the Journal on ITT Co. HQ ledger. This will be completed prior to month end close.	12 Annually		
		• Prepare Journal Entries for Medical Insurance and Investment Savings Plan — The Service Provider will use the interface files as documented in Attachment A to remit payment to Vendor and post the Journal on ITT Co. HQ ledger. This will be completed prior to month end close.	68 Annually		
		• Journalize ISP Surcharges — The Service Provider will use the interface files as documented in Attachment A to remit payment to Vendor and post the Journal on ITT Co. HQ ledger. This will be completed prior to month end close.	52 Annually		

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
		<ul style="list-style-type: none"> Prepare Flexible Spending Account Report and Create Journal Entry — The Service Provider will use the Payroll Month End Close to post the Journal on ITT Co. HQ ledger and provide Service Receiver with the report. This will be completed 15 days after the calendar month. 	12 Annually		
		<ul style="list-style-type: none"> Journalize CELCO Medical Premium Checks — The Service Provider will use a copy of Medical Checks related to retirees paying their premium from an internal business unit within Service Provider which in-turn receives the actual check from the retiree for Service Provider to post the Journal on ITT Co. HQ ledger. This will be completed prior to month end close. 	12 Annually		
		<ul style="list-style-type: none"> Assist in Payroll Salaries Account Reconciliation — The Service Provider will use the “(Month, Year) Payroll Reconciliation” spreadsheet from Service Receiver to create queries to support general ledger account reconciliation. This will be completed one (1) business day after the request is received. 	12 Annually		
		<ul style="list-style-type: none"> Liability Calculation for Short Term Disability — The Service Provider will use a query provided from an internal business unit within Service Provider to calculate the liability for short term disability and provide a report in spreadsheet format. 	1 Annually		
		<ul style="list-style-type: none"> Prepare Clearing Journal Entries for Entities within ITT Co. — The Service Provider will use the final month end intercompany balances provided from an internal business unit within Service Provider to prepare the clearing journal entries for ITT Co. HQ ledger. This will be posted before the last day of fiscal month. 	12 Annually		

Service Volumes Greater or Less Than Observed Pre-Distribution Date

Service Provider will deliver the same volume of Services as delivered in the 12 months prior to the Distribution Date, plus or minus 10% (such activity, including any such 10% deviation, “Business as Usual activities” or “BAU”) at no additional cost per unit. Service Provider will accommodate Service Receiver’s inorganic (Mergers, Acquisitions, and Divestitures) activities on a time and materials basis with respect to the one-time set-up fees. The table below will then apply following the completion of the one-time set-up activities.

Scenario	One-Time Setup Fees	Monthly Fees
Service Volume within BAU [Note: BAU already includes +/- 10% of pre-distribution date volumes]	No incremental one-time fees when Service Receiver utilizes services and structure as-is with no changes under this agreement	Steady-State fee structure for requisite service as documented in this agreement

Scenario	One-Time Setup Fees	Monthly Fees
Service Volume greater or less than BAU	Service Provider will develop a commercially reasonable quote for acceptance by the Service Receiver provided the Service Receiver utilizes services and structure as-is with no significant changes under this agreement	Service Provider will develop a commercially reasonable quote for acceptance by the Service Receiver incremental to the base service costs documented below for the requisite service

Ad-Hoc development/services or processing of reports consistent with what was provided prior to the distribution date will be supported as part of this agreement. Service Provider will use commercially reasonable efforts based on provider's current abilities to accommodate regulatory or legal ad-hoc requests. Ad-hoc requests which may need to be performed to assist Service Receiver in meeting new legal obligations will be provided on a time and materials basis as described in the Additional Pricing section of this agreement. Any changes to 3rd party relationships which require interface modifications or re-writes are not included as part of the scope of this agreement. Should the Service Receiver require such changes, Parties agree to negotiate in good faith with regard to such modification. In the event modifications to the services provided are required by law for only the Service Recipient and such modifications increase the cost for Service Provider, Service Recipient that requires the modifications shall pay all the additional costs including the costs for the other Service Recipients.

Exit Services

The following services will be provided upon receipt of a Termination Notice to exit from this Service.

Service #	Service Name	Description of Service	Service Charge (\$/hour)
SS-GLHQ-02	General Ledger Accounting Support Services ITT Co. HQ Migration	<p>Service Provider will make commercially reasonable efforts to assist Service Receiver in exiting of this agreement. These efforts include:</p> <ul style="list-style-type: none"> • Support of data extraction requests from the Service Receiver • Providing Subject Matter Expertise in helping the Service Receiver understand current state business processes, functional data mapping, and impacts of design decisions 	Time and Materials Based on Additional Pricing Section
SS-GLHQ-03	General Ledger Accounting ITT Co. HQ Knowledge Transfer	<p>Service Provider will provide the following knowledge transfer services:</p> <ul style="list-style-type: none"> • Existing non-sensitive documentation maintained by the Service Provider will be given to the Service Receiver as it relates to this agreement 	Time and Materials Based on Additional Pricing Section

Supplemental Services

For requests for supplemental services relating to General Ledger Accounting by Service Receiver not mentioned in this Schedule or not included within the costs documented in this

agreement, Service Receiver will provide a discreet project request and submit such request to Service Provider using the formalized Change Request attached as Annex A for consideration by Service Provider.

Where notice is required a number of business days prior to some required action by Service Provider, notice must be received by 12 noon Eastern Time to be counted as received during such business day. Service Provider shall, within a commercially reasonable period, provide a price quote to be commercially reasonable based on the current cost of the Services to Service Receiver taking into account, such items as the specific time the request was made, service delivery volumes, exit planning activities, and other activities Service Provider is currently engaged in at the time of the request, but not later than 30 days after the request was made. If Service Provider, in its sole discretion determines (i) such request would increase the ongoing operating costs for Service Provider (as a service recipient) or any other service receiver or (ii) that it is not capable of making such changes with its current staff during the time period requested without interrupting the Services provided to itself or any other service receiver. Service Provider need not provide a price quote or perform the services. Where a price quote is provided, Service Provider shall provide the service requested upon acceptance of the price.

LOCATIONS

Services are initially provided from Fort Wayne, IN, USA to White Plains, NY, USA.

PREREQUISITES/DEPENDENCIES

- Security and access controls will be maintained as set forth in the Master Services Agreement.
- If Service Receiver provides inaccurate information to Service Provider it will be the responsibility of the Service Receiver to rectify any problems and bear any costs incurred to rectify the issue.
- Service Receiver must actively be engaged on the Infinium Application TSA for the duration this agreement is in effect.
- Service Receiver must actively be engaged on the HR/Payroll/Benefits TSA for the duration this agreement is in effect.
- Service Receiver (ITT HQ) general ledger must be in the current reporting period in order for the Service Provider to complete the services documented within this agreement. Service Receiver and Service Provider will work together to ensure that the current period is open to process transaction(s).

NOTICE REQUIREMENT

Official Notices and Bills under this Schedule should be sent to the following addresses (with an email copy to the Service Owners set forth above):

If to the Service Provider:
Exelis Inc.
1650 Tysons Boulevard
Suite 1700
McLean, VA 22102
Attention: Joe Daniel
Joe.daniel@exelisinc.com

If to the Service Receiver:
ITT Corporation
240 Fall Street
Seneca Falls, NY 13148
Attention: Daryl R. Bowker
Daryl.bowker@itt.com

SERVICE LEVEL

Service Provider will classify incidents at its own discretion. Such classifications shall be consistent with the priorities Service Provider set for itself as a recipient of services.
In the event incidents cannot be resolved, Service Provider shall promptly notify Service Receiver and work together to try and resolve such incidents.

ADDITIONAL PRICING

Hourly Rate for Services Not Specified but Provided by Service Provider Employees (including but not limited to modifications, consulting, exit strategy development, transition, etc.) are documented below. Such services will be provided solely at the Service Provider's discretion. Service Provider is not obligated to provide additional services not specified in this agreement. The employee category is defined by the Service Provider. The rates documented below shall be commercially reasonable and designated by the Service Provider, closest to its current cost to provide the service. The hourly rates below include the 4.5% amount for inflation each year. These rates apply to internal Service Provider employees only, and should external resources be

required, the costs for those external resources will be reviewed with the Service Receiver prior to execution of the project.

Additional Pricing Rates (All in USD)

Location	Low	Medium	High
USA	\$75	\$100	\$125
Greece	\$35	\$ 46	\$ 58
Mexico	\$19	\$ 25	\$ 31
Sweden	\$75	\$100	\$125

ATTACHMENT A

<u>Journal Entry Type</u>	<u>Interface Name</u>	<u>Business Purpose</u>	<u>Vendor</u>	<u>Source</u>	<u>Frequency</u>
Medical Insurance — MetLife	XPRGMSASUM	Report withholdings and premiums to the record keeper	JP MORGAN CHASE	Infinium	Monthly
Medical Insurance — Health Savings Account (HSA)	XPYGHSAO	Report withholdings and premiums to the record keeper	Mellon	Infinium	Weekly
Investment Plan Savings (ISP) and ISP Surcharges	XRTDCD, XRTDC	Report withholdings and premiums to the record keeper	Wells Fargo / ACS	Infinium	Weekly

**SCHEDULE CA2
HR/PAYROLL/BENEFITS**

Capitalized terms used herein and not otherwise defined shall have the meaning assign such term in the Agreement. The Services provided hereunder are subject in all respects to the terms and conditions of the Agreement, expect where expressly noted.

SERVICE OWNER

All service matters, general inquiries and notices regarding this service should be directed to:

<u>Name</u>	<u>Title</u>	<u>Phone</u>	<u>e-mail</u>
Joe Daniel Exelis Inc.	TSA Manager	(703) 338-3405	joe.daniel@exelisinc.com
Daryl Bowker ITT Corporation	Director, Shared Services	(315) 568-7676	daryl.bowker@itt.com

GENERAL SERVICE DESCRIPTION

Service Provider will perform Payroll, Payroll Tax, HR, Garnishment and Benefit Services for Service Receiver.

Service Receiver and its Subsidiaries will utilize Service Provider's resources based on the functionality, processes, input and output screens and documents that support Service Provider's business and business processes in the twelve months prior to the Distribution Date.

SCOPE OF SERVICES

Upon the terms and subject to the conditions of this Services Schedule and the Agreement, Service Provider shall provide to Service Recipient the services identified below (collectively, the "Services").

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
SS-Payroll-01	Payroll Services	<p>Provide payroll and tax configuration support required to support payroll services:</p> <ul style="list-style-type: none"> Income Codes —Service Provider will use the Income Request Form from the Service Receiver to update tax, garnishment, eligibility, pension, and 401K with the provided income codes. 5 business days prior notice are required to make the income code changes. Deduction Codes —Service Provider will use the Deduction Request Form from the Service Receiver to update tax, Group Term Life (GTL), and other accumulator requirements with the provided deduction codes. 5 business days prior notice are required to make the deduction code changes. Paid Time Off (PTO) Accrual Controls —Service Provider will use the PTO Policy document from the Service Receiver to accrual code and schedule setups requested by the Service Receiver. 10 business days prior notice are required to make the requested PTO Accrual Controls changes. Federal/State/Local Tax Table —Service Provider will use the Notification of Federal/State/Local Tax Change provided by the Service Receiver to update the local tax setup within systems managed by Service Provider within 5 business days of the request. Federal/State/Local Tax —Service Provider will use the Request for Level Control provided by automated systems to update the level control setup within systems managed by Service Provider within 5 business days of the request. Employer Codes — Service Provider will use the Request for New Employer Codes from the Service Receiver to update employer codes in systems managed by Service Provider within 5 business days of the request. User Defined Field — Service Provider will use the Request for User Defined Field provided by the Service Receiver to update the necessary fields within 5 business days of the request. Level Control — Service Provider will use the Request for Level Control provided by the Service Receiver to update the level control setup within systems managed by Service Provider within 5 business days of the request. Pay Cycle — Service Provider will use the Request Pay Cycle from the Service Receiver to setup the pay cycle with the pay calendar where applicable. 5 business days are 	100/month for all SS-Payroll-01	14	Cost plus 2% - 10% per month

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
		<p>required to make the pay cycle changes. Pre-distribution date pay cycle configuration is defined in Attachment B.</p> <ul style="list-style-type: none"> • Employer Group — Service Provider will use the Request for Employer Group provided by the Service Receiver to update the Employer Group within systems managed by Service Provider within 5 business days of the request. • Cycle Group — Service Provider will use the Request for Cycle Group provided by the Service Receiver to update the cycle group setup within systems managed by Service Provider within 5 business days of the request. • Payroll Authorization Group — Service Provider will use the Request for Payroll Authorization Group provided by the Service Receiver to update the Payroll Authorization Group setup within systems managed by Service Provider within 5 business days of the request. • Income Authorization Group — Service Provider will use the Request for Income Authorization Group provided by the Service Receiver to update the income authorization group setup within systems managed by Service Provider within 5 business days of the request. • Deduction Authorization Group — Service Provider will use the Request for Deduction Authorization Group provided by the Service Receiver to update the deduction authorization group setup within systems managed by Service Provider within 5 business days of the request. • Auto Pay Groups — Service Provider will use the Request for Auto Pay Groups provided by the Service Receiver to update the auto pay groups setup within systems managed by Service Provider within 5 business days of the request. • Labor/Income Cross Reference Table — Service Provider will use the Request for Labor/Income Cross Reference Table Maintenance provided by the Service Receiver to update the Labor/Income Cross Reference Table setup within systems managed by Service Provider within 5 business days of the request. • General Ledger Cross Reference Table — Service Provider will use the Request for General Ledger Cross Reference Table maintenance provided by the Service Receiver to update the general ledger cross reference table setup within systems managed by Service Provider within 5 business days of the request. 			

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
		Provide garnishment, child support, tax levy, interrogatory correspondence, withholding and payments support required for payroll services:			
		<ul style="list-style-type: none"> Garnishment Letter — Service Provider will use the Garnishment Notification to provide a garnishment letter to the garnishing agency during the latter of 7 days after notification and the next applicable payment cycle. Garnishment Withholding — Service Provider will use the Garnishment Notification to adjust the employee garnishment deduction setup during the latter of 7 days after notification and the next applicable payment cycle. Garnishment Payments — Service Provider will use the Garnishment Notification to update the garnishment payments to agency during the latter of 7 days after notification and the next applicable payment cycle.. Stop Garnishments — Service Provider will use the Garnishment Stop Notification to deactivate the employee garnishment deduction and process refund of any over-withholding during the latter of 7 days after notification and the next applicable payment cycle. 	New Transactions 200, Monthly Payments 700		
		Provide employee maintenance support where appropriate to support payroll processing:			
		<ul style="list-style-type: none"> W-4 — Service Provider will use the W-4 Form from the Service Receiver to update employee W-4 information with the provided information. Service Receiver must provide such information at least 2 business days prior to processing of payroll to ensure inclusion in the current payroll run. Home/Work State Update — Service Provider will use the employee change request for home/work state maintenance from the Service Receiver to make requested updates. Service Receiver must provide such information at least 2 business days prior to processing of payroll to ensure inclusion in the current payroll run. Direct Deposit — Service Provider will use the Direct Deposit Form from the Service Receiver to update employee direct deposit information with the provided information. Service Receiver must provide such information at least 2 business days prior to processing of payroll to ensure inclusion in the next payroll run. 	600/month		

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
		Provide college fund employee direct deposit maintenance required to support payroll processing upon receipt of notification of enrollment or change via email. Request will be processed within 7 days of notification in the next applicable payment cycle.	30/month		
		Provide executive excess savings plan updates to employee deduction code maintenance required to support payroll processing upon receipt of Service Receiver notification of employee. Request will be processed within 7 days of notification in the next applicable payment cycle.	30/month		
		<p>Provide ACS 401k Interface Processing required to support payroll processing:</p> <ul style="list-style-type: none"> • Saving Plan Deferral & Loan — Service Provider will use the ACS ISP Feedback File from the Service Receiver's 3rd party to update employee deduction code information with the provided information. Service Receiver's 3rd party must provide such information by Friday evening the week prior to requested update. • Saving Plan Deferral & Loan — Service Provider will use the ACS ISP Feedback File from the Service Receiver's 3rd party to update employee deduction code information with the provided information. Service Receiver's 3rd party must provide such information by Friday evening the week prior to requested update. • ACS Error Report Review — Service Provider will review the ACS ISP Feedback File from the Service Receiver's 3rd party provider to review any fallout which may have occurred. Upon fallout Service Provider will notify ACS to conduct maintenance to rectify documented fallouts. • ACS New Hire — Service Provider will use a report created from the ACS Interface File from the Service Receiver's 3rd party to validate new hire processing. Service Receiver's 3rd party must provide such information by Friday evening the week prior to requested validation. • ACS ISEV — Service Provider will use the ACS ISEV Status Change from the Service Receiver's 3rd party to update employee deduction code information with the provided information. Service Receiver's 3rd party must provide such information by Friday evening the week prior to requested update. 	10 Monthly Interfaces Files & Reports		

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
		<p>Provide JPMorgan 401k Interface Processing required to support payroll processing</p> <ul style="list-style-type: none"> • Saving Plan Deferral & Loan — Service Provider will use the JP Morgan ISP Feedback File from the Service Receiver's 3rd party to update employee deduction code information with the provided information. Service Receiver's 3rd party must provide such information by Friday evening the week prior to requested update. • Saving Plan Deferral & Loan — Service Provider will use the JP Morgan ISP Feedback File from the Service Receiver's 3rd party to update employee deduction code information with the provided information. Service Receiver's 3rd party must provide such information by Friday evening the week prior to requested update. • JP Morgan Error Report Review — Service Provider will review the JP Morgan ISP Feedback File from the Service Receivers 3rd party provider to review any errors which may have occurred. Upon fallout Service Provider will notify ACS to conduct maintenance to rectify documented fallouts. • JP Morgan New Hire — Service Provider will use a report created from the JP Morgan Interface File from the Service Receiver's 3rd party to validate new hire processing. Service Receiver's 3rd party must provide such information by Friday 5 pm EST or Thursday 5 pm EST if Friday is not a business day the week prior to requested validation. • JP Morgan ISEV — Service Provider will use the JP Morgan ISEV Status Change from the Service Receiver's 3rd party to update employee deduction code information with the provided information. Service Receiver's 3rd party must provide such information by Friday evening the week prior to requested update. 	10 Monthly Interfaces Files & Reports		
		Provide Principal Loan Processing required to support payroll processing upon receipt of notification by secured email and make the required employee deduction code changes.	Weekly Interface Files		
		Provide Marsh Benefit Processing required to support payroll processing upon receipt of interface file and make deduction code changes. Files must be received by the 17 th of the month for processing by the end of the month.	Two Interface Files Per Month		

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
		Provide John Hancock LTC Processing required to support payroll processing upon receipt of interface file and make deduction code changes. Files must be received by the 17th of the month for processing by the end of the month.	Two Interface Files Per Month		
		Provide Runzheimer Fix and Variable Auto Processing required to support payroll processing upon receipt of interface file and make employee negative deduction transactions for payroll Files must be received by the 9th of the month.	One Interface File Per Month		
		Provide Concur Travel Expense Reimbursement required to support payroll processing upon receipt of interface file and make employee negative deduction transactions. Files must be received by Thursday morning at 6 am EST to be processed in the next applicable pay cycle.	Weekly Interface Files		
		Provide executive deferral payment upon receipt of notification from Service Receiver for payout and make employee deferral payment. Files must be received by the 9th of the month.	One Monthly Deferral Processing		
		Provide excess group term life calculations upon receipt of notification from Service Receiver for payout and make employee deferral payment. Files must be received by the 9th of the month.	240 Batch Processing Runs		
		Complete nightly Infinium Benefit Deduction updates.	240 Batch Processing Runs		
		Provide payroll processing.			
		<ul style="list-style-type: none"> Automated Labor Upload — Service Provider will use the interface from the Service Receiver’s labor system and create the Infinium labor file for payroll processing. Labor Code to Infinium Income code cross reference file updated as required. 			
		<ul style="list-style-type: none"> Labor Interface Validation — Service Provider will use the interface from the Service Receiver’s labor system to get totals. Service Provider will then match the Infinium and Service Receiver’s Labor System file. Should discrepancies exist, Service Provider will work with Service Receiver to resolve the issue. 	240 Pay Processing Cycles		
		<ul style="list-style-type: none"> Payroll Cycle Processing — Service Provider will then create Employee Processing Cycle 			

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
		File, listing of employees with pay, benefit, leave of absence and terminations. A review of employee changes will be conducted by Service Receiver and corrections made if applicable. Employee changes will be added to cycle validation routine for balancing. Delays in Service Receiver responsibilities will delay payroll processing. Service Provider will not be liable for such Service Receiver caused delays.			
		<ul style="list-style-type: none"> • Close Upload Labor to Payroll Cycle — Service Provider will upload employee labor to payroll cycle. • Gross to Net Calculation — Once Infinium releases time sheet data Service Provider will produce the payroll trial balance. • Payroll Adjustments — Service Provider will update employee pay information and add adjustments to validation routine for balancing as required. • Print Trial Balance/Approve Payroll — Using the Infinium trial balance Service Provider will create a trial balance report to post payroll and print pay stubs. If Trial Balance does not balance or has errors it must be corrected via update checks and Trial Balance Reran until error free and balanced. 			
		Provide on-demand payroll processing of off-cycle check requests upon receipt of on-demand check request form from Service Provider. Form must be received by 5 pm for next day direct deposit or check delivery.	570 Transactions Annually		
		Provide bonus cycle payroll processing of off-cycle bonus payments upon receipt of bonus specification from Service Recipient. Form must be received 5 business days prior to date of required bonus payment.	7000 Transactions Annually		
		Provide manual W-2 earnings and deductions updates upon receipt of written notice and tax detail from Service Provider	325 Transactions Annually		
		Provide stock option manual payroll upon receipt of Smith Barney stock transaction file using the daily interface from Service Provider	80 Transactions Annually		
		Provide restricted stock manual payroll upon receipt of Smith Barney restricted stock transaction file using the daily interface from Service Provider	110 Transactions Annually		
		Provide quarterly tax dividend payment upon receipt of Smith Barney dividend transaction file using the quarterly interface from Service Provider	440 Transactions Annually		
		Provide Cartus quarterly relocation manual payroll upon receipt of Cartus Relocation Transaction file using the quarterly interface from Service Provider	140 Transactions Annually		

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
		Process payment for unused PTO time upon receipt of notification from systems during year-end	1700 Transactions Annually		
		Void or re-issue employee checks upon receipt of notification from Service Receiver. May be processed with current payroll or via separate check processing. For inclusion with regular payroll request must be received two business days prior to start of payroll processing. Five business days notice is required for issuing as separate payroll process. [Service Provider will not be liable if funds have been disbursed prior to voidance.]	850 Transactions Annually		
		Make adjustments to employee pay upon receipt of notification from Service Receiver. Notification must be received 2 business days prior to the next pay cycle.	325 Transactions Annually		
		Process retro-active payments for delayed merit increase processing after receipt of notification from Service Receiver. May be processed with current payroll or via separate check processing. For inclusion with regular payroll request must be received Two business days prior to start of payroll processing. Five business day notice required for issuing as separate payroll process.	350 Transactions Annually		
		Process special employee payments upon receipt of notification from Service Receiver. May be processed with current payroll or via separate check processing. For inclusion with regular payroll request must be received 2 days prior to start of payroll processing. Five day notice required for issuing as separate payroll process.	900 Transactions Annually		
		Process relocation payment from employee paycheck upon receipt of notification from Service Receiver Processed with normal payroll. May be repaid over multiple payrolls or from one payroll per specification of Service Receiver.	200 Transactions Annually		
		Provide executive excess savings plan distribution upon receipt of notification from Service Receiver May be processed with current payroll or via separate check processing. For inclusion with regular payroll request must be received 2 days prior to start of payroll processing. Five day notice required for issuing as separate payroll process.	50 Transactions Annually		
		Service Provider will use commercially reasonable efforts to provide post-payroll			
		<ul style="list-style-type: none"> • Print/Distribute Check, Vouchers, & Reports — Printed Checks and Vouchers sealed and prepared for shipping distribution per business units instructions. • ACH Processing — ACH transmitted to clearing house using the Infinium ACH extraction process 	250 Cycles Per Month		

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
		<ul style="list-style-type: none"> Bank Funding — Wire Transfer to cover payroll using the bank funding report option Credit Union Processing — File Transmission to Credit Union using the Infinium direct deposit extract Union Reporting — Union report transmitted using the Union employees and Union dues report Canadian Bond Processing — Transmission of Canadian Bond File to Royal Bank of Canada using the Canadian bond extract Positive Pay — Positive pay file transmitted to Wells Fargo using the positive pay extract file Direct Deposit Fund Pullback — Employee funds pulled back or error report with insufficient funds upon Service Receiver's request to pull back employee direct deposit. Service Provider will use the Shared Service form submission to Wells Fargo to pull back employee direct deposit. Insufficient funds notices are communicated to employees HR administrator for review of how to recover money 			
		Provide Infinium month end close once a month rolling month totals, update monthly benefits (Marsh & John Hancock), and update monthly limit processing. This service will be performed after final payroll for month and prior to first payroll of new month.	20 Companies Per Month		
		Process Infinium quarter end close once a quarter rolling quarter totals, update quarterly limit	20 Companies Per Month		
		Provide Infinium year-end processing.			
		<ul style="list-style-type: none"> Wage & Tax Balancing — Using the wage Base Report balance Employee Earnings and Taxes United Way Deduction — Infinium United Way Deduction Change for deduction codes 00800 & 0805 clearing the United Way deduction for the new year 401K Limit Update -Deduction limit updated with values for year Year End Payroll Register — Use the Infinium Year End Payroll Register to archive historical payroll registers Hartford-JP Morgan Year End — Use the Infinium Save File to archive Hartford-JP Morgan year end 401K values ACS — Use the Infinium Save File to archive ACS year end 401K values Infinium W2 Box Updates — Use the Infinium Income & Deduction Reporting Groups to make W2 Box Reporting Reports Infinium ADP W2 Box Update — Use the ADP interface for W2 Reporting to create the ADP W2 Box Interface File Local Tax Update — Use the notification from locality or Service Receiver to update the local tax table 	20 Companies Per Month		

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
		<ul style="list-style-type: none"> • Transfers — Clear Q1 Information captured for tax & 401K Limit processing for use in the W2 tax report • Vinny 1st day report — Use the Infinium Day 1 Report for forecasting • Payroll Calendar — Use the Infinium Cycle Maintenance to create Service Receiver Payroll Calendars • W2 — Pension for Group Term Life (GTL) — Service Receiver provides files from ACS & Hartford and Service Provider updates Pensioner's W2's • Highly Compensated Employee Listing — Using an AS400 Query, employees meeting IRS Highly Compensated Listing are found and 401K providers updated with list of highly compensated employees • Executive Excess Saving Plan Employee Update — Service Receiver provides list of eligible employees for executive excess saving plan which Service Provider uses to update the Executive Excess Saving Plan Employee List provided for roll over into Excess Savings Plan • New Jersey Disability Year End Update — Using the New Jersey Final Disability Report; Service Provider will update the New Jersey year end payroll entries to record New Jersey final disability entries. • Infinium Year End Close — Year end close rolls year to day information to previous year and clear year-to-date dollars • ADP 4th Quarter & Year End Extract — Using the ADP Extract Program an ADP Year End Interface File is created • ADP — Balance Year — Using the ADP Year End Reports Year End Statutory Reports & W2 are output • W2C's — Using the value center post year-end close entries to update the W2C • Amended Year End — Use the ADP Extract Program to amended statutory reporting 			
		Provide US Tax Processing.			Registrations — 10 per month
		<ul style="list-style-type: none"> • ADP Company Profile Update — Use the ADP Tax Header Spreadsheet to update ADP tax reporting set up • ADP Code Mapping — Use the ADP Mapping Document to map ADP Tax Code to Infinium Tax Code • Infinium ADP Deduction Table Maintenance — Use the Infinium ADP Tax Code file to output ADP Interface File including the new tax code • ADP Daily Interface File — Use the ADP Infinium Payroll Tax Extract to create the ADP Receipt of Tax Payment Detail 			Interfaces — daily Tax Payments — Daily & Quarterly Per Requirements Cobra Reporting — Quarterly

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
		<ul style="list-style-type: none"> • Daily Tax Audit Report — Use the Query: ADP Tax Audit Report to validate ADP Daily Tax Interface File • ADP Daily Tax Funding — Use the ADP Invoice to create ADP Wire Payment • ADP Unemployment Rate Change — Use the ADP Tax Header Spreadsheet to calculate ADP - Unemployment Payments with New Rate • ADP Monthly Charges — Use the ADP Invoice to process ADP Payment • Barnett Monthly Charges — Use the Barnett Invoice to process Barnett Payment • ADP Quarterly Communication — Use the ADP Quarterly Updates to update the Quarterly Calendar Close Schedule • Cobra Quarterly Tax Credit Entry — Use the SHPS Cobra Detail summarized and entered into ADP Payroll Tax Input to update the 941 Cobra Credit • Quarterly Interface File — Use the ADP Infinium Quarterly Tax Extract to create the ADP Quarterly Tax Reporting File • ADP TAX Reconciliation — Use the Infinium Quarterly Tax Report to reconcile ADP Quarterly Tax Reports • Quarter Close & Statutory Reporting — Use Service Receiver approval to ADP for Quarterly Processing to make quarterly statutory payments and reporting • Quarterly Report Distribution ADP — Use the Quarterly Reports Posted to Web Site to distribute Statement of Deposits, 941Cobra Credit, State & Local Wage Detail • Quarterly Invoice Payments — Use ADP Invoice to make ADP Wire Payments • Quarterly Federal & State Tax Amendments — Use Quarterly Amendment Filing to amended reporting • Amendment Payment — Use the invoice to create ADP Wire Payment • Tracers — Use agency notices to conduct ADP research • Tracer Payments — ADP agency notice research to make payment of Agency Notices • Close Tax ID — Use ADP header to close company so no future reporting in ADP • Close Tax ID — Use the Agency notification of account closed to conduct final reconciliation 	<p>Quarterly Reporting</p> <p>Tracer Transactions 20 Monthly</p> <p>Amendments 10 Monthly</p>		
		<p>Provide Canadian Tax Processing.</p> <ul style="list-style-type: none"> • Canadian Tax Withholding — Using Canadian Tax Deductions provided by Service Receiver input Service Provider will complete Employee/Employer Tax Withholding/Liability • Canadian Tax Payments — Using Payroll Registers provided by Service Receiver, Service Provider will make Canadian Tax Payment 	<p>Weekly Tax Payments</p> <p>Annually T4, T4A & RL Reporting</p>		

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
HR-Benefits-02	Human Resources, Benefits, Training, & Compliance	<ul style="list-style-type: none"> Year End Pension Calculation — Using the Canadian Pension Plan Policy provided by Service Receiver, Service Provider will compute Pension Plan Calculation RL1 & T4 Reporting — Using the Infinium Canadian Year End Process, Service Provider will complete T4 & RL1 Forms & XML Reporting 			
		Provide Puerto Rico Tax Processing.			
		<ul style="list-style-type: none"> Puerto Rico Tax Withholding — Using Tax Deductions Service Provider will calculate tax withholding for Service Receiver 	Weekly Tax Payments		
		<ul style="list-style-type: none"> Puerto Rico Tax Payments — Using Payroll Registers provided by Service Receiver, Service Provider will make Puerto Rico Tax Payments 	Annual W2P & W3P Reporting		
		<ul style="list-style-type: none"> Puerto Rico Year End Reporting — Using W2 & W3 Reporting Service Provider will make Employee & Employer Year End Tax Reporting 			
		Support the legal/regulatory audits documented below.			
		<ul style="list-style-type: none"> ACE — Worker Compensation Audit Tax Audits D&T Benefit Audit SOX Audit Disaster Recovery ACS — 401K Compliance Testing JP Morgan — 401K Compliance Testing Data Mining — Payroll Service Provider will run the custom queries documented in Attachment C once a month 	4 Audits/Month		
		Provide Guam Tax Processing.			
		<ul style="list-style-type: none"> GUAM Tax Withholding — Using Tax Deductions provided by Service Receiver, Service Provider will calculate Tax withholding 			
		<ul style="list-style-type: none"> GUAM Tax Payments — Using the payroll registers Service Provider will make GUAM tax payments 	Annual W2G & W3G Reporting		
		<ul style="list-style-type: none"> GUAM Year End Reporting — Using W2 & W3 Reporting, Service Provider will make Employee & Employer Year End Tax Reporting 			
		Infinium and HRSS Support/Communication for handling of Service Receiver questions:			
		<ul style="list-style-type: none"> Daily Service Receiver Issue Handling - Service Receiver users can make a phone call or send an email to ask questions related to employee data and/or transactional history stored in Infinium/HRSS; M-F 8-5pm EST except U.S. holidays; Data Input Questions Covered in User Manual System Requirements-Upgrades/System Changes Maintenance (Federal/State/Local) Infinium Canned Reports are available for the service receiver to access and review. Service Provider will be responsible for ensuring that reports required for legal or regulatory requirements run. 	201/month	14	Cost plus 2% - 10% per month

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
		<ul style="list-style-type: none"> Coordinate issue resolution as needed with IT, Payroll, SS Accounting, HQ Benefits and/or third party vendors. Anything not covered above is considered a special request to be handled using on a Time & Materials basis as outlined in the Support Additional Pricing Section of this document. 			
		<p>Benefit Administration and Reporting Internal/External:</p> <ul style="list-style-type: none"> Weekly vendor file feed resolution to national carriers - Service Provider will accept phone or email from Service Receiver or external benefits provider and resubmit corrected file feed or corrected actual employee record based on request. Salaried Pension Eligibility file feed questions from field Service Receiver HR staff will be triaged by Service Provider and assist Service Receiver in data correction. Validation Reports from Health & Welfare and Pension - Service Provider will receive reports from 3rd party providers listing errors related to health & welfare data and Service Provider will assist Service Receiver HR field staff to make appropriate changes 	327/month		
		<p>Services for Service Receiver supervisors on payrolls that are not administered via the Fort Wayne Infinium System:</p> <ul style="list-style-type: none"> Service Provider will create and/or update Job/Position Codes upon request from the Service Receiver Service Provider will add an international supervisor as a new hire upon request from the Service Receiver Service Provider will attach an international supervisor to an Infinium Employee record upon request from the Service Receiver Service Provider will add an international supervisors' Concur ID to the appropriate record upon request from the Service Receiver 			
		<p>Services for Service Receiver Business Units and/or Infinium Companies that are not supported by local HR staff but administered by HRMS staff in Fort Wayne:</p> <ul style="list-style-type: none"> Service Provider will create and or update Job/Position Code upon request from the Service Receiver Service Provider will enter new hires on personnel side as well as on payroll side upon request from the Service Receiver Service Provider will enter salary changes/address changes/title changes/transfers/terminations upon request from the Service Receiver Service Provider will perform annual merit increase uploads upon request from the Service Receiver 	50/month		

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
		<ul style="list-style-type: none"> Service Provider will communicate with Service Receiver HR contacts from other Service Receiver business units to coordinate both transferring in and out of employees upon request from the Service Receiver Service Provider will enter payroll changes including withholding changes/benefit deductions and catch-ups upon request from the Service Receiver Service Provider will enter benefit updates including urgent updates upon request from the Service Receiver Service Provider will make Address & Phone number changes upon request from the Service Receiver Service Provider will make Benefit Changes due to qualifying event & Annual Open Enrollment upon request from the Service Receiver Service Provider will make Annual Salary Merit Increases upon request from the Service Receiver Service Provider will make Annual Reviews (if applicable) upon request from the Service Receiver Service Provider will make inquiries relating to benefits and/or personnel information upon request from the Service Receiver Service Provider will produce Infinium Canned Reports upon request from the Service Receiver Year-end Standard Benefit Enrollment Copy to New Plan Year Year-end Vendor Meetings for open enrollment file feeds Data Input Questions Covered in User Manual Support Special Year End File Feeds to National H&W Vendors Standard Communication regarding Annual Enrollment & Year End Dates Collaborate with Payroll, Finance and IT for Year End Closing Processes using all input from year's changes and develop project plan to prepare system for enrollment and year-end processing. Project will then be started in July, and meetings with vendors conducted as needed depending on data from customers. ** Changing benefits providers in 2011 will be a special project using Time & Materials rates with specific notification on change. 			
			Each item in this table will be completed once a year		
HR-Benefits-03	Training	Service Provider will take requests from Service Receiver HR manager to conduct periodic WebEx training of how to use Infinium systems and conduct the training for the Service Receiver.	1/month	14	Time and Materials
SS-Payroll Acct-04	Payroll Accounting	Provide Payroll Accounting services.	1972 annually		
		<ul style="list-style-type: none"> Payroll Journals — Service Provider will use the payroll register summary from the Service Receiver to balance and post payroll journals for each payroll cycle for the Service Receiver 	3060 annually	14	Cost plus 2% - 10% per month

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
		<ul style="list-style-type: none"> Payroll Balance Sheet Accounts — Service Provider will use the payroll month end close document from the Service Receiver to reconcile the payroll balance sheet accounts for the Service Receiver 			
		<ul style="list-style-type: none"> Employee Deductions — Service Provider will use completed payroll cycles document from Service Receiver to remit employee deductions for the Service Receiver 	364 annually		
		<ul style="list-style-type: none"> Employee Benefits for ISP,401 (K) and Insurances — Service Provider will use completed payroll cycles document and payroll queries from Service Receiver to validate, reconcile and remit employee benefits for ISP, 401(k) and insurances for the Service Receiver 	205 annually		
		<ul style="list-style-type: none"> ADP Payroll Taxes — Service Provider will use completed payroll cycles, payroll queries, and ADP invoices from the Service Receiver to validate, reconcile, and remit all Payroll Taxes to ADP 	240 annually		
		<ul style="list-style-type: none"> Interface File Transmission - Service Provider will use completed payroll cycles and payroll queries from the Service Receiver to transmit interface files to 3rd party vendors on behalf of the Service Receiver 	195 annually		
		<ul style="list-style-type: none"> Benefits Reporting — Service Provider will use the year end close information from the Service Receiver to provide annual reporting of benefits to the Service Receiver 	10 annually		
		<ul style="list-style-type: none"> ADP Federal and State Taxes — Service Provider will use tax extract and file feed from ADP from Service Receiver to journalize ADP Federal and State Tax Activity for the Service Receiver 	240 annually		
		<ul style="list-style-type: none"> ADP Mid Year Conversions — Service Provider will use YTD tax amounts information from Service Receiver to perform ADP midyear conversions for the Service Receiver 	5 annually		
		<ul style="list-style-type: none"> Non-supported ADP — Service Provider will use completed payroll cycles information from Service Receiver to remit non-supported ADP taxes for the Service Receiver 	12 annually		
		<ul style="list-style-type: none"> Control Files for 401(k) and ISP- Service Provider will use information from business units or HQs from the Service Receiver to maintain and control files for 401(k) and ISP for the Service Receiver 	30 annually		
		<ul style="list-style-type: none"> Payroll Bank Account — Service Provider will use bank account statements from the Service Receiver to reconcile payroll bank accounts for the Service Receiver 	24 annually		
		<ul style="list-style-type: none"> Unclaimed Payroll Property- Service Provider will use bank account statements from Service Receiver to manage unclaimed payroll property for the Service Receiver 	200 annually		

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
		<ul style="list-style-type: none"> Automated Bank Functions- Service Provider will use cleared bank files from the Service Receiver to process post cleared checks in the Infinium payroll 	12 annually		
		<ul style="list-style-type: none"> Year to Date Analysis for 401k— The Service Provider will use the Year End Payroll Close from an internal business unit within the Service Provider to calculate 401k Year to Date totals for employee, employer, and loans and provide report by vendor to the Service Receiver. 	3 annually		

Service Volumes Greater or Less Than Observed Pre-Distribution Date

Service Provider will deliver the same volume of Services as delivered in the 12 months prior to the Distribution Date, plus or minus 10% (such activity, including any such 10% deviation, "Business as Usual activities" or "BAU") at no additional cost per unit. Service Provider will accommodate Service Receiver's inorganic (Mergers, Acquisitions, and Divestitures) activities on a time and materials basis with respect to the one-time set-up fees. The table below will then apply following the completion of the one-time set-up activities.

Scenario	One-Time Setup Fees	Monthly Fees
Service Volume within BAU [Note: BAU already includes +/- 10% of pre-distribution date volumes]	No incremental one-time fees when Service Receiver utilizes services and structure as-is with no changes under this agreement	Steady-State fee structure for requisite service as documented below
Service Volume greater or less than BAU	Service Provider will develop a commercially reasonable quote for acceptance by the Service Receiver provided the Service Receiver utilizes services and structure as-is with no significant changes under this agreement	Service Provider will develop a commercially reasonable quote for acceptance by the Service Receiver incremental to the base service costs documented below for the requisite service

Ad-Hoc development/services or processing of reports consistent with what was provided prior to the distribution date will be supported as part of this agreement. Service Provider will use commercially reasonable efforts based on provider's current abilities to accommodate regulatory or legal ad-hoc requests. Ad-hoc requests which may need to be performed to assist Service Receiver in meeting new legal obligations will be provided on a time and materials basis as described in the Additional Pricing section of this agreement. Any changes to 3rd party relationships which require interface modifications or re-writes are not included as part of the scope of this agreement. Should the Service Receiver require such changes, Parties agree to negotiate in good faith with regard to such modification. In the event modifications to the services provided are required by law for only the Service Recipient and such modifications increase the cost for Service Provider, Service Recipient that requires the modifications shall pay all the additional costs including the costs for the other Service Recipients.

Exit Services

The following services will be provided upon receipt of a Termination Notice to exit from this Service.

<u>Service #</u>	<u>Service Name</u>	<u>Description of Service</u>	<u>Service Charge (\$/hour)</u>
SS-Payroll-05	HR/Payroll/Benefits Migration	<p>Service Provider will make commercially reasonable best efforts to assist Service Receiver in exiting of this agreement. These efforts include:</p> <ul style="list-style-type: none">• Support of data extraction requests from the Service Receiver• Providing Subject Matter Expertise in helping the Service Receiver understand current state business processes, functional data mapping, and impacts of design decisions <p>Service Provider will provide the following knowledge transfer services:</p>	Time and Materials Based on Additional Pricing Section
SS-Payroll-06	HR/Payroll/Benefits Knowledge Transfer	<ul style="list-style-type: none">• Existing non-sensitive documentation maintained by Service Provider will be given to the Service Receiver as it relates to Payroll/HR/Benefit services	Time and Materials Based on Additional Pricing Section

Supplemental Services

For requests for supplemental services relating to HR, Benefits and Payroll by Service Receiver not mentioned in this Schedule or not included within the costs documented in this agreement, Service Receiver will provide a discreet project request and submit such request to Service Provider using the formalized Change Request attached as Annex A for consideration by Service Provider.

Where notice is required a number of business days prior to some required action by Service Provider, notice must be received by 12 noon Eastern Time to be counted as received during such business day. Service Provider shall, within a commercially reasonable period, provide a price quote to be commercially reasonable based on the current cost of the Services to Service Receiver taking into account, such items as the specific time the request was made, service delivery volumes, exit planning activities, and other activities Service Provider is currently engaged in at the time of the request, but not later than 30 days after the request was made. If Service Provider, in its sole discretion determines (i) such request would increase the ongoing operating costs for Service Provider (as a service recipient) or any other service receiver or (ii) that it is not capable of making such changes with its current staff during the time period requested without interrupting the Services provided to itself or any other service receiver. Service Provider need not provide a price quote or perform the services. Where a price quote is provided, Service Provider shall provide the service requested upon acceptance of the price.

LOCATIONS

Services are initially provided from Fort Wayne, IN, USA to Canada and USA locations.

PREREQUISITES/DEPENDENCIES

- Service Receiver will provide accurate and timely employee maintenance, time and attendance data and payroll adjustments required to produce pay checks. In conjunction with the preceding, Service Receiver will maintain the applications and interfaces documented in Attachment A.
- Service Receiver will be responsible for providing new tax registration requirements to Service Provider. Applicable tax registration information will be provided to Service Provider as required to complete tax registration.
- Service Receiver will be responsible for providing configuration changes to Service Provider including taxes, income, deductions, banking and benefits using the change request process and forms provided by Service Provider.
- If Service Receiver sends inaccurate data to Service Provider it will be the responsibility of the Service Receiver to rectify any problems and bear any costs incurred to rectify the issue.
- Service Receiver will setup and make available to Service Provider a disbursement account from which Service Provider utilizes draft authorization to process payroll. Service provider will request funding for payroll checks, payroll direct deposits, payroll taxes, and other benefit remittances from the Service Receiver Treasury Headquarter location. Service Provider will open and own payroll bank accounts for the payroll transactions. Funding is required in the bank account one day prior to the value date. Late funding of the payroll account by the Service Receiver may result in delay of payroll checks, applied 401(k) funds, and benefit payments. Any outstanding liabilities associated to payroll tax and benefits will remain on Service Provider's general ledger at month end. Service Provider will retain interest earned, if any, on residual account balances and will pay all standard account related service fees. Any service fee associated with Non Sufficient Funds due to the Service Receiver will be the responsibility of the Service Receiver. Service provider will remit employee deductions from the Service Provider Accounts Payable bank account. Service Provider will collect the funds from the Service Receiver thru a 3rd party invoice.

Dependencies

- Service Receiver must actively be engaged on the Infinium Application TSA and related Business Objects Universe for the duration this agreement is in effect.

- Service Receiver, in a separate and independent agreement, must have the ADP application and interface active for the period of time in which this agreement is in effect.
- Service receiver, in a separate and independent agreement, must have Concur and other Time and Attendance systems listed in Attachment A active and maintained with the correct interfaces and data feeds to Infinium by the Service Receiver for the period of time in which this agreement is in effect.
- Security and access controls will be maintained as set forth in the Master Services Agreement.
- The services documented within this agreement must be exited at the same time and as such cannot be exited in parts.

NOTICE REQUIREMENT

Official Notices and Bills under this Schedule should be sent to the following addresses (with an email copy to the Service Owners set forth above):

If to the Service Provider:

Exelis Inc.
1650 Tysons Boulevard
Suite 1700
McLean, VA 22102
Attention: Joe Daniel
Joe.daniel@exelisinc.com

If to the Service Receiver:

ITT Corporation
240 Fall Street
Seneca Falls, NY 13148
Attention: Daryl R. Bowker
Daryl.bowker@itt.com

SERVICE LEVEL

Service Provider will classify incidents at its own discretion which are received using High, Medium, or Low. Such classifications shall be consistent with the priorities Service Provider set for itself as a recipient of services. Incidents classified using this methodology will be triaged as documented below for SS-Payroll-01, HR-Benefits-02, and HR-Benefits-03:

SLA	Response Time	Resolution
High	Within 24 hours of receiving notification during normal business hours	Within 24 — 48 hours of response during normal business hours
Medium	Within 48 hours of receiving notification during normal business hours	Within 48 — 120 hours of response during normal business hours
Low	Within 120 or more hours of receiving notification or as scheduled during normal business hours	Within 120 hours of response during normal business hours

In the event incidents cannot be resolved, Service Provider shall promptly notify Service Receiver and work together to try and resolve such incidents.

ADDITIONAL PRICING

Hourly Rate for Services Not Specified but Provided by Service Provider Employees (including but not limited to modifications, consulting, exit strategy development, transition, etc.) are documented below. Such services will be provided solely at the Service Provider's discretion. Service Provider is not obligated to provide additional services not specified in this agreement. The employee category is defined by the Service Provider. The rates documented below shall be commercially reasonable and designated by the Service Provider, closest to its current cost to provide the service. The hourly rates below include the 4.5% amount for inflation each year. These rates apply to internal Service Provider employees only, and should external resources be required, the costs for those external resources will be reviewed with the Service Receiver prior to execution of the project.

Additional Pricing Rates (All in USD)

<u>Location</u>	<u>Low</u>	<u>Medium</u>	<u>High</u>
USA	\$ 75	\$ 100	\$ 125
Greece	\$ 35	\$ 46	\$ 58
Mexico	\$ 19	\$ 25	\$ 31
Sweden	\$ 75	\$ 100	\$ 125

ATTACHMENT A

Inbound Interfaces:

Interface Name	Program Name	Business Purpose	Vendor	Source System	Destination System
		Dependents	ACS	Infinium	ACS
		ACS Salary ISP and Pension	ACS	Infinium	ACS
		Create ADP Tax Journal	ADP	Infinium	ADP
		Maintain ADP Tax Controls	ADP	Infinium	ADP
		ADP Periodic & Qtrly File Downld	ADP	Infinium	ADP
		ADP Balance Report	ADP	Infinium	ADP
		Refresh ADP Employee Number	ADP	Infinium	ADP
		Unemployment emps	Barnett	Infinium	Barnett
		US_RELOWAGE_UPDATE.CARTUS	CARTUS	Infinium	CARTUS
		Send Cartus Receipt of gr	CARTUS	Infinium	CARTUS
		Concur — Employee Master File Feed	Concur	Infinium	Concur
		Employee information	Concur	Infinium	Concur Expense
		FTP Employee information	Concur	Infinium	Concur
		Export Employees to Concur	Concur	Infinium	Concur
		US Bank — Concur Travel	Concur	Infinium	Concur
		Garnishments	County Government	Infinium	County Government
		Empire Eligibility and HDHP Mellon pass thru	Empire/Blue	Infinium	Empire/Blue
		800 EVHR employee Infinium Data feed to (800)(Kronos) System	ITT	Infinium	Kronos
		Employee feed 500	ITT	Infinium	Cannon
		Cannon's Full Employee Master Update To Cim	ITT	Infinium	Cannon
		Download Employee Date to IPG -Daily (ER 810 92SHR)	ITT	Infinium	Goulds

Interface Name	Program Name	Business Purpose	Vendor	Source System	Destination System
		Prudential Demographics 880	Prudential	Infinium	Prudential
		Prudential Demographics 881	Prudential	Infinium	Prudential
		Send Prudential Demographics Systems	Prudential	Infinium	Prudential
		Prudential Systems Demographics(ENI, CAP, CMC, ECI)	Prudential	Infinium	Prudential
		Cobra — New Hire	SHPS	Infinium	SHPS
		FSA — Deduction feed to SHPS	SHPS	Infinium	SHPS
		Stock Options Eligibility	Smith Barney	Infinium	Smith Barney
		Smith Barney CODES FILE	Smith Barney	Infinium	Smith Barney
		Smith Barney EMAIL ADDRESSES	Smith Barney	Infinium	Smith Barney
		Smith Barney PARTICIPANTS	Smith Barney	Infinium	Smith Barney
		New Hire	State of Indiana	Infinium	State of Indiana
		WebMD ELIGIBILITY	WebMD	Infinium	WebMD
		FTP CCUSECHD2 — Well Fargo password change	Wells Fargo	Infinium	Wells Fargo
		CLP to send payroll ACH file to Wells Fargo	Wells Fargo	Infinium	Wells Fargo
		CLP to run entire Wells Fargo pos pay process	Wells Fargo	Infinium	Wells Fargo
		modified International ACH file for ALL of CANADA	Wells Fargo	Infinium	Wells Fargo
		Direct deposit transmission	Wells Fargo	Infinium	Wells Fargo
		Send Check Recon to bank	Wells Fargo	Infinium	Wells Fargo
		Re-send check recon to bank	Wells Fargo	Infinium	Wells Fargo
		Payroll ACH	Wells Fargo	Infinium	Wells Fargo

Interface Name	Program Name	Business Purpose	Vendor	Source System	Destination System
		Active Directory	ITT	Infinium	ITT
		HM Update Health Mast — Defense Companies	ITT — HM	Infinium	HM
		Hyperion Planning — Build Transmission file	ITT Hyperion	Infinium	Hyperion
		SAP AUTO PAY Benefit Deductions sent to Seneca Fall SAP system	ITT SAP	Infinium	SAP P2P
		Send file to Hancock	John Hancock	Infinium	John Hancock
		John Hancock Eligibility	John Hancock	Infinium	John Hancock
		401K Feedback file from JP Morgan	JP Morgan	Infinium	JP Morgan
		KAISER ELIGIBILITY	Kaiser Permanete	Infinium	Kaiser Permanete
		Transmit file to Life Plus for Marsh	Marsh	Infinium	Marsh
		Upload Life Plus file	Marsh	Infinium	Marsh
		LifePlus Eligibility	Marsh	Infinium	Marsh
		HSA Send Extract File From Robot Job	Mellon	Infinium	Mellon
		Medco Prescription	Merck Medco	Infinium	Merck Medco
		Metlife ltd/std mth — GL Advices	Metlife Advices	Infinium	Metlife
		Metlife LTD/STD (Menu option)	Metlife Advices	Infinium	Metlife
		Metlife Dental	Metlife Dental	Infinium	Metlife Dental
		Print Voluntary Accident Monthly report data	National Union Fire	Infinium	National Union Fire
		PACIFICARE ELIG	PACIFICARE	Infinium	PACIFICARE
		Prudential Loans Systems	Prudential	Infinium	Prudential
		ENI Prudential Dollar Send — 800	Prudential	Infinium	Prudential
		CAP Prudential Dollar Send — 881	Prudential	Infinium	Prudential
		ECI Prudential Dollar Send — 883	Prudential	Infinium	Prudential

ATTACHMENT B

The following table documents the process day for the in-scope pay cycles:

<u>EMPLOYER</u>	<u>CYCLE CODE</u>	<u>NAME</u>	<u>FREQ</u>	<u>Paid Lag</u>	<u>Paid Current</u>	<u>Process Day</u>	<u>NEWCO</u>	<u>Required By</u>
GOULDS PUMPS CANADA (IPG)	CGOBW	BI WEEKLY CGO	B		X	Pay Week - Monday	ITTCO	Mon - 2pm
ONTARIO PRO SERVICES CENTER	CONBW	BI WEEKLY CON	B	X		Pay Week - Monday	ITTCO	Mon - 2pm
ITT CANNON	BIWBW	BIW BI WEEKLY	B	X		Pay Week - Tuesday	ITTCO	Tues - 2pm
ITT CANNON	BIWHR	BIW HOURLY	B	X		Pay Week - Tuesday	ITTCO	Tues - 2pm
ITT CANNON	BWCAN	BI WEEKLY CANNON	B	X		Pay Week - Monday	ITTCO	Tues - 2pm
ITT CANNON	HRCAN	CANNON HOURLY EMPLOYEES	B	X		Pay Week - Tuesday	ITTCO	Tues - 2pm
ITT VEAM, LLC	BWVEA	VEAM SALARY	B	X		Pay Week - Monday	ITTCO	Tues - 2pm
ITT VEAM, LLC	HRVEA	HOURLY VEAM	B	X		Pay Week - Monday	ITTCO	Tues - 2pm
ITT CORPORATION	BWIND	ITT INDUSTRIES	B	X		Pay Week - Tuesday	Unknown	Tues - 2pm
		BI-WEEKLY						
COMPUTER & EQUIP LEASING CORP	CELBW	COMPUTER & EQUIP LEASING	B		X	Non Pay Week - Friday	Unknown	Tues - 2pm
ITT TRANSPORTATION DIST SVCS	BWGRP	TDS BW	B		X	Non Pay Week - Friday	Unknown	Tues - 2pm
ITT FLUID TECHNOLOGY	AERHR	AEROSPACE HOURLY AH	W	X		Pay Week - Monday	ITTCO	Tues - 2pm
ITT FLUID TECHNOLOGY	AESAL	AEROSPACE SALARY AP	B	X		Pay Week - Monday	ITTCO	Tues - 2pm
ITT FLUID TECHNOLOGY	AMOHR	AMORY HOURLY FH	W	X		Pay Week - Monday	ITTCO	Tues - 2pm
ITT FLUID TECHNOLOGY	AMSAL	AMORY SALARY FS	B		X	Pay Week - Tuesday	ITTCO	Tues - 2pm

EMPLOYER	CYCLE CODE	NAME	FREQ	Paid Lag	Paid Current	Process Day	NEWCO	Required By
ITT FLUID TECHNOLOGY	CTBW	C'TREAT BW	B		X	Non Pay Week -Friday	ITTCO	Tues -2pm
ITT FLUID TECHNOLOGY	EVHR	ENG VALVES HOURLY	W	X		Pay Week -Monday	ITTCO	Tues -2pm
ITT FLUID TECHNOLOGY	EVSAL	ENG VALVES SALARY EV	B		X	Non Pay Week -Friday	ITTCO	Tues -2pm
ITT FLUID TECHNOLOGY	GRSAL	GRINDEX SALARY GR	B		X	Non Pay Week -Friday	Unknown	Tues -2pm
ITT FLUID TECHNOLOGY	MFCBW	MOTION FLOW CONTROL SALARY	B		X	Pay Week -Tuesday	ITTCO	Tues -2pm
ITT FLUID TECHNOLOGY	SHBW	SHEROTEC BW	B		X	Non Pay Week -Friday	Unknown	Tues -2pm
ITT FLUID TECHNOLOGY	SHHR	SHEROTEC HOURLY ST	W	X		Pay Week -Monday	Unknown	Tues -2pm
ITT FLUID TECHNOLOGY	WTBW	WET	B	X		Pay Week -Monday	Unknown	Tues -2pm
ITT GOULDS PUMPS	CARBW	CARBON INDUSTRIES	B		X	Non Pay Week -Friday	ITTCO	Tues -2pm
ITT GOULDS PUMPS	EVZHR	DIV-IPG, UNITS VU,PJ,QU WEEKLY	W	X		Pay Week -Monday	ITTCO	Tues -2pm
ITT GOULDS PUMPS	H9WPS	PRO SHOP SALARY TX-BI-WEEKLY	B		X	Pay Week -Monday	ITTCO	Tues -2pm
ITT GOULDS PUMPS	PROBW	BI WEEKLY CYCLE	B		X	Non Pay Week -Friday	ITTCO	Tues -2pm
ITT GOULDS PUMPS	9XLCS	CITY OF INDUSTRY SALARY	B		X	Non Pay Week -Friday	ITTCO	Tues -2pm
ITT GOULDS PUMPS	9XLSA	GOULD'S IPG BIWEEKLY SALARY	B		X	Non Pay Week -Friday	ITTCO	Tues -2pm
ITT GOULDS PUMPS	92SHR	SF UNION -IPG-SU, CPG-WU WKLY	W	X		Pay Week -Monday	ITTCO	Tues -2pm

EMPLOYER	CYCLE CODE	NAME	FREQ	Paid Lag	Paid Current	Process Day	NEWCO	Required By
ITT CORPORATION (FRC)	FRCSA	GOULD SHARED SERVICES	B		X	Non Pay Week -Thursday	Unknown	Tues -2pm
ITT GOULDS PUMPS PA	H9XSA	ASHLAND SALARY	B		X	Non Pay Week -Friday	Unknown	Tues -2pm
ITT GOULDS PUMPS IPG	H9YSA	IPG SALARY	B		X	Non Pay Week -Thursday	ITTCO	Tues -2pm
ITT ENERGY ABSORPTION(ENIDINE)	EAHR	ENIDINE WEEKLY HOURLY EA	W	X		Pay Week -Tuesday	ITTCO	Tues -2pm
ITT ENERGY ABSORPTION(ENIDINE)	EASAL	ENIDINE BIWEEKLY SALARY EA	B	X		Pay Week -Tuesday	ITTCO	Tues -2pm
ITT ENERGY ABSORPTION (CAP)	CAHR	CAP WEEKLY HOURLY CA	W	X		Pay Week -Monday	ITTCO	Tues -2pm
ITT ENERGY ABSORPTION (CAP)	CASAL	CAP BIWEEKLY SALARY CA	B	X		Non Pay Week -Friday	ITTCO	Tues -2pm
ITT CONTROLS (CMC)	BIHR	BILLERICA HOURLY CM	B	X		Pay Week -Tuesday	ITTCO	Tues -2pm
ITT CONTROLS (CMC)	BISAL	BILLERICA BI WEEKLY SALARY CM	B		X	Pay Week -Tuesday	ITTCO	Tues -2pm
ITT CONTROLS (CMC)	CMHR	CMC BIWEEKLY HOURLY CM	B	X		Pay Week -Tuesday	ITTCO	Tues -2pm
ITT CONTROLS (CMC)	CMSAL	CMC BIWEEKLY SALARY CM	B		X	Pay Week -Tuesday	ITTCO	Tues -2pm
ITT-KALIBURN INC.	KBHR	KALIBURN HOURLY (BIWEEKLY)	B	X		Pay Week -Tuesday	ITTCO	Tues -2pm
ITT-KALIBURN INC.	KBSAL	KALIBURN SALARY (BIWEEKLY)	B		X	Pay Week -Tuesday	ITTCO	Tues -2pm
ITT KONI	BWFRI	KONI FRICTION SALARIED	B		X	Non Pay Week -Thursday	ITTCO	Tues -2pm
ITT KONI	BWKON	BI WEEKLY KONI	B		X	Non Pay Week -Thursday	ITTCO	Tues -2pm

ATTACHMENT C

Custom Queries to be run once a month by service provider:

<u>Query/Report Name</u>	<u>Application Used to Produce Information</u>	<u>Provider</u>	<u>Information Supplied</u>	<u>Frequency of Request</u>
DWA87200_MonthYear	Infinium Query	Debbie Weeks	Salaries Information of employees on Severance (Income Codes 00140 and 00270)	Monthly
Payroll by Individual	Business Objects	Carol Whisler	Payroll information of HQ Employees with names and cost centers	Monthly
Headcount	Business Objects	Idania Miro	Payroll information of HQ Employees with names and cost centers	Monthly

**SCHEDULE CA3
SECURITY OPERATIONS CENTER**

Capitalized terms used herein and not otherwise defined shall have the meaning assign such term in the Agreement. The Services provided hereunder are subject in all respects to the terms and conditions of the Agreement, except where expressly noted.

SERVICE OWNER

All service matters and general inquiries regarding this service should be directed to:

Name	Title	Phone	e-mail
Phil Zaleski Exelis Inc.	Business Area Manager, Cyber Security Programs	(315) 838-7114	phil.zaleski@exelisinc.com
Bill Lavalette ITT Corporation	Chief Information Security Officer	(315) 568-7155	bill.lavalette@itt.com

GENERAL SERVICE DESCRIPTION

Service Provider will perform Information Technology — Security Operations Center (IT-SOC) Support Services for Service Receiver.

Service Receiver and its Subsidiaries will utilize Service Provider's resources based on the functionality, processes, input and output screens, and documents that support the Service Provider's business and business processes in the twelve months prior to the Distribution date.

SCOPE OF SERVICES

Upon the terms and subject to the conditions of this Services Schedule and the Agreement, Service Provider shall provide to Service Recipient the services identified below (collectively, the "Services").

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
IT-SOC-01	Security Operations Center Support Services	Provide IT Security event monitoring and intrusion detection; and serves as a single point for information security related issues:			
		<ul style="list-style-type: none"> Environmental Awareness — Service Provider will provide environmental awareness activities, including Risk/Threat Analysis Management and Administration of Global IDS/IDP Security Devices — Service Provider will manage and administer Global IDS/IDP Security Devices. Network Data Aggregation, Normalization, and Correlation — Service Provider will provide network data aggregation, normalization, and correlation for the Service Receiver. Service Provider will provide centralized management of network and security event logs collected from multiple sources. Log and/or event monitoring sources will include, but not limited to, technologies such as: <ul style="list-style-type: none"> Firewalls VPN concentrators Intrusion Detection/Prevention appliances Content filters As well as other approved and agreed upon controlled points that can provide insight and/or generate alerts that detect real time threats to the enterprise 	1 Analysis per Month 40 Modifications per Month		
		Service Provider will also leverage multiple levels of alerting and threat identification to include:			
		<ul style="list-style-type: none"> Predefined alerts Network anomaly detection rules Emerging cyber threat monitoring 			
		Service Provider will ensure compliance with legal, regulatory, and internal policies regarding records management, incident documentation, and data retention requirements for data within Service Provider's control.			
		<ul style="list-style-type: none"> Help Desk — Service Provider will make available the IT-SOC Help Desk, via phone or email, to provide assistance for security-related issues or concerns to the Service Receiver's IT and/or Management staff. Metrics/KPIs Reporting — Service Provider will provide metrics to communicate overall effectiveness of IT-SOC activities and investigations. Service Provider is able to organize, manage, and visualize data, as well as produce reports that identify baselines and projected targets; trending; and standardized key metrics tailored to Service Receiver's business needs. 	1500 Security Events per Second 30 Contacts per Month	3	Cost plus 2% - 10% per month
			1 Status Report per Week		

Service Provider will have the necessary United States Government security clearances to enable and leverage interaction with Federal/State/Local Government and Department of Defense Agencies in support of investigations, compliance issues, and/or threat related activity and information sharing at the request of Service Receiver. Such interaction can include, but not limited to, agencies such as:

- Federal/State/Local Law Enforcement (Investigations)
- Department of State / Department of Commerce (Compliance)
- Department of Defense
- The Defense Industrial Base (DIBNet-U and DIBNet-S) Interaction and Information Sharing

Service Volumes Greater or Less Than Observed Pre-Distribution Date

Service Provider will deliver the same volume of Services as delivered in the 12 months prior to the Distribution Date, plus or minus 10% (such activity, including any such 10% deviation, "Business as Usual activities" or "BAU") at no additional cost per unit. Service Provider will accommodate Service Receiver's inorganic (Mergers, Acquisitions, and Divestitures) activities on a time and materials basis with respect to the one-time set-up fees. The table below will then apply following the completion of the one-time set-up activities

<u>Scenario</u>	<u>One-Time Setup Fees</u>	<u>Monthly Fees</u>
Service Volume within BAU [Note: BAU already includes +/- 10% of pre-distribution date volumes]	No incremental one-time fees when Service Receiver utilizes services and structure as-is with no changes under this agreement	Steady-State fee structure for requisite service as documented below
Service Volume greater or less than BAU	Service Provider will develop a commercially reasonable quote for acceptance by the Service Receiver provided the Service Receiver utilizes services and structure as-is with no significant changes under this agreement	Service Provider will develop a commercially reasonable quote for acceptance by the Service Receiver incremental to the base service costs documented below for the requisite service

Ad-Hoc development/services or processing of reports consistent with what was provided prior to the distribution date will be supported as part of this agreement. Service Provider will use commercially reasonable efforts based on provider's current abilities to accommodate regulatory or legal ad-hoc requests. Ad-hoc requests which may need to be performed to assist Service Receiver in meeting new legal obligations will be provided on a time and materials basis as described in the Additional Pricing section of this agreement. Any changes to 3rd party relationships which require interface modifications or re-writes are not included as part of the scope of this agreement. Should the Service Receiver require such changes, Parties agree to negotiate in good faith with regard to such modification. In the event modifications to the services provided are required by law for only the Service Recipient and such modifications

increase the cost for Service Provider, Service Recipient that requires the modifications shall pay all the additional costs including the costs for the other Service Recipients.

Exit Services

The following services will be provided upon receipt of a Termination Notice to exit from this Service.

Service #	Service Name	Description of Service	Service Charge (\$/hour)
IT-SOC-02	Security Operations Center Migration	Service Provider will make commercially reasonable efforts to assist Service Receiver in exiting of this agreement. These efforts include: <ul style="list-style-type: none"> • Support of data extraction requests from the Service Receiver • Providing Subject Matter Expertise in helping the Service Receiver understand current state of the Security Operations Center Service Provider will provide the following knowledge transfer services:	Time and Materials Based on Additional Pricing Section
IT-SOC-03	Security Operations Center Knowledge Transfer	<ul style="list-style-type: none"> • Existing non-sensitive documentation maintained by the Service Provider will be given to the Service Receiver as it relates to the Security Operations Center 	Time and Materials Based on Additional Pricing Section

Supplemental Services

For requests for supplemental services relating to Information Technology — Security Operations Center by Service Receiver not mentioned in this Schedule or not included within the costs documented in this agreement, Service Receiver will provide a discreet project request and submit such request to Service Provider using the formalized Change Request attached as Annex A for consideration by Service Provider.

Where notice is required a number of business days prior to some required action by Service Provider, notice must be received by 12 noon Eastern Time to be counted as received during such business day. Service Provider shall, within a commercially reasonable period, provide a price quote to be commercially reasonable based on the current cost of the Services to Service Receiver taking into account, such items as the specific time the request was made, service delivery volumes, exit planning activities, and other activities Service Provider is currently engaged in at the time of the request, but not later than 30 days after the request was made. If Service Provider, in its sole discretion determines (i) such request would increase the ongoing operating costs for Service Provider (as a service recipient) or any other service receiver or (ii) that it is not capable of making such changes with its current staff during the time period

requested without interrupting the Services provided to itself or any other service receiver. Service Provider need not provide a price quote or perform the services. Where a price quote is provided, Service Provider shall provide the service requested upon acceptance of the price.

LOCATIONS

Services are initially provided from Rome, NY, USA to global locations.

PREREQUISITES/DEPENDENCIES

- If Service Receiver provides inaccurate information to Service Provider, it will be the responsibility of the Service Receiver to rectify any problems and bear any costs incurred to rectify the issue.
- Service Receiver must coordinate with Service Provider to ensure that either direct access to Receiver's network is available, or access to a data collector in Receiver's network is available for the period of this TSA.
- Service Receiver must configure its appliances in order to forward data logs to Service Provider.
- Service Receiver must provide appropriate global administrative credentials to Service Provider in order to manage intrusion prevention system.
- Service Receiver must provide a list of appropriate contacts and points of escalation.
- Security and access controls will be maintained as set forth in the Master Services Agreement.

NOTICE REQUIREMENT

Official Notices and Bills under this Schedule should be sent to the following addresses (with an email copy to the Service Owners set forth above):

If to the Service Provider:
Exelis Inc.
1650 Tysons Boulevard
Suite 1700
McLean, VA 22102
Attention: Joe Daniel
Joe.daniel@exelisinc.com

If to the Service Receiver:
ITT Corporation
240 Fall Street
Seneca Falls, NY 13148
Attention: Daryl R. Bowker
Daryl.bowker@itt.com

SERVICE LEVEL

Service Provider will classify incidents at its own discretion. Such classifications shall be consistent with the priorities Service Provider set for itself as a recipient of services. Incidents classified using this methodology will be triaged as documented in Attachment A.

In the event incidents cannot be resolved, Service Provider shall promptly notify Service Receiver and work together to try and resolve such incidents.

ADDITIONAL PRICING

Hourly Rate for Services Not Specified but Provided by Service Provider Employees (including but not limited to modifications, consulting, exit strategy development, transition, etc.) are documented below. Such services will be provided solely at the Service Provider's discretion. Service Provider is not obligated to provide additional services not specified in this agreement. The employee category is defined by the Service Provider. The rates documented below shall be commercially reasonable and designated by the Service Provider, closest to its current cost to provide the service. The hourly rates below include the 4.5% amount for inflation each year. These rates apply to internal Service Provider employees only, and should external resources be required, the costs for those external resources will be reviewed with the Service Receiver prior to execution of the project.

Additional Pricing Rates (All in USD)

Location	Low	Medium	High
USA	\$ 75	\$ 100	\$ 125
Greece	\$ 35	\$ 46	\$ 58
Mexico	\$ 19	\$ 25	\$ 31
Sweden	\$ 75	\$ 100	\$ 125

ATTACHMENT A

The IT-SOC staff is accessible, based on need and criticality, 24 hours a day, 7 days a week, 365 days a year, through the usage of on-call staff to assist with any IT Security related incident.

The IT-SOC Help Desk can be reached by phone or email and is ready to provide assistance for any information security related and concerns. Depending on the urgency, severity, and scope of the problem, there are two recommended contact methods:

1. ITT IT Security Operations Center:
Phone: (Mondays — Fridays; 7 am—5 pm ET)
Email: ITT-SOC@exelisinc.com (24/7)
2. In instances where there is an emergency or suspected situation occurring, please contact the IT-SOC Director and/or Assistant Director directly, 24/7, utilizing the contact information below:
 - Director | ITT IT Security Operations Center
 - Assistant Director | ITT IT Security Operations Center
Office: | Cell:

Annex A
TSA Change Request Form

TSA Schedule:
Receiver TSA Owner:
Date of Request:
Completed By:

Requested Service Change:

<u>Item Number</u>	<u>Service Description (Listed on schedule in the TSA)</u>	<u>Monthly Charge</u>	<u>Requested Change</u>	<u>Already agreed to with Service Provider (Y/N)</u>
1				
2				
3				
4				
5				

Outcome:

<u>Item Number</u>	<u>Outcome (Approved, Denied)</u>	<u>Specific Action to be taken</u>
1		
2		
3		
4		
5		

Approvals

Approved By:
Provider TSA Functional Lead

Approved By:
Receiver TSA Functional Lead

Executive Representative:
Provider TSA Manager

Executive Representative:
Receiver TSA Manager

**SCHEDULE CA4
BUSINESS OBJECTS PROFESSIONAL
SERVICES**

Capitalized terms used herein and not otherwise defined shall have the meaning assign such term in the Agreement. The Services provided hereunder are subject in all respects to the terms and conditions of the Agreement, except where expressly noted.

SERVICE OWNER

All service matters, general inquiries and notices regarding this service should be directed to:

<u>Name</u>	<u>Title</u>	<u>Phone</u>	<u>e-mail</u>
Chris Westrick Exelis Inc.	Senior Systems Analyst	(260) 451—6529	chris.westrick@exelisinc.com
Mike Salvatore ITT Corporation	Global Data and Reporting Services Manager	(410) 340—5632	michael.salvatore@itt.com

GENERAL SERVICE DESCRIPTION

Service Provider will perform Business Objects Professional Services for Service Receiver.

Service Receiver and its Subsidiaries will utilize Service Provider's resources based on the functionality, processes, input and output screens and documents that support Service Provider's business and business processes in the twelve months prior to the Distribution Date.

SCOPE OF SERVICES

Upon the terms and subject to the conditions of this Services Schedule and the Agreement, Service Provider shall provide to Service Recipient the services identified below (collectively, the "Services").

<u>Service #</u>	<u>Service Name</u>	<u>Description of Service</u>	<u>BAU Transaction Volume</u>	<u>Minimum Service Period (in mo.)</u>	<u>Service Charge</u>
IT-BO-01	Business Objects Support Services	Provide Business Objects Professional Services to support Business Intelligence and Extract Transform Load (ETL) toolset support:			
		<ul style="list-style-type: none"> Universe Design & Architecture — The Service Provider, on receipt of a Universe Design & Architecture request initiated by phone or email from the Service Receiver, will record and track the request in the Service Provider's ticketing (ISR) system. Included with a request, the Service Provider will provide to the Service Provider source database schema, end user participation input and other reporting requirements in order for the Service Provider to provide the Service Receiver with a document outlining best practices and recommendations for a universe design, given the provided criteria. The Service Receiver will implement any and all changes that they deem necessary. Note: Universe Design & Architecture service for one Universe may take between two weeks and three months of effort, depending on complexity. Security Administration — The Service Provider, on receipt of a Security Administration request initiated by phone or email from the Service Receiver, will record and track the request in the Service Provider's ticketing (ISR) system. The Service Receiver will provide to the Service Provider access to the CMC or a Service Receiver BOE Admin, with detailed knowledge of current security configuration. Using this access, resource and information, Service Provider will analyze and trouble shoot the Service Receiver's issue, and provide a document with recommendations for security configurations to the Service Receiver. The Service Receiver will implement any and all changes that they deem necessary. 	Unlimited	12	Time and Materials Based on Additional Pricing Section

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
		<ul style="list-style-type: none"> Database Utilization Analysis — The Service Provider, on receipt of a Database Analysis request initiated by phone or email from the Service Receiver, will record and track the request in the Service Provider's ticketing (ISR) system. Service Receiver will provide source database schema, end user participation input and other reporting requirements with Source Database Administrator participation. Using this information, the Service Provider will provide the Service Receiver a document detailing possible adjustments to improve performance or accuracy if any are able to be determined. 	1/month		
		<ul style="list-style-type: none"> Connectivity Troubleshooting — The Service Provider, on receipt of a Connectivity Troubleshooting request initiated by phone or email from the Service Receiver, will record and track the request in the Service Provider's ticketing (ISR) system. The Service Receiver will provide to the Service Provider access and use of Source Database Administrator, Service Receiver BOE Admin and possible Network Administrator participation to exhaust all known troubleshooting steps and document resolution of Service Receiver's complaint. The Service Receiver will implement any and all changes that they deem necessary. 	1—3/month		
		<ul style="list-style-type: none"> Business Objects Administration — The Service Provider, on receipt of a Business Objects Administration request, initiated by phone or email from the Service Receiver, will record and track the request in the Service Provider's ticketing (ISR) system. The Service Provider will work with any applicable policy or standard procedures and reporting expectations with Service Receiver BOE Admin or Server Admin participation, to provide the Service Receiver with a document detailing recommendations for settings, configurations and the set-up for Business Objects Enterprise. The Service Receiver will implement any and all changes that they deem necessary. 	1—5/month		

Service Volumes Greater Than Observed Pre-Distribution Date

Service Provider will deliver the same volume of Services as delivered in the 12 months prior to the Distribution Date, plus or minus 10% (such activity, including any such 10% deviation, "Business as Usual activities" or "BAU") at no additional cost per unit. Service Provider will accommodate Service Receiver's inorganic (Mergers, Acquisitions, and Divestitures) activities on a time and materials basis with respect to the one-time set-up fees. The table below will then apply following the completion of the one-time set-up activities.

Scenario	One-Time Setup Fees	Monthly Fees
Service Volume within BAU [Note: BAU already includes +/-10% of pre-distribution date volumes]	No incremental one-time fees when Service Receiver utilizes services and structure as-is with no changes under this agreement	Steady-State fee structure for requisite service as documented in this agreement
Service Volume greater or less than BAU	Service Provider will develop a commercially reasonable quote for acceptance by the Service Receiver provided the Service Receiver utilizes services and structure as-is with no significant changes under this agreement	Service Provider will develop a commercially reasonable quote for acceptance by the Service Receiver incremental to the base service costs documented below for the requisite service

Exit Services

The following services will be provided upon receipt of a Termination Notice to exit from this Service.

Service #	Service Name	Description of Service	Service Charge (\$/hour)
		Service Provider will provide the following knowledge transfer services:	
IT—BO—02	Business Objects Knowledge Transfer	<ul style="list-style-type: none"> Existing non-sensitive documentation maintained by the Service Provider will be given to the Service Receiver as it relates to the Business Objects 	Time and Materials Based on Additional Pricing Section

Supplemental Services

For requests for supplemental services relating to Business Objects Professional services support by Service Receiver not mentioned in this Schedule or not included within the costs documented in this agreement, Service Receiver will provide a discreet project request and submit such request to Service Provider using the formalized Change Request attached as Annex A for consideration by Service Provider.

Where notice is required a number of business days prior to some required action by Service Provider, notice must be received by 12 noon Eastern Time to be counted as received during such business day. Service Provider shall, within a commercially reasonable period, provide a price quote to be commercially reasonable based on the current cost of the Services to Service Receiver taking into account, such items as the specific time the request was made, service delivery volumes, exit planning activities, and other activities Service Provider is currently

engaged in at the time of the request, but not later than 30 days after the request was made. If Service Provider, in its sole discretion determines (i) such request would increase the ongoing operating costs for Service Provider (as a service recipient) or any other service receiver or (ii) that it is not capable of making such changes with its current staff during the time period requested without interrupting the Services provided to itself or any other service receiver. Service Provider need not provide a price quote or perform the services. Where a price quote is provided, Service Provider shall provide the service requested upon acceptance of the price.

LOCATIONS

Services are initially provided from Fort Wayne, IN, USA, to USA locations.

PREREQUISITES/DEPENDENCIES

- Service Receiver will maintain the Business Objects application.
- If Service Receiver provides inaccurate information to Service Provider it will be the responsibility of the Service Receiver to rectify any problems and bear any costs incurred to rectify the issue.
- Security and access controls will be maintained as set forth in the Master Services Agreement.
- Service Receiver must provide admin level rights to Service Provider as needed to Service Receiver's maintained Business Objects application server.
- Service Receiver must keep the TSA Gateway active and accessible to the Service Provider as needed for the period of this TSA.

NOTICE REQUIREMENT

Official Notices and Bills under this Schedule should be sent to the following addresses (with an email copy to the Service Owners set forth above):

If to the Service Provider:

Exelis Inc.
1650 Tysons Boulevard
Suite 1700
McLean, VA 22102
Attention: Joe Daniel
Joe.daniel@exelisinc.com

If to the Service Receiver:

ITT Corporation
240 Fall Street
Seneca Falls, NY 13148
Attention: Daryl R. Bowker
Daryl.bowker@itt.com

SERVICE LEVEL

Service Provider will classify incidents at its own discretion. Such classifications shall be consistent with the priorities Service Provider set for itself as a recipient of services.

In the event incidents cannot be resolved, Service Provider shall promptly notify Service Receiver and work together to try and resolve such incidents.

ADDITIONAL PRICING

Hourly Rate for Services Not Specified but Provided by Service Provider Employees (including but not limited to modifications, consulting, exit strategy development, transition, etc.) are documented below. Such services will be provided solely at the Service Provider's discretion. Service Provider is not obligated to provide additional services not specified in this agreement. The employee category is defined by the Service Provider. The rates documented below shall be commercially reasonable and designated by the Service Provider, closest to its current cost to provide the service. The hourly rates below include the 4.5% amount for inflation each year. These rates apply to internal Service Provider employees only, and should external resources be

required, the costs for those external resources will be reviewed with the Service Receiver prior to execution of the project.

Additional Pricing Rates (All in USD)

Location	Low	Medium	High
USA	\$ 75	\$ 100	\$ 125
Greece	\$ 35	\$ 46	\$ 58
Mexico	\$ 19	\$ 25	\$ 31
Sweden	\$ 75	\$ 100	\$ 125

Annex A
TSA Change Request Form

TSA Schedule:
Receiver TSA Owner:
Date of Request:
Completed By:

Requested Service Change:

Item Number	Service Description (Listed on schedule in the TSA)	Monthly Charge	Requested Change	Already agreed to with Service Provider (Y/N)
1				
2				
3				
4				
5				

Outcome:

Item Number	Outcome (Approved, Denied)	Specific Action to be taken
1		
2		
3		
4		
5		

Approvals

Approved By:
Provider TSA Functional Lead
Executive Representative:
Provider TSA Manager

Approved By:
Receiver TSA Functional Lead
Executive Representative:
Receiver TSA Manager

**SCHEDULE CA5
INFINIUM APPLICATION SERVICES**

Capitalized terms used herein and not otherwise defined shall have the meaning assign such term in the Agreement. The Services provided hereunder are subject in all respects to the terms and conditions of the Agreement, except where expressly noted.

SERVICE OWNER

All service matters, general inquiries and notices regarding this service should be directed to:

Name	Title	Phone	e-mail
Dan Johnston Exelis Inc.	Enterprise Applications Manager	(260) 451—6042	dan.johnston@exelisinc.com
Ron DeBoer ITT Corporation	Application Services Manager	(410) 689—1351	ron.deboer@itt.com

GENERAL SERVICE DESCRIPTION

Service Provider will provide Infinium Application Support Services for Service Receiver.

Service Receiver and its Subsidiaries will utilize Service Provider's resources based on the functionality, processes, input and output screens, and documents that support the Service Provider's business and business processes in the twelve months prior to the Distribution date.

SCOPE OF SERVICES

Upon the terms and subject to the conditions of this Services Schedule and the Agreement, Service Provider shall provide to Service Recipient the services identified below (collectively, the "Services").

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
		Provide Infinium Application HR, Payroll, and General Ledger Related Support Services:			
IT- Infinium- 01	Infinium Application HR, Payroll and related GL Support Services	<ul style="list-style-type: none"> Access to Infinium Application — Service Provider will provide access to application through form(s) signed off by the appropriate signing authority or designated Executive per the Master Services Agreement, and submitted through Remedy tickets. Service Provider will give access to the requested menu options. Service Provider will provide access to application for authorized service receiver users per the security guidelines outlined in the Master Services Agreement. Service Provider will create new application and database users pre-approved by Service Recipient, maintain application and database passwords, maintain application and database security to meet security and controls guidelines identified in Master Services Agreement, as well as monitor and restrict unauthorized access to source code and data. Service Provider will maintain production batch schedule, execute batch jobs, assess impact of failed batch jobs, and adjust schedule to account for batch job failures and delays. Service Provider will execute web server and application server configuration changes, monitor and maintain application administration Cron jobs and shell scripts. Time required to provide access to the application will be within (5) five business days. 		18	Cost will be passed through as part of the HR/Payroll/Benefits TSA
		<ul style="list-style-type: none"> Infinium Support & Maintenance — Service Provider will monitor incident resolution requests as reported via Remedy tickets, recommend and notify Service Receiver, and implement incident resolution or expected fix from vendor per the SLA outlined in the Service Level section of this agreement. Service Provider will identify and communicate breaks in application discovered by automated or monitoring system, develop solution and approach to address break in application, and implement fixes to resolve break in application. 	65 calls/ month		
		<ul style="list-style-type: none"> Infinium Database Support — Service Provider will trouble shoot database related incidents as reported via Remedy tickets. These activities include maintaining database schemas if necessary, performing data cleanup activities as well as scheduled maintenance activities, requesting database/file restores, and providing support for all database issues in production and test/development environments. 	6 calls/ month		
		<ul style="list-style-type: none"> Custom reports and data extracts will be provided as necessary to support legal, audit and 			

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
		compliance tasks when requested by authorized individuals.			
		<ul style="list-style-type: none"> Ad-Hoc development/services or processing of reports consistent with what was provided in the 12 months prior to the distribution date will be supported as part of this agreement. Any new Ad-Hoc reporting requirements will be considered out-of-scope and will be provided on a time and materials basis as described in the Additional Pricing section of this agreement. Any modification of 3rd Party Interfaces consistent with support of BAU or seasonal business processes which were provided with existing internal resources in the 12 months prior to the distribution date will be supported as part of this agreement. Any changes to 3rd party relationships which require new interface modifications or re-writes are not included as part of the scope of this agreement and will be provided on a time and materials basis as described in the Additional Pricing section of this agreement. 			
		Provide Infinium Application General Ledger Support for Enterprise Accounting Function:			
IT— Infinium —02	Infinium Application GL Services for Enterprise Accounting Function Support Services	<ul style="list-style-type: none"> Access to Infinium Application — Service Provider will provide access to application through form(s) signed off by the appropriate signing authority or designated Executive per the Master Services Agreement, and submitted through Remedy tickets. Service Provider will give access to the requested menu options. Service Provider will provide access to application for authorized service receiver users per the security guidelines outlined in the Master Services Agreement. Service Provider will create new application and database users pre-approved by Service Recipient, maintain application and database passwords, maintain application and database security to meet security and controls guidelines identified in Master Services Agreement, as well as monitor and restrict unauthorized access to source code and data. Service Provider will maintain production batch schedule, execute batch jobs, assess impact of failed batch jobs, and adjust schedule to account for batch job failures and delays. Service Provider will execute web server and application server configuration changes, monitor and maintain application administration Cron jobs and shell scripts. Time required to provide access to the application will be within (5) five business days. Infinium Support & Maintenance — Service Provider will monitor incident resolution 		18	Cost will be passed through as part of General Ledger Accounting — ITT HQ TSA

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
		requests as reported via Remedy tickets, recommend and notify Service Receiver, and implement incident resolution or expected fix from vendor per the SLA outlined in the Service Level section of this agreement. Service Provider will identify and communicate breaks in application discovered by automated or monitoring system, develop solution and approach to address break in application, and implement fixes to resolve break in application.	65 calls/ month		
		<ul style="list-style-type: none"> Infinium Database Support — Service Provider will trouble shoot database related incidents as reported via Remedy tickets. These activities include maintaining database schemas if necessary, performing data cleanup activities as well as scheduled maintenance activities, requesting database/file restores, and providing support for all database issues in production and test/development environments. Custom reports and data extracts will be provided as necessary to support legal, audit and compliance tasks when requested by authorized individuals. Ad-Hoc development/services or processing of reports consistent with what was provided in the 12 months prior to the distribution date will be supported as part of this agreement. Any new Ad-Hoc reporting requirements will be considered out-of-scope and will be provided on a time and materials basis as described in the Additional Pricing section of this agreement. Any modification of 3rd Party Interfaces consistent with support of BAU or seasonal business processes which were provided with existing internal resources in the 12 months prior to the distribution date will be supported as part of this agreement. Any changes to 3rd party relationships which require new interface modifications or re-writes are not included as part of the scope of this agreement and will be provided on a time and materials basis as described in the Additional Pricing section of this agreement. 	6 calls/ month		
		Provide Infinium Accounts Payable and Currency Management Support for Enterprise Accounting Function:			
IT- Infinium- 03	Infinium Application AP and CM Support Services	<ul style="list-style-type: none"> Access to Infinium Application — Service Provider will provide access to application through form(s) signed off by the appropriate signing authority or designated Executive per the Master Services Agreement, and submitted through Remedy tickets. Service Provider will give access to the requested menu options. Service Provider will provide access to 		18	Cost will be passed through as part of General Ledger Accounting — ITT HQ TSA

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
		<p>application for authorized service receiver users per the security guidelines outlined in the Master Services Agreement. Service Provider will create new application and database users pre-approved by Service Recipient, maintain application and database passwords, maintain application and database security to meet security and controls guidelines identified in Master Services Agreement, as well as monitor and restrict unauthorized access to source code and data. Service Provider will maintain production batch schedule, execute batch jobs, assess impact of failed batch jobs, and adjust schedule to account for batch job failures and delays. Service Provider will execute web server and application server configuration changes, monitor and maintain application administration Cron jobs and shell scripts. Time required to provide access to the application will be within (5) five business days.</p> <ul style="list-style-type: none"> Infinium Support & Maintenance — Service Provider will monitor incident resolution requests as reported via Remedy tickets, recommend and notify Service Receiver, and implement incident resolution or expected fix from vendor per the SLA outlined in the Service Level section of this agreement. Service Provider will identify and communicate breaks in application discovered by automated or monitoring system, develop solution and approach to address break in application, and implement fixes to resolve break in application. Infinium Database Support — Service Provider will trouble shoot database related incidents as reported via Remedy tickets. These activities include maintaining database schemas if necessary, performing data cleanup activities as well as scheduled maintenance activities, requesting database/file restores, and providing support for all database issues in production and test/development environments. 	20 calls/ month		
			6 calls/ month		

* BAU volumes will be calculated on a rolling 12-month average to account for seasonal fluctuations and any temporary spike in service volumes post-spin.

* For BAU volumes, one incident will be considered the equivalent of one call (regardless of the number of phone conversations related to the same issue).

Services that will not be provided as part of this agreement are:

- Employee Self Service Module (including Online Benefits Enrollment)

Service Volumes Greater Than or Less Than Observed Pre-Distribution Date

Service Provider will deliver the same volume of Services as delivered in the 12 months prior to the Distribution Date, plus or minus 10% (such activity, including any such 10% deviation, "Business as Usual activities" or "BAU") at no additional cost per unit. Service Provider will accommodate Service Receiver's inorganic (Mergers, Acquisitions, and Divestitures) activities on a time and materials basis with respect to the one-time set-up fees. The table below will then apply following the completion of the one-time set-up activities.

Scenario	One-Time Setup Fees	Monthly Fees
Service Volume within BAU [Note: BAU already includes +/- 10% of pre-distribution date volumes]	No incremental one-time fees when Service Receiver utilizes services and structure as-is with no changes under this agreement	Steady-State fee structure for requisite service as documented below
Service Volume greater or less than BAU	Service Provider will develop a commercially reasonable quote for acceptance by the Service Receiver provided the Service Receiver utilizes services and structure as-is with no significant changes under this agreement	Service Provider will develop a commercially reasonable quote for acceptance by the Service Receiver incremental to the base service costs documented below for the requisite service

Ad-Hoc development/services or processing of reports consistent with what was provided prior to the distribution date will be supported as part of this agreement. Service Provider will use commercially reasonable efforts based on provider's current abilities to accommodate regulatory or legal ad-hoc requests. Ad-hoc requests which may need to be performed to assist Service Receiver in meeting new legal obligations will be provided on a time and materials basis as described in the Additional Pricing section of this agreement. Any changes to 3rd party relationships which require interface modifications or re-writes are not included as part of the scope of this agreement. Should the Service Receiver require such changes, Parties agree to negotiate in good faith with regard to such modification. In the event modifications to the services provided are required by law for only the Service Recipient and such modifications increase the cost for Service Provider, Service Recipient that requires the modifications shall pay all the additional costs including the costs for the other Service Recipients.

Exit Services

The following services will be provided upon receipt of a Termination Notice to exit from this Service.

<u>Service #</u>	<u>Service Name</u>	<u>Description of Service</u>	<u>Service Charge (\$/hour)</u>
IT-Infinium-04	Infinium Migration	Service Provider will make commercially reasonable best efforts to assist Service Receiver in exiting of this agreement. These efforts include: <ul style="list-style-type: none">• Support of data extraction requests from the Service Receiver• Providing Subject Matter Expertise in helping the Service Receiver understand current state data schema and configuration details	Time and Materials Based on Additional Pricing Section
IT-Infinium-05	Infinium Knowledge Transfer	Service Provider will provide the following knowledge transfer services: <ul style="list-style-type: none">• Existing non-sensitive documentation maintained by the Service Provider will be given to the Service Receiver as it relates to the Infinium Application and related interfaces	Time and Materials Based on Additional Pricing Section

Supplemental Services

For requests for supplemental services relating to Infinium Application support services by Service Receiver not mentioned in this Schedule or not included within the costs documented in this agreement, Service Receiver will provide a discreet project request and submit such request to Service Provider using the formalized Change Request attached as Annex A for consideration by Service Provider.

Where notice is required a number of business days prior to some required action by Service Provider, notice must be received by 12 noon Eastern Time to be counted as received during such business day. Service Provider shall, within a commercially reasonable period, provide a price quote to be commercially reasonable based on the current cost of the Services to Service Receiver taking into account, such items as the specific time the request was made, service delivery volumes, exit planning activities, and other activities Service Provider is currently engaged in at the time of the request, but not later than 30 days after the request was made. If Service Provider, in its sole discretion determines (i) such request would increase the ongoing operating costs for Service Provider (as a service recipient) or any other service receiver or (ii) that it is not capable of making such changes with its current staff during the time period requested without interrupting the Services provided to itself or any other service receiver. Service Provider need not provide a price quote or perform the services. Where a price quote is provided, Service Provider shall provide the service requested upon acceptance of the price.

LOCATIONS

Services are initially provided from Fort Wayne, IN, USA to Canada and USA locations for HR and payroll, and White Plains, NY for GL, AP, and CM.

PREREQUISITES/DEPENDENCIES

- Service Receiver will maintain the applications and interfaces documented in Attachment A.
- Any IT services required to support business services outlined in the HR/Payroll/Benefits TSA and which were provided in the 12 months prior to the distribution date will be supported as part of this agreement.
- If Service Receiver sends inaccurate data to Service Provider it will be the responsibility of the Service Receiver to rectify any problems and bear any costs incurred to rectify the issue.
- Security and access controls will be maintained as set forth in the Master Services Agreement.

NOTICE REQUIREMENT

Official Notices and Bills under this Schedule should be sent to the following addresses (with an email copy to the Service Owners set forth above):

If to the Service Provider:
Exelis Inc.
1650 Tysons Boulevard
Suite 1700
McLean, VA 22102
Attention: Joe Daniel
Joe.daniel@exelisinc.com

If to the Service Receiver:
ITT Corporation
240 Fall Street
Seneca Falls, NY 13148
Attention: Daryl R. Bowker
Daryl.bowker@itt.com

SERVICE LEVEL

Service Provider will classify incidents at its own discretion. Such classifications shall be consistent with the priorities Service Provider set for itself as a recipient of services. Incidents classified using this methodology will be triaged as documented in Attachment B.

In the event incidents cannot be resolved in the time outlined in Attachment B, Service Provider shall promptly notify Service Receiver and work together to try and resolve such incidents.

ADDITIONAL PRICING

Hourly Rate for Services Not Specified but Provided by Service Provider Employees (including but not limited to modifications, consulting, exit strategy development, transition, etc.) are documented below. Such services will be provided solely at the Service Provider's discretion. Service Provider is not obligated to provide additional services not specified in this agreement. The employee category is defined by the Service Provider. The rates documented below shall be commercially reasonable and designated by the Service Provider, closest to its current cost to provide the service. The hourly rates below include the 4.5% amount for inflation each year. These rates apply to internal Service Provider employees only, and should external resources be

required, the costs for those external resources will be reviewed with the Service Receiver prior to execution of the project.

Additional Pricing Rates (All in USD)

Location	Low	Medium	High
USA	\$ 75	\$ 100	\$ 125
Greece	\$ 35	\$ 46	\$ 58
Mexico	\$ 19	\$ 25	\$ 31
Sweden	\$ 75	\$ 100	\$ 125

ATTACHMENT A

Interface Name	Program Name	Business Purpose	Vendor	Source System	Destination System
		AC ISP Rate change file	ACS	ACS	Infinium
		Load and List wage request file from Cartus	CARTUS	CARTUS	Infinium
		Load Cartus file and process-batch job	CARTUS	CARTUS	Infinium
		Bring in Cartus Wage Request file	CARTUS	CARTUS	Infinium
		Load Cartus Gross Ups	CARTUS	CARTUS	Infinium
		Re — Apply Concur (PYPME History) to Payroll	Concur	Concur	Infinium
		Concur — Load Employees from INFIN	Concur	Concur	Infinium
		Expense transations	Concur	Concur	Infinium
		CONCUR travel process expense records	Concur	Concur	Infinium
		Labor feed 800	Infinium	Aerospace	Infinium
		Labor feed 800	Infinium	Amory	Infinium
		Labor feed 500	Infinium	Cannon	Infinium
		Cannon Salary Non — Exempt Employees	Infinium	Cannon	Infinium
		Load Labor to Daily Time (CAP)	Infinium	CAP	Infinium
		Load Labor to Daily Time (CMC — BWS)	Infinium	CMC	Infinium
		Load Labor to Daily Time(CMC — Ft8)	Infinium	CMC	Infinium
		Labor feed 800	Infinium	Engvl	Infinium
		Load Labor to Daily Time (ENI)	Infinium	ENI	Infinium
		Labor Feed to Infinium — Gould Pumps 3 —	Infinium	Gould	Infinium
		Labor feed	Infinium	Gould	Infinium

Interface Name	Program Name	Business Purpose	Vendor	Source System	Destination System
		Labor feed 810	Infinium	Gould Pumps 92S	Infinium
		Labor feed 810	Infinium	Gould Pumps 9 XL	Infinium
		Labor feed 810	Infinium	Gould Pumps EVZ	Infinium
		KAL hourly payroll feed	Infinium	Kalburn	Infinium
		Labor feed 905	Infinium	Koni Hr	Infinium
		Labor feed 905	Infinium	Koni Sal	Infinium
		Promotions	Infinium	Excel	Infinium
		Labor Load (BIWBW)	Infinium	BIWBW	Infinium
		Labor Load (BIWHR)	Infinium	BIWHR	Infinium
		Salary Changes	Infinium	Excel	Infinium
		401K Hourly to JP Morgan	JP Morgan	JP Morgan	Infinium
		Receive Long Term Care file	John Hancock	John Hancock	Infinium
		Receive Long Term Care Billing file	John Hancock	John Hancock	Infinium
		Copy from Tape J&HKVI data to file XPYPJHI	John Hancock	John Hancock	Infinium
		Receive life plus file	John Hancock	John Hancock	Infinium
		Receive Life Plus Input File	Marsh	Marsh	Infinium

<u>Interface Name</u>	<u>Program Name</u>	<u>Business Purpose</u>	<u>Vendor</u>	<u>Source System</u>	<u>Destination System</u>
		Infinium HR Data to Payroll Vendor	Payroll Vendor	Infinium /SAP	Payroll Vendor
		Defense Labor feed to Payroll Vendor	Payroll Vendor	iSeries	Payroll Vendor
		ITT Labor Feed to Payroll Vendor	Payroll Vendor	iSeries	Payroll Vendor
		Water Labor Feed to Payroll Vendor	Payroll Vendor	iSeries	Payroll Vendor
		Receive and process autotime — car allowance	Runzheimer	Runzheimer	Infinium
		Receive and process Can AT — car allowance	Runzheimer	Runzheimer	Infinium
		Re-Apply Runzheimer (PYPME History) to Payroll	Runzheimer	Runzheimer	Infinium
		Receive Smith Barney Options	Smith Barney	Smith Barney	Infinium
		Receive Smith Barney Restricted	Smith Barney	Smith Barney	Infinium
		United Way Upload to PYPDE	United Way	United Way	Infinium
		CLP to receive check recon file from Wells F	Wells Fargo	Wells Fargo	Infinium
		Receive Check recon	Wells Fargo	Wells Fargo	Infinium

ATTACHMENT B

Following are the incident priorities and expected resolution target times:

<u>Priority</u>	<u>Accept</u>	<u>Resolve Incidents</u>
Urgent	30 mins	1 hr
High	1 hr	4 hrs
Medium	2 hrs	8 hrs
Low	4 hrs	48 hrs

Priority of Incidents

Urgent: System/Component or Program is inoperable, Multiple users effected. No alternatives or backup is available.

High: Single user with a System/Component or Program that is inoperable. Component degraded with limited access or functionality. A Workaround is available.

Medium: Job functions can be performed with some restricted functionality. Training, questions or concerns need to be addressed but production is not affected.

Low: Attention is needed to assist in non-critical situations. A workaround is available.

Recovery Times

In the event of a hardware failure, the hardware vendor will be engaged for repair or replacement. The anticipated outage period for an event of this nature is 16 hours.

In the event of a failure which results in the database having to be restored, the anticipated outage would be 6+ hours.

Annex A
TSA Change Request Form

TSA Schedule:
Receiver TSA Owner:
Date of Request:
Completed By:

Requested Service Change:

Item Number	Service Description (Listed on schedule in the TSA)	Monthly Charge	Requested Change	Already agreed to with Service Provider (Y/N)
1				
2				
3				
4				
5				

Outcome:

Item Number	Outcome (Approved, Denied)	Specific Action to be taken
1		
2		
3		
4		
5		

Approvals

Approved By:
Provider TSA Functional Lead

Executive Representative:
Provider TSA Manager

Approved By:
Receiver TSA Functional Lead

Executive Representative:
Receiver TSA Manager

SCHEDULE CA6

**ITT.COM EMAIL FORWARDING
INFRASTRUCTURE**

Capitalized terms used herein and not otherwise defined shall have the meaning assign such term in the Agreement. The Services provided hereunder are subject in all respects to the terms and conditions of the Agreement, except where expressly noted.

SERVICE OWNER

All service matters, general inquiries and notices regarding this service should be directed to:

<u>Name</u>	<u>Title</u>	<u>Phone</u>	<u>e-mail</u>
Suleiman Walker Exelis Inc.	Messaging Manager	719-591-3626	suleiman.walker@exelisinc.com
Larry Gremaux ITT Corporation	Senior Technical Support Specialist	843-375-1896	larry.gremaux@itt.com

GENERAL SERVICE DESCRIPTION

Service Provider will perform ITT.com Email Forwarding Services for Service Receiver.

The primary service is to provide a computer processing platform that supports the business applications of the Business, which includes IT support for technology infrastructure.

SCOPE OF SERVICES

Upon the terms and subject to the conditions of this Services Schedule and the Agreement, the Service Provider shall provide to Service Recipient the services identified below (collectively, the "Services").

<u>Service #</u>	<u>Service Name</u>	<u>Description of Service</u>	<u>Transaction Volume</u>	<u>Duration</u>	<u>Service Charge</u>
IT-Email Forwarding -01	Email Forwarding Support Services	<p>Provide Email Forwarding services for email messages sent to ITT.com. Service Provider will forward messages to new Service Receiver domain addresses.</p> <p>Service Provider will maintain Exchange contact objects in their Active Directory for all legacy ITT.com SMTP addresses.</p> <p>The Service Provider will add additional contact objects within 48 hours of receiving the request from the Service Receiver. Escalations for 4 hour turnaround will be allowed for high profile users and accounts. Each escalation will require Exelis and ITT Corp Messaging Manager agreement before the committed 4 hour turnaround can be processed.</p>	Unlimited number of emails forwarded	12	Cost plus 2% - 10% per month

Services that will not be provided as part of this agreement are:

- Filtering of spam beyond SenderBase reputation level
- Legal holds — Emails will not be saved as they will be forwarded to the Service Receiver, and it is the Service Receiver's obligation to save emails if required by their legal counsel
- Updating of Service Receiver's domain changes

Service Provider reserves the right to temporary halt the service, provided notification is given to Service Receiver using commercially reasonable efforts, due to:

- Unusual increase in volume of emails
- Threats to security
- Constraints to network resources

Should the Service Receiver require changes to the documented services, Parties agree to negotiate in good faith with regard to such modification.

Exit Services

No exit services will be provided under this agreement.

LOCATIONS

Services are initially provided from Fort Wayne, IN, USA to global locations.

PREREQUISITES/DEPENDENCIES

- The Service Receiver will provide a list of obsolete contact objects that can be removed by the Service Provider on a monthly basis.
- Service Provider's Exchange Organization must be authoritative for the ITT.com (Simple Mail Transfer Protocol) SMTP address space and the Service Receiver's Exchange Organization must not add itt.com to its Email Address Policy for the period of time which this agreement is in effect.
- Service Receiver must continue to allow Service Provider to remain the mail exchanger (MX) and entry point for all ITT.com email for the period of time which this agreement is in effect.
- The Service Receiver will not use the domain email.itt.com for the period of time which this agreement is in effect
- The Service Receiver will coordinate all legacy messaging DNS record changes with the Service Provider.
- Service Receiver must have Cisco Iron Port hardware and software licenses active and maintained for the period of time in which this agreement is in effect.
- Service Receiver must have Transport Layer Security (TLS) enabled and maintained for the period of time in which this agreement is in effect.
- Service Receiver must have Microsoft Exchange active and maintained for the period of time in which this agreement is in effect.
- Security and access controls will be maintained as set forth in the Master Services Agreement.
- Service Receiver must have a Technical Assistance Agreement in place with the U.S. Government for the period of time in which this TSA agreement is in effect for any non-US citizens who are Exchange Org Administrators and Enterprise Administrators administrating (or give themselves permission to) the Americas site from outside the US.

NOTICE REQUIREMENT

Official Notices and Bills under this Schedule should be sent to the following addresses (with an email copy to the Service Owners set forth above):

If to the Service Provider:
Exelis Inc.
1650 Tysons Boulevard
Suite 1700
McLean, VA 22102
Attention: Joe Daniel
Joe.daniel@exelisinc.com

If to the Service Receiver:
ITT Corporation
240 Fall Street
Seneca Falls, NY 13148
Attention: Daryl R. Bowker
Daryl.bowker@itt.com

SERVICE LEVEL

Service Provider will classify incidents at its own discretion and will make commercially reasonable efforts to resolve incidents with service delivery. In the event incidents cannot be resolved, Service Provider shall promptly notify Service Receiver and work together to try and resolve such incidents.

ADDITIONAL PRICING

Hourly Rate for Services Not Specified but Provided by Service Provider Employees (including but not limited to modifications, consulting, exit strategy development, transition, etc.) are documented below. Such services will be provided solely at the Service Provider's discretion. Service Provider is not obligated to provide additional services not specified in this agreement. The employee category is defined by the Service Provider. The rates documented below shall be commercially reasonable and designated by the Service Provider, closest to its current cost to provide the service. The hourly rates below include the 4.5% amount for inflation each year. These rates apply to internal Service Provider employees only, and should external resources be

required, the costs for those external resources will be reviewed with the Service Receiver prior to execution of the project.

Additional Pricing Rates (All in USD)

Location	Low	Medium	High
USA	\$ 75	\$ 100	\$ 125
Greece	\$ 35	\$ 46	\$ 58
Mexico	\$ 19	\$ 25	\$ 31
Sweden	\$ 75	\$ 100	\$ 125

Annex A
TSA Change Request Form

TSA Schedule:
Receiver TSA Owner:
Date of Request:
Completed By:

Requested Service Change:

Item Number	Service Description (Listed on schedule in the TSA)	Monthly Charge	Requested Change	Already agreed to with Service Provider (Y/N)
1				
2				
3				
4				
5				

Outcome:

Item Number	Outcome (Approved, Denied)	Specific Action to be taken
1		
2		
3		
4		
5		

Approvals

Approved By:
Provider TSA Functional Lead

Executive Representative:
Provider TSA Manager

Approved By:
Receiver TSA Functional Lead

Executive Representative:
Receiver TSA Manager

**SCHEDULE CA7
BASIC TIME AND MATERIALS SUPPORT**

Capitalized terms used herein and not otherwise defined shall have the meaning assigned to such term in the Agreement. The Services provided hereunder are subject in all respects to the terms and conditions of the Agreement, except where expressly noted.

SERVICE OWNER

All service matters, general inquiries and notices regarding this Service should be directed to:

Name	Title	Phone	e-mail
Service Provider's Contact			
Exelis Inc. Joe Daniel	TSA Manager	office: (703) 790-6309	Joe.daniel@itt.com
Service Receiver's Contact			
ITT Corporation Daryl Bowker	TSA Manager	Office: (315) 568-7676	Daryl.bowker@ittcorp.com

PARTIES TO THE AGREEMENT

Service Receiver: Exelis Inc.

Service Receiver: ITT Corporation

GENERAL SERVICE DESCRIPTION

Service Receiver may need assistance after the Distribution Date from the Service Provider for miscellaneous services, including but not limited to consulting, advisory, knowledge transfer and other similar services in various areas including, but not limited to finance, tax, accounting.

insurance, treasury, human resources and communications, which are not already provided for under all of the other TSAs between ITT Corporation, Xylem Inc., and Exelis Inc.

The Service Provider hereby agrees to cause its and its affiliates employees (collectively, "Experts") to provide a reasonable amount of services, including specifically the services listed in Appendix A, upon reasonable notice and request from the Service Receiver on a time and materials basis from the Distribution Date through April 30, 2013 (the "Minimum Term" and the "Maximum Term").

To utilize this TSA Schedule, employees of Service Receiver should request such services via email or telephonically where both parties have a clear expectation of the estimated number of hours of assistance being requested. For projects that are expected to require more than 5 to 10 hours of assistance a one or two paragraph project plan should be agreed to in order to avoid misunderstandings. The project plan should be put together by the Service Provider's "Expert" with respect to the requested services.

Employees of Service Receiver should advise their TSA manager that a request for services has been made together with a description of such services requested and the estimated number of hours requested.

The "Expert" should advise their TSA manager that a request for services has been made and the estimated number of hours requested.

SCOPE OF SERVICES

The scope of services will depend on the needs of the Service Recipient and the capabilities and availability of the Experts.

LOCATIONS

All locations around the world

PREREQUISITES/DEPENDENCIES

The Experts remain employees of Service Provider. Service Receivers acknowledge and agree that Service Provider has discretion to terminate the Experts and the Experts have the ability to terminate their employment with Service Provider. In the event the Experts are no longer employed by Service Provider, Service Provider will, at the request of the Service Receiver, use commercially reasonable efforts to provide similar services. However, if Service Receivers or an affiliate employ any of the Experts, the specific service requested under this Schedule can be terminated by the Service Provider, at the Service Provider's sole discretion on 5 business days notice to the Service Receiver.

TAX STATUS

Sales tax will be charged as determined by the Service Provider and the Service Receiver shall pay such tax along with the payment for the service provided.

BILLING LOCATION

Service Provider will provide Service Receiver with an invoice to its address set forth below under Notice Requirements, except in cases where services are provided outside of the United States, in which case invoices will be created by the Service Provider's legal entity in the country where the services are being performed and invoiced to the Service Receiver's legal entity that requested the services in the Service Provider's local currency. The bill will cover all charges for services under this Schedule from Service Provider and, to the extent reasonably feasible, will be itemized among Service Receiver's legal entities if identified by the Service Receiver when requesting the service. The invoice will contain the number of hours each Expert worked, a short paragraph describing the services and the US dollar amount per Expert.

The Experts shall track their time on either a time sheet or any other proper method such as the utilizing the time sheet attached hereto and Service Provider agrees that the time sheets will accompany the invoice that is sent to the Service Recipient for payment. In cases where the requested services are expected to take longer than 30 days to complete, the Service Provider will be allowed to invoice the Service Receiver once per month for all costs incurred to date.

NOTICE REQUIREMENTS

No notice of Termination is required under this Schedule and there shall be no make-whole fee under this Schedule

Notices and bills to the Service Provider should be sent to:

Exelis Inc.
1650 Tysons Boulevard
Suite 1700
McLean, VA 22102
Attention: Joe Daniel

Notices and bills to the Service Provider should be sent to:

ITT Corporation
240 Fall Street
Seneca Falls, NY 13148
Attention: Daryl R. Bowker

PRICING

In addition to the costs specifically set forth below, Service Receivers shall also pay all business travel expenses relating to the Services in accordance with Service Providers documented travel policies and any incremental out of pocket costs incurred by the Service Provider in order to provide the requested services that are invoiced by unaffiliated 3rd parties. Service Provider agrees to provide vendor invoices as backup to the Service Receiver when invoicing the Service Receiver under the terms of this TSA.

The hourly rates below include a 4.5% increase for inflation and the 2% profit margin and shall be applicable in 2011 and 2012. The rates shall increase by 4.5% in 2013. There shall be no make whole fee due under Section 11 of the Agreement upon early termination of this TSA.

<u>Service</u>	<u>Hourly Rate*</u>
Hourly Rate Administrative/Secretarial.	\$50 per hour
Hourly Rate for a Non Executive	\$100 per hour
Hourly Rate for an Executive	\$150 per hour

* Note: In cases where invoicing is done outside the United States, the above rates should be converted to local currency based on the exchange rate on the date the invoice is prepared.

The pricing for the services described in Appendix A will be as set forth in Appendix A unless no pricing is provided in which case if services are provided on an hourly basis the rates above will apply.



Due Diligence Manager Software Application

Draft Base Statement of Work

Version 1.0 Draft

September 20, 2011

Draft Base Statement of Work

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1 Scope

The software application — Due Diligence Manager (DDM) — is a web-based, data-driven software application that provides the ITT Due Diligence staff with the capabilities that directly support the due diligence process. The SOW describes approach for identifying, scoping, estimating, developing, testing, deploying, and maintaining the software and application operation of the DDM application.

This document describes the requirements for maintaining and modifying the ITT Due Diligence Manager software application, including the underlying database.

2 Technical Support Requirements

2.1 Routine Application Maintenance

ITT AIS Development Staff will perform all routine application software maintenance tasks to ensure that the DDM software application is available to the user community on an continuous basis.

2.1.1 Routine Tasks

ITT AIS Development Staff will periodically identify and correct latent issues discovered during normal operations. These tasks include Application Server settings, configuration, software upgrades and patches. These tasks are typically background and housekeeping tasks that should not affect active users.

2.1.2 Outages

In the event of a failure (outage, defined as non-availability of DDM application software functionality), the develop staff will make every attempt to restore software availability.

For software-related outages, ITT AIS Development Staff will investigate the reported issue, determine the cause, correct the issue source, deploy a corrective update, verify the correction, and notify the issue initiator of the resolution.

Outages that are not immediately identifiable as due to a DDM software issue, must be directed to the ITT organization's IT data center help desk, who will initiate a support ticket and process that ticket to resolve the issue based on internal processes defined by that organization. ITT AIS Development Staff will support that effort to determine the source of the outage.

2.2 Change and Improvement Process

Requests for modifying the design, functionality or configuration of the DDM software application shall be presented to the development staff by the user community through a change request document.

2.2.1 Change Request Analysis

The ITT AIS development staff will review each request and develop an estimate for the level of effort required to implement the requested change. This activity may include dialogue with the initiating organization in order to ensure understanding of the objectives and outcomes of the requested change.

2.2.2 Change Request Processing

ITT AIS staff will process the final RFC proposal through internal contracting offices, ultimately to be released to the requesting activity as a proposal for implementing the final change request. Once the requesting organization approves a proposal and the requisite contractual documentation is finalized, ITT AIS development staff will schedule and execute the finalized change request. Once the change is completed, ITT AIS will deploy the change to the live DDM server for review by the requesting organization. After completing a comprehensive review of the deployed application software change, and after providing ITT AIS Development Staff with approval, ITT AIS Development Staff will close the change request by initiating a contract closure letter to the requesting organization.

2.3 Testing

Prior to deployment of all requested and approved changes, DDM software changes will be thoroughly tested using ITT AIS Development Staff's internal test process. The test objectives, steps, and results will be documented in an appropriate format to ensure that testing has been conducted and that any resultant software bugs have been resolved.

3 Deliverables

For Change Requests that impact the DDM User Guide or DDM Administrator Guide ITT AIS Development Staff will update the affected documentation and release to the requesting organization an update in pdf format.

4 Training and Support

For Change Requests that include signification changes where training on new fieatures and functionality are requested as part of the Change Request, ITT AIS Development Staff will schedule and conduct an on-line training course to cover the

Draft Base Statement of Work

areas affected. Training will be addressed and included in the proposal for each Change Request as needed.

If requested, the ITT AIS Development Staff will provide technical training to ITT's IT staff for further support and build-out the DDM application source code and application web server. This support will be estimated and quoted through the same process described above for change requests.

5 Place of Performance

All development tasks will be performed at ITT AIS site in Chesapeake, VA.

6 Period of Performance

The proposed project schedule will be provided on a case by case basis. The final schedule will be updated once the project is accepted by the requesting organization.

7 Project Management

ITT AIS Development Staff will identify DDM project manager who will be responsible for ensuring that the agreed-upon tasks identified in the final accepted proposal are scheduled, tracked, and completed in accordance with the project schedule. Any issues affecting cost, schedule, or technical performance will be brought to the attention of the client as soon as possible for resolution.

8 Labor Categories and Rates

Labor categories to be applied to tasks under this SOW are listed below. These rates are estimates. Each task order will require a formal quote issued by ITT AIS Contracts Office based on the level of effort estimates as described in paragraph 2.2.

Labor Category	Estimated Labor Rate
Project Manager	Cost plus 2% - 10%
Sr. Software Engineer	Cost plus 2% - 10%
Software Engineer	Cost plus 2% - 10%

Appendix A-1 Public Relations Officer

Service provider/Remit to: Bernard Joseph Dunn, General Manager of Defense Dubai branch. Address: Office #1102; Crystal tower; Business Bay; Downtown Dubai; Dubai ;UAE

Service receiver/Bill to: Camil George Shuggi, General Manager of IP Dubai branch. Address: Office 504; Deira Twin towers; Baniyas Street; Deira; Dubai; UAE

Service: The Exelis Dubai office will provide Public Relations Officer and courier services to the ITT Dubai office for a period of time not to exceed two months or until ITT has hired, trained and registered their new employee that will be assuming these services for ITT in Dubai. 5 days advance notice is required to terminate this service.

Pricing: The services charge for PRO/courier services will be paid on a monthly basis. The charge per month will be AED Cost plus 2% - 10%. The rate above includes the 2%, 10% or 4.5% increase that should be applied as set forth in Section 2(a) of the Agreement. There will be no make-whole fee for early termination.

Appendix A-2

Management Reporting (HFM/Planning) Post Separation Support Requirements

Following the separation of ITT into 3 companies, key management reporting resources will be required to provide post separation support and knowledge transfer between the NewCos. High level areas of support and knowledge transfer include:

- Month-end close
- Year-end close
- New Year setup and rollforward
- OpPlan, Forecast, and Budget
- Metadata Management
- Ledger Mapping
- Break/Fix Support

Listed below are the key HFM and Planning resources whose post separation support will be required during the period 11/1/2011 through the 2012 March Close (approximately 4/20/2012).

Resource	Future NewCo	Executive	November			December			January			February			March			April		
			ITTCo	Xylem	Exelis	ITTCo	Xylem	Exelis	ITTCo	Xylem	Exelis	ITTCo	Xylem	Exelis	ITTCo	Xylem	Exelis	ITTCo	Xylem	Exelis
	No		n/a	48	48	n/a	48	24	n/a	48	24	n/a	36	12	n/a	36	12	n/a	12	12
	No		48	n/a	48	24	n/a	24	24	n/a	24	12	n/a	12	n/a	12	n/a	12	12	n/a
	No		48	48	n/a	24	24	n/a	24	24	n/a	12	12	n/a	12	12	n/a	12	12	n/a
	No		n/a	48	0	n/a	24	0	n/a	24	0	n/a	12	0	n/a	12	0	n/a	12	0
	Yes		n/a	48	48	n/a	24	24	n/a	24	24	n/a	12	12	n/a	12	12	n/a	12	12
	No		48	n/a	48	24	n/a	24	24	n/a	24	12	n/a	12	12	n/a	12	12	n/a	12

Service Provider Owners and Service Receiver Owners are set forth under "Service Owner" above.

**SCHEDULE CB1
HR/PAYROLL/BENEFITS**

Capitalized terms used herein and not otherwise defined shall have the meaning assign such term in the Agreement. The Services provided hereunder are subject in all respects to the terms and conditions of the Agreement, expect where expressly noted.

SERVICE OWNER

All service matters, general inquiries and notices regarding this service should be directed to:

<u>Name</u>	<u>Title</u>	<u>Phone</u>	<u>e-mail</u>
Joe Daniel Exelis Inc.	TSA Manager	(703) 338-3405	joe.daniel@itt.com
John Connolly Xylem Inc.	Director, Technical Accounting	(914) 323-5795	john.connolly@xyleminc.com

GENERAL SERVICE DESCRIPTION

Service Provider will perform Payroll, Payroll Tax, HR, Garnishment and Benefit Services for Service Receiver.

Service Receiver and its Subsidiaries will utilize Service Provider's resources based on the functionality, processes, input and output screens and documents that support Service Provider's business and business processes in the twelve months prior to the Distribution Date.

SCOPE OF SERVICES

Upon the terms and subject to the conditions of this Services Schedule and the Agreement, Service Provider shall provide to Service Recipient the services identified below (collectively, the "Services").

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
SS-Payroll-01	Payroll Services	<p>Provide payroll and tax configuration support required to support payroll services:</p> <ul style="list-style-type: none"> Income Codes —Service Provider will use the Income Request Form from the Service Receiver to update tax, garnishment, eligibility, pension, and 401K with the provided income codes. 5 business days prior notice are required to make the income code changes. Deduction Codes —Service Provider will use the Deduction Request Form from the Service Receiver to update tax, Group Term Life (GTL), and other accumulator requirements with the provided deduction codes. 5 business days prior notice are required to make the deduction code changes. Paid Time Off (PTO) Accrual Controls —Service Provider will use the PTO Policy document from the Service Receiver to accrual code and schedule setups requested by the Service Receiver. 10 business days prior notice are required to make the requested PTO Accrual Controls changes. Federal/State/Local Tax Table —Service Provider will use the Notification of Federal/State/Local Tax Change provided by the Service Receiver to update the local tax setup within systems managed by Service Provider within 5 business days of the request. Federal/State/Local Tax —Service Provider will use the Request for Level Control provided by automated systems to update the level control setup within systems managed by Service Provider within 5 business days of the request. Employer Codes — Service Provider will use the Request for New Employer Codes from the Service Receiver to update employer codes in systems managed by Service Provider within 5 business days of the request. User Defined Field — Service Provider will use the Request for User Defined Field provided by the Service Receiver to update the necessary fields within 5 business days of the request. Level Control — Service Provider will use the Request for Level Control provided by the Service Receiver to update the level control setup within systems managed by Service Provider within 5 business days of the request. Pay Cycle — Service Provider will use the Request Pay Cycle from the Service Receiver to setup the pay cycle with the pay calendar where applicable. 5 business days are required to make the pay cycle changes. Pre-distribution date pay cycle configuration is defined in Attachment B. 	100/month for all SS-Payroll-01	14	Cost plus 2% - 10% per month

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
		<ul style="list-style-type: none"> • Employer Group — Service Provider will use the Request for Employer Group provided by the Service Receiver to update the Employer Group within systems managed by Service Provider within 5 business days of the request. • Cycle Group — Service Provider will use the Request for Cycle Group provided by the Service Receiver to update the cycle group setup within systems managed by Service Provider within 5 business days of the request. • Payroll Authorization Group — Service Provider will use the Request for Payroll Authorization Group provided by the Service Receiver to update the Payroll Authorization Group setup within systems managed by Service Provider within 5 business days of the request. • Income Authorization Group — Service Provider will use the Request for Income Authorization Group provided by the Service Receiver to update the income authorization group setup within systems managed by Service Provider within 5 business days of the request. • Deduction Authorization Group — Service Provider will use the Request for Deduction Authorization Group provided by the Service Receiver to update the deduction authorization group setup within systems managed by Service Provider within 5 business days of the request. • Auto Pay Groups — Service Provider will use the Request for Auto Pay Groups provided by the Service Receiver to update the auto pay groups setup within systems managed by Service Provider within 5 business days of the request. • Labor/Income Cross Reference Table — Service Provider will use the Request for Labor/Income Cross Reference Table Maintenance provided by the Service Receiver to update the Labor/Income Cross Reference Table setup within systems managed by Service Provider within 5 business days of the request. • General Ledger Cross Reference Table — Service Provider will use the Request for General Ledger Cross Reference Table maintenance provided by the Service Receiver to update the general ledger cross reference table setup within systems managed by Service Provider within 5 business days of the request. 			
		<p>Provide garnishment, child support, tax levy, interrogatory correspondence, withholding and payments support required for payroll services:</p>			
		<ul style="list-style-type: none"> • Garnishment Letter — Service Provider will use the Garnishment Notification to provide a garnishment letter to the garnishing agency during the latter of 7 days after notification and the next applicable payment cycle. 	<p>New Transactions 200, Monthly Payments 700</p>		

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
		<ul style="list-style-type: none"> Garnishment Withholding — Service Provider will use the Garnishment Notification to adjust the employee garnishment deduction setup during the latter of 7 days after notification and the next applicable payment cycle. Garnishment Payments — Service Provider will use the Garnishment Notification to update the garnishment payments to agency during the latter of 7 days after notification and the next applicable payment cycle. Stop Garnishments — Service Provider will use the Garnishment Stop Notification to deactivate the employee garnishment deduction and process refund of any over-withholding during the latter of 7 days after notification and the next applicable payment cycle. 			
		<p>Provide employee maintenance support where appropriate to support payroll processing</p> <ul style="list-style-type: none"> W-4 — Service Provider will use the W-4 Form from the Service Receiver to update employee W-4 information with the provided information. Service Receiver must provide such information at least 2 business days prior to processing of payroll to ensure inclusion in the current payroll run. Home/Work State Update — Service Provider will use the employee change request for home/work state maintenance from the Service Receiver to make requested updates. Service Receiver must provide such information at least 2 business days prior to processing of payroll to ensure inclusion in the current payroll run. Direct Deposit — Service Provider will use the Direct Deposit Form from the Service Receiver to update employee direct deposit information with the provided information. Service Receiver must provide such information at least 2 business days prior to processing of payroll to ensure inclusion in the next payroll run. 	600/month		
		Provide college fund employee direct deposit maintenance required to support payroll processing upon receipt of notification of enrollment or change via email. Request will be processed within 7 days of notification in the next applicable payment cycle.		30/month	
		Provide executive excess savings plan updates to employee deduction code maintenance required to support payroll processing upon receipt of Service Receiver notification of employee. Request will be processed within 7 days of notification in the next applicable payment cycle.		30/month	

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
		<p>Provide ACS 401k Interface Processing required to support payroll processing</p> <ul style="list-style-type: none"> • Saving Plan Deferral & Loan — Service Provider will use the ACS ISP Feedback File from the Service Receiver's 3rd party to update employee deduction code information with the provided information. Service Receiver's 3rd party must provide such information by Friday evening the week prior to requested update. • Saving Plan Deferral & Loan — Service Provider will use the ACS ISP Feedback File from the Service Receiver's 3rd party to update employee deduction code information with the provided information. Service Receiver's 3rd party must provide such information by Friday evening the week prior to requested update. • ACS Error Report Review — Service Provider will review the ACS ISP Feedback File from the Service Receivers 3rd party provider to review any fallout which may have occurred. Upon fallout Service Provider will notify ACS to conduct maintenance to rectify documented fallouts. • ACS New Hire — Service Provider will use a report created from the ACS Interface File from the Service Receiver's 3rd party to validate new hire processing. Service Receiver's 3rd party must provide such information by Friday evening the week prior to requested validation. • ACS ISEV — Service Provider will use the ACS ISEV Status Change from the Service Receiver's 3rd party to update employee deduction code information with the provided information. Service Receiver's 3rd party must provide such information by Friday evening the week prior to requested update. 	10 Monthly Interfaces Files & Reports		
		<p>Provide JPMorgan 401k Interface Processing required to support payroll processing</p> <ul style="list-style-type: none"> • Saving Plan Deferral & Loan — Service Provider will use the JP Morgan ISP Feedback File from the Service Receiver's 3rd party to update employee deduction code information with the provided information. Service Receiver's 3rd party must provide such information by Friday evening the week prior to requested update. • Saving Plan Deferral & Loan — Service Provider will use the JP Morgan ISP Feedback File from the Service Receiver's 3rd party to update employee deduction code information with the provided information. Service Receiver's 3rd party must provide such information by Friday evening the week prior to requested update. 	10 Monthly Interfaces Files & Reports		

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
		<ul style="list-style-type: none"> • JP Morgan Error Report Review — Service Provider will review the JP Morgan ISP Feedback File from the Service Receiver's 3rd party provider to review any errors which may have occurred. Upon fallout Service Provider will notify ACS to conduct maintenance to rectify documented fallouts. • JP Morgan New Hire — Service Provider will use a report created from the JP Morgan Interface File from the Service Receiver's 3rd party to validate new hire processing. Service Receiver's 3rd party must provide such information by Friday 5 pm EST or Thursday 5 pm EST if Friday is not a business day the week prior to requested validation. • JP Morgan ISEV — Service Provider will use the JP Morgan ISEV Status Change from the Service Receiver's 3rd party to update employee deduction code information with the provided information. Service Receiver's 3rd party must provide such information by Friday evening the week prior to requested update. 			
		Provide Principal Loan Processing required to support payroll processing upon receipt of notification by secured email and make the required employee deduction code changes	Weekly Interface Files		
		Provide Marsh Benefit Processing required to support payroll processing upon receipt of interface file and make deduction code changes. Files must be received by the 17 th of the month for processing by the end of the month.	Two Interface Files Per Month		
		Provide John Hancock LTC Processing required to support payroll processing upon receipt of interface file and make deduction code changes. Files must be received by the 17 th of the month for processing by the end of the month.	Two Interface Files Per Month		
		Provide Runzheimer Fix and Variable Auto Processing required to support payroll processing upon receipt of interface file and make employee negative deduction transactions for payroll Files must be received by the 9 th of the month.	One Interface File Per Month		
		Provide Concur Travel Expense Reimbursement required to support payroll processing upon receipt of interface file and make employee negative deduction transactions. Files must be received by Thursday morning at 6 am EST to be processed in the next applicable pay cycle.	Weekly Interface Files		
		Provide executive deferral payment upon receipt of notification from Service Receiver for payout and make employee deferral payment. Files must be received by the 9 th of the month.	One Monthly Deferral Processing		

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
		Provide excess group term life calculations upon receipt of notification from Service Receiver for payout and make employee deferral payment. Files must be received by the 9th of the month.	240 Batch Processing Runs		
		<p>Complete nightly Infinium Benefit Deduction updates. Provide payroll processing.</p> <ul style="list-style-type: none"> • Automated Labor Upload — Service Provider will use the interface from the Service Receiver's labor system and create the Infinium labor file for payroll processing. Labor Code to Infinium Income code cross reference file updated as required. • Labor Interface Validation — Service Provider will use the interface from the Service Receiver's labor system to get totals. Service Provider will then match the Infinium and Service Receiver's Labor System file. Should discrepancies exist, Service Provider will work with Service Receiver to resolve the issue. • Payroll Cycle Processing — Service Provider will then create Employee Processing Cycle File, listing of employees with pay, benefit, leave of absence and terminations. A review of employee changes will be conducted by Service Receiver and corrections made if applicable. Employee changes will be added to cycle validation routine for balancing. Delays in Service Receiver responsibilities will delay payroll processing. Service Provider will not be liable for such Service Receiver caused delays. • Close Upload Labor to Payroll Cycle — Service Provider will upload employee labor to payroll cycle. • Gross to Net Calculation — Once Infinium releases time sheet data Service Provider will produce the payroll trial balance. • Payroll Adjustments — Service Provider will update employee pay information and add adjustments to validation routine for balancing as required. • Print Trial Balance/Approve Payroll — Using the Infinium trial balance Service Provider will create a trial balance report to post payroll and print pay stubs. If Trial Balance does not balance or has errors it must be corrected via update checks and Trial Balance Reran until error free and balanced. 	<p>240 Batch Processing Runs</p> <p>240 Pay Processing Cycles</p>		
		Provide on-demand payroll processing of off-cycle check requests upon receipt of on-demand check request form from Service Provider. Form must be received by 5 pm for next day direct deposit or check delivery.	570 Transactions Annually		

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
		Provide bonus cycle payroll processing of off-cycle bonus payments upon receipt of bonus specification from Service Recipient. Form must be received 5 business days prior to date of required bonus payment.	7000 Transactions Annually		
		Provide manual W-2 earnings and deductions updates upon receipt of written notice and tax detail from Service Provider	325 Transactions Annually		
		Provide stock option manual payroll upon receipt of Smith Barney stock transaction file using the daily interface from Service Provider	80 Transactions Annually		
		Provide restricted stock manual payroll upon receipt of Smith Barney restricted stock transaction file using the daily interface from Service Provider	110 Transactions Annually		
		Provide quarterly tax dividend payment upon receipt of Smith Barney dividend transaction file using the quarterly interface from Service Provider	440 Transactions Annually		
		Provide Cartus quarterly relocation manual payroll upon receipt of Cartus Relocation Transaction file using the quarterly interface from Service Provider	140 Transactions Annually		
		Process payment for unused PTO time upon receipt of notification from systems during year-end	1700 Transactions Annually		
		Void or re-issue employee checks upon receipt of notification from Service Receiver. May be processed with current payroll or via separate check processing. For inclusion with regular payroll request must be received two business days prior to start of payroll processing. Five business days notice is required for issuing as separate payroll process. [Service Provider will not be liable if funds have been disbursed prior to voidance.]	850 Transactions Annually		
		Make adjustments to employee pay upon receipt of notification from Service Receiver. Notification must be received 2 business days prior to the next pay cycle.	325 Transactions Annually		
		Process retro-active payments for delayed merit increase processing after receipt of notification from Service Receiver. May be processed with current payroll or via separate check processing. For inclusion with regular payroll request must be received Two business days prior to start of payroll processing. Five business day notice required for issuing as separate payroll process.	350 Transactions Annually		
		Process special employee payments upon receipt of notification from Service Receiver. May be processed with current payroll or via separate check processing. For inclusion with regular payroll request must be received 2 days prior to start of payroll processing. Five day notice required for issuing as separate payroll process.	900 Transactions Annually		

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
		Process relocation payment from employee paycheck upon receipt of notification from Service Receiver Processed with normal payroll. May be repaid over multiple payrolls or from one payroll per specification of Service Receiver.	200 Transactions Annually		
		Provide executive excess savings plan distribution upon receipt of notification from Service Receiver May be processed with current payroll or via separate check processing. For inclusion with regular payroll request must be received 2 days prior to start of payroll processing. Five day notice required for issuing as separate payroll process.	50 Transactions Annually		
		<p>Service Provider will use commercially reasonable efforts to provide post-payroll</p> <ul style="list-style-type: none"> • Print/Distribute Check, Vouchers, & Reports — Printed Checks and Vouchers sealed and prepared for shipping distribution per business units instructions. • ACH Processing — ACH transmitted to clearing house using the Infinium ACH extraction process • Bank Funding — Wire Transfer to cover payroll using the bank funding report option • Credit Union Processing — File Transmission to Credit Union using the Infinium direct deposit extract • Union Reporting — Union report transmitted using the Union employees and Union dues report • Canadian Bond Processing — Transmission of Canadian Bond File to Royal Bank of Canada using the Canadian bond extract • Positive Pay — Positive pay file transmitted to Wells Fargo using the positive pay extract file • Direct Deposit Fund Pullback — Employee funds pulled back or error report with insufficient funds upon Service Receiver's request to pull back employee direct deposit. Service Provider will use the Shared Service form submission to Wells Fargo to pull back employee direct deposit. Insufficient funds notices are communicated to employees HR administrator for review of how to recover money 	250 Cycles Per Month		
		Provide Infinium month end close once a month rolling month totals, update monthly benefits (Marsh & John Hancock), and update monthly limit processing. This service will be performed after final payroll for month and prior to first payroll of new month.	20 Companies Per Month		
		Process Infinium quarter end close once a quarter rolling quarter totals, update quarterly limit	20 Companies Per Month		

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
		<p>Provide Infinium year-end processing.</p> <ul style="list-style-type: none"> • Wage & Tax Balancing — Using the wage Base Report balance Employee Earnings and Taxes • United Way Deduction — Infinium United Way Deduction Change for deduction codes 00800 & 0805 clearing the United Way deduction for the new year • 401K Limit Update -Deduction limit updated with values for year • Year End Payroll Register — Use the Infinium Year End Payroll Register to archive historical payroll registers • Hartford-JP Morgan Year End — Use the Infinium Save File to archive Hartford-JP Morgan year end 401K values • ACS — Use the Infinium Save File to archive ACS year end 401K values • Infinium W2 Box Updates — Use the Infinium Income & Deduction Reporting Groups to make W2 Box Reporting Reports • Infinium ADP W2 Box Update — Use the ADP interface for W2 Reporting to create the ADP W2 Box Interface File • Local Tax Update — Use the notification from locality or Service Receiver to update the local tax table • Transfers — Clear Q1 Information captured for tax & 401K Limit processing for use in the W2 tax report • Vinny 1st day report — Use the Infinium Day 1 Report for forecasting • Payroll Calendar — Use the Infinium Cycle Maintenance to create Service Receiver Payroll Calendars • W2 — Pension for Group Term Life (GTL) — Service Receiver provides files from ACS & Hartford and Service Provider updates Pensioner's W2's • Highly Compensated Employee Listing — Using an AS400 Query, employees meeting IRS Highly Compensated Listing are found and 401K providers updated with list of highly compensated employees • Executive Excess Saving Plan Employee Update — Service Receiver provides list of eligible employees for executive excess saving plan which Service Provider uses to update the Executive Excess Saving Plan Employee List provided for roll over into Excess Savings Plan • New Jersey Disability Year End Update — Using the New Jersey Final Disability Report; Service Provider will update the New Jersey year end payroll entries to record New Jersey final disability entries. • Infinium Year End Close — Year end close rolls year to day information to previous year and clear year-to-date dollars 	20 Companies Per Month		

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
		<ul style="list-style-type: none"> ADP 4th Quarter & Year End Extract — Using the ADP Extract Program an ADP Year End Interface File is created ADP — Balance Year — Using the ADP Year End Reports Year End Statutory Reports & W2 are output W2C's — Using the value center post year-end close entries to update the W2C Amended Year End — Use the ADP Extract Program to amended statutory reporting 			
		Provide US Tax Processing.	Registrations — 10 per month		
		<ul style="list-style-type: none"> ADP Company Profile Update — Use the ADP Tax Header Spreadsheet to update ADP tax reporting set up ADP Code Mapping — Use the ADP Mapping Document to map ADP Tax Code to Infinium Tax Code 	Interfaces — daily		
		<ul style="list-style-type: none"> Infinium ADP Deduction Table Maintenance — Use the Infinium ADP Tax Code file to output ADP Interface File including the new tax code ADP Daily Interface File — Use the ADP Infinium Payroll Tax Extract to create the ADP Receipt of Tax Payment Detail Daily Tax Audit Report — Use the Query: ADP Tax Audit Report to validate ADP Daily Tax Interface File ADP Daily Tax Funding — Use the ADP Invoice to create ADP Wire Payment ADP Unemployment Rate Change — Use the ADP Tax Header Spreadsheet to calculate ADP - Unemployment Payments with New Rate ADP Monthly Charges — Use the ADP Invoice to process ADP Payment Barnett Monthly Charges — Use the Barnett Invoice to process Barnett Payment 	Tax Payments — Daily & Quarterly Per Requirements		
		<ul style="list-style-type: none"> ADP Quarterly Communication — Use the ADP Quarterly Updates to update the Quarterly Calendar Close Schedule Cobra Quarterly Tax Credit Entry — Use the SHPS Cobra Detail summarized and entered into ADP Payroll Tax Input to update the 941 Cobra Credit Quarterly Interface File — Use the ADP Infinium Quarterly Tax Extract to create the ADP Quarterly Tax Reporting File ADP TAX Reconciliation — Use the Infinium Quarterly Tax Report to reconcile ADP Quarterly Tax Reports Quarter Close & Statutory Reporting — Use Service Receiver approval to ADP for Quarterly Processing to make quarterly statutory payments and reporting Quarterly Report Distribution ADP — Use the Quarterly Reports Posted to Web Site to distribute Statement of Deposits, 941Cobra Credit, State & Local Wage Detail 	Cobra Reporting — Quarterly		
			Quarterly Reporting		
			Tracer Transactions 20 Monthly		
			Amendments 10 Monthly		

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
		<ul style="list-style-type: none"> Quarterly Invoice Payments — Use ADP Invoice to make ADP Wire Payments Quarterly Federal & State Tax Amendments — Use Quarterly Amendment Filing to amended reporting Amendment Payment — Use the invoice to create ADP Wire Payment Tracers — Use agency notices to conduct ADP research Tracer Payments — ADP agency notice research to make payment of Agency Notices Close Tax ID — Use ADP header to close company so no future reporting in ADP Close Tax ID — Use the Agency notification of account closed to conduct final reconciliation 			
		Provide Canadian Tax Processing.			
		<ul style="list-style-type: none"> Canadian Tax Withholding — Using Canadian Tax Deductions provided by Service Receiver input Service Provider will complete Employee/Employer Tax Withholding/Liability 			
		<ul style="list-style-type: none"> Canadian Tax Payments — Using Payroll Registers provided by Service Receiver, Service Provider will make Canadian Tax Payment 	Weekly Tax Payments		
		<ul style="list-style-type: none"> Year End Pension Calculation — Using the Canadian Pension Plan Policy provided by Service Receiver, Service Provider will compute Pension Plan Calculation 		Annually T4, T4A & RL Reporting	
		<ul style="list-style-type: none"> RL1 & T4 Reporting — Using the Infinium Canadian Year End Process, Service Provider will complete T4 & RL1 Forms & XML Reporting 			
		Provide Puerto Rico Tax Processing.			
		<ul style="list-style-type: none"> Puerto Rico Tax Withholding — Using Tax Deductions Service Provider will calculate tax withholding for Service Receiver 			Weekly Tax Payments
		<ul style="list-style-type: none"> Puerto Rico Tax Payments — Using Payroll Registers provided by Service Receiver, Service Provider will make Puerto Rico Tax Payments 			Annual W2P & W3P Reporting
		<ul style="list-style-type: none"> Puerto Rico Year End Reporting — Using W2 & W3 Reporting Service Provider will make Employee & Employer Year End Tax Reporting 			
		Support the legal/regulatory audits documented below.			
		<ul style="list-style-type: none"> ACE — Worker Compensation Audit Tax Audits D&T Benefit Audit SOX Audit Disaster Recovery ACS — 401K Compliance Testing JP Morgan — 401K Compliance Testing Data Mining — Payroll Service Provider will run the custom queries documented in Attachment C once a month 			4 Audits/Month
					Monthly

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
HR-Benefits-02	Human Resources, Benefits, Training, & Compliance Support	Provide Guam Tax Processing.			
		<ul style="list-style-type: none"> • GUAM Tax Withholding — Using Tax Deductions provided by Service Receiver, Service Provider will calculate Tax withholding 			
		<ul style="list-style-type: none"> • GUAM Tax Payments — Using the payroll registers Service Provider will make GUAM tax payments 	Annual W2G & W3G Reporting		
		<ul style="list-style-type: none"> • GUAM Year End Reporting — Using W2 & W3 Reporting, Service Provider will make Employee & Employer Year End Tax Reporting 			
		Infinium and HRSS Support/Communication for handling of Service Receiver questions:			
		<ul style="list-style-type: none"> • Daily Service Receiver Issue Handling - Service Receiver users can make a phone call or send an email to ask questions related to employee data and/or transactional history stored in Infinium/HRSS; M-F 8-5pm EST except U.S. holidays; 			
		<ul style="list-style-type: none"> • Data Input Questions Covered in User Manual 			
		<ul style="list-style-type: none"> • System Requirements-Upgrades/System Changes Maintenance (Federal/State/Local) 	201/month		
		<ul style="list-style-type: none"> • Infinium Canned Reports are available for the service receiver to access and review. Service Provider will be responsible for ensuring that reports required for legal or regulatory requirements run. . 			
		<ul style="list-style-type: none"> • Coordinate issue resolution as needed with IT, Payroll, SS Accounting, HQ Benefits and/or third party vendors. 			
<ul style="list-style-type: none"> • Anything not covered above is considered a special request to be handled using on a Time & Materials basis as outlined in the Additional Pricing Section of this document. 		14	Cost plus 2% - 10% per month		
		Benefit Administration and Reporting Internal/External:			
		<ul style="list-style-type: none"> • Weekly vendor file feed resolution to national carriers - Service Provider will accept phone or email from Service Receiver or external benefits provider and resubmit corrected file feed or corrected actual employee record based on request. 			
		<ul style="list-style-type: none"> • Salaried Pension Eligibility file feed questions from field Service Receiver HR staff will be triaged by Service Provider and assist Service Receiver in data correction. 	327/month		
		<ul style="list-style-type: none"> • Validation Reports from Health & Welfare and Pension - Service Provider will receive reports from 3rd party providers listing errors related to health & welfare data and Service Provider will assist Service Receiver HR field staff to make appropriate changes 			
		Services for Service Receiver supervisors on payrolls that are not administered via the Fort Wayne Infinium System:			
		<ul style="list-style-type: none"> • Service Provider will create and/or update Job/Position Codes upon request from the Service Receiver 	50/month		

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
		<ul style="list-style-type: none"> • Service Provider will add an international supervisor as a new hire upon request from the Service Receiver • Service Provider will attach an international supervisor to an Infinium Employee record upon request from the Service Receiver • Service Provider will add an international supervisors' Concur ID to the appropriate record upon request from the Service Receiver Services for Service Receiver <p>Business Units and/or Infinium Companies that are not supported by local HR staff but administered by HRMS staff in Fort Wayne:</p> <ul style="list-style-type: none"> • Service Provider will create and or update Job/Position Code upon request from the Service Receiver • Service Provider will enter new hires on personnel side as well as on payroll side upon request from the Service Receiver • Service Provider will enter salary changes/address changes/title changes/transfers/terminations upon request from the Service Receiver • Service Provider will perform annual merit increase uploads upon request from the Service Receiver • Service Provider will communicate with Service Receiver HR contacts from other Service Receiver business units to coordinate both transferring in and out of employees upon request from the Service Receiver • Service Provider will enter payroll changes including withholding changes/benefit deductions and catch-ups upon request from the Service Receiver • Service Provider will enter benefit updates including urgent updates upon request from the Service Receiver Service Provider will make Address & Phone number changes upon request from the Service Receiver • Service Provider will make Benefit Changes due to qualifying event & Annual Open Enrollment upon request from the Service Receiver • Service Provider will make Annual Salary Merit Increases upon request from the Service Receiver • Service Provider will make Annual Reviews (if applicable) upon request from the Service Receiver • Service Provider will make inquiries relating to benefits and/or personnel information upon request from the Service Receiver • Service Provider will produce Infinium Canned Reports upon request from the Service Receiver 			

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
		<ul style="list-style-type: none"> Year-end Standard Benefit Enrollment Copy to New Plan Year Year-end Vendor Meetings for open enrollment file feeds Data Input Questions Covered in User Manual Support Special Year End File Feeds to National H&W Vendors Standard Communication regarding Annual Enrollment & Year End Dates Collaborate with Payroll, Finance and IT for Year End Closing Processes using all input from year's changes and develop project plan to prepare system for enrollment and year-end processing. Project will then be started in July, and meetings with vendors conducted as needed depending on data from customers. ** Changing benefits providers in 2011 will be a special project using Time & Materials rates with specific notification on change. 	Each item in this table will be completed once a year		
HR-Benefits-03	Training	<p>Service Provider will take requests from Service Receiver HR manager to conduct periodic WebEx training of how to use Infinium systems and conduct the training for the Service Receiver.</p> <p>Provide Payroll Accounting services.</p> <ul style="list-style-type: none"> Payroll Journals — Service Provider will use the payroll register summary from the Service Receiver to balance and post payroll journals for each payroll cycle for the Service Receiver Payroll Balance Sheet Accounts — Service Provider will use the payroll month end close document from the Service Receiver to reconcile the payroll balance sheet accounts for the Service Receiver Employee Deductions — Service Provider will use completed payroll cycles document from Service Receiver to remit employee deductions for the Service Receiver Employee Benefits for ISP,401 (K) and Insurances — Service Provider will use completed payroll cycles document and payroll queries from Service Receiver to validate, reconcile and remit employee benefits for ISP, 401(k) and insurances for the Service Receiver 	<p>1/month</p> <p>1616 annually</p> <p>3060 annually</p> <p>220 annually</p>	14	Time and Materials
SS-PayrollAcct-04	Payroll Accounting	<ul style="list-style-type: none"> ADP Payroll Taxes — Service Provider will use completed payroll cycles, payroll queries, and ADP invoices from the Service Receiver to validate, reconcile, and remit all Payroll Taxes to ADP Interface File Transmission - Service Provider will use completed payroll cycles and payroll queries from the Service Receiver to transmit interface files to 3rd party vendors on behalf of the Service Receiver Benefits Reporting — Service Provider will use the year end close information from the Service Receiver to provide annual reporting of benefits to the Service Receiver 	<p>205 annually</p> <p>240 annually</p> <p>195 annually</p> <p>10 annually</p>	14	Cost plus 2% - 10% per month

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
		• ADP Federal and State Taxes — Service Provider will use tax extract and file feed from ADP from Service Receiver to journalize ADP Federal and State Tax Activity for the Service Receiver	240 annually		
		• ADP Mid Year Conversions — Service Provider will use YTD tax amounts information from Service Receiver to perform ADP midyear conversions for the Service Receiver	5 annually		
		• Non-supported ADP — Service Provider will use completed payroll cycles information from Service Receiver to remit non-supported ADP taxes for the Service Receiver			
		• Control Files for 401(k) and ISP- Service Provider will use information from business units or HQs from the Service Receiver to maintain and control files for 401(k) and ISP for the Service Receiver	12 annually		
		• Payroll Bank Account — Service Provider will use bank account statements from the Service Receiver to reconcile payroll bank accounts for the Service Receiver	30 annually		
		• Unclaimed Payroll Property- Service Provider will use bank account statements from Service Receiver to manage unclaimed payroll property for the Service Receiver			
		• Automated Bank Functions- Service Provider will use cleared bank files from the Service Receiver to process post cleared checks in the Infinium payroll	24 annually		
		• Year to Date Analysis for 401k— The Service Provider will use the Year End Payroll Close from an internal business unit within the Service Provider to calculate 401k Year to Date totals for employee, employer, and loans and provide report by vendor to the Service Receiver.	200 annually		
				12 annually	
				3 annually	

Service Volumes Greater or Less Than Observed Pre-Distribution Date

Service Provider will deliver the same volume of Services as delivered in the 12 months prior to the Distribution Date, plus or minus 10% (such activity, including any such 10% deviation, “Business as Usual activities” or “BAU”) at no additional cost per unit. Service Provider will accommodate Service Receiver’s inorganic (Mergers, Acquisitions, and Divestitures) activities on a time and materials basis with respect to the one-time set-up fees. The table below will then apply following the completion of the one-time set-up activities

Scenario	One-Time Setup Fees	Monthly Fees
Service Volume within BAU [Note: BAU already includes +/- 10% of pre-distribution date volumes]	No incremental one-time fees when Service Receiver utilizes services and structure as-is with no changes under this agreement	Steady-State fee structure for requisite service as documented below

Scenario	One-Time Setup Fees	Monthly Fees
Service Volume greater or less than BAU	Service Provider will develop a commercially reasonable quote for acceptance by the Service Receiver provided the Service Receiver utilizes services and structure as-is with no significant changes under this agreement	Service Provider will develop a commercially reasonable quote for acceptance by the Service Receiver incremental to the base service costs documented below for the requisite service

Ad-Hoc development/services or processing of reports consistent with what was provided prior to the distribution date will be supported as part of this agreement. Service Provider will use commercially reasonable efforts based on provider's current abilities to accommodate regulatory or legal ad-hoc requests. Ad-hoc requests which may need to be performed to assist Service Receiver in meeting new legal obligations will be provided on a time and materials basis as described in the Additional Pricing section of this agreement. Any changes to 3rd party relationships which require interface modifications or re-writes are not included as part of the scope of this agreement. Should the Service Receiver require such changes, Parties agree to negotiate in good faith with regard to such modification. In the event modifications to the services provided are required by law for only the Service Recipient and such modifications increase the cost for Service Provider, Service Recipient that requires the modifications shall pay all the additional costs including the costs for the other Service Recipients.

Exit Services

The following services will be provided upon receipt of a Termination Notice to exit from this Service.

Service #	Service Name	Description of Service	Service Charge (\$/hour)
SS-Payroll-05	HR/Payroll/Benefits Migration	Service Provider will make commercially reasonable best efforts to assist Service Receiver in exiting of this agreement. These efforts include: <ul style="list-style-type: none"> • Support of data extraction requests from the Service Receiver • Providing Subject Matter Expertise in helping the Service Receiver understand current state business processes, functional data mapping, and impacts of design decisions Service Provider will provide the following knowledge transfer services:	Time and Materials Based on Additional Pricing Section
SS-Payroll-06	HR/Payroll/Benefits Knowledge Transfer	<ul style="list-style-type: none"> • Existing non-sensitive documentation maintained by Service Provider will be given to the Service Receiver as it relates to Payroll/HR/Benefit services 	Time and Materials Based on Additional Pricing Section

Supplemental Services

For requests for supplemental services relating to HR, Benefits and Payroll by Service Receiver not mentioned in this Schedule or not included within the costs documented in this agreement, Service Receiver will provide a discreet project request and submit such request to Service Provider using the formalized Change Request attached as Annex A for consideration by Service Provider.

Where notice is required a number of business days prior to some required action by Service Provider, notice must be received by 12 noon Eastern Time to be counted as received during such business day. Service Provider shall, within a commercially reasonable period, provide a price quote to be commercially reasonable based on the current cost of the Services to Service Receiver taking into account, such items as the specific time the request was made, service delivery volumes, exit planning activities, and other activities Service Provider is currently engaged in at the time of the request, but not later than 30 days after the request was made. If Service Provider, in its sole discretion determines (i) such request would increase the ongoing operating costs for Service Provider (as a service recipient) or any other service receiver or (ii) that it is not capable of making such changes with its current staff during the time period requested without interrupting the Services provided to itself or any other service receiver. Service Provider need not provide a price quote or perform the services. Where a price quote is provided, Service Provider shall provide the service requested upon acceptance of the price.

LOCATIONS

Services are initially provided from Fort Wayne, IN, USA to Canada and USA locations.

PREREQUISITES/DEPENDENCIES

- Service Receiver will provide accurate and timely employee maintenance, time and attendance data and payroll adjustments required to produce pay checks. In conjunction with the preceding, Service Receiver will maintain the applications and interfaces documented in Attachment A.
- Service Receiver will be responsible for providing new tax registration requirements to Service Provider. Applicable tax registration information will be provided to Service Provider as required to complete tax registration.
- Service Receiver will be responsible for providing configuration changes to Service Provider including taxes, income, deductions, banking and benefits using the change request process and forms provided by Service Provider.
- If Service Receiver sends inaccurate data to Service Provider it will be the responsibility of the Service Receiver to rectify any problems and bear any costs incurred to rectify the issue.

- Service Receiver will setup and make available to Service Provider a disbursement account from which Service Provider utilizes draft authorization to process payroll. Service provider will request funding for payroll checks, payroll direct deposits, payroll taxes, and other benefit remittances from the Service Receiver Treasury Headquarter location. Service Provider will open and own payroll bank accounts for the payroll transactions. Funding is required in the bank account one day prior to the value date. Late funding of the payroll account by the Service Receiver may result in delay of payroll checks, applied 401(k) funds, and benefit payments. Any outstanding liabilities associated to payroll tax and benefits will remain on Service Provider's general ledger at month end. Service Provider will retain interest earned, if any, on residual account balances and will pay all standard account related service fees. Any service fee associated with Non Sufficient Funds due to the Service Receiver will be the responsibility of the Service Receiver. Service provider will remit employee deductions from the Service Provider Accounts Payable bank account. Service Provider will collect the funds from the Service Receiver thru a 3rd party invoice.

Dependencies

- Service Receiver must actively be engaged on the Infinium Application TSA and related Business Objects Universe for the duration this agreement is in effect.
- Service Receiver, in a separate and independent agreement, must have the ADP application and interface active for the period of time in which this agreement is in effect.
- Service receiver, in a separate and independent agreement, must have Concur and other Time and Attendance systems listed in Attachment A active and maintained with the correct interfaces and data feeds to Infinium by the Service Receiver for the period of time in which this agreement is in effect.
- Security and access controls will be maintained as set forth in the Master Services Agreement.
- The services documented within this agreement must be exited at the same time and as such cannot be exited in parts.

NOTICE REQUIREMENT

Official Notices and Bills under this Schedule should be sent to the following addresses (with an email copy to the Service Owners set forth above):

If to the Service Provider:
Exelis Inc.
1650 Tysons Boulevard
Suite 1700
McLean, VA 22102
Attention: Joe Daniel
Joe.daniel@exelisinc.com

If to the Service Receiver:
Xylem Inc.
2881 E Bayard Street
Seneca Falls, NY 13148
Attention: Linda Lynch
Linda.lynych@xyleminc.com

SERVICE LEVEL

Service Provider will classify incidents at its own discretion which are received using High, Medium, or Low. Such classifications shall be consistent with the priorities Service Provider set for itself as a recipient of services. Incidents classified using this methodology will be triaged as documented below for SS-Payroll-01, HR-Benefits-02, and HR-Benefits-03:

SLA	Response Time	Resolution
High	Within 24 hours of receiving notification during normal business hours	Within 24 — 48 hours of response during normal business hours
Medium	Within 48 hours of receiving notification during normal business hours	Within 48 — 120 hours of response during normal business hours
Low	Within 120 or more hours of receiving notification or as scheduled during normal business hours	Within 120 hours of response during normal business hours

In the event incidents cannot be resolved, Service Provider shall promptly notify Service Receiver and work together to try and resolve such incidents.

Premises at Fort Wayne

In addition to the services provided above, Service Provider will provide office space for two Service Receiver employees ("SREEs") to its facilities at 1950 West Cook road, Fort Wayne, IN 46818 (the "Premises"). Access will include approximately 200 square feet of work space, and 2 desks located at the Premises and access to the internet, phone, and a printer. Included within the rental rate will be electrical, housekeeping, and pantry. Mail and reception service will not be provided.

General

- Fixed assets on the books of the Service Provider as of the date of the ITT separation will remain the property of the Service Provider during and at the end of the term.
- Fixed assets on the books of the Service Receiver as of the date of the ITT separation will remain the property of the Service Receiver during and at the end of the term.
- Service Receiver shall have the reasonable right to use, and Service Provider shall at all times have exclusive control of, and operate and maintain, the common areas including the pantry in the manner Service Provider may reasonably determine to be appropriate.
- SREEs will be permitted in the common areas and the specific location assigned to them. They will be provided with ID badges which they must wear at all times.

Prohibitions

Service Receiver is prohibited from the following without the Service Provider's consent:

- Making any changes to the physical layout of the Premises or any capital improvements
- Inviting or permitting any other employee or agent or guest of Service Recipient to enter the Premises, other than employees who were former ITT Corporation employees. Service Receiver assumes all responsibility for actions of its employees, agents and guests on the Premises. SREEs and their visitors must adhere to the facility's access requirements at all times.
- Service Receiver will not be allowed to access Service Provider's computer network. The SREEs will be allowed to access Service Receiver's own computer network via wireless or landline data connections on the Premises.
- Service Receiver has no right to sublease, assign or transfer their space, except upon a change of control of Service Receiver in which case only former ITT Corporation employees will be permitted access to the Premises. Assignment of this agreement requires landlord approval in writing.
- Service Receiver agrees not to put up any external or internal signs during the term of the agreement.

Service Receiver's Responsibilities

- Service Receiver will be required to provide and pay for all support and services required to move out of the facility at the end of the term. If Service Receiver requires contractors to assist them in moving out of the facility, Service Receiver agrees to provide Service Provider with proof of adequate contractor insurance coverage prior to contractor entering into the facility.
- Service Receiver agrees to remove all of their personal property from the Premises at the end of the term. Tenant must return rented space to pre move in condition, with the exception of the offices, which should be left in an "as is" condition.
- Service Receiver agrees to abide by all rules and regulations set by the landlord including but not limited to those included in the lease between the landlord of the Premises and the Service Provider
- Service Receiver agrees that all cabling that is used to attached Service Receiver's PC's to the IT infrastructure will remain the property of the Service Provider and will not be removed by the Service Receiver at the end of the term.
- The SREEs will be required to show proper identification to enter the Premises as determined by the Service Provider

Term

- The TSA for the Premises shall automatically expire 3 months after this TSA for Payroll Services, unless terminated earlier by notice to the Service Provider at least 90 days in advance of the date Service Receiver desires to terminate this portion of the TSA for space at the Premises. There shall be no make-whole or other fee due to Service Provider for early termination.

Pricing for Space at the Premises

During 2011	Cost plus 2% - 10% per month
From January 1, 2012 through December 31, 2012	Cost plus 2% - 10% per month
From January 1, 2013 through the end of the Term	Cost plus 2% - 10% per month

The prices set forth above solely with respect to space at the Premises include the 2% or 10% increase for profit and the 4.5% annual increase for inflation. Sales and use or other taxes are not included in the above mentioned pricing.

ADDITIONAL PRICING

Hourly Rate for Services Not Specified but Provided by Service Provider Employees (including but not limited to modifications, consulting, exit strategy development, transition, etc.) are documented below. Such services will be provided solely at the Service Provider's discretion. Service Provider is not obligated to provide additional services not specified in this agreement. The employee category is defined by the Service Provider. The rates documented below shall be commercially reasonable and designated by the Service Provider, closest to its current cost to provide the service. The hourly rates below include the 4.5% amount for inflation each year. These rates apply to internal Service Provider employees only, and should external resources be required, the costs for those external resources will be reviewed with the Service Receiver prior to execution of the project.

Additional Pricing Rates (All in USD)

<u>Location</u>	<u>Low</u>	<u>Medium</u>	<u>High</u>
USA	\$ 75	\$ 100	\$ 125
Greece	\$ 35	\$ 46	\$ 58
Mexico	\$ 19	\$ 25	\$ 31
Sweden	\$ 75	\$ 100	\$ 125

ATTACHMENT A

Inbound Interfaces:

<u>Interface Name</u>	<u>Program Name</u>	<u>Business Purpose</u>	<u>Vendor</u>	<u>Source System</u>	<u>Destination System</u>
		Dependents	ACS	Infinium	ACS
		ACS Salary ISP and Pension	ACS	Infinium	ACS
		Create ADP Tax Journal	ADP	Infinium	ADP
		Maintain ADP Tax Controls	ADP	Infinium	ADP
		ADP Periodic & Qtrly File Downld	ADP	Infinium	ADP
		ADP Balance Report	ADP	Infinium	ADP
		Refresh ADP Employee Number	ADP	Infinium	ADP
		Unemployment emps	Barnett	Infinium	Barnett
		US_RELOWAGE_UPDATE.CARTUS	CARTUS	Infinium	CARTUS
		Send Cartus Receipt of gr	CARTUS	Infinium	CARTUS
		Concur — Employee Master File Feed	Concur	Infinium	Concur
		Employee information	Concur	Infinium	Concur Expense
		FTP Employee information	Concur	Infinium	Concur
		Export Employees to Concur	Concur	Infinium	Concur
		US Bank — Concur Travel	Concur	Infinium	Concur
		Garnishments	County Government	Infinium	County Government
		Empire Eligibility and HDHP Mellon pass thru	Empire/Blue	Infinium	Empire/Blue
		800 EVHR employee Infinium Data feed to (800)(Kronos) System	ITT	Infinium	Kronos
		Employee feed 500	ITT	Infinium	Cannon
		Cannon's Full Employee Master Update To Cim	ITT	Infinium	Cannon
		Download Employee Date to IPG -Daily (ER 810 92SHR)	ITT	Infinium	Goulds

<u>Interface Name</u>	<u>Program Name</u>	<u>Business Purpose</u>	<u>Vendor</u>	<u>Source System</u>	<u>Destination System</u>
		Prudential Demographics 890	Prudential	Infinium	Prudential
		Prudential Demographics 891	Prudential	Infinium	Prudential
		Send Prudential Demographics Systems	Prudential	Infinium	Prudential
		Prudential Systems Demographics(ENI, CAP, CMC, ECI)	Prudential	Infinium	Prudential
		Cobra — New Hire	SHPS	Infinium	SHPS
		FSA — Deduction feed to SHPS	SHPS	Infinium	SHPS
		Stock Options Eligibility	Smith Barney	Infinium	Smith Barney
		Smith Barney CODES FILE	Smith Barney	Infinium	Smith Barney
		Smith Barney EMAIL ADDRESSES	Smith Barney	Infinium	Smith Barney
		Smith Barney PARTICIPANTS	Smith Barney	Infinium	Smith Barney
		New Hire	State of Indiana	Infinium	State of Indiana
		WebMD ELIGIBILITY	WebMD	Infinium	WebMD
		FTP CCUSECHD2 — Well Fargo password change	Wells Fargo	Infinium	Wells Fargo
		CLP to send payroll ACH file to Wells Fargo	Wells Fargo	Infinium	Wells Fargo
		CLP to run entire Wells Fargo pos pay process	Wells Fargo	Infinium	Wells Fargo
		modified International ACH file for ALL of CANADA	Wells Fargo	Infinium	Wells Fargo
		Direct deposit transmission	Wells Fargo	Infinium	Wells Fargo
		Send Check Recon to bank	Wells Fargo	Infinium	Wells Fargo
		Re-send check recon to bank	Wells Fargo	Infinium	Wells Fargo
		Payroll ACH	Wells Fargo	Infinium	Wells Fargo

<u>Interface Name</u>	<u>Program Name</u>	<u>Business Purpose</u>	<u>Vendor</u>	<u>Source System</u>	<u>Destination System</u>
		Active Directory	ITT	Infinium	ITT
		HM Update Health Mast — Defense Companies	ITT — HM	Infinium	HM
		Hyperion Planning — Build Transmission file	ITT Hyperion	Infinium	Hyperion
		SAP AUTO PAY Benefit Deductions sent to Seneca Fall SAP system	ITT SAP	Infinium	SAP P2P
		Send file to Hancock	John Hancock	Infinium	John Hancock
		John Hancock Eligibility	John Hancock	Infinium	John Hancock
		401K Feedback file from JP Morgan	JP Morgan	Infinium	JP Morgan
		KAISER ELIGIBILITY	Kaiser Permanete	Infinium	Kaiser Permanete
		Transmit file to Life Plus for Marsh	Marsh	Infinium	Marsh
		Upload Life Plus file	Marsh	Infinium	Marsh
		LifePlus Eligibility	Marsh	Infinium	Marsh
		HSA Send Extract File From Robot Job	Mellon	Infinium	Mellon
		Medco Prescription	Merck Medco	Infinium	Merck Medco
		Metlife ltd/std mth — GL Advices	Metlife Advices	Infinium	Metlife
		Metlife LTD/STD (Menu option)	Metlife Advices	Infinium	Metlife
		Metlife Dental	Metlife Dental	Infinium	Metlife Dental
		Print Voluntary Accident Monthly report data	National Union Fire	Infinium	National Union Fire
		PACIFICARE ELIG	PACIFICARE	Infinium	PACIFICARE
		Prudential Loans Systems	Prudential	Infinium	Prudential
		ENI Prudential Dollar Send — 800	Prudential	Infinium	Prudential
		CAP Prudential Dollar Send -881	Prudential	Infinium	Prudential
		ECI Prudential Dollar Send — 883	Prudential	Infinium	Prudential

<u>Interface Name</u>	<u>Program Name</u>	<u>Business Purpose</u>	<u>Vendor</u>	<u>Source System</u>	<u>Destination System</u>
		AC ISP Rate change file	ACS	ACS	Infinium
		Dependents	ACS	Infinium	ACS
		ACS Salary ISP and Pension	ACS	Infinium	ACS
		Create ADP Tax Journal	ADP	Infinium	ADP
		ADP Qtrly Unempl Process	ADP	ADP	Infinium GL
		Maintain ADP Tax Controls	ADP	Infinium	ADP
		ADP Periodic & Qtrly File Downld	ADP	Infinium	ADP
		ADP Balance Report	ADP	Infinium	ADP
		Refresh ADP Employee Number	ADP	Infinium	ADP
		SAVINGS BOND CONT FL	BANK OF CANADA	Infinium	BANK OF CANADA
		Unemployment emps	Barnett	Infinium	Barnett
		To update Infinium HR; contains pension data	Buck	Buck	Infinium
		Load and List wage request file from Cartus	CARTUS	CARTUS	Infinium
		Load Cartus file and process-batch job	CARTUS	CARTUS	Infinium
		Bring in Cartus Wage Request file	CARTUS	CARTUS	Infinium
		Load Cartus Gross Ups	CARTUS	CARTUS	Infinium
		US_RELOWAGE_UPDATE.CARTUS	CARTUS	Infinium	CARTUS
		Send Cartus Receipt of gr	CARTUS	Infinium	CARTUS

<u>Interface Name</u>	<u>Program Name</u>	<u>Business Purpose</u>	<u>Vendor</u>	<u>Source System</u>	<u>Destination System</u>
		Re-Apply Concur (PYPME History) to Payroll	Concur	Concur	Infinium
		Concur --- Load Employees from INFIN	Concur	Concur	Infinium
		Expense transactions	Concur	Concur	Infinium
		CONCUR --- travel process expense records	Concur	Concur	Infinium
		Concur- Employee Master File Feed	Concur	Infinium	Concur
		Employee information	Concur	Infinium	Concur E-Xpense
		FTP Employee information	Concur	Infinium	Concur
		Export Employees to Concur	Concur	Infinium	Concur
		US Bank --- Concur Travel	Concur	Infinium	Concur
		Garnishments	County Government	Infinium	County Government
		Empire Eligibility and HDHP Mellon pass thru	Empire/Blue	Infinium	Empire/Blue
		Labor feed 800	Infinium	B&G	Infinium
		Labor feed CQC	Infinium	Canada	Infinium
		Canadian Kronos Labor interface to Infinium	Infinium	Canada Krono	Infinium
		Labor To Daily Time (CPSAL)	Infinium	CPSAL	Infinium
		Labor Load (FFSAL)	Infinium	FFSAL	Infinium
		Labor Load (FISAL)	Infinium	FISAL	Infinium
		Labor feed 831	Infinium	FLOBW	Infinium
		Labor feed 800	Infinium	Flojet	Infinium
		labor laod(FLSAL)	Infinium	FLSAL	Infinium
		Labor Load (GPH9V)	Infinium	G9H	Infinium
		Labor load (GPH9W)	Infinium	G9H	Infinium
		Labor feed 835	Infinium	Gould Pumps -	Infinium
		Labor feed 800	Infinium	WTG	Infinium
		After Posting CL-Create GL Interface Files	Infinium	Heat	Infinium
		Time(LEOSAL)	Infinium	Infinium	Infinium
		Time(PISAL)	Infinium	LEOSAL	Infinium
				PISAL	Infinium

<u>Interface Name</u>	<u>Program Name</u>	<u>Business Purpose</u>	<u>Vendor</u>	<u>Source System</u>	<u>Destination System</u>
		Labor feed 860	Infinium	Rule Fir	Infinium
		Labor feed 860	Infinium	Rule Sal	Infinium
		Time(WPC)	Infinium	WCP	Infinium
		Time(WEDBW)	Infinium	WEDBW	Infinium
		Promotions	Infinium	Excel	Infinium
		Salary Changes	Infinium	Excel	Infinium
		FTC Employee Master to be FTP	ITT	Infinium	Infinium
		FTCGL to be sent out to FTC	ITT	Infinium	Infinium
		Goulds GL to be FTP	ITT	Infinium	Infinium
		Goulds Flowtronex GL to be FTP	ITT	Infinium	Infinium
		Creates and Builds GL recs for a Cycle code	ITT	Infinium	Infinium
		Employee information 800	ITT	Infinium	B&G
					Canadian
		Kronos employee download CQC	ITT	Infinium	companies
		Generic GL Interface File	ITT	Infinium	Infinium
		Active Directory	ITT	Infinium	ITT
		FLYGT EMP FEED	ITT — FLYGT	Infinium	FLYGT
		HM Update Health Mast — Defense Companies	ITT — HM	Infinium	HM
		Hyperion Planning- Build Transmission file	ITT Hyperion	Infinium	Hyperion
		SAP AUTO PAY Benefit Deductions sent to Seneca Fall SAP system	ITT SAP	Infinium	SAP P2P
		Send file to Hancock	John Hancock	Infinium	John Hancock
		John Hancock Eligibility	John Hancock	Infinium	John Hancock
		Receive Long Term Care file	John Hancock	John Hancock	Infinium
		Receive Long Term Care Billing file	John Hancock	John Hancock	Infinium
		Copy from Tape J&HKVI data to file XPYPJHI	John Hancock	John Hancock	Infinium
		Receive life plus file	John Hancock	John Hancock	Infinium
		401K Feedback file from JP Morgan	JP Morgan	Infinium	JP Morgan
		401K Hourly to JP Morgan	JP Morgan	JP Morgan	Infinium
		KAISER ELIGIBILITY	Kaiser Permanete	Infinium	Kaiser Permanete
		Transmit file to Life Plus for Marsh	Marsh	Infinium	Marsh
		Upload Life Plus file	Marsh	Infinium	Marsh
		Life Plus Eligibility	Marsh	Infinium	Marsh
		Receive Life Plus Input File	Marsh	Marsh	Infinium

<u>Interface Name</u>	<u>Program Name</u>	<u>Business Purpose</u>	<u>Vendor</u>	<u>Source System</u>	<u>Destination System</u>
		Medco Prescription	Merck Medco	Infinium	Merck Medco
		Metlife lfd/std mth — GL Advices	Metlife Advices	Infinium	Metlife
		Metlife LTD/STD (Menu option)	Metlife Advices	Infinium	Metlife
		Metlife Dental	Metlife Dental	Infinium	Metlife Dental
		Print Voluntary Accident Monthly report data	National Union Fire	Infinium	National Union Fire
		PACIFICARE ELIG	PACIFICARE	Infinium	PACIFICARE
		Receive and process autotime — car allowance	Runzheimer	Runzheimer	Infinium
		Receive and process Can AT — car allowance	Runzheimer	Runzheimer	Infinium
		Re-Apply Runzheimer (PYPME History) to Payroll	Runzheimer	Runzheimer	Infinium
		Cobra — New Hire	SHPS	Infinium	SHPS
		FSA — Deduction feed to SHPS	SHPS	Infinium	SHPS
		Stock Options Eligibility	Smith Barney	Infinium	Smith Barney
		Smith Barney CODES FILE	Smith Barney	Infinium	Smith Barney
		Smith Barney EMAIL ADDRESSES	Smith Barney	Infinium	Smith Barney
		Smith Barney PARTICIPANTS	Smith Barney	Infinium	Smith Barney
		Receive Smith Barney Options	Smith Barney	Smith Barney	Infinium
		Receive Smith Barney Restricted	Smith Barney	Smith Barney	Infinium
		New Hire	State of Indiana	Infinium	State of Indiana
		United Way Upload to PYPDE	United Way	United Way	Infinium
		WebMD ELIGIBILITY	WebMD	Infinium	WebMD
		FTP CCUSECHD2 — Well Fargo password change	Wells Fargo	Infinium	Wells Fargo
		CLP to send payroll ACH file to Wells Fargo	Wells Fargo	Infinium	Wells Fargo
		CLP to run entire Wells Fargo pos pay process	Wells Fargo	Infinium	Wells Fargo
		modified International ACH file for ALL of CANADA	Wells Fargo	Infinium	Wells Fargo
		Direct deposit transmission	Wells Fargo	Infinium	Wells Fargo
		Send Check Recon to bank	Wells Fargo	Infinium	Wells Fargo
		Re-send check recon to bank	Wells Fargo	Infinium	Wells Fargo
		Payroll ACH	Wells Fargo	Infinium	Wells Fargo
		CLP to receive check recon file from Wells Fargo	Wells Fargo	Wells Fargo	Infinium
		Receive Check recon	Wells Fargo	Wells Fargo	Infinium

ATTACHMENT B

The following table documents the process day for the in-scope pay cycles:

EMPLOYER	CYCLE CODE	NAME	FREQ	Paid Lag	Paid Current	Process Day	NEWCO	Required By
GOULD'S PUMPS CANADA (IPG)	CGOBW	BI WEEKLY CGO	B		X	Pay Week — Monday	ITTCO	Mon — 2pm
ONTARIO PRO SERVICES CENTER	CONBW	BI WEEKLY CON	B	X		Pay Week — Monday	ITTCO	Mon — 2pm
ITT CANNON	BIWBW	BIWBI WEEKLY	B		X	Pay Week — Tuesday	ITTCO	Tues — 2pm
ITT CANNON	BIWHR	BIW HOURLY	B		X	Pay Week — Tuesday	ITTCO	Tues — 2pm
ITT CANNON	BWCAN	BI WEEKLY CANNON	B		X	Pay Week — Monday	ITTCO	Tues — 2pm
		CANNON HOURLY						
ITT CANNON	HRCAN	EMPLOYEES	B		X	Pay Week — Tuesday	ITTCO	Tues — 2pm
ITTVEAM, LLC	BWVEA	VEAM SALARY	B		X	Pay Week — Monday	ITTCO	Tues — 2pm
ITTVEAM, LLC	HRVEA	HOURLY VEAM	B		X	Pay Week — Monday	ITTCO	Tues — 2pm
ITT CORPORATION	BWIND	ITT INDUSTRIES BI-WEEKLY	B		X	Pay Week — Tuesday	Unknown	Tues — 2pm
		COMPUTER & EQUIP				Non Pay Week —		
COMPUTER & EQUIP LEASING CORP	CELBW	LEASING	B			Friday	Unknown	Tues — 2pm
					X	Non Pay Week —		
ITT TRANSPORTATION DIST SVCS	BWGRP	TDS BW	B			Friday	Unknown	Tues — 2pm
ITT FLUID TECHNOLOGY	AERHR	AEROSPACE HOURLY AH	W		X	Pay Week — Monday	ITTCO	Tues — 2pm
ITT FLUID TECHNOLOGY	AESAL	AEROSPACE SALARY AP	B		X	Pay Week — Monday	ITTCO	Tues — 2pm
ITT FLUID TECHNOLOGY	AMOHR	AMORY HOURLY FH	W		X	Pay Week — Monday	ITTCO	Tues — 2pm
ITT FLUID TECHNOLOGY	AMSAL	AMORY SALARY FS	B			Pay Week — Tuesday	ITTCO	Tues — 2pm
					X			

EMPLOYER	CYCLE CODE	NAME	FREQ	Paid Lag	Paid Current	Process Day	NEWCO	Required By
ITT R&CW CANADA	FPCLAS	FLUID PRODUCTS	B		X	Pay Week — Monday	WaterCO	Mon — 2pm
ITT WATER & WASTEWATE	FLCAN	BI WEEKLY FLYGT	B		X	Non Pay Week —	WaterCO	Mon — 2pm
ITT CORPORATI	BWIND	ITT INDUSTRIES	B	X		Pay Week — Tuesday	Unknown	Tues — 2pm
COMPUTER & EQUIP	CELBW	COMPUTER & EQUIP	B		X	Non Pay Week —	Unknown	Tues — 2pm
ITT	BWGRP	TDS BW	B		X	Non Pay	Unknown	Tues — 2pm
ITT FLUID TECHNOLOGY	BGSAL	BELL & GOSSETT	B		X	Pay Week — Tuesday	WaterCO	Tues — 2pm
ITT FLUID TECHNOLOGY	BGUN	BELL & GOSSETT	B	X		Pay Week — Tuesday	WaterCO	Tues — 2pm
		CONOFLOW HOURLY						
ITT FLUID TECHNOLOGY	CONHR	CH	W	X		Pay Week — Monday	WaterCO	Tues — 2pm
ITT FLUID TECHNOLOGY	COSAL	CONOFLOW SALARY	B		X	Non Pay Week — Friday	WaterCO	Tues — 2pm
		CN						
		CUSTOM PUMPS						
ITT FLUID TECHNOLOGY	CPSAL	SALARY	B		X	Non Pay Week — Thursday	WaterCO	Tues — 2pm
ITT FLUID TECHNOLOGY	FLOBW	FLOJET BI WEEKLY	B		X	Non Pay Week —	WaterCO	Tues — 2pm
ITT FLUID TECHNOLOGY	FICBW	FTC BI WEEKLY	B		X	Pay Week — Tuesday	WaterCO	Tues — 2pm
ITT FLUID TECHNOLOGY	GRSAL	GRINDEX SALARY GR	B		X	Non Pay Week — Friday	Unknown	Tues — 2pm
ITT FLUID TECHNOLOGY	HTUN	HEAT TRANSFER	W	X		Pay Week — Monday	WaterCO	Tues — 2pm
ITT FLUID	RCSAL	R&CW HQ	B		X	Pay Week —	WaterCO	Tues — 2pm
ITT FLUID	SHBW	SHEROTEC	B		X	Non Pay	Unknown	Tues — 2pm
		SHEROTEC HOURLY						
ITT FLUID TECHNOLOGY	SHHR	ST	W	X		Pay Week — Monday	Unknown	Tues — 2pm
ITT FLUID	WIBW	WET	B	X		Pay Week —	Unknown	Tues — 2pm
LAING	LTSAL	LAING	B		X	Pay Week —	WaterCO	Tues — 2pm
ITT								
CORPORATI	FRCSA	GOULD SHARED	B		X	Non Pay Week —	Unknown	Tues — 2pm
ITT GOULDS PUMPS PA	H9XSA	ASHLAND SALARY	B		X	Non Pay Week —	Unknown	Tues — 2pm
		TX TURBINE & PRO						
ITT GOULDS PUMPS TEXAS	H9WSA	SHOP SALARY	B		X	Non Pay Week — Thursday	WaterCO	Tues — 2pm
FLOWTRONE X PSI INC	FLOBW	FLOWTRONE X PSI BW	B	X		Non Pay Week —	WaterCO	Tues — 2pm
ITT WATER	9XLWS	WATER TEC	B		X	Non Pay	WaterCO	Tues — 2pm

EMPLOYER	CYCLE CODE	NAME	FREQ	Paid Lag	Paid Current	Process Day	NEWCO	Required By
ITT WATER TECHNOLOG	92WTG	WATER TECH WEEKLY	W	X		Pay Week — Monday	WaterCO	Tues — 2pm
GODWIN PUMPS OF	WKGWP	GODWIN PUMP	W	X		Pay Week — Tuesday	WaterCO	Tues — 2pm
GODWIN PUMPS OF	BWGWP	GODWIN PUMP BI -	B	X		Pay Week — Tuesday	WaterCO	Tues — 2pm
ITT WATER & WASTEWATE						Non Pay Week —		
R IN LLC	FISAL	MINERVA SALARY BIWEEKLY	B		X	Friday	WaterCO	Tues — 2pm
ITT WATER & WASTEWATE	FFSAL	FLYGT FLORIDA SAL	B		X	Non Pay Week —	WaterCO	Tues — 2pm
ITT RULE	RUSAL	RULE SALARY	B		X	Pay Week —	WaterCO	Tues — 2pm
ADVANCED WATER	WPC	WATER POLLUTION	B		X	Pay Week — Monday	WaterCO	Tues — 2pm
SRP ACQUISITION CORP	ROYCE	SRP ACQUISITION CORP	B		X	Pay Week — Monday	WaterCO	Tues — 2pm
WEDECO INC	WEDBW	WEDECO BW	B	X		Pay Week —	WaterCO	Tues — 2pm
THE FB LEOPOLD	LEOSA	LEOPOLD BW	B		X	Pay Week — Monday	WaterCO	Tues — 2pm
NOVA ANALYTICS	BWEXE	Bi-Weekly Executive	B	X		Pay Week — Tuesday	WaterCO	Tues — 2pm
NOVA ANALYTICS EUROPE LLC	BWNAE	BW NOVA ANALYTICS EUROPE LLC	B	X		Pay Week — Tuesday	WaterCO	Tues — 2pm
GLOBAL WATER INSTRUMEN		BW GLOBAL WATER INSTRUMEN				Non Pay Week		
TATION	BWGWI	TATION	B	X		Tuesday	WaterCO	Tues — 2pm
BELLINGHA M&	BWBSI	BELLINGHA M&	B		X	Pay Week — Tuesday	WaterCO	Tues — 2pm
AANDERAA DATA INSTRUMEN	BWADI	BW AANDERAA DATA	B		X	Pay Week — Tuesday	WaterCO	Tues — 2pm

EMPLOYER	CYCLE CODE	NAME	FREQ	Paid Lag	Paid Current	Process Day	NEWCO	Required By
ITT FLUID TECHNOLOGY	CTBW	C TREAT BW	B		X	Non Pay Week -Friday	ITTCO	Tues - 2pm
ITT FLUID TECHNOLOGY	EVHR	ENG VALVES HOURLY	W	X		Pay Week - Monday	ITTCO	Tues - 2pm
ITT FLUID TECHNOLOGY	EVSAL	ENG VALVES SALARY EV	B		X	Non Pay Week -Friday	ITTCO	Tues - 2pm
ITT FLUID TECHNOLOGY	GRSAL	GRINDEX SALARY GR	B		X	Non Pay Week -Friday	Unknown	Tues - 2pm
ITT FLUID TECHNOLOGY	MFCBW	MOTION FLOW CONTROL SALARY	B		X	Pay Week - Tuesday	ITTCO	Tues - 2pm
ITT FLUID TECHNOLOGY	SHBW	SHEROTEC BW	B		X	Non Pay Week -Friday	Unknown	Tues - 2pm
ITT FLUID TECHNOLOGY	SHHR	SHEROTEC HOURLY ST	W	X		Pay Week - Monday	Unknown	Tues - 2pm
ITT FLUID TECHNOLOGY	WTBW	WET	B	X		Pay Week - Monday	Unknown	Tues - 2pm
ITT GOULDS PUMPS	CARBN	CARBON INDUSTRIES	B		X	Non Pay Week -Friday	ITTCO	Tues - 2pm
ITT GOULDS PUMPS	EVZHR	DIV-IPG, UNITS VU,PI,QU WEEKLY	W	X		Pay Week - Monday	ITTCO	Tues - 2pm
ITT GOULDS PUMPS	H9WPS	PRO SHOP SALARY TX-BI-WEEKLY	B		X	Pay Week - Monday	ITTCO	Tues - 2pm
ITT GOULDS PUMPS	PROBW	BI WEEKLY CYCLE	B		X	Non Pay Week -Friday	ITTCO	Tues - 2pm
ITT GOULDS PUMPS	9XLCS	CITY OF INDUSTRY SALARY	B		X	Non Pay Week -Friday	ITTCO	Tues - 2pm
ITT GOULDS PUMPS	9XLSA	GOULD'S IPG BI-WEEKLY SALARY	B		X	Non Pay Week -Friday	ITTCO	Tues - 2pm
ITT GOULDS PUMPS	92SHR	SF UNION -IPG-SU, CPG-WU WKLY	W	X		Pay Week - Monday	ITTCO	Tues - 2pm

EMPLOYER	CYCLE CODE	NAME	FREQ	Paid Lag	Paid Current	Process Day	NEWCO	Required By
ITT CORPORATION(ERC)	FRCSA	GOULD SHARED SERVICES	B		X	Non Pay Week — Thursday	Unknown	Tues — 2pm
ITT GOULDS PUMPS PA	H9XSA	ASHLAND SALARY	B		X	Non Pay Week — Friday	Unknown	Tues — 2pm
ITT GOULDS PUMPS IPG	H9YSA	IPG SALARY	B		X	Non Pay Week — Thursday	ITTCO	Tues — 2pm
ITT ENERGY ABSORPTION(ENIDINE)	EAHR	ENIDINE WEEKLY HOURLY EA	W	X		Pay Week — Tuesday	ITTCO	Tues — 2pm
ITT ENERGY ABSORPTION(ENIDINE)	EASAL	ENIDINE BI-WEEKLY SALARY	B	X		Pay Week — Tuesday	ITTCO	Tues — 2pm
ITT ENERGY ABSORPTION(CAP)	CAHR	EA	B	X		Pay Week — Monday	ITTCO	Tues — 2pm
ITT ENERGY ABSORPTION(CAP)	CASAL	CAP WEEKLY HOURLY CA	W	X		Non Pay Week — Friday	ITTCO	Tues — 2pm
ITT CONTROLS (CMC)	BIHR	CAP BI-WEEKLY SALARY CA	B	X		Pay Week — Tuesday	ITTCO	Tues — 2pm
ITT CONTROLS (CMC)	BISAL	BILLERICA HOURLY CM	B	X		Pay Week — Tuesday	ITTCO	Tues — 2pm
ITT CONTROLS (CMC)	CMHR	BILLERICA BI WEEKLY	B		X	Pay Week — Tuesday	ITTCO	Tues — 2pm
ITT CONTROLS (CMC)	CMSAL	SALARY CM	B	X		Pay Week — Tuesday	ITTCO	Tues — 2pm
ITT-KALIBURN INC.	KBHR	CMC BI-WEEKLY HOURLY CM	B	X		Pay Week — Tuesday	ITTCO	Tues — 2pm
ITT-KALIBURN INC.	KBSAL	CMC BI-WEEKLY SALARY CM	B		X	Pay Week — Tuesday	ITTCO	Tues — 2pm
ITT KONI	BWFRI	KALI BURN HOURLY (BI-WEEKLY)	B	X		Non Pay Week — Thursday	ITTCO	Tues — 2pm
ITT KONI	BWKON	KALI BURN SALARY (BI-WEEKLY)	B		X	Non Pay Week — Thursday	ITTCO	Tues — 2pm

ATTACHMENT C

Custom Queries to be run once a month by service provider:

<u>Query/Report Name</u>	<u>Application Used to Produce Information</u>	<u>Provider</u>	<u>Information Supplied</u>	<u>Frequency of Request</u>
DWAR7200_MonthYear	Infinium Query	Debbie Weeks	Salaries information of employees on Severance (Income Codes 00140 and 00270)	Monthly
Payroll by Individual	Business Objects	Carol Whisler	Payroll information of HQ Employees with names and cost centers	Monthly
Headcount	Business Objects	Idania Miro	Payroll information of HQ Employees with names and cost centers	Monthly

**SCHEDULE CB2
SECURITY OPERATIONS CENTER**

Schedule Intentionally Deleted Prior to Distribution Date

**SCHEDULE CB3
INFINIUM APPLICATION SERVICES**

Capitalized terms used herein and not otherwise defined shall have the meaning assign such term in the Agreement. The Services provided hereunder are subject in all respects to the terms and conditions of the Agreement, except where expressly noted.

SERVICE OWNER

All service matters, general inquiries and notices regarding this service should be directed to:

Name	Title	Phone	e-mail
Dan Johnston Exelis Inc.	Enterprise Applications Manager	(260) 451-6042	dan.johnston@exelisinc.com
Donna Sanabria Xylem Inc.	IT Director, Corporate Functions and PMO	(914) 641-2046	donna.sanabria@xyleminc.com

GENERAL SERVICE DESCRIPTION

Service Provider will provide Infinium Application Support Services for Service Receiver.

Service Receiver and its Subsidiaries will utilize Service Provider's resources based on the functionality, processes, input and output screens, and documents that support the Service Provider's business and business processes in the twelve months prior to the Distribution date.

SCOPE OF SERVICES

Upon the terms and subject to the conditions of this Services Schedule and the Agreement, Service Provider shall provide to Service Recipient the services identified below (collectively, the "Services").

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
IT- Infinium- 01	Infinium Application HR, Payroll and related GL Support Services	<p>Provide Infinium Application HR, Payroll, and General Ledger Related Support Services:</p> <ul style="list-style-type: none"> • Access to Infinium Application — Service Provider will provide access to application through form(s) signed off by the appropriate signing authority or designated Executive per the Master Services Agreement, and submitted through Remedy tickets. Service Provider will give access to the requested menu options. Service Provider will provide access to application for authorized service receiver users per the security guidelines outlined in the Master Services Agreement. Service Provider will create new application and database users pre-approved by Service Recipient, maintain application and database passwords, maintain application and database security to meet security and controls guidelines identified in Master Services Agreement, as well as monitor and restrict unauthorized access to source code and data. Service Provider will maintain production batch schedule, execute batch jobs, assess impact of failed batch jobs, and adjust schedule to account for batch job failures and delays. Service Provider will execute web server and application server configuration changes, monitor and maintain application administration Cron jobs and shell scripts. Time required to provide access to the application will be within (5) five business days. • Infinium Support & Maintenance — Service Provider will monitor incident resolution requests as reported via Remedy tickets, recommend and notify Service Receiver, and implement incident resolution or expected fix from vendor per the SLA outlined in the Service Level section of this agreement. Service Provider will identify and communicate breaks in application discovered by automated or monitoring system, develop solution and approach to address break in application, and implement fixes to resolve break in application. • Infinium Database Support — Service Provider will trouble shoot database related incidents as reported via Remedy tickets. These activities include maintaining database schemas if necessary, performing data cleanup activities as well as scheduled maintenance activities, requesting database/file restores, and providing support for all database issues in production and test/development environments. • Custom reports and data extracts will be provided as necessary to support legal, audit and compliance tasks when requested by authorized individuals. • Ad-Hoc development/services or processing of reports consistent with what was provided in the 	65 calls/ month	18	Costs will be passed through as part of the HR/Payroll/Benefits TSA
			6 calls/ month		

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
IT- Infinium- 02	Infinium Application GL Services for Enterprise Accounting Function Support Services	<p>12 months prior to the distribution date will be supported as part of this agreement. Any new Ad-Hoc reporting requirements will be considered out-of-scope and will be provided on a time and materials basis as described in the Additional Pricing section of this agreement.</p> <ul style="list-style-type: none"> Any modification of 3rd Party Interfaces consistent with support of BAU or seasonal business processes which were provided with existing internal resources in the 12 months prior to the distribution date will be supported as part of this agreement. Any changes to 3rd party relationships which require new interface modifications or re-writes are not included as part of the scope of this agreement and will be provided on a time and materials basis as described in the Additional Pricing section of this agreement. <p>Provide Infinium Application General Ledger Support for Enterprise Accounting Function:</p> <ul style="list-style-type: none"> Access to Infinium Application — Service Provider will provide access to application through form(s) signed off by the appropriate signing authority or designated Executive per the Master Services Agreement, and submitted through Remedy tickets. Service Provider will give access to the requested menu options. Service Provider will provide access to application for authorized service receiver users per the security guidelines outlined in the Master Services Agreement. Service Provider will create new application and database users pre-approved by Service Recipient, maintain application and database passwords, maintain application and database security to meet security and controls guidelines identified in Master Services Agreement, as well as monitor and restrict unauthorized access to source code and data. Service Provider will maintain production batch schedule, execute batch jobs, assess impact of failed batch jobs, and adjust schedule to account for batch job failures and delays. Service Provider will execute web server and application server configuration changes, monitor and maintain application administration Cron jobs and shell scripts. Time required to provide access to the application will be within (5) five business days. Infinium Support & Maintenance — Service Provider will monitor incident resolution requests as reported via Remedy tickets, recommend and notify Service Receiver, and implement incident resolution or expected fix from vendor per the SLA outlined in the Service Level section of this agreement. Service Provider will identify and communicate breaks in application discovered by automated or monitoring system, develop solution and approach to address break in application, and implement fixes to resolve break in application. 	65 calls/ month	18	Costs will be passed through as part of General Ledger Accounting — ITT HQ TSA

Service #	Service Name	Description of Service	BAU Transaction Volume	Minimum Service Period (in mo.)	Service Charge
IT- Infinium- 03	Infinium Application AP and CM Support Services	<ul style="list-style-type: none"> • Infinium Database Support — Service Provider will trouble shoot database related incidents as reported via Remedy tickets. These activities include maintaining database schemas if necessary, performing data cleanup activities as well as scheduled maintenance activities, requesting database/file restores, and providing support for all database issues in production and test/development environments. • Custom reports and data extracts will be provided as necessary to support legal, audit and compliance tasks when requested by authorized individuals. • Ad-Hoc development/services or processing of reports consistent with what was provided in the 12 months prior to the distribution date will be supported as part of this agreement. Any new Ad-Hoc reporting requirements will be considered out-of-scope and will be provided on a time and materials basis as described in the Additional Pricing section of this agreement. • Any modification of 3rd Party Interfaces consistent with support of BAU or seasonal business processes which were provided with existing internal resources in the 12 months prior to the distribution date will be supported as part of this agreement. Any changes to 3rd party relationships which require new interface modifications or re-writes are not included as part of the scope of this agreement and will be provided on a time and materials basis as described in the Additional Pricing section of this agreement. <p>Provide Infinium Accounts Payable and Currency Management Support for Enterprise Accounting Function:</p> <ul style="list-style-type: none"> • Access to Infinium Application — Service Provider will provide access to application through form(s) signed off by the appropriate signing authority or designated Executive per the Master Services Agreement, and submitted through Remedy tickets. Service Provider will give access to the requested menu options. Service Provider will provide access to application for authorized service receiver users per the security guidelines outlined in the Master Services Agreement. Service Provider will create new application and database users pre-approved by Service Recipient, maintain application and database passwords, maintain application and database security to meet security and controls guidelines identified in Master Services Agreement, as well as monitor and restrict unauthorized access to source code and data. Service Provider will maintain production batch schedule, execute batch jobs, assess impact of failed batch jobs, and adjust schedule to account for batch job failures and delays. Service Provider will execute web server 	6 calls/ month	18	Costs will be passed through as part of General Ledger Accounting-ITT HQ

and application server configuration changes, monitor and maintain application administration Cron jobs and shell scripts. Time required to provide access to the application will be within (5) five business days.

- Infinium Support & Maintenance — Service Provider will monitor incident resolution requests as reported via Remedy tickets, recommend and notify Service Receiver, and implement incident resolution or expected fix from vendor per the SLA outlined in the Service Level section of this agreement. Service Provider will identify and communicate breaks in application discovered by automated or monitoring system, develop solution and approach to address break in application, and implement fixes to resolve break in application. 20 calls/ month
- Infinium Database Support — Service Provider will trouble shoot database related incidents as reported via Remedy tickets. These activities include maintaining database schemas if necessary, performing data cleanup activities as well as scheduled maintenance activities, requesting database/file restores, and providing support for all database issues in production and test/development environments. 6 calls/ month

* BAU volumes will be calculated on a rolling 12-month average to account for seasonal fluctuations and any temporary spike in service volumes post-spin.

* For BAU volumes, one incident will be considered the equivalent of one call (regardless of the number of phone conversations related to the same issue).

Services that will not be provided as part of this agreement are:

- Employee Self Service Module (including Online Benefits Enrollment)

Service Volumes Greater Than or Less Than Observed Pre-Distribution Date

Service Provider will deliver the same volume of Services as delivered in the 12 months prior to the Distribution Date, plus or minus 10% (such activity, including any such 10% deviation, “Business as Usual activities” or “BAU”) at no additional cost per unit. Service Provider will accommodate Service Receiver’s inorganic (Mergers, Acquisitions, and Divestitures) activities on a time and materials basis with respect to the one-time set-up fees. The table below will then apply following the completion of the one-time set-up activities.

<u>Scenario</u>	<u>One-Time Setup Fees</u>	<u>Monthly Fees</u>
Service Volume within BAU [Note: BAU already includes +/- 10% of pre-distribution date volumes]	No incremental one-time fees when Service Receiver utilizes services and structure as-is with no changes under this agreement	Steady-State fee structure for requisite service as documented below

Scenario	One-Time Setup Fees	Monthly Fees
Service Volume greater or less than BAU	Service Provider will develop a commercially reasonable quote for acceptance by the Service Receiver provided the Service Receiver utilizes services and structure as-is with no significant changes under this agreement	Service Provider will develop a commercially reasonable quote for acceptance by the Service Receiver incremental to the base service costs documented below for the requisite service.

Ad-Hoc development/services or processing of reports consistent with what was provided prior to the distribution date will be supported as part of this agreement. Service Provider will use commercially reasonable efforts based on provider's current abilities to accommodate regulatory or legal ad-hoc requests. Ad-hoc requests which may need to be performed to assist Service Receiver in meeting new legal obligations will be provided on a time and materials basis as described in the Additional Pricing section of this agreement. Any changes to 3rd party relationships which require interface modifications or re-writes are not included as part of the scope of this agreement. Should the Service Receiver require such changes, Parties agree to negotiate in good faith with regard to such modification. In the event modifications to the services provided are required by law for only the Service Recipient and such modifications increase the cost for Service Provider, Service Recipient that requires the modifications shall pay all the additional costs including the costs for the other Service Recipients.

Exit Services

The following services will be provided upon receipt of a Termination Notice to exit from this Service.

Service #	Service Name	Description of Service	Service Charge (\$/hour)
		Service Provider will make commercially reasonable best efforts to assist Service Receiver in exiting of this agreement. These efforts include:	
IT-Infinium-04	Infinium Migration	<ul style="list-style-type: none"> Support of data extraction requests from the Service Receiver Providing Subject Matter Expertise in helping the Service Receiver understand current state data schema and configuration details 	Time and Materials Based on Additional Pricing Section
IT-Infinium-05	Infinium Knowledge Transfer	<p>Service Provider will provide the following knowledge transfer services:</p> <ul style="list-style-type: none"> Existing non-sensitive documentation maintained by the Service Provider will be given to the Service Receiver as it relates to the Infinium Application and related interfaces 	Time and Materials Based on Additional Pricing Section

Supplemental Services

For requests for supplemental services relating to Infinium Application support services by Service Receiver not mentioned in this Schedule or not included within the costs documented in this agreement, Service Receiver will provide a discreet project request and submit such request to Service Provider using the formalized Change Request attached as Annex A for consideration by Service Provider.

Where notice is required a number of business days prior to some required action by Service Provider, notice must be received by 12 noon Eastern Time to be counted as received during such business day. Service Provider shall, within a commercially reasonable period, provide a price quote to be commercially reasonable based on the current cost of the Services to Service Receiver taking into account, such items as the specific time the request was made, service delivery volumes, exit planning activities, and other activities Service Provider is currently engaged in at the time of the request, but not later than 30 days after the request was made. If Service Provider, in its sole discretion determines (i) such request would increase the ongoing operating costs for Service Provider (as a service recipient) or any other service receiver or (ii) that it is not capable of making such changes with its current staff during the time period requested without interrupting the Services provided to itself or any other service receiver. Service Provider need not provide a price quote or perform the services. Where a price quote is provided, Service Provider shall provide the service requested upon acceptance of the price.

LOCATIONS

Services are initially provided from Fort Wayne, IN, USA to Canada and USA locations for HR and payroll, and White Plains, NY for GL, AP, and CM.

PREREQUISITES/DEPENDENCIES

- Service Receiver will maintain the applications and interfaces documented in Attachment A.
- Any IT services required to support business services outlined in the HR/Payroll/Benefits TSA and which were provided in the 12 months prior to the distribution date will be supported as part of this agreement.
- If Service Receiver sends inaccurate data to Service Provider it will be the responsibility of the Service Receiver to rectify any problems and bear any costs incurred to rectify the issue.
- Security and access controls will be maintained as set forth in the Master Services Agreement.

NOTICE REQUIREMENT

Official Notices and Bills under this Schedule should be sent to the following addresses (with an email copy to the Service Owners set forth above):

If to the Service Provider:
Exelis Inc.
1650 Tysons Boulevard
Suite 1700
McLean, VA 22102
Attention: Joe Daniel
Joe.daniel@exelisinc.com

If to the Service Receiver:
Xylem Inc.
240 Fall Street
Seneca Falls, NY 13148
Attention: Linda Lynch
Linda.lynych@xyleminc.com

SERVICE LEVEL

Service Provider will classify incidents at its own discretion. Such classifications shall be consistent with the priorities Service Provider set for itself as a recipient of services. Incidents classified using this methodology will be triaged as documented in Attachment B.

In the event incidents cannot be resolved in the time outlined in Attachment B, Service Provider shall promptly notify Service Receiver and work together to try and resolve such incidents.

ADDITIONAL PRICING

Hourly Rate for Services Not Specified but Provided by Service Provider Employees (including but not limited to modifications, consulting, exit strategy development, transition, etc.) are documented below. Such services will be provided solely at the Service Provider's discretion. Service Provider is not obligated to provide additional services not specified in this agreement. The employee category is defined by the Service Provider. The rates documented below shall be commercially reasonable and designated by the Service Provider, closest to its current cost to provide the service. The hourly rates below include the 4.5% amount for inflation each year. These rates apply to internal Service Provider employees only, and should external resources be

required, the costs for those external resources will be reviewed with the Service Receiver prior to execution of the project.

Additional Pricing Rates (All in USD)

Location	Low	Medium	High
USA	\$ 75	\$ 100	\$ 125
Greece	\$ 35	\$ 46	\$ 58
Mexico	\$ 19	\$ 25	\$ 31
Sweden	\$ 75	\$ 100	\$ 125

ATTACHMENT A

Interface Name	Program Name	Business Purpose	Vendor	Source System	Destination System
		AC ISP Rate change file	ACS	ACS	Infinium
		To update Infinium HR; contains pension data	Buck	Buck	Infinium
		Load and List wage request file from Cartus	CARTUS	CARTUS	Infinium
		Load Cartus file and process-batch job	CARTUS	CARTUS	Infinium
		Bring in Cartus Wage Request file	CARTUS	CARTUS	Infinium
		Load Cartus Gross Ups	CARTUS	CARTUS	Infinium
		Re-Apply Concur (PYPME History) to Payroll	Concur	Concur	Infinium
		Concur — Load Employees from INFIN	Concur	Concur	Infinium
		Expense transactions	Concur	Concur	Infinium
		CONCUR — travel process expense records	Concur	Concur	Infinium
		Labor feed 800	Infinium	B&G	Infinium
		Labor feed CQC	Infinium	Canada	Infinium
		Canadian Kronos Labor interface to Infinium	Infinium	Canada Krono	Infinium
		Labor To Daily Time (CPSAL)	Infinium	CPSAL	Infinium
		Labor Load (FFSAL)	Infinium	FFSAL	Infinium
		Labor Load(FISAL)	Infinium	FISAL	Infinium

<u>Interface Name</u>	<u>Program Name</u>	<u>Business Purpose</u>	<u>Vendor</u>	<u>Source System</u>	<u>Destination System</u>
	Labor feed 831		Infinium	FLOBW	Infinium
	Labor feed 800		Infinium	Flojet	Infinium
	labor laod(FLSAL)		Infinium	FLSAL	Infinium
	Labor Load (GPH9V)		Infinium	G9H	Infinium
	Labor feed 810		Infinium	Gould Pumps — EVZ	Infinium
	Labor feed 835		Infinium	Gould Pumps — WTG	Infinium
	Labor feed 800		Infinium	Heat	Infinium
	Labor feed 905		Infinium	Koni Sal	Infinium
	Labor feed for Olympic		Infinium	Olympic	Infinium
	Time(PISAL)		Infinium	PISAL	Infinium
	Labor feed 860		Infinium	Rule Hr	Infinium
	Labor feed 860		Infinium	Rule Sal	Infinium
	Time(WPC)		Infinium	WCP	Infinium
	Labor Load (BIWHR)		Infinium	BIWHR	Infinium

Interface Name	Program Name	Business Purpose	Vendor	Source System	Destination System
		Promotions	Infinium	Excel	Infinium
		Salary Changes	Infinium	Excel	Infinium
		FTC Employee Master to be FTP	ITT	Infinium	Infinium
		FTC GL to be sent out to FTC	ITT	Infinium	Infinium
		Goulds GL to be FTP	ITT	Infinium	Infinium
		Cannon's Full Employee Master Update To Cim	ITT	Infinium	Cannon
		Send file to Hancock	John Hancock	Infinium	John Hancock
		John Hancock Eligibility	John Hancock	Infinium	John Hancock
		Receive Long Term Care file	John Hancock	John Hancock	Infinium
		Receive Long Term Care Billing file	John Hancock	John Hancock	Infinium
		Receive life plus file	John Hancock	John Hancock	Infinium
		Upload Life Plus file	Marsh	Infinium	Marsh
		Send Prudential Demographics	Prudential	Infinium	Prudential
		Systems			
		Prudential Systems	Prudential	Infinium	Prudential
		Demographics(ENI, CAP, CMC, ECI)			
		Receive and process autotime — car allowance	Runzheimer	Runzheimer	Infinium
		Smith Barney EMAIL ADDRESSES	Smith Barney	Infinium	Smith Barney
		Smith Barney PARTICIPANTS	Smith Barney	Infinium	Smith Barney
		Receive Smith Barney Restricted	Smith Barney	Smith Barney	Infinium
		Re-send check recon to bank	Wells Fargo	Infinium	Wells Fargo
		Payroll ACH	Wells Fargo	Infinium	Wells Fargo
		CLP to receive check recon file from Wells Fargo	Wells Fargo	Wells Fargo	Infinium
		Receive Check recon	Wells Fargo	Wells Fargo	Infinium

ATTACHMENT B

Following are the incident priorities and expected resolution target times:

<u>Priority</u>	<u>Accept</u>	<u>Resolve Incidents</u>
Urgent	30 mins	1 hr
High	1 hr	4 hrs
Medium	2 hrs	8 hrs
Low	4 hrs	48 hrs

Priority of Incidents

Urgent: System/Component or Program is inoperable, Multiple users effected. No alternatives or backup is available.

High: Single user with a System/Component or Program that is inoperable. Component degraded with limited access or functionality. A Workaround is available.

Medium: Job functions can be performed with some restricted functionality. Training, questions or concerns need to be addressed but production is not affected.

Low: Attention is needed to assist in non-critical situations. A workaround is available.

Recovery Times

In the event of a hardware failure, the hardware vendor will be engaged for repair or replacement. The anticipated outage period for an event of this nature is 16 hours.

In the event of a failure which results in the database having to be restored, the anticipated outage would be 6+ hours.

Annex A
TSA Change Request Form

TSA Schedule:
Receiver TSA Owner:
Date of Request:
Completed By:
Requested Service Change:

Item Number	Service Description (Listed on schedule in the TSA)	Monthly Charge	Requested Change	Already agreed to with Service Provider (Y/N)
1				
2				
3				
4				
5				

Outcome:

Item Number	Outcome (Approved, Denied)	Specific Action to be taken
1		
2		
3		
4		
5		

Approvals

Approved By:
Provider TSA Functional Lead
Executive Representative:
Provider TSA Manager

Approved By:
Receiver TSA Functional Lead
Executive Representative:
Receiver TSA Manager

SCHEDULE CB4

ITT.COM EMAIL FORWARDING INFRASTRUCTURE

Capitalized terms used herein and not otherwise defined shall have the meaning assign such term in the Agreement. The Services provided hereunder are subject in all respects to the terms and conditions of the Agreement, except where expressly noted.

SERVICE OWNER

All service matters, general inquiries and notices regarding this service should be directed to:

<u>Name</u>	<u>Title</u>	<u>Phone</u>	<u>e-mail</u>
Service Provider Suleiman Walker Exelis Inc.	Messaging Manager	(719) 591-3626	suleiman.walker@exelisinc.com
Service Receiver Jakob Jakobsson Xylem Inc	Manager Directory Services & Messaging	+46 471 247584	jakob.jakobsson@xyleminc.com

GENERAL SERVICE DESCRIPTION

Service Provider will perform ITT.com Email Forwarding Services for Service Receiver.

The primary service is to provide a computer processing platform that supports the business applications of the Business, which includes IT support for technology infrastructure.

SCOPE OF SERVICES

Upon the terms and subject to the conditions of this Services Schedule and the Agreement, the Service Provider shall provide to Service Recipient the services identified below (collectively, the "Services").

<u>Service #</u>	<u>Service Name</u>	<u>Description of Service</u>	<u>Transaction Volume</u>	<u>Duration</u>	<u>Service Charge</u>
IT-Email Forwarding-01	Email Forwarding Support Services	Provide Email Forwarding services for email messages sent to ITT.com. Service Provider will forward messages to new Service Receiver domain addresses.	Unlimited number of emails forwarded	12	Cost plus 2% - 10% per month

Services that will not be provided as part of this agreement are:

- Filtering of spam beyond SenderBase reputation level
- Legal holds – Emails will not be saved as they will be forwarded to the Service Receiver, and it is the Service Receiver's obligation to save emails if required by their legal counsel
- Updating of Service Receiver's domain changes

Service Provider reserves the right to temporary halt the service, provided notification is given to Service Receiver using commercially reasonable efforts, due to:

- Unusual increase in volume of emails
- Threats to security
- Constraints to network resources

Should the Service Receiver require changes to the documented services, Parties agree to negotiate in good faith with regard to such modification.

Exit Services

No exit services will be provided under this agreement.

LOCATIONS

Services are initially provided from Fort Wayne, IN, USA to global locations.

PREREQUISITES/DEPENDENCIES

- Service Receiver cannot create additional ITT.com email addresses
- Service Receiver must have Cisco Iron Port hardware and software licenses active and maintained for the period of time in which this agreement is in effect.
- Service Receiver must have Transport Layer Security (TLS) enabled and maintained for the period of time in which this agreement is in effect.
- Service Receiver must have Microsoft Exchange active and maintained for the period of time in which this agreement is in effect.
- Security and access controls will be maintained as set forth in the Master Services Agreement.

NOTICE REQUIREMENT

Official Notices and Bills under this Schedule should be sent to the following addresses (with an email copy to the Service Owners set forth above):

If to the Service Provider:
Exelis Inc.
1650 Tysons Boulevard
Suite 1700
McLean, VA 22102
Attention: Joe Daniel
Joe.daniel@exelisinc.com

If to the Service Receiver:
Xylem Inc.
2881 E. Bayard Street
Seneca Falls, NY 13148
Attention: Linda Lynch
Linda.lynych@xyleminc.com

SERVICE LEVEL

Service Provider will classify incidents at its own discretion and will make commercially reasonable efforts to resolve incidents with service delivery. In the event incidents cannot be resolved, Service Provider shall promptly notify Service Receiver and work together to try and resolve such incidents.

ADDITIONAL PRICING

Hourly Rate for Services Not Specified but Provided by Service Provider Employees (including but not limited to modifications, consulting, exit strategy development, transition, etc.) are documented below. Such services will be provided solely at the Service Provider's discretion. Service Provider is not obligated to provide additional services not specified in this agreement. The employee category is defined by the Service Provider. The rates documented below shall be commercially reasonable and designated by the Service Provider, closest to its current cost to provide the service. The hourly rates below include the 4.5% amount for inflation each year. These rates apply to internal Service Provider employees only, and should external resources be required, the costs for those external resources will be reviewed with the Service Receiver prior to execution of the project.

Additional Pricing Rates (All in USD)

Location	Low	Medium	High
USA	\$ 75	\$ 100	\$ 125
Greece	\$ 35	\$ 46	\$ 58
Mexico	\$ 19	\$ 25	\$ 31
Sweden	\$ 75	\$ 100	\$ 125

Annex A
TSA Change Request Form

TSA Schedule:

Receiver TSA Owner:

Date of Request:

Completed By:

Requested Service Change:

Item Number	Service Description (Listed on schedule in the TSA)	Monthly Charge	Requested Change	Already agreed to with Service Provider (Y/N)
1				
2				
3				
4				
5				

Outcome:

Item Number	Outcome (Approved, Denied)	Specific Action to be taken
1		
2		
3		
4		
5		

Approvals

Approved By:

Provider TSA Functional Lead

Executive Representative:

Provider TSA Manager

Approved By:

Receiver TSA Functional Lead

Executive Representative:

Receiver TSA Manager

**SCHEDULE CB5
BASIC TIME AND MATERIALS SUPPORT**

Capitalized terms used herein and not otherwise defined shall have the meaning assigned to such term in the Agreement. The Services provided hereunder are subject in all respects to the terms and conditions of the Agreement, except where expressly noted.

SERVICE OWNER

All service matters, general inquiries and notices regarding this Service should be directed to:

<u>Name</u>	<u>Title</u>	<u>Phone</u>	<u>e-mail</u>
Service Provider's Contact			
Exelis Inc. Joe Daniel	TSA Manager	office: (703) 790-6309	Joe.daniel@itt.com
Service Receiver's Contact			
Xylem Inc. Tim Coogan	TSA Manager	Office 914 323-5790	Tim.Coogan@itt.com

PARTIES TO THE AGREEMENT

Service Receiver: Exelis Inc.
Service Receiver: Xylem Inc.

GENERAL SERVICE DESCRIPTION

Service Receiver may need assistance after the Distribution Date from the Service Provider for miscellaneous services, including but not limited to consulting, advisory, knowledge transfer and other similar services in various areas including, but not limited to finance, tax, accounting, insurance, treasury, human resources and communications, which are not already provided for under all of the other TSAs between ITT Corporation, Xylem Inc., and Exelis Inc.

The Service Provider hereby agrees to cause its and its affiliates employees (collectively, "Experts") to provide a reasonable amount of services, including specifically the services listed in Appendix A, upon reasonable notice and request from the Service Receiver on a time and materials basis from the Distribution Date through April 30, 2013 (the "Minimum Term" and the "Maximum Term").

To utilize this TSA Schedule, employees of Service Receiver should request such services via email or telephonically where both parties have a clear expectation of the estimated number of hours of assistance being requested. For projects that are expected to require more than 5 to 10 hours of assistance a one or two paragraph project plan should be agreed to in order to avoid misunderstandings. The project plan should be put together by the Service Provider's "Expert" with respect to the requested services.

Employees of Service Receiver should advise their TSA manager that a request for services has been made together with a description of such services requested and the estimated number of hours requested.

The "Expert" should advise their TSA manager that a request for services has been made and the estimated number of hours requested.

SCOPE OF SERVICES

The scope of services will depend on the needs of the Service Recipient and the capabilities and availability of the Experts.

LOCATIONS

All locations around the world.

PREREQUISITES/DEPENDENCIES

The Experts remain employees of Service Provider. Service Receivers acknowledge and agree that Service Provider has discretion to terminate the Experts and the Experts have the ability to terminate their employment with Service Provider. In the event the Experts are no longer employed by Service Provider, Service Provider will, at the request of the Service Receiver, use commercially reasonable efforts to provide similar services. However, if Service Receivers or an affiliate employ any of the Experts, the specific service requested under this Schedule can be terminated by the Service Provider, at the Service Provider's sole discretion on 5 business days notice to the Service Receiver.

TAX STATUS

Sales tax will be charged as determined by the Service Provider and the Service Receiver shall pay such tax along with the payment for the service provided.

BILLING LOCATION

Service Provider will provide Service Receiver with an invoice to its address set forth below under Notice Requirements, except in cases where services are provided outside of the United States, in which case invoices will be created by the Service Provider's legal entity in the country where the services are being performed and invoiced to the Service Receiver's legal entity that requested the services in the Service Provider's local currency. The bill will cover all charges for services under this Schedule from Service Provider and, to the extent reasonably feasible, will be itemized among Service Receiver's legal entities if identified by the Service Receiver when requesting the service. The invoice will contain the number of hours each Expert worked, a short paragraph describing the services and the US dollar amount per Expert.

The Experts shall track their time on either a time sheet or any other proper method such as the utilizing the time sheet attached hereto and Service Provider agrees that the time sheets will accompany the invoice that is sent to the Service Recipient for payment. In cases where the requested services are expected to take longer than 30 days to complete, the Service Provider will be allowed to invoice the Service Receiver once per month for all costs incurred to date.

NOTICE REQUIREMENTS

No notice of Termination is required under this Schedule and there shall be no make-whole fee under this Schedule

Notices and bills to the Service Provider should be sent to:

Exelis Inc.
1650 Tysons Boulevard
Suite 1700
McLean, VA 22102
Attention: Joe Daniel

Notices and bills to the Service Receiver should be sent to:

Xylem Inc.
1133 Westchester Avenue
Suite 2000
White Plains, NY 10604
Attention: Tim Coogan

PRICING

In addition to the costs specifically set forth below, Service Receivers shall also pay all business travel expenses relating to the Services in accordance with Service Providers documented travel policies and any incremental out of pocket costs incurred by the Service Provider in order to provide the requested services that are invoiced by unaffiliated 3rd parties. Service Provider agrees to provide vendor invoices as backup to the Service Receiver when invoicing the Service Receiver under the terms of this TSA.

The hourly rates below include a 4.5% increase for inflation and the 2% profit margin and shall be applicable in 2011 and 2012. The rates shall increase by 4.5% in 2013. There shall be no make whole fee due under Section 11 of the Agreement upon early termination of this TSA.

<u>Service</u>	<u>Hourly Rate*</u>
Hourly Rate Administrative/Secretarial.	\$50 per hour
Hourly Rate for a Non Executive	\$100 per hour
Hourly Rate for an Executive	\$150 per hour

* Note: In cases where invoicing is done outside the United States, the above rates should be converted to local currency based on the exchange rate on the date the invoice is prepared.

The pricing for the services described in Appendix A will be as set forth in Appendix A unless no pricing is provided in which case if services are provided on an hourly basis the rates above will apply.



Due Diligence Manager Software Application

Draft Base Statement of Work

Version 1.0 Draft

September 20, 2011

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1 Scope

The software application — Due Diligence Manager (DDM) — is a web-based, data-driven software application that provides the ITT Due Diligence staff with the capabilities that directly support the due diligence process. The SOW describes approach for identifying, scoping, estimating, developing, testing, deploying, and maintaining the software and application operation of the DDM application.

This document describes the requirements for maintaining and modifying the ITT Due Diligence Manager software application, including the underlying database.

2 Technical Support Requirements

2.1 Routine Application Maintenance

ITT AIS Development Staff will perform all routine application software maintenance tasks to ensure that the DDM software application is available to the user community on an continuous basis.

2.1.1 Routine Tasks

ITT AIS Development Staff will periodically identify and correct latent issues discovered during normal operations. These tasks include Application Server settings, configuration, software upgrades and patches. These tasks are typically background and housekeeping tasks that should not affect active users.

2.1.2 Outages

In the event of a failure (outage, defined as non-availability of DDM application software functionality), the develop staff will make every attempt to restore software availability.

For software-related outages, ITT AIS Development Staff will investigate the reported issue, determine the cause, correct the issue source, deploy a corrective update, verify the correction, and notify the issue initiator of the resolution.

Outages that are not immediately identifiable as due to a DDM software issue, must be directed to the ITT organization's IT data center help desk, who will initiate a support ticket and process that ticket to resolve the issue based on internal processes defined by that organization. ITT AIS Development Staff will support that effort to determine the source of the outage.

2.2 Change and Improvement Process

Requests for modifying the design, functionality or configuration of the DDM software application shall be presented to the development staff by the user community through a change request document.

2.2.1 Change Request Analysis

The ITT AIS development staff will review each request and develop an estimate for the level of effort required to implement the requested change. This activity may include dialogue with the initiating organization in order to ensure understanding of the objectives and outcomes of the requested change.

2.2.2 Change Request Processing

ITT AIS staff will process the final RFC proposal through internal contracting offices, ultimately to be released to the requesting activity as a proposal for implementing the final change request. Once the requesting organization approves a proposal and the requisite contractual documentation is finalized, ITT AIS development staff will schedule and execute the finalized change request. Once the change is completed, ITT AIS will deploy the change to the live DDM server for review by the requesting organization. After completing a comprehensive review of the deployed application software change, and after providing ITT AIS Development Staff with approval, ITT AIS Development Staff will close the change request by initiating a contract closure letter to the requesting organization.

2.3 Testing

Prior to deployment of all requested and approved changes, DDM software changes will be thoroughly tested using ITT AIS Development Staffs internal test process. The test objectives, steps, and results will be documented in an appropriate format to ensure that testing has been conducted and that any resultant software bugs have been resolved.

3 Deliverables

For Change Requests that impact the DDM User Guide or DDM Administrator Guide ITT AIS Development Staff will update the affected documentation and release to the requesting organization an update in pdf format.

4 Training and Support

For Change Requests that include signification changes where training on new features and functionality are requested as part of the Change Request, ITT AIS Development Staff will schedule and conduct an on-line training course to cover the

areas affected. Training will be addressed and included in the proposal for each Change Request as needed.

If requested, the ITT AIS Development Staff will provide technical training to ITT's IT staff for further support and build-out the DDM application source code and application web server. This support will be estimated and quoted through the same process described above for change requests.

5 Place of Performance

All development tasks will be performed at ITT AIS site in Chesapeake, VA.

6 Period of Performance

The proposed project schedule will be provided on a case by case basis. The final schedule will be updated once the project is accepted by the requesting organization.

7 Project Management

ITT AIS Development Staff will identify DDM project manager who will be responsible for ensuring that the agreed-upon tasks identified in the final accepted proposal are scheduled, tracked, and completed in accordance with the project schedule. Any issues affecting cost, schedule, or technical performance will be brought to the attention of the client as soon as possible for resolution.

8 Labor Categories and Rates

Labor categories to be applied to tasks under this SOW are listed below. These rates are estimates. Each task order will require a formal quote issued by ITT AIS Contracts Office based on the level of effort estimates as described in paragraph 2.2.

<u>Labor Category</u>	<u>Estimated Labor Rate</u>
Project Manager	Cost plus 2% - 10%
Sr. Software Engineer	Cost plus 2% - 10%
Software Engineer	Cost plus 2% - 10%

Management Reporting (HFM/Planning) Post Separation Support Requirements

Following the separation of ITT into 3 companies, key management reporting resources will be required to provide post separation support and knowledge transfer between the NewCos. High level areas of support and knowledge transfer include:

- Month-end close
- Year-end close
- New Year setup and rollforward
- OpPlan, Forecast, and Budget
- Metadata Management
- Ledger Mapping
- Break/Fix Support

Listed below are the key HFM and Planning resources whose post separation support will be required during the period 11/1/2011 through the 2012 March Close (approximately 4/20/2012).

Resource	Future NewCo	Executive	November			December			January			February			March			April		
			ITTCo	Xylem	Exelis	ITTCo	Xylem	Exelis	ITTCo	Xylem	Exelis	ITTCo	Xylem	Exelis	ITTCo	Xylem	Exelis	ITTCo	Xylem	Exelis
ITTCo	No	n/a	48	48	n/a	48	24	n/a	48	24	n/a	36	12	n/a	36	12	n/a	12	12	12
Xylem	No	48	n/a	48	24	n/a	24	24	n/a	24	12	n/a	12	12	n/a	12	n/a	12	n/a	12
Exelis	No	48	48	n/a	24	24	n/a	24	24	n/a	12	12	n/a	12	12	n/a	12	12	12	n/a
ITTCo	No	n/a	48	0	n/a	24	0	n/a	24	0	n/a	12	0	n/a	12	0	n/a	12	0	12
ITTCo	Yes	n/a	48	48	n/a	24	24	n/a	24	24	n/a	12	12	n/a	12	12	n/a	12	n/a	12
Xylem	No	48	n/a	48	24	n/a	24	24	n/a	24	12	n/a	12	12	n/a	12	n/a	12	12	12

Service Provider Owners and Service Receiver Owners are set forth under "Service Owner" above.

SCHEDULE D

Fiscal Calendar

2011

JANUARY							APRIL							JULY							OCTOBER						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
2	3	4	5	6	7	8	3	4	5	6	7	8	9	5	6	7	8	9			2	3	4	5	6	7	8
9	10	11	12	13	14	15	10	11	12	13	14	15	16	10	11	12	13	14	15	16	9	10	11	12	13	14	15
16	17	18	19	20	21	22	17	18	19	20	21	22	23	17	18	19	20	21	22	23	16	17	18	19	20	21	22
23	24	25	26	27	28	29	24	25	26	27	28	29	30	24	25	26	27	28	29	30	23	24	25	26	27	28	29

FEBRUARY							MAY							AUGUST							NOVEMBER						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
30	31	1	2	3	4	5	1	2	3	4	5	6	7	30	1	2	3	4	5	6	30	31	1	2	3	4	5
4	7	8	9	10	11	12	8	9	10	11	12	13	14	7	8	9	10	11	12	13	6	7	8	9	10	11	12
13	14	15	16	17	18	19	15	16	17	18	19	20	21	14	15	16	17	18	19	20	13	14	15	16	17	18	19
20	21	22	23	24	25	26	22	23	24	25	26	27	28	21	22	23	24	25	26	27	20	21	22	23	24	25	26

MARCH							JUNE							SEPTEMBER							DECEMBER						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
27	28	1	2	3	4	5	29	30	31	1	2	3	4	28	29	30	31	1	2	3	27	28	29	30	1	2	3
6	7	8	9	10	11	12	5	6	7	8	9	10	11	4	5	6	7	8	9	10	4	5	6	7	8	9	10
13	14	15	16	17	18	19	12	13	14	15	16	17	18	11	12	13	14	15	16	17	11	12	13	14	15	16	17
20	21	22	23	24	25	26	19	20	21	22	23	24	25	18	19	20	21	22	23	24	18	19	20	21	22	23	24
27	28	29	30	31	1	2	26	27	28	29	30	1	2	25	26	27	28	29	30	1	25	26	27	28	29	30	1

2012

JANUARY							APRIL							JULY							OCTOBER						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7	30	1	2	3	4	5	6
8	9	10	11	12	13	14	8	9	10	11	12	13	14	8	9	10	11	12	13	14	7	8	9	10	11	12	13
15	16	17	18	19	20	21	15	16	17	18	19	20	21	15	16	17	18	19	20	21	14	15	16	17	18	19	20
22	23	24	25	26	27	28	22	23	24	25	26	27	28	22	23	24	25	26	27	28	21	22	23	24	25	26	27

FEBRUARY							MAY							AUGUST							NOVEMBER						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
29	30	31	1	2	3	4	29	30	1	2	3	4	5	29	30	31	1	2	3	4	28	29	30	31	1	2	3
5	6	7	8	9	10	11	6	7	8	9	10	11	12	5	6	7	8	9	10	11	4	5	6	7	8	9	10
12	13	14	15	16	17	18	13	14	15	16	17	18	19	12	13	14	15	16	17	18	11	12	13	14	15	16	17
19	20	21	22	23	24	25	20	21	22	23	24	25	26	19	20	21	22	23	24	25	18	19	20	21	22	23	24

MARCH							JUNE							SEPTEMBER							DECEMBER						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
26	27	28	29	1	2	3	27	28	29	30	31	1	2	26	27	28	29	30	31	1	25	26	27	28	29	30	1
4	5	6	7	8	9	10	3	4	5	6	7	8	9	2	3	4	5	6	7	8	2	3	4	5	6	7	8
11	12	13	14	15	16	17	10	11	12	13	14	15	16	9	10	11	12	13	14	15	9	10	11	12	13	14	15
18	19	20	21	22	23	24	17	18	19	20	21	22	23	16	17	18	19	20	21	22	16	17	18	19	20	21	22
25	26	27	28	29	30	31	24	25	26	27	28	29	30	23	24	25	26	27	28	29	23	24	25	26	27	28	29

2013

JANUARY							APRIL							JULY							OCTOBER						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
	1	2	3	4	5		31	1	2	3	4	5	6	30	1	2	3	4	5	6	29	30	1	2	3	4	5
6	7	8	9	10	11	12	7	8	9	10	11	12	13	7	8	9	10	11	12	13	6	7	8	9	10	11	12
13	14	15	16	17	18	19	14	15	16	17	18	19	20	14	15	16	17	18	19	20	13	14	15	16	17	18	19
20	21	22	23	24	25	26	21	22	23	24	25	26	27	21	22	23	24	25	26	27	20	21	22	23	24	25	26

FEBRUARY							MAY							AUGUST							NOVEMBER						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
27	28	29	30	31	1	2	28	29	30	1	2	3	4	28	29	30	31	1	2	3	27	28	29	30	31	1	2
3	4	5	6	7	8	9	5	6	7	8	9	10	11	4	5	6	7	8	9	10	3	4	5	6	7	8	9
10	11	12	13	14	15	16	12	13	14	15	16	17	18	11	12	13	14	15	16	17	10	11	12	13	14	15	16
17	18	19	20	21	22	23	19	20	21	22	23	24	25	18	19	20	21	22	23	24	17	18	19	20	21	22	23

MARCH							JUNE							SEPTEMBER							DECEMBER								
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S		
24	25	26	27	28	1	2	26	27	28	29	30	31	1	23	24	25	26	27	28	29	30	31	24	25	26	27	28	29	30
3	4	5	6	7	8	9	2	3	4	5	6	7	8	1	2	3	4	5	6	7	1	2	3	4	5	6	7		
10	11	12	13	14	15	16	9	10	11	12	13	14	15	8	9	10	11	12	13	14	8	9	10	11	12	13	14		
17	18	19	20	21	22	23	16	17	18	19	20	21	22	15	16	17	18	19	20	21	15	16	17	18	19	20	21		
24	25	26	27	28	29	30	23	24	25	26	27	28	29	22	23	24	25	26	27	28	22	23	24	25	26	27	28		
																					29	30	31						

SCHEDULE E

The initial TSA Managers for ITT Corporation, Exelis Inc. and Xylem Inc. shall be Daryl Bowker, Joseph Daniel and Tim Coogan, respectively.

ITT TRANSITIONAL TRADEMARK LICENSE AGREEMENT — EXELIS

This ITT TRANSITIONAL TRADEMARK LICENSE AGREEMENT- EXELIS (this "Agreement") dated as of October 25, 2011 by and between ITT MANUFACTURING ENTERPRISES LLC, a Delaware limited liability company (formerly known as ITT Manufacturing Enterprises, Inc.) ("ITTME") and EXELIS INC., an Indiana corporation ("Exelis"; and together with ITTME, the "Parties", and each individually a "Party") shall become effective as of the Distribution Date.

WHEREAS, ITTME, a Subsidiary of ITT Corporation, an Indiana corporation ("ITT"), is the owner of the trademarks and service marks listed on Schedule A attached hereto ("ITT Marks");

WHEREAS, pursuant to the Distribution Agreement, dated as of October 25, 2011 (the "Distribution Agreement"), ITT is distributing certain of its assets and liabilities to Exelis and Xylem, Inc. (the "Distribution");

WHEREAS, after the Distribution, the Parties will no longer be affiliated, but Exelis wishes to continue to use the ITT Marks for a limited transitional period in connection with the Defense Business (as defined below) and ITTME has agreed to allow such use, subject to the terms and conditions herein; and

WHEREAS, this Agreement is a License Agreement that must be executed pursuant to Section 2.8 of the Distribution Agreement.

NOW, THEREFORE, in consideration of the promises and of the mutual covenants and agreements herein contained, and for good and valuable consideration, including that recited in the Distribution Agreement, the receipt and adequacy of which is acknowledged by the Parties, the Parties agree as follows:

ARTICLE 1 — DEFINITIONS

1.1. Definitions. The following capitalized terms used in this Agreement shall have the meanings set forth below. Unless otherwise defined herein, all other capitalized terms shall have the meanings ascribed to them in the Distribution Agreement.

"Affiliate" shall mean, when used with respect to a specified Person, a Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the specified Person. For the purposes of this definition, "control", when used with respect to any specified Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other interests. For purposes of this Agreement, no Party or its Subsidiaries, shall be deemed to be "Affiliates" of any other Party and its Subsidiaries.

"Covered Affiliates" shall mean all (i) Current Affiliates of Exelis, (ii) future Subsidiaries of Exelis and (iii) future Affiliates of Exelis formed as part of an internal

reorganization for tax or administrative purposes. For the avoidance of doubt, Covered Affiliates shall not include any Affiliates of any third-party acquirer of Exelis and its Subsidiaries.

“Current” shall mean with respect to Affiliates, Subsidiaries, products, fields or uses, as applicable, those entities, products, fields or uses in existence as of the Distribution Date.

“Defense Business” shall mean the businesses conducted through the Electronic Systems, Geospatial Systems, Information Systems and Mission Systems segments of ITT prior to the Effective Time (as defined in the Distribution Agreement), including, for the avoidance of doubt, the businesses of (i) the Defense Entities and the Defense Divisions and (ii) any other division, Subsidiary, line of business or investment of ITT or any of its Subsidiaries managed or operated prior to the Effective Time by any Defense Entity, unless such other division, Subsidiary, line of business or investment is an ITT Retained Entity, an ITT Retained Division, a Water Entity or a Water Division.

“Legacy Products” shall mean (i) tactical radios, counter-IED jammers, radar systems, night vision products, image processing software all currently in existence and being offered for sale or having been sold to Exelis customers as of the Distribution Date, where one or more of the ITT Marks are used in product molds, stamps, engineering drawings, instruction manuals, screen displays, code listings, and the like; (ii) any versions of the foregoing products that are offered for sale or sold after the Distribution Date and are modified to have improved performance or functionality (but excluding any new generations of such products that require a new qualification by any government customer) and (iii) other products solely as may be agreed by the Parties, in their sole discretion, during the Unified License Term.

“New Products” shall mean products that are first sold or offered for sale after the Distribution Date, including new Legacy Products that require a new qualification by any government customer.

“Person” shall mean any natural person, firm, individual, corporation, business trust, joint venture, association, company, limited liability company, partnership or other organization or entity, whether incorporated or unincorporated, or any governmental entity.

“Source Indicators” shall mean trademarks, service marks, corporate names, trade names, domain names, logos, slogans, designs, trade dress and other designations of source or origin.

“Subsidiary” shall mean with respect to any Person (i) a corporation, fifty percent (50%) or more of the voting or capital stock of which is, as of the time in question, directly or indirectly owned by such Person and (ii) any other Person in which such Person, directly or indirectly, owns fifty percent (50%) or more of the equity or economic interest thereof or has the power to elect or direct the election of fifty percent (50%) or more of the members of the governing body of such entity.

1.2. Terms Generally. The definitions in Section 1.1 shall apply equally to both singular and plural forms of the terms defined. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”, unless the context expressly provides otherwise.

ARTICLE 2 — GRANT OF LICENSE

2.1. Grant of License to "ITT" for Use in Unified Brand Name.

(a) Subject to the terms and conditions herein, ITTME grants to Exelis and its Covered Affiliates a non-exclusive, worldwide, fully paid-up, non-assignable (subject to Section 6.1), and non-sublicensable (subject to Section 2.8) license to use the ITT Word Mark (as set forth on Schedule A) as Source Indicators solely in combination with the name "Exelis" ("New Brand Name") to form the composite name "ITT Exelis" (the "Unified Brand Name") and solely in connection with the operation, advertisement, marketing, promotion and support of the Defense Business, for three (3) years after the Distribution Date (the "Unified Initial Term").

(b) Subject to the terms and conditions herein, ITTME hereby grants to Exelis and its Covered Affiliates, effective as of the Distribution Date, a no-cost option to extend the term of the license in Section 2.1(a) for the Unified Brand Name by one (1) year increments, up to a maximum of two (2) additional years (the "Unified Renewal Term") and together with the Unified Initial Term, the "Unified License Term"). Exelis may exercise this option by providing written notice to ITTME at any time during the Unified Initial Term, and will provide such written notice not later than three (3) months prior to the expiration of the Unified Initial Term, unless otherwise agreed by the Parties.

2.2. Grant of License to ITT Marks for Legacy Products. Subject to the terms and conditions herein, ITTME grants to Exelis and its Covered Affiliates (those Covered Affiliates in subsections (i) and (iii) only) a non-exclusive, worldwide, fully paid-up, non-assignable (subject to Section 6.1), and non-sublicensable (subject to Section 2.8) license to use the ITT Marks (as trademarks, service marks, logos, trade dress and the like, but not as domain names, corporate names, trade names, d/b/a names and similar names) solely in connection with the operation, advertisement, marketing, promotion and support of Legacy Products, and with respect to advertising, marketing and promotion, solely in a manner consistent with their use prior to the Distribution Date. This license for Legacy Products shall continue with respect to each Legacy Product for so long as that Legacy Product remains in production. For the avoidance of doubt, the license rights granted under this Section 2.2 shall not apply to any New Products. For the avoidance of doubt, molds, tools and dies that imprint or stamp any ITT Marks into spare parts for Legacy Products discontinued before the Distribution Date or during the Unified License Term may be used and such spare parts may be sold, until (i) the expiration of Exelis's contractual obligations to provide such spare parts or (ii) such spare parts become obsolete.

2.3. Grant of General Transitional License for the ITT Marks (other than in connection with Legacy Products). Subject to the terms and conditions herein, ITTME grants to Exelis and its Covered Affiliates (those Covered Affiliates in subsections (i) and (iii) only) a non-exclusive, worldwide, fully paid-up, non-assignable (subject to Section 6.1), and non-sublicensable (subject to Section 2.8) license to use the ITT Marks as Source Indicators solely in connection with the operation, advertisement, marketing and promotion of the Defense Business in a manner consistent with Exelis and such Covered Affiliates' use of such ITT Marks prior to the Distribution Date, solely for the following purposes and solely until the end of each time periods below. Exelis and its Covered Affiliates acknowledge that the licenses in this Section

2.3 are transitional in nature, and that Exelis and its Covered Affiliates shall use commercially reasonable efforts to transition away from substantially all of the following uses of the ITT Marks promptly after the Distribution Date. Exelis and its Covered Affiliates shall not unreasonably delay until each applicable deadline set forth in this [Section 2.3](#) to accomplish the actions specified therein.

(a) Exelis must file (or cause to be filed) to change all of its and its Covered Affiliates' corporate names, trade names, d/b/a names and similar names to names that do not contain any ITT Marks, within six (6) months after the Unified License Term, and promptly and diligently prosecute all such changes to completion;

(b) Except as permitted under the licenses of [Sections 2.1 and 2.2](#), Exelis must remove (or cause to be removed) all uses of ITT Marks as Source Indicators from all of its and its Covered Affiliates' websites and electronic media that are promoted to third parties and under Exelis's or its Covered Affiliates' possession or control within one-hundred-eighty (180) days after the Distribution Date and the use of ITT as part of the name of substantially invisible internal servers shall be ceased within a commercially reasonable time period not to exceed eighteen (18) months from the Distribution Date;

(c) Except as permitted under the licenses of [Sections 2.1 and 2.2](#), Exelis must use commercially reasonable efforts to remove (or cause to be removed) all of its and its Covered Affiliates' uses of ITT Marks as Source Indicators in all channels, pages and other designated areas of social networks and social media that are publicly affiliated with Exelis within one-hundred-eighty (180) days after the Distribution Date;

(d) Except as permitted under the licenses of [Sections 2.1 and 2.2](#), after the Distribution Date, Exelis and its Covered Affiliates must (i) not create any new personal property or disposable materials, including signage, advertising, promotional materials, brochures, catalogues, operation and instruction manuals, datasheets, software, packaging, stationery, business cards, invoices, receipts, forms, literature other similar items bearing the ITT Marks and (ii) cease commercial use of any of the foregoing materials in existence as of the Distribution Date within one-hundred-eighty (180) days after the Distribution Date;

(e) Except as permitted under the licenses of [Sections 2.1 and 2.2](#), Exelis must remove (or cause to be removed) all ITT Marks from any of its or its Covered Affiliates' heavy machinery, tools, equipment, and substantially permanent building signage (including etched glass, engraved marble and the like) (i) that are visible to third parties, within two (2) years from the Distribution Date or (ii) that are not visible to third parties, when such items are replaced in the ordinary course of business;

(f) Except as may be permitted by the licenses of [Sections 2.1 and 2.2](#) Exelis must discontinue (or cause to be discontinued) the use of all of its or its Covered Affiliates' molds, tools and dyes that imprint or stamp any ITT Marks into products visible to third parties within two (2) years after Unified Initial Term or within one (1) year after Unified Renewal Term. Approaching the end of the License Term, Exelis and its Covered Affiliates must not create amounts of product that are imprinted or stamped with the ITT Marks at rates that materially exceed the ordinary course of business consistent with past practice. Exelis and its

Covered Affiliates may sell any products created pursuant to the foregoing until three (3) years after the Unified Initial Term or until two (2) years after Unified Renewal Term. For the avoidance of doubt, molds, tools and dies that imprint or stamp any ITT Marks into spare parts for products discontinued before the Distribution Date or during the Unified License Term may be used, and such imprinted or stamped spare parts may be sold, until (i) the expiration of Exelis's contractual obligations to provide such imprinted or stamped spare parts or (ii) such spare parts become obsolete; and

(g) Except as permitted under the licenses of Sections 2.1 and 2.2, Exelis and its Covered Affiliates must cease all other uses of the ITT Marks within one-hundred-eighty (180) days after the Distribution Date, or as mutually agreed by the Parties.

2.4. Restrictions on ITTME. Subject to the terms and conditions herein, during the Unified License Term, ITTME shall not license the ITT Marks for use in connection with any Defense Business to any entities other than ITT Corporation (or to ITT Corporation for use in its Aerospace Controls and Interconnect Solutions businesses), without the prior written approval of Exelis, such approval not to be unreasonably withheld.

2.5. Website Disclaimer. Exelis and its Covered Affiliates shall display on their respective websites a mutually-agreed upon disclaimer as to their lack of current affiliation with ITT after the Distribution Date, for so long as any such website contains an ITT Mark.

2.6. Fair Use. Notwithstanding anything in this Agreement to the contrary, Exelis and its Covered Affiliates may use the ITT Marks at all times after the Distribution Date (i) in a neutral, non-trademark use to describe the history of their business; or (ii) as required or permitted by applicable law.

2.7. Destruction. At ITTME's request, at the end of the time periods in Section 2.3, Exelis shall (i) destroy or permanently modify (or cause to destroy or permanently modify) all of the materials bearing the ITT Marks in the possession or control of Exelis and its Covered Affiliates that are capable of destruction or permanent modification; and/or (ii) certify in writing to ITTME that such destruction or permanent modification is complete.

2.8. Sublicensing. Exelis and its Covered Affiliates may sublicense the license in Section 2.3 without ITTME's consent, solely to advertisers, distributors, vendors, dealers, suppliers and other Persons for use in connection with the operation of Exelis and its Covered Affiliates' businesses, but not for such Persons' unrelated use. Provided that Exelis and its Covered Affiliates had authorized or permitted such Persons to use the ITT Marks for such purposes prior to the Distribution Date, Exelis and its Covered Affiliates shall terminate such authorization or permission granted according to the deadlines set forth in Section 2.3. All other sublicenses of the license in Section 2.3 require the prior written consent of ITTME in its sole discretion. Exelis shall be liable to ITTME for any act or omission by a sublicensee that would constitute a breach hereof if committed by Exelis.

2.9. Use by Covered Affiliates. Any obligations upon, or rights granted to, Exelis hereunder shall also apply to its Covered Affiliates. Exelis shall be liable hereunder for any act or omission by its Covered Affiliates as if committed by Exelis.

2.10. Reservation of Rights. All rights in the ITT Marks not expressly granted to Exelis and its Covered Affiliates herein are reserved to ITTME.

2.11. Consideration. The Parties agree that the consideration for the licenses in Sections 2.1- 2.3 is a portion of the consideration set forth in the Distribution Agreement, and that no further royalties are therefore due under this Agreement.

ARTICLE 3 — QUALITY CONTROL/OWNERSHIP/ENFORCEMENT

3.1. Quality Control. Exelis shall use the ITT Marks solely: (i) in good faith, in a dignified manner and in accordance with good trademark practice in all applicable countries and jurisdictions and (ii) in connection with activities, products, and services that reflect favorably upon the high levels of quality associated with ITT's operation of the ITT business prior to the Distribution Date. ITTME agrees that, in view of the Parties' status immediately prior to the Distribution Date as part of one corporate organization, each Party's knowledge of standards and procedures for ensuring consistent quality and Exelis's history of providing high-quality goods and services, ITTME accepts Exelis's Current use of the ITT Marks and adherence to Current standards of quality as satisfying this Section 3.1(i) and (ii). With respect to its use of the ITT Marks under the transitional license of Section 2.3, Exelis agrees to use the ITT Marks in accordance with all style, use, advertising, website and similar guidelines provided by ITTME, provided that ITTME shall not impose any burdens upon Exelis that are inconsistent with or disproportionate to those practices employed by ITT and its own Affiliates. Exelis and its Covered Affiliates shall not take any action (or fail to take any action) that harms or jeopardizes the value, validity or goodwill of the ITT brand. ITTME agrees that Exelis's use of the ITT Marks as of the Distribution Date complies with this Section 3.1.

3.2. Compliance with Laws. Exelis shall (i) use all commercially reasonable efforts to comply with all applicable statutes, laws, regulations, rules and good industry practice ("Laws") wherever it uses any ITT Marks and (ii) use all notices and legends required by applicable Laws and/or that are reasonably requested by ITTME so as to preserve and maintain the validity of and ITTME's rights in the ITT Marks, provided that any notice requirements of ITTME shall not (x) impose any burdens upon Exelis that are inconsistent with or disproportionate to those employed by ITT and its own Affiliates and/or (y) confuse consumers as to the Parties' non-affiliation after the Distribution Date, and/or (z) be inconsistent with any US Government regulations or requirements.

3.3. Ownership/No Contest. Exelis acknowledges and agrees that, as between the Parties, ITTME owns all right, title, and interest in the ITT Marks. Exelis will not challenge or contest such ownership or the validity of any ITT Marks, including in any claim, dispute, action, suit, arbitration, inquiry or proceeding ("Action"). Exelis shall be considered a "related company" under Section 5 of the U.S. Lanham Act, 15 U.S.C. § 1055, such that its use of the ITT Marks and the goodwill generated thereby shall inure to the sole benefit of ITTME. Notwithstanding the foregoing, to the extent Exelis is deemed to have any ownership rights in the ITT Marks, at ITTME's request, Exelis shall cause such rights to be assigned to ITTME or its designee for no consideration.

3.4. New Registrations by Exelis. If Exelis wishes to request ITTME to apply for a new registration for (i) an ITT Mark in the Defense Business in any additional country or jurisdiction and/or (ii) in connection with new products or services in the Defense Business (in each case, a “New Mark”), Exelis shall notify ITTME in writing, and the Parties will negotiate in good faith to establish appropriate procedures and coverage of costs associated with such New Marks. Neither Party shall file to register the Unified Brand Name as a Source Indicator without the other Party’s prior written consent.

3.5. Enforcement. During the License Term, each Party shall promptly notify the other Party after it becomes aware of any actual or threatened infringement, misappropriation, dilution or other unauthorized use (“Infringement”) of the ITT Marks in connection with the Defense Business. ITTME will be responsible for enforcement of the ITT Marks, and shall pay for all enforcement, unless otherwise agreed to by the parties for any specific matters. The parties anticipate that ITTME and/or ITT Corporation will continue to protect the ITT Marks with the same level of care historically used but in no event less than commercially reasonable standard of care. The Parties shall cooperate in good faith in all Actions brought pursuant to this Section 3.5 with Exelis providing reasonable assistance (without being required to incur out-of-pocket costs) with respect to such enforcement and the Parties shall keep each other informed of all material developments relating thereto. The Parties will fully cooperate to enforce the Unified Brand Name against infringement or dilution by third parties.

3.6. Cooperation. During the License Term and for a period of five (5) years thereafter, Exelis and its Covered Affiliates shall, upon the request of ITTME, use commercially reasonable efforts to provide free of charge and without undue delay, evidence of use of the ITT Marks that may be reasonably required to support the maintenance or renewal of relevant trademark registrations and/or defend ITT Marks against challenges for lack of use (e.g., copies of sales & marketing material, customer invoices and shipping documents); provided that if Exelis no longer desires to store such materials for a product line after the Term it may notify ITTME of the same and deliver (at Exelis’s cost) electronic media samples of such materials to ITTME and upon acknowledgment by ITTME of receipt of such materials, and the obligations of this Section 3.6 for this product line shall cease thereafter.

ARTICLE 4 — TERM AND TERMINATION/SURVIVAL

4.1. Term. The term of the license in Section 2.1 is for the Unified License Term. The term of the license in Section 2.2 is as set forth therein. The term of each license in Section 2.3, commences upon the date of the Distribution, and ends upon the date specified therein. The term of this Agreement (“Term”) commences on the Distribution Date and continues until the last license deadline (including any post-termination transitional periods) in Article 2 expires.

4.2. Termination. ITTME has the right to terminate this Agreement, effective upon notice to Exelis, if Exelis or its Covered Affiliates commit an intentional material breach of this Agreement that materially harms the goodwill of the ITT Marks and does not cure same within thirty (30) days after notice from ITTME.

4.3. Termination of Section 2.1 License Upon Acquisition. Should Exelis be acquired by any third party, (i) if the acquisition occurs during the Unified License Term, the license in Section 2.1 shall terminate ninety (90) days from the closing date of such acquisition, subject to a mutually-agreed reasonable extension for items for which brand transition is not commercially practicable within ninety (90) days and (ii) the licenses in Sections 2.2 and 2.3 shall continue in full force and effect.

4.4. Survival. All provisions of this Agreement, that, by their nature, are intended to survive the expiration of the Term or the termination of this Agreement shall survive such event.

ARTICLE 5 — REPRESENTATIONS, WARRANTIES AND INDEMNIFICATION

5.1. By Each Party. Each Party represents and warrants to the other Party that: (i) the warranting Party has full power and authority to execute and deliver this Agreement and to perform its obligations under this Agreement and (ii) this Agreement has been duly executed and delivered by the warranting Party and, assuming the due execution and delivery of this Agreement by both Parties, constitutes a valid and binding agreement of the warranting Party enforceable against the warranting Party in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization or similar laws affecting the enforcement of creditors' rights generally and general equitable principles.

5.2. Disclaimer. EXCEPT AS EXPRESSLY SET FORTH IN SECTION 5.1, THE LICENSES IN SECTION 2.1, SECTION 2.2 AND SECTION 2.3 ARE GRANTED TO EXELIS AND ITS COVERED AFFILIATES ON AN "AS IS," "WHERE IS" BASIS, AND ITTME DISCLAIMS ANY ADDITIONAL REPRESENTATIONS AND WARRANTIES, EITHER EXPRESS OR IMPLIED, WITH RESPECT THERETO, INCLUDING ANY WARRANTIES OF TITLE, OWNERSHIP, VALUE, SUITABILITY, CONDITION, MERCHANTABILITY, FITNESS FOR USE OR NON-INFRINGEMENT OF THIRD-PARTY RIGHTS.

5.3. Indemnification. Without limiting the terms and provisions of the Distribution Agreement, Exelis shall (and shall cause each member of the Defense Group to) indemnify, defend and hold harmless the ITT Indemnitees from and against any and all Indemnifiable Losses relating to any third-party Action brought against any ITT Indemnitee for property damage or personal injury relating to the operation of the Defense Business by the Defense Group, to the extent any such Action is brought against any ITT Indemnitee due to ITTME's ownership of the ITT Marks. Section 7.5 of the Distribution Agreement shall apply to the indemnification procedures herein as applicable, *mutatis mutandis*.

ARTICLE 6 — MISCELLANEOUS

6.1. Assignment. ITTME may assign this Agreement to any Person who acquires the ITT Marks, and any such acquirer must assume in writing all of ITTME's obligations herein. Exelis may assign this Agreement to any Person who acquires Exelis and its Subsidiaries, provided that the licenses herein shall continue in effect only for Exelis and its Subsidiaries and may not be extended to such acquirer or any of its other Affiliates. Further, each Party may assume this Agreement in bankruptcy and may assign this Agreement to an Affiliate as part of an internal reorganization for tax or administrative purposes. All other

assignments of this Agreement by a Party require the prior written consent of the non-assigning Party, which will not be unreasonably withheld. Any purported transaction in violation of this [Section 6.1](#) or [Section 2.8](#) shall be null and void *ab initio* and of no force and effect. In the event of a permitted assignment, this Agreement shall be binding upon and inure to the benefit of the Parties and their respective permitted successors and assigns.

6.2. Notice. Any notice hereunder shall be in writing and delivered by reputable overnight courier, facsimile or email to the address below (which may be amended pursuant to due notice herein):

if to Exelis, to:

Exelis Inc.
Deputy General Counsel and Chief Intellectual Property Counsel
1650 Tysons Blvd., Suite 1700
McLean, VA 22102
Facsimile: +1 703 790 6364
Email: Tom.Blasey@itt.com

if to ITTME, to:

ITT Manufacturing Enterprises LLC
1105 N. Market Street, Suite 1300
Wilmington, DE 19801
Facsimile: +49 7151 699 401
Email: Wolfgang.Esser@itt.com

With a copy to ITT:

Intellectual Property Counsel
ITT Corporation
1133 Westchester Avenue, Suite 2000
White Plains, NY 10604
Facsimile: +1 914 696 2970
Email: trademarks@itt.com

6.3. Amendments and Waivers. Any provision of this Agreement may be amended solely by a writing signed by both Parties. No failure or delay by any Party in exercising any right hereunder shall operate as a waiver of any other or further exercise thereof or the exercise of any other right herein. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by Law.

6.4. Governing Law. This Agreement shall be governed by and construed in accordance with the law of the State of Delaware and, any dispute arising out of this Agreement shall be resolved solely in the state or federal courts located in Delaware. EACH PARTY

UNCONDITIONALLY WAIVES ANY RIGHT TO A TRIAL BY JURY IN CONNECTION WITH THE FOREGOING.

6.5. Specific Performance. Each Party acknowledges and agrees that the other Party would be irreparably damaged if any of the provisions of this Agreement are not performed in accordance with their specific terms and that any breach of this Agreement could not be adequately compensated in all cases by monetary damages alone. Accordingly, in addition to any other right or remedy to which any Party may be entitled at law or in equity, each Party shall be entitled to enforce any provision of this Agreement by a decree of specific performance and to temporary, preliminary and permanent injunctive relief to prevent breaches or threatened breaches of any of the provisions of this Agreement, without posting any bond or other undertaking.

6.6. Counterparts. This Agreement may be signed in counterparts (including by facsimile or other electronic transmission).

6.7. Third-Party Beneficiaries. Except as expressly provided herein, no provision of this Agreement shall confer upon any person other than the Parties hereto any rights or remedies hereunder.

6.8. Relationship. The Parties hereto are and shall remain independent contractors. Nothing herein shall be deemed to establish a partnership, joint venture or agency relationship between the parties. Neither party shall have the right to obligate or bind the other party in any manner to any third party.

6.9. Severability. If any provision of this Agreement is held to be unenforceable under applicable Law, such provision shall be deemed to be excluded from this Agreement and the balance of this Agreement shall be interpreted as if such provision were so excluded and shall be enforced to the maximum extent permitted by Law.

6.10. Interpretation. The headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement. This Agreement shall be construed as if drafted jointly by the Parties.

6.11. Further Assurances. The Parties agree to execute such further documents and perform such further actions as may be reasonably requested by the other Party to evidence and effectuate further the purposes and intents set forth in this Agreement.

[Remainder of page intentionally left blank]

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

ITT MANUFACTURING ENTERPRISES LLC

By: /s/ Burt M. Fealing
Name: Burt M. Fealing
Title: Vice President & Corporate Secretary

EXELIS INC.

By: /s/ Ann D. Davidson
Name: Ann D. Davidson
Title: Vice President, General Counsel and Secretary

MASTER LEASE AGREEMENT

THIS MASTER LEASE AGREEMENT (this "Lease"), made as of the 25th day of October, 2011, between each of the landlords (each a "Landlord") identified on Schedule I attached hereto and made a part hereof and each of the tenants (each a "Tenant") identified on Schedule I.

WITNESSETH:

WHEREAS, ITT Corporation ("ITT") and certain of its subsidiaries have entered into a Distribution Agreement dated on or about the date hereof (the "Distribution Agreement");

WHEREAS, the board of directors of ITT has determined that it is appropriate, desirable and in the best interests of ITT, ITT's stockholders and its other constituents to separate the Water Business (as defined in the Distribution Agreement) and the Defense Business (as defined in the Distribution Agreement) from ITT pursuant to and in accordance with the Distribution Agreement;

WHEREAS, in connection with the separation of the Water Business and the Defense Business from ITT, ITT desires to transfer, and to cause certain of its subsidiaries to transfer, (i) certain Assets and Liabilities (as defined in the Distribution Agreement) associated with the Water Businesses, to the Water Group (as defined in the Distribution Agreement), and (ii) certain Assets and Liabilities associated with the Defense Businesses, to the Defense Group (as defined in the Distribution Agreement); and

WHEREAS, in connection therewith, each of ITT and Xylem Inc. desire that certain members of the ITT Group (as defined in the Distribution Agreement) and Water Group (as defined in the Distribution Agreement), as applicable, lease certain real property to certain other members of such Groups, as more fully set forth herein.

NOW, THEREFORE, the parties hereto, for themselves, their heirs, distributees, executors, administrators, legal representatives, successors and assigns, hereby covenant as follows:

1. PREMISES

1.1 Each Landlord, in consideration of the rents herein reserved and of the terms, provisions, covenants and agreements on the part of each Tenant to be kept, observed and performed, does hereby lease and demise unto each Tenant, and each Tenant does hereby hire and take from each Landlord, the premises ("Premises") more particularly described in Exhibit L attached hereto and made a part hereof located in the building ("Building") identified on Schedule I described opposite the applicable Landlord's and Tenant's name.

1.2 All references herein to "Landlord" and "Tenant" shall apply to each Landlord and Tenant identified on Schedule I and all references herein to "Premises", "Term", "Expiration Date", and "Rent", shall apply to each Landlord and Tenant in accordance with the corresponding material terms set forth in Exhibit L, applicable to such parties' Premises. In the event of any inconsistencies or conflicts between the terms of provisions of this Lease and the material terms set forth in Exhibit L, the material terms set forth in Exhibit L shall control.

TO HAVE AND TO HOLD the Premises for the term, at the rent and upon the conditions hereinafter provided.

2. TERM AND POSSESSION

The term of this Lease shall commence on the date identified on Exhibit L (the "Commencement Date") and shall be for the period set forth on Exhibit L (the "Term"), unless renewed or sooner terminated pursuant to any provision set forth herein (the "Expiration Date"), unless terminated earlier as provided in this Lease.

3. RENT

3.1 Tenant shall pay to Landlord as rent (the "Rent") for the Premises during Term the Rent identified on Exhibit L.

3.2 The Rent shall be payable in equal monthly installments within five (5) days of the first day of each and every month during the Term, without previous demand therefor and without offset or deduction of any kind whatsoever, except as herein specifically set forth. Notwithstanding the foregoing, Tenant shall pay the first month's installment of Rent within five (5) days of the execution of this Lease and, if the Commencement Date occurs on other than the first day of a calendar month, Tenant shall pay its pro rata share of Rent for such calendar month.

3.3 All Rent payable hereunder shall be made payable to Landlord and sent to Landlord's address set forth on the corresponding Exhibit L, or to such other person or persons or at such other place as may be designated by written notice from Landlord to Tenant, from time to time, and shall be made in local currency in which the Premises is located (or as otherwise agreed to by Landlord and Tenant in writing) which shall be legal tender for all debts, public and private. At Tenant's option, Rent may be payable when due by wire transfer or other payment of immediately available funds to an account designated from time to time by Landlord. Landlord shall be deemed to receive such payments when Landlord's bank actually receives the wire transfer from Tenant's bank for the account of Landlord.

3.4 Tenant shall remain obligated under this Lease in accordance with its terms and shall not take any action to terminate, rescind or avoid this Lease except as expressly permitted in this Lease, notwithstanding any action for bankruptcy, insolvency, reorganization, liquidation, dissolution or other proceeding affecting Landlord or any assignee of Landlord or any action with respect to this Lease which may be taken by any trustee, receiver or liquidator or by any court. Except as expressly set forth herein, Tenant hereby waives all right (i) to terminate this Lease, or (ii) to surrender this Lease, or (iii) to any abatement, deferment, reduction, set-off, counterclaim or defense with respect to any Rent payable hereunder. Except as expressly set forth herein, Tenant shall remain obligated under this Lease in accordance with its terms and

Tenant hereby waives any and all rights now or hereafter conferred by statute or otherwise to modify or to avoid strict compliance with its obligations under this Lease. Notwithstanding any such statute or otherwise, Tenant shall be bound by all the terms and provisions contained in this Lease.

4. INTENTIONALLY OMITTED

5. USE OF PREMISES

5.1 Tenant shall use and occupy the Premises for the same purposes and in the same manner as used immediately prior to the Commencement Date. Any proposed change of use of the Premises by Tenant must be approved by Landlord in writing, which may be granted or denied, in Landlord's sole discretion.

6. CONDITION OF PREMISES, ALTERATIONS AND REPAIRS

6.1 Except as otherwise set forth herein, Tenant agrees to accept the Premises in its present "as is" condition, and Landlord makes no representation as to the condition of the Premises, except as otherwise set forth herein. Landlord represents and warrants to Tenant that: (i) Landlord is the owner of fee simple title to the Premises and all improvements located thereon, (ii) the certificate of occupancy for the Premises permits the uses conducted at the Premises as of the Commencement Date; and (iii) to Landlord's knowledge, as of the Commencement Date, the Premises are in compliance with all applicable laws, statutes, ordinances, regulations, orders, and requirements, including without limitation, the Americans with Disabilities Act (as amended). If during the course of any Alterations done by Tenant, Tenant discovers any structural defects or conditions that will prevent Tenant from performing Tenant's Alterations pursuant to Tenant's approved plans or if Tenant discovers any condition which is a breach of any representation of Landlord set forth in this Lease that will prevent Tenant from performing Tenant's Alterations pursuant to Tenant's approved plans (if any), Tenant shall give Landlord notice of the same. Landlord at its option, may choose to cure the same within thirty (30) days after notice from Tenant. In the event that Landlord does not cure or commence to cure and is diligently prosecuting such cure, within such thirty (30) day period, Tenant may cure such condition at Landlord's cost and expense. Landlord shall reimburse Tenant for Tenant's actual out-of-pocket expenses incurred in curing any such defective condition within thirty (30) days following Landlord's receipt of Tenant's demand therefore. Notwithstanding anything set forth herein to the contrary, in no event shall Tenant be deemed to be prevented from performing any approved Alterations if there is a commercially reasonable alternative that will not be prevented by any structural defect.

6.2 Landlord, at its sole cost and expense, shall make any Landlord Repairs. When used in this Section, the term "Landlord Repairs" shall mean capital repairs and replacements to the Premises, including, without limitation, repairs and replacements to the roof, floors, foundation, exterior walls, structural components, existing parking lots, adjoining sidewalks and curbs, if any, and shall perform all maintenance, necessary to maintain the Premises and any sidewalks and curbs in substantially the same condition and repair as existed as of the date hereof, ordinary wear and tear excepted or existing walkways of the Premises, and HVAC, plumbing and electrical systems or other mechanical systems of the Building. Notwithstanding

anything set forth herein to the contrary, any Landlord Repairs required by the negligence or misconduct of Tenant and/or its employees, agents or invitees shall be performed by Landlord at Tenant's sole cost and expense, less any insurance proceeds actually received by Landlord, net all of Landlord's costs and expenses associated with any such insurance claims.

6.3 Except as expressly set forth herein, Tenant shall have no right to make any changes, alterations, additions, improvements or repairs in or to the interior of the Premises without the prior written consent of Landlord, which consent may be withheld in Landlord's sole discretion.

6.4 Landlord and Tenant shall cooperate and mutually agree upon any Separation Work (as herein defined) as may be reasonably necessary to lease the Premises to Tenant. Subject to any required Landlord approvals, Tenant shall use commercially reasonable efforts to physically demise and separate the Premises, but only to the extent Landlord and Tenant have mutually agreed upon any required Separation Work, from the remaining portion of Premises (the "Remaining Portion") at Tenant's sole cost and expense. Such demising and separation work is referred to herein as the "Separation Work." The Separation Work shall include the following, as required and applicable: (i) installation of one or more code-compliant sheetrock demising walls between the Remaining Portion and the Premises or such other demising and partition materials as shall be reasonably sufficient to separate the Premises from the Remaining Portion, finished to match the wall finishes on the Premises to the extent practicable; and (ii) any reconfiguration of HVAC distribution, sprinkler system distribution, electrical outlets, and lighting necessary as a consequence of installation of such demising wall(s). All Separation Work must comply with all applicable fire, safety, health, and building codes provided, however, it shall not be a default hereunder if Tenant does not commence or complete the Separation Work on or before the Commencement Date.

7. INSURANCE

7.1 Throughout the Term, Tenant shall, at its own cost and expense, provide and keep in force, for the benefit of Landlord, Tenant and any mortgagee or lessor of a Superior Lease, (a) general public liability insurance protecting and indemnifying Landlord, Tenant and any mortgagee and lessor of a Superior Lease against all third party claims for damages to person or property or for loss of life or of property occurring upon, in, or about the Premises, if any, in limits of at least \$2,000,000 combined single limit per occurrence for bodily injury, death and property damage, \$5,000,000 in the aggregate per policy year or such greater limits as may be required from time to time by any mortgagee or lessor of a Superior Lease or as may be reasonably required from time to time by Landlord consistent with insurance coverage on properties similarly constructed, occupied and maintained, and (b) Worker's Compensation insurance (including Employers' Liability Insurance) covering all employees of the Tenant employed at the Premises to the extent required by the laws and statutes of the State in which the Premises are located, including, without limitation, during the course of work to the Premises so as to protect Landlord, Tenant and the Premises against all worker's compensation claims (collectively, "Tenant's Required Insurance"). Throughout the Term, Landlord, at Tenant's sole cost and expense, shall provide and keep in force for the benefit of Landlord and Tenant and any mortgagee or lessor of a Superior Lease (a) property/fire, and casualty insurance in respect of the Premises and all installations, additions and improvements which may now or hereafter be

erected thereon, insuring against loss or damage by fire, water, lightning and such other risks as are now or hereafter embraced by "all-risk", in an amount sufficient to prevent Landlord and Tenant from becoming coinsurers and in any event in an amount not less than one hundred percent (100%) of the actual replacement value thereof (i.e., including the cost of debris removal but excluding foundations and excavations) as reasonably determined by Landlord from time to time; and (b) boiler insurance, if applicable, in an amount not less than one hundred percent (100%) of the actual replacement value thereof (including the cost of debris removal but excluding foundations and excavations) as reasonably determined by Landlord from time to time (collectively, "Landlord's Required Insurance").

7.2 Landlord shall be an additional insured in all Tenant's Required Insurance (other than Workers' Compensation insurance) and Tenant shall be an additional insured in all Landlord's Required Insurance. In the event that the Premises shall be subject to any mortgage or Superior Lease, the public liability insurance shall, if required by such mortgage or Superior Lease, name the mortgagee and lessor of a Superior Lease as additional named insureds and all other insurance provided hereunder shall name the mortgagee as an additional named insured under a standard "noncontributory mortgagee" endorsement or its equivalent. Tenant shall provide Landlord copies of any policies or certificates evidencing the Tenant's Required Insurance. Landlord shall provide Tenant copies of any policies or certificates evidencing the Landlord's Required Insurance. Both Tenant's Required Insurance and Landlord's Required Insurance shall contain endorsements to the effect that such policies will not be materially changed, modified, altered or cancelled without at least thirty (30) days' prior written notice to other party.

7.3 All of the above-mentioned insurance policies and/or certificates shall be written by insurance companies of recognized responsibility, licensed to do business in the state or jurisdiction where the Premises are located, which are reasonably satisfactory to Landlord or Tenant, as applicable, and well rated by national rating organizations.

7.4 At least thirty (30) days prior to the expiration of any policy or policies of such insurance, the responsible party shall renew such insurance, and shall deliver to the other party within the said period of time, copies of such policies or certificates of insurance, together with proof of payment of all premiums therefor. If Tenant fails to renew such insurance at least three (3) days prior to the expiration of any policy or policies of such insurance, Landlord shall have the right, but not the obligation, without waiving or releasing Tenant from any obligation, to procure Tenant's Required Insurance at Tenant's cost and expense and the cost thereof shall be payable on demand as Rent, together with interest thereon at the rate equal to lesser of ten percent (10%) per annum and the highest rate permitted by law (the "Applicable Rate").

7.5 Neither party shall violate, or permit to be violated, any of the conditions of any of the said policies of insurance, and each party shall perform and satisfy the requirements of the companies writing such policies so that companies of good standing, reasonably satisfactory to the other party, shall be willing to write and/or continue such insurance.

7.6 At the option of either party, the Tenant's Required Insurance or the Landlord's Required Insurance, as applicable, may be effected by blanket and/or umbrella policies covering the Premises and other properties owned or leased by Tenant or owned by Landlord,

respectively, provided that the policies otherwise comply with the provisions of this Lease and allocate to the Premises the specified coverage, without coinsurance by reason of, or damage to, any other property named therein, and if the insurance required by this Lease shall be effected by any such blanket or umbrella policies, each party shall furnish to the other party certified copies or duplicate originals of such policies in place of the originals, with schedules thereto attached showing the amount of insurance afforded by such policies applicable to the Premises, but not necessarily reflect the entire limit for the Tenant, but only for the portion applicable to the Premises.

7.7 Tenant hereby releases Landlord with respect to any claim (including a claim for negligence) which it might otherwise have against Landlord for loss, damages or destruction with respect to its property by fire or other peril (including rental value or business interest, as the case may be) occurring during the Term. This waiver of subrogation and release shall extend to the agents of Landlord and its employees.

8. DAMAGE OR DESTRUCTION

8.1 Insured Casualty. If, at any time after the execution of this Lease, the Premises, or any portion thereof, should be damaged or destroyed by any casualty insured or required to be insured hereunder by Landlord's Required Insurance, the following provisions shall govern the rights and obligations of Landlord and Tenant:

i. If such damage or destruction occurs and is to the extent of twenty-five percent (25%) or more of the then current replacement cost of the Improvements, Landlord or Tenant may elect to terminate this Lease by giving at least fifteen (15) days written notice of its said election to the other party, such notice to be given within thirty (30) days after the date of such damage or destruction. If neither Landlord nor Tenant shall elect to terminate this Lease, Landlord shall repair, reconstruct or restore the Demised Premises in accordance with the provisions of subparagraph ii, below.

ii. Except as provided in subparagraph (i) above, in the event the Demised Premises, or any portion thereof, should be damaged or destroyed by any casualty insured or required to be insured hereunder by Landlord's Required Insurance, this Lease shall nevertheless continue in full force and effect (except as otherwise herein provided) and Landlord shall promptly commence and with due diligence complete the repair, reconstruction or restoration of the Demised Premises so far as practicable to the condition in which the Premises were immediately prior to such damage or destruction.

8.2 Uninsured Casualty. If at any time after the execution of this Lease, the Demised Premises, or any portion thereof, should be damaged or destroyed by any casualty not required on the part of the Landlord to be insured against hereunder and such damage or destruction is to the extent of twenty-five percent (25%) or more of the then current replacement cost of the Improvements, Landlord or Tenant may elect to terminate this Lease by giving at least fifteen (15) days written notice of its said election to the other party, such notice to be given within thirty (30) days after the date of such damage or destruction. If at any time after the execution of

this Lease the improvements on the Demised Premises or any portion thereof should be damaged or destroyed by any casualty not required on the part of the Landlord to be insured against hereunder and Landlord or Tenant has not elected to terminate this Lease as provided herein, then Landlord shall repair, reconstruct or restore the Demised Premises. If Landlord elects to repair, reconstruct or restore the Demised Premises after such damage or destruction thereto, this Lease shall continue in full force and effect (except as otherwise herein provided) and Landlord shall promptly commence and with due diligence complete the repair, reconstruction or restoration of the Demised Premises so far as practicable to the condition to which the Demised Premises were immediately prior to such damage or destruction. If Landlord fails to make such election, then this Lease shall be deemed terminated as of the date of such damage or destruction, and all amounts paid or payable by Tenant to Landlord shall, where applicable, be prorated between Landlord and Tenant.

8.3 **Abatement of Rent.** Tenant agrees at all times after any damage to or destruction of the improvement on the Demised Premises, or any portion thereof, to continue the operation of its business therein to the extent practicable from the standpoint of good business, and in the event Landlord is required or elects to make any repairs, reconstruction or restoration of any damage or destruction to the Demised Premises under any of the provisions of this Paragraph, Tenant shall not be entitled to any damages by reason of any inconvenience or loss sustained by Tenant as a result thereof. Provided that the damage or destruction was not caused in whole or in part by the negligence or misconduct of Tenant and/or its employees, agents or invitees, during the period commencing with the date of any such damage or destruction which Landlord is required or elects hereunder to repair, reconstruct or restore, and ending with the completion of such repairs, reconstruction or restoration, the Rent shall be proportionately abated in an amount equal to the proportion thereof which the number of square feet of gross floor area in the Demised Premises rendered untenable by Tenant (and is actually not used or occupied by Tenant) thereby bears to the total number of square feet of gross floor area in the Demised Premises immediately prior to such damage or destruction. Payment of the full amount of Rent and all other charges shall resume upon the completion of such work of repair, reconstruction or restoration.

8.4 **Effect of Termination.** In the event this Lease is terminated under any of the provisions of this Paragraph, such termination shall become effective at the time and in accordance with the respective provisions herein contained for the termination of this Lease; provided, however, that all rentals and other charges on the part of Tenant to be paid hereunder shall be prorated and paid either as of the date of such damage or destruction, or as of the date Tenant ceases doing any business in, upon or from the Demised Premises, whichever last occurs.

8.5 Anything contained herein to the contrary notwithstanding, any different procedure for the Restoration of the Premises or disbursement of insurance proceeds which may be required under any mortgage or Superior Lease (defined below) shall take precedence over and be in addition to any contrary procedure provided for in this Lease.

9. **CONDEMNATION**

9.1 If (a) the whole of the Premises shall be lawfully taken by condemnation or other eminent domain proceedings pursuant to any law, general or special, or (b) substantially all of

the Premises (hereinafter defined) shall be taken in or by such proceedings, and within thirty (30) days after receipt from Landlord of a notice of a pending condemnation Tenant shall have given notice to Landlord of its intention to terminate this Lease if such taking is effected, this Lease shall terminate, in the case of a taking of the whole of the Premises, on the date of such taking, and, in the case of the taking of substantially all of the Premises on the first Rent payment date occurring not less than thirty (30) days after such taking. All Rent required to be paid by Tenant under this Lease shall be paid up to the date of such termination and upon such termination this Lease shall be of no further force and effect, except that any obligation or liability of either party, actual or contingent, under this Lease which has accrued on or prior to such termination date shall survive and any prepayment of Rent shall be prorated between the parties. For purposes of this Article "substantially all of the Premises" shall be deemed to mean such portion of the Premises as, when so taken, would leave remaining a balance of the Premises which, due either to the area so taken or the location of the part so taken in relation to the part not so taken, would not under economic conditions, applicable zoning laws, building regulations then existing or prevailing, readily accommodate a new building or buildings of a nature similar to the Building existing at the date of such taking and after performance of all covenants, agreements, terms and provisions herein and by law provided to be performed and paid by Tenant. Tenant, in cooperation with Landlord, shall have the right to participate in any condemnation proceedings and be represented by counsel, at Tenant's sole cost, for the purpose of protecting its interests hereunder. Landlord agrees that it will not enter into any agreement with any condemning authority in settlement of or on the threat of any condemnation or other eminent domain proceeding affecting the Premises without the consent of Tenant, which consent shall not be unreasonably withheld or delayed.

9.2 If only a portion of the Premises shall be so taken and Section 9.1 does not apply, this Lease shall be unaffected by such taking, except that Rent payable by Tenant pursuant to the provisions of this Lease shall be equitably reduced to a just and appropriate amount according to the nature and extent of the taking.

9.3 Landlord shall be entitled to receive the entire award in any proceeding with respect to any taking provided for in this Article without deduction therefrom for any estate vested in Tenant by this Lease and Tenant shall receive no part of such award, except that, in the case of a partial taking which does not result in a termination of this Lease. Tenant hereby assigns to Landlord all of its right, title and interest in or to every such award. Nothing herein contained shall be deemed to prohibit Tenant from making a separate claim, to the extent permitted by law, for the value of Tenant's inventory, movable trade fixtures, machinery and moving expenses, provided that the making of such claim does not adversely affect or diminish Landlord's award.

9.4 In the event of any taking of the Premises which does not result in a termination of this Lease, Landlord at Landlord's expense, subject to the provisions of Articles 6 and 8 and whether or not any award or awards shall be sufficient for the purpose, shall proceed with reasonable diligence to repair, alter and restore the remaining parts of the Premises to substantially the condition existing immediately prior to the date of taking to the extent that the same may be feasible and so as to constitute a complete and tenantable Premises. If the proceeds of such award or awards are not sufficient to pay the full cost thereof, Landlord shall pay such deficit.

9.5 Anything contained herein to the contrary notwithstanding, any different procedure for the Restoration of the Premises or disbursement of proceeds which may be required under any mortgage or Superior Lease shall take precedence over and be in addition to any contrary procedure provided for in this Lease.

9.6 In case of any governmental action, not resulting in the taking or condemnation of any portion of the Premises but creating a right to compensation therefor, such as the changing of the grade of any street upon which the Premises abut, this Lease shall continue in full force and effect without reduction or abatement of Rent and the award shall be paid to Landlord, provided such action does not have a material adverse effect on Tenant's use and occupancy of the Premises.

10. ASSIGNMENT AND SUBLETTING

10.1 Tenant shall not, directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, assign, mortgage, pledge or encumber this Lease, or underlet or suffer or permit all or any part of the Premises to be used or occupied by others, without the prior written consent of Landlord, such consent not to be unreasonably withheld, conditioned or delayed, in each instance. Neither party shall sublease, license or otherwise permit the occupancy of any portion of the Building or Premises to a competitor of the other party. Notwithstanding any of the foregoing, without the consent of Landlord, Tenant may assign or sublease this Lease to any "Affiliate," as defined herein; provided, however, that (i) Tenant provides Landlord at least thirty (30) days prior written notice of such assignment or sublease and (ii) Tenant and any such Affiliate both remain jointly and severally liable for all obligations and liabilities under this Lease. "Affiliate" shall mean (i) Tenant's parent or any other entity that is wholly owned by Tenant, or under common control with Tenant; (ii) any entity acquiring all or substantially all of the Tenant's assets or stock; or (iii) any successor entity to Tenant following a merger, provided, in each instance, such assignee or sublessee is not a competitor of Landlord, as determined by Landlord in Landlord's reasonable judgment.

11. SUBORDINATION

11.1 Subject to the provisions of Section 11.3 below, all rights and interests of Tenant under this Lease are subject, subordinate and inferior to all existing and future superior ground or underlying leases (a "Superior Lease") and mortgages encumbering the Premises or any part thereof, and to all renewals, modifications, consolidations, replacements and extensions of any such Superior Leases and mortgages. The right of the holder of any such Superior Lease or mortgage shall at all times be and remain prior and superior to all rights and interest of Tenant. This provision shall constitute a self-operative subordination agreement with respect to all such Superior Leases and mortgages and all renewals, modifications, consolidations, replacements and extensions thereof. If the holder of any such Superior Lease or mortgage shall require confirmation of any subordination or a separate subordination agreement, Tenant shall execute such confirmation or subordination agreement, within ten (10) days of Landlord's request, in the form required by the lessor under such Superior Lease or holder of such mortgagee, as applicable, and reasonably satisfactory to Tenant; provided, however, such subordination shall be upon the express condition that the validity of the Lease shall be recognized by the mortgagee, and that, notwithstanding any default by the mortgagor with respect to said mortgage or any

foreclosure thereof, Tenant's possession and right of use under this Lease in and to the Premises shall not be disturbed by such mortgagee unless and until Tenant shall breach any of the provisions hereof and this Lease or Tenant's right to possession hereunder shall have been terminated in accordance with the provisions of this Lease.

11.2 In the event any proceedings are brought for the foreclosure of, or in the event of exercise of power of sale under, any first mortgage covering Landlord's interest in the Premises, and such holder takes possession of the Premises, either as the result of foreclosure of such mortgage or by accepting a deed to the Premises in lieu of foreclosure, or the Premises shall be purchased at such a foreclosure by a third party, and such holder or third party shall furnish Tenant satisfactory evidence that it has acquired title to the Premises subject to no liens or encumbrances superior to this Lease, other than taxes not yet due and payable, Tenant shall attorn to such holder or third party and recognize it as its landlord under this Lease, and such holder or third party will in such event recognize and accept Tenant as its tenant hereunder, whereupon this Lease shall continue in full force and effect as a direct lease between such holder or third party and Tenant for the term of this Lease and such holder or third party shall, henceforth, be subject to all of the terms of this Lease and perform all of the obligations of Landlord hereunder with the same force and effect as if it were originally named as Landlord hereunder; provided, however, that if conflicting claims should be made to the rent payable hereunder, Tenant shall have the right to institute an interpleader suit for the purpose of determining who is entitled to payment of such rent and to pay the rent in accordance with the judicial determination rendered in such proceeding.

11.3 At Tenant's request, Landlord further agrees that, it shall obtain a written non-disturbance and attornment agreement from any current or future mortgagee, lienholder, trustee or encumbrancer whose interest shall be prior to this Lease as of the Commencement Date and Landlord shall furnish Tenant with a copy of such agreement. Said non-disturbance agreement shall expressly provide, inter alia, that (i) the parties thereto are executing such agreement for the benefit of Tenant herein; and (ii) so long as Tenant shall be not then in default under this Lease, no action or proceeding shall be taken at any time during the lease term or any extension thereof, which shall disturb Tenant's possession, quiet enjoyment, or any other beneficial use of the demised premises as provided for in this Lease. The subordination of Tenant's interest hereunder to any mortgage or Superior Lease shall be expressly conditioned upon Tenant's receipt of such non-disturbance agreement.

11.4 Landlord represents and warrants to Tenant that there is no mortgage or Superior Lease affecting the Premises as of the date hereof.

12. OBLIGATIONS OF TENANT

12.1 Tenant shall promptly comply, in all material respects, with all laws, ordinances, orders, rules, regulations, and requirements or requests of all Federal, state, municipal or other governmental or quasi-governmental authorities or bodies then having jurisdiction over the Premises (or any part thereof) applicable to the use and occupation thereof by Tenant, of every nature and kind (each, a "Requirement"), and Tenant shall so perform and comply, whether or not such laws, ordinances, orders, rules, regulations or requirements shall now exist or shall hereafter be enacted or promulgated and whether or not the same may be said to be within the

present contemplation of the parties hereto; provided, however, that Tenant is under no obligation to remedy or to render compliant any violations of applicable laws or Requirements, now existing or hereafter promulgated, applicable to the Premises, unless and to the extent such violation or non-compliance is a result of Tenant's particular use of the Premises. Except to the extent the same is Tenant's responsibility hereunder, Landlord shall comply in all material respects with all Requirements applicable to the ownership of the Premises.

12.2 Tenant agrees to give Landlord notice of any law, ordinance, rule, regulation or requirement enacted, passed, promulgated, made, issued or adopted after the Commencement Date by any of the governmental departments or agencies or authorities hereinbefore mentioned affecting the Premises or Tenant's use thereof, a copy of which is served upon or received by Tenant, or a copy of which is posted on, or fastened or attached to the Premises, or otherwise brought to the attention of Tenant, by mailing within five (5) business days after such service, receipt, posting, fastening or attaching or after the same otherwise comes to the attention of Tenant, a copy of each and every one thereof to Landlord. At the same time, Tenant will inform Landlord as to the Work which Landlord is required to do or take in order to comply therewith, provided, however if such Work is necessitated by Tenant's particular use of the Premises, Tenant shall notify Landlord as to the Work which Tenant proposes to do or take in order to comply therewith, subject to Landlord's reasonable approval. Notwithstanding the foregoing, however, if such Work would require any Alterations which would, in Landlord's opinion, reduce the value of the Premises or change the general character, design or use of the Building or other improvements thereon, and if Tenant does not desire to contest the same, Tenant shall, if Landlord so requests, defer compliance therewith in order that Landlord may, if Landlord wishes, contest or seek modification of or other relief with respect to such Requirements, but nothing herein shall relieve Tenant of the duty and obligation, at Tenant's expense, to comply with such Requirements, or such Requirements as modified, whenever Landlord shall so direct, provided, however, if Landlord's decision to defer such compliance materially disrupts Tenant's ability to operate its business in the manner historically operated, Tenant shall have the right to terminate this Lease upon ninety (90) days written notice to Landlord.

12.3 Landlord and Tenant shall defend, indemnify and save harmless each other, any partners or members of each other, any partners or members of any partners or members of each other and any officers, stockholders, directors or employees of any of the foregoing (collectively, "Indemnified Parties"), on an after-tax basis from (a) any and all liabilities, claims, causes of actions, suits, damages and expenses (collectively, "Claims") arising from (i) any work or thing whatsoever done, or any condition created in or about the Premises during the Term, (ii) any use, non-use, possession, occupation, Alteration, repair, condition, operation, management or maintenance of the Premises or any part thereof; (iii) any negligent or otherwise wrongful act or omission of Landlord or Tenant or any of their employees, agents, contractors or subcontractors, (iv) any accident, injury (including death) or damage to any person or property occurring in, on or about the Premises or any part thereof or in, on or about any street, alley, sidewalk, curb, vault, passageway, common area or space comprising a part thereof or adjacent thereto, and (v) any breach, violation or non-performance of any covenant, condition or agreement in this Lease to be fulfilled, kept, observed or performed by Landlord or Tenant; and (b) all costs, expenses and liabilities incurred, including, without limitation, reasonable attorney's fees and disbursements through and including appellate proceedings, in or in connection with any of such Claims. If any action or proceeding shall be brought against any of the Indemnified Parties by

reason of any such Claims, Landlord or Tenant, as applicable, upon notice from any of the Indemnified Parties, shall resist and defend such action or proceeding, at its sole cost and expense by counsel chosen by the indemnifying party who shall be satisfactory to such Indemnified Party. The indemnifying party or its counsel shall keep each Indemnified Party fully apprised at all times of the status of such defense. Notwithstanding the foregoing, an Indemnified Party may retain its own attorneys to defend or assist in defending any claim, action or proceeding involving potential liability in excess of One Hundred Thousand Dollars (\$100,000), and the indemnifying party shall pay the reasonable fees and disbursements of such attorneys. The provisions of this Section shall survive the expiration or earlier termination of this Lease.

12.4 If at any time prior to, or during the Term (or within the statutory period thereafter if attributable to Tenant), any mechanic's or other lien or order for payment of money, which shall have been either created by, caused (directly or indirectly) by, or suffered against Tenant, shall be filed against the Premises or any part thereof, Tenant, at its sole cost and expense, shall cause the same to be discharged by payment, bonding or otherwise, as provided by law, within ten (10) business days after the filing thereof. Tenant shall, upon notice and request in writing by Landlord, defend for Landlord, at Tenant's sole cost and expense, any action or proceeding which may be brought on or for the enforcement of any such lien or order for payment of money, and will pay any damages and satisfy and discharge any judgment entered in such action or proceeding and save, indemnify and hold harmless Landlord, on an after tax basis from any liability, claim or damage resulting therefrom. In default of Tenant's procuring the discharge of any such lien as aforesaid Landlord may, without notice, and without prejudice to its other remedies hereunder, procure the discharge thereof by bonding or payment or otherwise, and all cost and expense which Landlord shall incur shall be paid by Tenant to Landlord as Rent forthwith.

12.5 LANDLORD SHALL NOT UNDER ANY CIRCUMSTANCES BE LIABLE TO PAY FOR ANY WORK, LABOR OR SERVICES RENDERED OR MATERIALS FURNISHED TO OR FOR THE ACCOUNT OF TENANT UPON OR IN CONNECTION WITH THE PREMISES, AND NO MECHANIC'S OR OTHER LIEN FOR SUCH WORK, LABOR OR SERVICES OR MATERIAL FURNISHED SHALL, UNDER ANY CIRCUMSTANCES, ATTACH TO OR AFFECT THE REVERSIONARY INTEREST OF LANDLORD IN AND TO THE PREMISES OR ANY ALTERATIONS, REPAIRS, OR IMPROVEMENTS TO BE ERECTED OR MADE THEREON. NOTHING CONTAINED IN THIS LEASE SHALL BE DEEMED OR CONSTRUED IN ANY WAY AS CONSTITUTING THE REQUEST OR CONSENT OF LANDLORD, EITHER EXPRESS OR IMPLIED, TO ANY CONTRACTOR, SUBCONTRACTOR, LABORER OR MATERIALMAN FOR THE PERFORMANCE OF ANY LABOR OR THE FURNISHING OF ANY MATERIALS FOR ANY SPECIFIC IMPROVEMENT, ALTERATION TO OR REPAIR OF THE PREMISES OR ANY PART THEREOF, NOR AS GIVING TENANT ANY RIGHT, POWER OR AUTHORITY TO CONTRACT FOR OR PERMIT THE RENDERING OF ANY SERVICES OR THE FURNISHING OF ANY MATERIALS ON BEHALF OF LANDLORD THAT WOULD GIVE RISE TO THE FILING OF ANY LIEN AGAINST THE PREMISES.

12.6 Neither Landlord nor its agents shall be liable for any loss of or damage to the Premises of Tenant or others by reason of casualty, theft or otherwise, or for any injury or damage to persons or property resulting from any cause of whatsoever nature, unless caused by or due to the negligence or willful misconduct of Landlord, its agents, servants or employees.

12.7 Except as otherwise set forth on Exhibit L attached hereto, Landlord shall continue to deliver the same customary real estate related services to Tenant as Tenant had previously and customarily enjoyed prior to Commencement Date at levels substantially comparable to the level of services enjoyed by Tenant during the twelve (12) month period immediately preceding the Commencement Date.

13. DEFAULT BY TENANT

13.1 Each of the following shall be deemed an event of default (an "Event of Default") and a breach of this Lease by Tenant:

A. If Tenant shall fail to pay the Rent to be paid by Tenant hereunder for a period of five (5) business days after written notice of such default by Landlord to Tenant.

B. If Tenant shall default in the performance or observance of any of the other agreements, conditions, covenants or terms herein contained, and such default shall continue for thirty (30) days after written notice by Landlord to Tenant, or if such default is of such a nature that it cannot be completely remedied with said thirty (30) day period and Tenant shall not commence within said thirty (30) day period to remedy such default and thereafter diligently prosecute the same to completion.

C. If Tenant abandons the Premises, except as may be permitted in the case of any casualty, damage or condemnation.

D. If this Lease or the estate of Tenant hereunder shall be assigned, sublet, transferred, mortgaged or encumbered without compliance with the provisions of this Lease applicable thereto.

E. If (i) Tenant shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to Tenant, or seeking to adjudicate Tenant a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, liquidation, dissolution, composition or other relief with respect to Tenant or Tenant's debts, or (B) seeking appointment of a receiver, trustee, custodian or other similar official for Tenant or for all or any substantial part of Tenant's property; or (ii) Tenant shall make a general assignment for the benefit of Tenant's creditors; or (iii) there shall be commenced against Tenant any case, proceeding or other action of a nature referred to in clause (i) above or seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of Tenant's property, which case, proceeding or other action (x) results in the entry of an order for relief or (y) remains undismissed, undischarged or unbonded for a period of thirty (30) days; or (iv) Tenant shall take any action consenting to or approving of any of the acts set forth in clause (i) or (ii) above; or (v) Tenant

shall generally not, or shall be unable to, pay Tenant's debts as they become due or shall admit in writing Tenant's inability to pay Tenant's debts.

13.2 To the extent permitted by applicable law, if an Event of Default shall occur, Landlord may elect to declare all Rent for the remainder of the Term due and payable and, if Landlord shall make such an election, the present value of the Rent shall be due and payable ten (10) days after notice by Landlord to Tenant of such election. The aforesaid present value shall be determined by discounting each monthly installment of Rent for the remainder of the Term from the date such installment would have been due and payable to the date of Landlord's election to accelerate, by a rate of one (1%) percent per annum less than the interest rate paid under a United States Treasury Bill of comparable duration. Landlord also may elect to proceed by appropriate judicial proceedings, either at law or in equity, to enforce performance or observance by Tenant of the applicable provisions of this Lease and/or to recover damages for breach thereof.

13.3

A. If an Event of Default shall occur and Landlord, at any time thereafter, at its option, gives written notice to Tenant stating that this Lease and the Term shall expire and terminate on the date specified in such notice, which date shall be not less than three (3) days after the giving of such notice, and if, on the date specified in such notice, Tenant shall have failed to cure the default which was the basis for the Event of Default, then, all rights of Tenant under this Lease and to the Term herein demised shall expire and terminate as if the date specified in the notice given were the date herein definitely fixed for the expiration of the Term and Tenant immediately shall quit and surrender the Premises, which termination shall not relieve Tenant from any liability then or thereafter accruing hereunder.

B. If an Event of Default described in Sections 13.1(A) or (B) hereof shall occur, or this Lease shall be terminated as provided in Section 13.3(A) hereof, Landlord, without notice, and with or without court proceedings, (i) may re-enter and repossess the Premises using such force for that purpose as may be necessary without being liable to indictment, prosecution or damages therefor or (ii) may dispossess Tenant by summary proceedings or otherwise, which reentry and repossession by Landlord shall not relieve Tenant from any liability then or thereafter accruing hereunder.

13.4 If this Lease shall be terminated as provided in Section 13.3(A) hereof and/or Tenant shall be dispossessed by summary proceedings or otherwise as provided in Section 13.3(B) hereof,

A. Tenant shall pay to Landlord all Rent payable under this Lease by Tenant to Landlord to the date upon which this Lease and the Term shall have expired and come to an end or to the date of re-entry upon the Premises by Landlord, as the case may be;

B. Landlord may repair and alter the Premises in such manner as Landlord may deem necessary or advisable without relieving Tenant of any liability under this Lease or otherwise affecting any such liability, and/or let or re-let the Premises or any parts thereof for the whole or any part of the remainder of the Term or for a longer period, in Landlord's name or as

agent of Tenant, and out of any rent and other sums collected or received as a result of such re-letting Landlord shall: (i) first, pay to itself the cost and expense of terminating this Lease, re-entering, retaking, repossessing, repairing and/or altering the Premises, or any part thereof, and the cost and expense of removing all persons and property therefrom, including in such costs brokerage commissions, legal expenses and attorneys' fees and disbursements, (ii) second, pay to itself the cost and expense sustained in securing any new tenants and other occupants, including in such costs brokerage commissions, legal expenses and attorneys' fees and disbursements and other expenses of preparing the Premises for re-letting, and, if Landlord shall maintain and operate the Premises, the cost and expense of operating and maintaining the Premises, and (iii) third, pay to itself any balance remaining on account of the liability of Tenant to Landlord. Landlord in no way shall be responsible or liable for any failure to re-let the Premises or any part thereof, or for any failure to collect any rent due on any such re-letting, and no such failure to re-let or to collect rent shall operate to relieve Tenant of any liability under this Lease or to otherwise affect any such liability;

C. Tenant shall be liable for and shall pay to Landlord, as damages, any deficiency (referred to as "Deficiency") between the Rent reserved in this Lease for the period which otherwise would have constituted the unexpired portion of the Term and the net amount, if any, of rents collected under any re-letting effected pursuant to the provisions of Section 13.4(B) hereof for any part of such period (first deducting from the rents collected under any such re-letting all of the payments to Landlord described in Section 13.4(B) hereof); any such Deficiency shall be paid in installments by Tenant on the days specified in this Lease for payment of installments of Rent, and Landlord shall be entitled to recover from Tenant each Deficiency installment as the same shall arise, and no suit to collect the amount of the Deficiency for any installment period shall prejudice Landlord's right to collect the Deficiency for any subsequent installment period by a similar proceeding; and

D. Whether or not Landlord shall have collected any Deficiency installments as aforesaid, Landlord shall be entitled to recover from Tenant, and Tenant shall pay to Landlord, on demand, in lieu of any further Deficiencies, as and for liquidated and agreed final damages (it being agreed that it would be impracticable or extremely difficult to fix the actual damage), a sum equal to the amount by which the Rent reserved in this Lease for the period which otherwise would have constituted the unexpired portion of the Term exceeds the then fair and reasonable rent value of the Premises for the same period, both discounted to present worth at the rate of one percent (1%) per annum less than the interest rate paid under a United States Treasury Bill of comparable duration less the aggregate amount of Deficiencies theretofore collected by Landlord pursuant to the provisions of Section 13.4(C) hereof for the same period; it being agreed that before presentation of proof of such liquidated damages to any court, commission or tribunal, if the Premises, or any part thereof, shall have been re-let by Landlord for the period which otherwise would have constituted the unexpired portion of the Term, or any part thereof, the amount of rent reserved upon such re-letting shall be deemed, prima facie, to be the fair and reasonable rental value for the part or the whole of the Premises so re-let during the term of the re-letting.

13.5 No termination of this Lease pursuant to Section 13.3(A) hereof, and no taking possession of and/or re-letting the property, or any part thereof, pursuant to Sections 13.3(B) and

13.4(B) hereof, shall relieve Tenant of its liabilities and obligations hereunder, all of which shall survive such expiration, termination, repossession or re-letting.

13.6 To the extent not prohibited by law, Tenant hereby waives and releases all rights now or hereafter conferred by statute or otherwise which would have the effect of limiting or modifying any of the provisions of this Article. Tenant shall execute, acknowledge and deliver any instruments which Landlord may request, whether before or after the occurrence of an Event of Default, evidencing such waiver or release.

13.7 The Rent payable by Tenant hereunder and each and every installment thereof, and all costs, attorneys' fees and disbursements and other expenses which may be incurred by Landlord in enforcing the provisions of this Lease or on account of any delinquency of Tenant in carrying out the provisions of this Lease shall be and they hereby are declared to constitute a valid perfected lien upon the interest of Tenant in this Lease and in the Premises, and the rents, issues and profits therefrom.

13.8 Suit or suits for the recovery of damages, or for a sum equal to any installment or installments of Rent payable hereunder or any Deficiencies or other sums payable by Tenant to Landlord pursuant to this Article, may be brought by Landlord from time to time at Landlord's election, and nothing herein contained shall be deemed to require Landlord to await the date whereon this Lease or Term would have expired by limitation had there been no Event of Default by Tenant and termination.

13.9 Nothing contained in this Article shall limit or prejudice the right of Landlord to prove and obtain as liquidated damages in any bankruptcy, insolvency, receivership, reorganization or dissolution proceeding an amount equal to the maximum allowed by a statute or rule of law governing such proceeding and in effect at the time when such damages are to be proved, whether or not such amount shall be greater than, equal to or less than the amount of the damages referred to in any of the preceding Sections of this Article.

13.10 No receipt of moneys by Landlord from Tenant after the termination of this Lease, or after the giving of any notice of the termination of this Lease shall reinstate, continue or extend the Term or affect any notice theretofore given to Tenant, or operate as a waiver of the right of Landlord to enforce the payment of Rent payable by Tenant hereunder or thereafter falling due, or operate as a waiver of the right of Landlord to recover possession of the Premises by proper remedy, except as herein otherwise expressly provided, it being agreed that after the service of notice to terminate this Lease or the commencement of any suit or summary proceedings, or after a final order or judgment for the possession of the Premises, Landlord may demand, receive and collect any moneys due or thereafter falling due without in any manner affecting such notice, proceeding, order, suit or judgment, all such moneys collected being deemed payments on account of the use and occupation of the Premises or, at the election of Landlord, on account of Tenant's liability hereunder.

13.11 Except as otherwise expressly provided herein or as prohibited by applicable law, Tenant hereby expressly waives the service of any notice to quit or notice of Landlord's intention to re-enter provided for in any statute, or of the institution of legal proceedings to that end, and Tenant, for and on behalf of itself and all persons claiming through or under Tenant, also waives

any and all right of redemption provided by any law or statute now in force or hereafter enacted or otherwise, or re-entry or repossession or to restore the operation of this Lease in case Tenant shall be dispossessed by a judgment or by warrant of any court or judge or in case of re-entry or repossession by Landlord or in case of any expiration or termination of this Lease, and Landlord and Tenant waive and shall waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matter whatsoever arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Premises, or any claim of injury or damage. The terms "enter", "re-enter", "entry" or "re-entry", as used in this Lease are not restricted to their technical legal meaning.

13.12 No failure by Landlord to insist upon the strict performance of any covenant, agreement, term or condition of this Lease or to exercise any right or remedy consequent upon a breach thereof, and no acceptance of full or partial Rent during the continuance of any such breach, shall constitute a waiver of any such breach or of such covenant, agreement, term or condition. No covenant, agreement, term or condition of this Lease to be performed or complied with by Tenant, and no breach thereof, shall be waived, altered or modified except by a written instrument executed by Landlord. No waiver of any breach shall affect or alter this Lease, but each and every covenant, agreement, term and condition of this Lease shall continue in full force and effect with respect to any other then existing or subsequent breach thereof.

13.13 Tenant shall pay to Landlord an amount net to Landlord on an after-tax basis equal to all costs and expenses, including, without limitation, reasonable attorneys' fees and disbursements, incurred by Landlord in any action or proceeding to which Landlord may be made a party by reason of any act or omission of Tenant. Tenant also shall pay to Landlord all costs and expenses, including, without limitation, reasonable attorneys' fees and disbursements, incurred by Landlord in enforcing any of the covenants and provisions of this Lease and incurred in any action brought by Landlord against Tenant on account of the provisions hereof, and all such costs, expenses, and attorneys' fees and disbursements may be included in and form a part of any judgment entered in any proceeding brought by Landlord against Tenant on or under this Lease. All of the sums paid or obligations incurred by Landlord as aforesaid, with interest and costs, shall be paid by Tenant to Landlord on demand.

13.14 If an Event of Default shall occur under this Lease or Tenant shall fail to comply with its obligations under this Lease, Landlord may (a) perform the same for the account of Tenant if the same arises out of any obligation owed by Tenant to a third party or (b) make any expenditure or incur any obligation for the payment of money in connection with any obligation owed to Landlord, including, but not limited to reasonable attorneys' fees and disbursements in instituting, prosecuting or defending any action or proceeding, with interest thereon at Applicable Rate and such amounts shall be deemed to be Rent hereunder and shall be paid by Tenant to Landlord immediately upon demand therefor.

13.15 In the event that Tenant shall fail to pay Rent within five (5) days after its due date, then from and after the sixth (6th) day until the date Tenant finally pays the Rent, Tenant shall pay Landlord a late charge at the rate of ten (10%) percent per annum with respect to the delinquent amount, provided, however, no late charges shall be assessed against Tenant prior to January 1, 2012.

14. NO WAIVER

The failure of Landlord or Tenant to enforce any agreement, condition, covenant or term, by reason of its breach by Tenant or Landlord, as the case may be, shall not be deemed to void, waive or affect the right of Landlord or Tenant to enforce the same agreement, condition, covenant or term on the occasion of a subsequent default or breach. The specific remedies to which Landlord may resort under the terms of this Lease are cumulative and are not intended to be exclusive of any other remedies or means of redress to which Landlord may be lawfully entitled in case of any breach or threatened breach by Tenant of any of the terms, covenants and conditions of this Lease. The failure of Landlord or Tenant to insist in any one or more cases upon the strict performance of any of the terms, covenants and conditions of this Lease, or to exercise any right or remedy herein contained, shall not be construed as a waiver or relinquishment for the future of such terms, covenants and conditions. The receipt by Landlord, or payment by Tenant, of Rent with knowledge of the breach of any of such terms, covenants and conditions shall not be deemed a waiver of such breach. The acceptance of any check or payment bearing or accompanied by any endorsement, legend or statements shall not, of itself, constitute any change in or termination of this Lease. No surrender of the Premises by Tenant (prior to any termination of this Lease) shall be valid unless consented to in writing by Landlord or in accordance with the express terms of this Lease. In addition to the other remedies in this Lease provided, Landlord shall be entitled to the restraint by injunction of the violation or attempted or threatened violation of any of the terms, covenants and conditions of this Lease or to a decree compelling performance of any of such terms, covenants and conditions.

15. ESTOPPEL CERTIFICATE

Landlord and Tenant agree that they shall, at any time and from time to time, within twenty (20) days of request by the other party execute, acknowledge and deliver to the requesting party a statement in writing certifying: (i) that this Lease is unmodified and in full force and effect (or if there have been any modifications, that the Lease is in full force and effect as modified and stating the modifications), (ii) the dates to which the Rent has been paid, (iii) the address to which notices to Landlord or Tenant, as applicable, should be sent, (iv) stating whether or not either party is in default in keeping, observing or performing any term, covenant, agreement, provision, condition or limitation contained in this Lease and, if in default, specifying each such default, (v) whether or not there are any offsets or defenses against the enforcement of any provisions of the Lease by either party and if so, specifying the same, (vi) the Commencement Date and the date of expiration for the current term of the Lease, (vii) that Tenant is in possession of the Premises and (viii) any other matters reasonably requested by the other party; it being intended that any such statement delivered pursuant to this Article may be relied upon by the requesting party or any prospective purchaser of the Premises or any mortgagee thereof or any assignee of any mortgage upon the Premises.

16. QUIET ENJOYMENT

Tenant, upon payment of the Rent herein reserved and upon the due performance and observance of all the covenants, conditions and agreements herein contained on Tenant's part to be performed and observed, shall and may at all times during the Term peaceably and quietly have, hold and enjoy the Premises in the same manner in which Tenant enjoyed the Premises

immediately prior to the Commencement Date without any manner of suit, trouble or hindrance of and from any person claiming by, through or under Landlord, subject, however, to the terms and provisions of this Lease.

17. SURRENDER

17.1 Tenant shall, on the last day of the Term, or upon the sooner termination of the Term, quit and surrender to Landlord the Premises vacant, free of all equipment, furniture and other personal property, and in good order and condition, reasonable wear and tear excepted, and Tenant shall remove or demolish all of the fixtures, structures and other improvements which Landlord shall elect pursuant to and in accordance with Section 6.4 hereof. Any property not so removed shall become the property of Landlord, and Landlord may cause such property to be removed from the Premises and disposed of, but the cost of any such removal and disposition and of repairing any damage caused by such removal shall be borne by Tenant. Tenant's obligation to observe and perform this covenant shall survive the expiration or earlier termination of the Term.

17.2 Tenant acknowledges that possession of the Premises must be surrendered to Landlord at the expiration or sooner termination of the term of this Lease. Tenant agrees to indemnify Landlord against and save Landlord harmless from all costs, claims, loss or liability resulting from the failure or delay by Tenant in so surrendering the Premises, including, without limitation, any claims made by any succeeding tenant founded on such failure or delay. Tenant therefore agrees that if possession of the Premises is not surrendered to Landlord upon the expiration or sooner termination of the term of this Lease, then Tenant shall pay to Landlord, as liquidated damages for each month and for each portion of any month during which Tenant holds over in the Premises after the expiration or sooner termination of the term of this Lease, in addition to any sums payable pursuant to the foregoing indemnity, a sum equal to one hundred-fifty percent (150%) the aggregate of the Rent which was payable under this Lease with respect to the last month of the term hereof. Nothing herein contained shall be deemed to permit Tenant to retain possession of the Premises after the expiration or sooner termination of the term of this Lease. If Tenant holds over in possession after the expiration or termination of the term of the Lease, such holding over shall not be deemed to extend the term or renew this Lease, but the tenancy thereafter shall continue as a tenancy from month to month upon the terms and conditions of this Lease at the Rent as herein increased. This provision shall survive the expiration or earlier termination of this Lease.

18. ACCESS

Landlord shall have the right and privilege at all times during the last six (6) months of the Term to display a customary (as would be customary for similar buildings in the surrounding area) "For Sale" sign on the Building and during the last six (6) months of the Term, Landlord shall have the right and privilege to enter the Premises at reasonable times upon prior reasonable notice during business hours for the purpose of exhibiting the same to prospective new tenants, but no more than once a month, and to display the customary "To Let" signs on the Building. Landlord shall also, at all reasonable times upon prior reasonable notice during the Term (the parties acknowledge and agree that no prior notice shall be required in the event of an emergency), have the right to enter the Premises or any part thereof for the purpose of making

such repairs or Alterations therein as Landlord is required to make under the terms of this Lease. Throughout the Initial Term and any Extend Term of this Lease, Tenant shall have access to the Premises 24 hours a day, seven days a week.

19. ENVIRONMENTAL MATTERS

19.1 Tenant covenants that (i) Tenant shall not cause or contribute to, and shall not permit or direct any other Person to cause or contribute to, any contamination from any Hazardous Substances (hereinafter defined) at, on, under or emanating from the Premises (ii) Tenant shall not, and, (subject to Tenant's contractual obligations to permit Landlord and its Affiliates or the predecessors thereof, if applicable, to perform any necessary investigation, remediation or corrective action regarding environmental matters), shall not cause or permit any other Person to, use manufacture, store, generate, treat or Release any Hazardous Substances at, on, under or from the Premises, except where such use, manufacture, storage, generation, treatment or Release or threatened release is in material compliance with applicable Environmental Law (as defined below) and is reasonably related to the conduct of Tenant's business, (iii) in the event that Tenant's (or its subtenants' or assignees') operations at or near the Premises result in the imposition of a Lien on the Premises under any Environmental Law resulting from a matter for which Tenant would be obliged to indemnify Landlord pursuant to Section 19.2 hereof, Tenant shall promptly and expeditiously take all necessary steps to have such Lien removed, and (iv) Tenant shall not, and shall not cause or permit any other Person to, install or operate any underground tanks for the storage of any Hazardous Substances, including fuel oil, gasoline, waste oils, and/or other petroleum products or by-products.

19.2 Tenant hereby agrees to indemnify Landlord, any mortgagee and any lessor under a Superior Lease and hold Landlord, any mortgagee and any lessor of a Superior Lease harmless from and against any and all losses, liabilities (including strict liability), damages, injuries, expenses (including reasonable attorneys' and consulting fees), costs of any settlement or judgment and claims of any and every kind whatsoever (collectively "Losses") paid, incurred or suffered by, or asserted against Landlord, any mortgagee and any lessor of a Superior Lease by any person or governmental authority for, with respect to, or as a direct or indirect result of, either (i) the presence or Release or threatened release at, on or under, or from the Premises of any Hazardous Substance (including, without limitation, any such Losses or claims asserted or arising under the Comprehensive Environmental Response, Compensation and Liability Act, as amended, any so-called federal, state or local "Superfund" or "Superlien" laws) or (ii) the violation of any applicable Environmental Law, to the extent such presence or Release or threatened release or violation is caused by Tenant's or any subtenant's or assignee's (or any of their representatives') use of the Premises.

19.3 Notwithstanding any other provision of this Lease regarding indemnification of Landlord by Tenant (other than Tenant's obligations to indemnify Landlord pursuant to Section 19.6), Landlord hereby agrees to indemnify Tenant and hold Tenant harmless from and against any and all Losses paid, incurred or suffered by, or asserted against Tenant for, with respect to, or as a direct or indirect result of, either (i) the presence or Release or threatened release at, on or under, or from the Premises of any Hazardous Substance (including, without limitation, any such Losses or claims asserted or arising under the Comprehensive Environmental Response, Compensation and Liability Act, as amended, any so-called federal, state or local "Superfund" or

“Superlien” laws) or (ii) the violation of any applicable Environmental Law, to the extent such presence or Release or threatened release or violation is caused by: (x) Landlord’s or any of its Affiliates’ or assignee’s (or any of their representatives’) use or ownership of the Premises; or (y) any environmental condition or contamination that existed on or prior to the commencement of this Lease at, on or under, or from the Premises, except to the extent exacerbated by Tenant’s, any subtenant’s, assignee’s or representative’s negligence. With respect to asbestos containing building materials, Landlord acknowledges and agrees that Tenant shall have no liability or obligations concerning the removal or replacement thereof on the Premises, which are the sole responsibility of the Landlord, provided, however, that Tenant shall be responsible for all costs of any removal, replacement or abatement of asbestos containing building materials on the Premises to the extent required pursuant to applicable Environmental Law as a result of Tenant’s (or any of its subtenant’s or assignee’s) negligence or undertaking any modifications, maintenance, repairs, or other activities on the Premises that results in any disturbance of asbestos containing building materials, but only if the location of such materials have been previously identified with reasonable specificity in writing by Landlord to Tenant.

19.4 In the event that an obligation to investigate or remediate the Premises arises under any and all applicable environmental transaction trigger statutes or otherwise as a result of the termination of the Lease or the cessation of operations at the subject Premises, Tenant shall be primarily responsible for the completion of such investigation or remediation, unless such termination or cessation is in connection with a sale or other transfer of the Premises or of the Landlord or any other entity that directly or indirectly owns or controls the Premises, in which case the transferor shall have such primary responsibility; provided, however, that the foregoing shall in no way alter the allocation of liability for any such investigation or remediation provided for under Sections 19.2 and 19.3 of this Lease. Each of Landlord and Tenant agree to cooperate in good faith with each other to facilitate the completion of any obligations under this Section 19.4, including, but not limited to: (i) promptly executing any applications, filings, certifications, or other documents reasonably requested by the other party; (ii) providing reasonable access to the other party (including representatives, consultants or agents) during normal business hours to the Premises and relevant information and personnel; (iii) taking commercially reasonable efforts at its own cost and expense to reasonably mitigate interference with the conduct of any such investigation or remediation or with the current operation or use of the Premises; (iv) accepting the use of cost-efficient remediation strategies (as reasonably determined by party principally liable for the remediation under Sections 19.3 and 19.4), including the use of risk-based remediation standards based on continued industrial use of the property or imposition of restrictive deed notices or other institutional or engineering controls (as long as such cost-efficient remediation strategies would not materially interfere with or otherwise materially impede the operation or use of the Premises); (v) providing prompt notification of all meetings with consultants and Governmental Authorities and an opportunity to participate, at its own expense, in such meetings; (vi) promptly providing copies of all material documents related to the investigation or remediation and affording the other party a reasonable opportunity to review and provide comments, at its own expense, on all reports, correspondence, work plans or other materials submitted to any Governmental Authority and (vii) allowing the other party to observe and monitor, at its own expense, the conduct of any investigative or remedial work being done at the Premises.

19.5 For purposes hereof:

A. "Hazardous Substances" shall mean any material, substance or waste that is listed, classified, regulated, characterized or otherwise defined as "hazardous," "toxic," or "radioactive," or as "pollutants" or "contaminants" (or words of similar intent or meaning) under applicable Environmental Laws; and any petroleum (including crude oil or any fraction thereof), petroleum products or by-products and any constituents thereof, asbestos or asbestos-containing material, urea formaldehyde insulation, toxic mold, polychlorinated biphenyls, flammable or explosive substances, radon, or pesticides.

B. "Environmental Laws" shall mean all foreign, federal, state or local statutes, laws, ordinances, codes, rules, regulations, judgments, orders or decrees or other binding directives of relevant governmental agencies or authorities regulating, relating to, or imposing liability or standards of conduct concerning pollution or protection of the environment or human health and safety (to the extent related to pollution or exposure to harmful or deleterious substances), including those relating to the use, manufacture, distribution, storage, recycling, treatment, transport or Release or threatened release of any hazardous, toxic or dangerous wastes, substances or materials as now or at any time hereunder in effect .

C. "Release" shall mean any Release or threatened release, spill, emission, leaking, pumping, pouring, injection, escaping, deposit, disposal, discharge, dispersal, dumping, leaching or migration into the indoor or outdoor environment (including the abandonment or disposal of any barrels, containers or other closed receptacles containing any Hazardous Substance).

19.6 Tenant shall not conduct any intrusive environmental investigation of the Premises (including any collection or analysis of groundwater, surface water, soil or building materials) or disclose the existence of any known or suspected environmental condition to any governmental authority, unless such investigation or disclosure is: (i) required by applicable Environmental Law or any other applicable Requirement, (ii) required by an enforceable order (or reasonably believed by Tenant to be an enforceable order), directive or demand of a governmental authority, acting within its jurisdiction (or reasonably believed by Tenant to be acting within its jurisdiction), (iii) reasonably undertaken to facilitate the defense of a pending third party claim or a third party claim reasonably anticipated based upon written communications from a person who is not a party to this Lease or an Affiliate thereof, (iv) reasonably undertaken in an emergency to protect against a threat to human health or the environment, (v) reasonably undertaken in connection with repairs to or maintenance of the Premises, (vi) reasonably undertaken in connection with the expansion of the Premises to accommodate additional operations or uses reasonably consistent with those currently present, provided that such expansion or alteration has been approved by Landlord pursuant to Article 6 of this Lease and the Tenant has received Landlord's prior written approval for the proposed investigation, sampling, analysis, report or disclosure. Tenant shall promptly notify Landlord if it reasonably believes that an intrusive environmental investigation or disclosure to a governmental authority is required and shall allow Landlord a reasonable opportunity to assume control over or, at Landlord's discretion, to participate in the conduct of, the investigation or disclosure, except that if, due to exigent circumstances, Tenant's action is reasonably undertaken without such notice to or allowance of or participation by Landlord, Tenant may inform the Landlord of the environmental condition and Tenant's conduct with respect to it as soon as practicable thereafter. To the extent that Tenant conducts an investigation or makes a disclosure

that is not in compliance with this provision, Tenant shall indemnify and hold Landlord harmless for the cost of any remedial action arising or resulting from any conditions of contamination identified as a result of such investigation or disclosure.

19.7 If Tenant receives (i) any notice of any material event involving the presence, Release or threatened release, investigation or remediation of any Hazardous Substance at, on, under or from the Premises or in connection with Tenant's, or Tenant's representatives, agents or subtenants, use or operations thereon, or (ii) any complaint, order, citation or notice with regard to any material violation of or material obligation under Environmental Law pertaining to the Premises (an "Environmental Complaint") from any governmental authority or other person, then Tenant shall promptly notify Landlord orally and in writing of said notice. Without in any way limiting the generality of the foregoing, if Tenant receives any notice of any lien filed as security for amounts paid to clean up Hazardous Substances at the Premises, then Tenant shall promptly notify Landlord and Landlord shall have the right, but not the obligation, to discharge such lien upon not less than ten (10) days' notice to Tenant. Notwithstanding the foregoing, for so long as Landlord is an Affiliate of Principal Stockholder, Tenant shall have no obligation to notify Landlord of any notice, complaint, order, or citation received from or on behalf of the Principal Stockholder or any Affiliate thereof, or from any other person in connection with the implementation of any obligations of Principal Stockholder set forth in the Environmental Annex that indicates the Principal Stockholder or any Affiliate thereof has also received such notice, complaint, order, or citation. Tenant shall provide Landlord with immediate notification of and indemnification for any notice of deficiency, notice of violation or citation issued by any governmental agency.

19.8 After providing Tenant with notice and a reasonable opportunity to cure, Landlord shall have the right (but not the obligation) to enter onto the Premises or to take such other actions as it deems necessary or advisable to cleanup, remove, resolve or minimize the impact of, or otherwise remediate or correct the presence or Release or threatened release of a Hazardous Substance or an Environmental Complaint, provided that Landlord shall not unreasonably interfere with Tenant's use of the Premises. All costs and expenses reasonably incurred by Landlord in the exercise of any such rights shall be payable by Tenant upon demand, provided and to the extent that such presence or Release or threatened release or Environmental Complaint is subject to Tenant's duty to indemnify Landlord under Section 19.2 hereof.

19.9 Landlord has the right from time to time, upon reasonable prior notice and without undue interference in Tenant's operations, to perform (at its own expense, unless it reasonably believes that Tenant has breached Section 19.1 hereof, in which case with respect to such breach it will be at Tenant's expense and in which case Landlord may request that Tenant perform) an environmental audit, environmental site assessment, or, if reasonably deemed necessary by Landlord, an environmental risk assessment, each in form and substance satisfactory to Landlord, of the Premises, hazardous waste management practices and/or hazardous waste disposal sites used by Tenant. Said audit, site assessment and/or risk assessment must be by an environmental consultant reasonably satisfactory to Landlord and Tenant.

19.10 The provisions of this Article shall survive the expiration or earlier termination of this Lease.

20. LANDLORD GENERALLY NOT LIABLE FOR INJURY OR DAMAGE, ETC.

20.1 Tenant is and shall be in exclusive control and possession of the Premises, and subject to Section 19.3 of this Lease, Landlord shall not, in any event whatsoever, be liable for any injury or damage to any property or to any person happening in, on or about the Premises, nor for any injury or damage to any property of Tenant, or of any other person or persons contained therein, nor for any injury or damage to the Premises or to any property belonging to Tenant or any other person which may be caused by any fire or breakage, or which may arise from any other cause whatsoever unless caused by the gross negligence or willful misconduct of Landlord, its agents or employees. The provisions hereof permitting Landlord to enter and inspect the Premises are made for the purpose of enabling Landlord to be informed as to whether Tenant is complying with the agreements, terms, covenants and conditions hereof, and if Landlord so desires, to do such acts as Tenant shall fail to do at Tenant's sole cost and risks. Notwithstanding the foregoing, and subject to Section 19.3, Landlord agrees to defend and to indemnify and save Tenant harmless from and against all liability, and all losses, damages, claims and expenses (including, without limitation, reasonable attorneys' fees) arising out of injury to or death of persons, damage to or destruction or loss of property, that directly or indirectly is caused by or results from Landlord's use of and operations on, in and about the Premises. Landlord's obligations hereunder shall survive the expiration or early termination of this Lease, unless Tenant purchases the Premises, in which case Landlord shall cease to have any obligation hereunder to Tenant upon the closing of the sale unless the parties agree otherwise in writing.

20.2 In the event of any default by Landlord of its obligation hereunder, if any, Tenant's exclusive remedy shall be an action for damages (Tenant hereby waiving the benefit of any laws granting it a lien upon the property of Landlord and/or upon rent due Landlord), but prior to any such action Tenant will give Landlord written notice specifying such default with particularity, and Landlord shall thereupon have thirty (30) days (plus such additional reasonable period as may be required in the exercise by Landlord of due diligence) in which to cure any such default. Unless and until Landlord fails to so cure any default after such notice, Tenant shall not have any remedy or cause of action by reason thereof. All obligations of Landlord hereunder will be construed as covenants, not conditions, all such obligations will be binding upon Landlord only with respect to the period of its ownership of the Premises and not for any period prior thereto or thereafter. Under no circumstances whatsoever shall Landlord or Tenant ever be liable hereunder for consequential damages or special damages.

20.3 Subject to Tenant's rights under Article 19, Tenant shall look only to Landlord's estate and interest in the Premises (or the proceeds thereof) for the satisfaction of Tenant's remedies for the collection of any judgment (or other judicial process) requiring the payment of money by Landlord in the event of any default by Landlord under this Lease, and no other property or other assets of Landlord, any member or partner of Landlord or any member or partner of any member or partner of Landlord, or any officer, director, stockholder or employee of any of the foregoing shall be subject to levy, execution or other enforcement procedure for the satisfaction of Tenant's remedies under or with respect to this Lease, the relationship of landlord and tenant hereunder or Tenant's use and occupancy of the Premises. However, nothing contained herein shall be construed to permit Tenant to offset, and Tenant agrees that Tenant shall not offset, against rents due a successor landlord, any judgment (or other judicial process)

requiring the payment of money by reason of any default of a prior landlord. If Tenant is required to report information concerning the Premises to any governmental agency, Landlord shall have no claim against Tenant for any diminution in value of the Premises resulting from such report, except to the extent such diminution in value is caused by a change in the physical condition of the Premises caused by Tenant (or, with respect to any change in physical condition that involves exacerbation of any environmental condition or contamination that existed on or prior to the commencement of this Lease, where Landlord would be entitled to indemnification pursuant to Section 19.2 of this Lease).

21. MISCELLANEOUS PROVISIONS

21.1 It is mutually agreed by and between Landlord and Tenant that the respective parties shall and they hereby do waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matters whatsoever arising out of or in any way connected with this Lease, Tenant's use or occupancy of the Premises, and/or any claim of injury or damage excluding any claim for personal injury or property damage.

21.2 Tenant shall have the right to place one or more signs on the Premises to indicate the nature of the business of Tenant. The sign shall be lawful under applicable sign codes and subdivision covenants and all signs shall be reasonably approved by Landlord before being placed on the Premises.

21.3 The term "Landlord" as used herein shall mean only the owner or the mortgagee in possession for the time being of the applicable Premises, so that in the event of any sale, transfer or conveyance of the Premises, Landlord shall be and hereby is entirely freed and relieved of all agreements, covenants and obligations of Landlord hereunder, and it shall be deemed and construed without further agreement between the parties or their successors in interest or between the parties and the purchaser, transferee or grantee at any such sale, transfer or conveyance that such purchaser, transferee or grantee has assumed and agreed to carry out any and all agreements, covenants and obligations of Landlord hereunder.

21.4 The term "Tenant" as used herein shall mean the tenant identified on Schedule I an applicable to the corresponding Premises, and from and after any valid assignment or transfer in whole of said Tenant's interest under this Lease, with respect to the applicable Premises, pursuant to the provisions of Article 10, shall mean only the assignee or transferee thereof; but the foregoing shall not release the assignor or transferor from liability under this Lease.

21.5 The words "re-enter" and "re-entry" as used herein shall not be restricted to their technical legal meaning.

21.6 The use herein of the neuter pronoun in any reference to Landlord or Tenant shall be deemed to include any individual Landlord or Tenant, and the use herein of the words "successor and assigns" or "successors or assigns" of Landlord or Tenant shall be deemed to include the heirs, executors, administrators, representatives and assigns of any individual Landlord or Tenant.

21.7 The headings herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope or intent of this Lease nor in any way affect this Lease.

21.8 This Lease shall be governed by and construed in accordance with the laws of the State in which the Premises are located.

21.9 This Lease contains the entire agreement between the parties and may not be extended, renewed, terminated or otherwise modified in any manner except by an instrument in writing executed by the party against whom enforcement of any such modification is sought. All prior understandings and agreements between the parties and all prior working drafts of this Lease are merged in this Lease, which alone expresses the agreement of the parties. The parties agree that no inferences shall be drawn from matters deleted from any working drafts of this Lease or against the party preparing drafts hereof. The parties took equal part in drafting this Lease and no rule of construction that would cause any of the terms hereof to be construed against the drafter shall be applicable to the interpretation of this Lease.

21.10 The agreements, terms, covenants and conditions herein shall bind and inure to the benefit of Landlord and Tenant and their respective heirs, personal representatives, successors and, except as is otherwise provided herein, their assigns.

21.11 Notice whenever provided for herein shall be in writing and shall be given either by nationally recognized overnight courier, facsimile or by certified or registered mail, return receipt requested, to:

To Landlord:	as set forth on <u>Exhibit L</u>
w/copy to:	as set forth on <u>Exhibit L</u>
To Tenant:	as set forth on <u>Exhibit L</u>
w/copy to:	as set forth on <u>Exhibit L</u>

or to such other persons or at such other addresses as may be designated from time to time by written notice from either party to the other. Notices shall be deemed given on the date of delivery thereof and shall be deemed delivered on the date delivery is refused if properly sent and addressed in accordance with the terms of this Section.

21.12 If any provision of this Lease shall be invalid or unenforceable, the remainder of the provisions of this Lease shall not be affected thereby and each and every provision of this Lease shall be enforceable to the fullest extent permitted by law.

21.13 Landlord and Tenant represents and warrants to each other that they have not dealt with any real estate broker in connection with this Lease and both agree to indemnify each other harmless from any and all claims arising out of any breach of this representation and

warranty. The provisions of this Section shall survive the expiration or earlier termination of this Lease.

21.14 If any officer, servant or employee of Landlord renders assistance at the request of Tenant or on the request of any officer, servant, employee, guest or licensee of Tenant, then that employee shall be deemed the agent of the person making such request and Landlord is hereby expressly released from any and all liability or loss in connection therewith.

21.15 This Lease shall not be recorded but the parties hereto agree, upon the request of either party, to execute and deliver for recording a memorandum of lease incorporating the basic terms and conditions hereof but deleting any statement or mention of the rental payments.

21.16 Notwithstanding anything to the contrary contained in this Lease, Tenant shall reimburse Landlord, within five (5) business days after demand, as Rent hereunder, for any and all reasonable costs that may be incurred by Landlord (including, without limitation, its attorneys', accountants' and other professional fees, costs and disbursements) in connection with any request by Tenant for Landlord's consent, review or approval relating to any matter hereunder.

21.17 Notwithstanding anything to the contrary contained in this Lease, each right and remedy of Landlord or Tenant provided for in this Lease shall be cumulative and shall be in addition to every other right or remedy provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by any party hereto of any one or more of the rights or remedies provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by such party of any or all other rights or remedies provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise.

21.18 Landlord and Tenant represent and warrant to each other that their respective execution and delivery of the Lease has been duly authorized, that the individual executing this Lease on behalf of such party has been duly authorized to do so, and that no other action or approval is required.

22. Confidential Information

22.1 Notwithstanding the expiration or earlier termination of this Lease, for a period of five (5) years from the date hereof, Landlord and Tenant shall hold, and shall cause each of their respective affiliates and subsidiaries to hold, and shall each cause their respective officers, employees, agents, consultants and advisors (or potential buyers) to hold, in strict confidence, and not to disclose or release or use, without the prior written consent of the other party (which may be withheld in such party's sole and absolute discretion, except where disclosure is required by applicable laws), any and all Confidential Information (as defined herein) concerning any other party; provided, that the parties may disclose, or may permit disclosure of, Confidential Information (i) to their respective auditors, attorneys, financial advisors, bankers, insurers and other appropriate consultants and advisors who have a need to know such information and are informed of their obligation to hold such Confidential Information confidential to the same extent as is applicable to the parties and in respect of whose failure to comply with such

obligations, the applicable party will be responsible, (ii) if the parties or any of their respective subsidiaries are required or compelled to disclose any such Confidential Information by judicial or administrative process or by other requirements of applicable laws or stock exchange rule, (iii) as required in connection with any legal or other proceeding by one party against any other party, (iv) as necessary in order to permit a party to prepare and disclose its financial statements, tax returns or other required disclosures, or (v) as necessary for a party to enforce its rights under this Lease. Notwithstanding the foregoing, in the event that any demand or request for disclosure of Confidential Information is made pursuant to clause (ii), (iii), (iv) or (v) above, each party, as applicable, shall promptly notify the other of the existence of such request or demand and shall provide the other a reasonable opportunity to seek an appropriate protective order or other remedy, which such parties will cooperate in obtaining. In the event that such appropriate protective order or other remedy is not obtained, the party which faces the disclosure requirement shall furnish only that portion of the Confidential Information that is legally required to be disclosed and shall take commercially reasonable steps to ensure that confidential treatment is accorded such Confidential Information. "Confidential Information" shall mean all non-public, confidential or proprietary information concerning Landlord or Tenant, or any of their respective affiliates or subsidiaries, or their past, current or future activities, businesses, finances, assets, liabilities or operations, including any such information that was acquired by any party after the date hereof, or that was provided to a party by a third party in confidence, except for any information that is (i) in the public domain or known to the industry through no fault of the receiving party or its affiliates or subsidiaries, (ii) lawfully acquired after the date hereof by such party or its affiliates or subsidiaries from other sources not known to be subject to confidentiality obligations with respect to such information or (iii) independently developed by the receiving party after the date hereof without reference to any Confidential Information.

22.2 Each of the parties acknowledges that it and the other members of their respective affiliates and subsidiaries may have in their possession confidential or proprietary information of third parties that was received under confidentiality or non-disclosure agreements with such third party while part of the ITT Corporation companies. Each of the parties will hold, and will cause the other members of their respective affiliates and subsidiaries and their respective representatives to hold, in strict confidence the confidential and proprietary information of third parties to which they or any other member of their respective affiliates and subsidiaries has access, in accordance with the terms of any agreements entered into prior to the date on which Landlord and Tenant are no longer part of the same group of companies between one or more members of the ITT Corporation companies (whether acting through, on behalf of, or in connection with, the separated Businesses) and such third parties.

22.3 The parties agree that irreparable damage would occur in the event that the provisions of this Section 22 were not performed in accordance with their specific terms. Accordingly, it is hereby agreed that the parties shall be entitled to an injunction or injunctions to enforce specifically the terms and provisions hereof in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity.

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the day and year first above set forth.

LANDLORD:

By: ITT Cannon de Mexico, S.A. de C.V.

Name: /s/ William Taylor

Title: President

TENANT:

By: Jabsco Sociedad de Responsabilidad Limitada
de Capital Variable

Name: /s/ Robert Wolpert

Title: President

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the day and year first above set forth.

LANDLORD:

By: ITT Cannon LLC

Name: /s/ William Taylor
Title: President

TENANT:

By: Flow Control LLC

Name: /s/ Robert Wolpert
Title: President

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the day and year first above set forth.

LANDLORD:

By: Lowara UK Ltd.

Name: /s/ Duncan Lewis

Title: General Manager

TENANT:

By: ITT Industries Ltd.

Name: /s/ John Veness

Title: General Manager

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the day and year first above set forth.

LANDLORD:

By: Xylem Inc.

Name: /s/ Frank R. Jimenez

Title: Vice President & General Counsel

TENANT:

By: ITT Corporation

Name: /s/ Aris C. Chicles

Title: Senior Vice President

SCHEDULE I

EXHIBIT L
MATERIAL TERMS OF EACH LEASE
See Attached

SCHEDULE I

<u>Corresponding Material Terms Exhibit</u>	<u>Building/Premises</u>	<u>Landlord</u>	<u>Tenant</u>
L-1	ITT Cannon de Mexico, S.A. de C.V. Avenida del Libre Comercio S/N Entre Calzada Industrial Nuevo Nogales y Calzada del Raquet Club Col. Parque Industrial Nuevo Nogales Nogales, Sonora C.P. 84093	ITT Cannon de Mexico, S.A. de C.V.	Jabsco Sociedad de Responsabilidad Limitada de Capital Variable
L-2	666 East Dyer Road Santa Ana, Ca. USA 92705	ITT Cannon LLC	Flow Control LLC
L-3	Millwey Rise Industrial Estate Axminster EX13 5HU, United Kingdom	Lowara UK Ltd.	ITT Industries Ltd.
L-4	#74 WSO Bayard St. Seneca Falls, NY	Xylem Inc.	ITT Corporation

EXHIBIT L-1

Building	ITT Cannon de Mexico, S.A. de C.V. Avenida del Libre Comercio S/N Entre Calzada Industrial Nuevo Nogales y Calzada del Raquet Club Col. Parque Industrial Nuevo Nogales Nogales, Sonora C.P. 84093
Landlord	ITT Cannon de Mexico, S.A. de C.V.
Tenant	Jabsco Sociedad de Responsabilidad Limitada de Capital Variable
Premises (square feet)	59,541 square feet, <i>as depicted on the floor plan attached hereto</i> . Permitted uses — general office, warehouse, computer servers, and assembly and pump sanitation. Fabrication (examples — machining, plating, molding, silk screening, die casting etc) activities are expressly not allowed
Term & Option	12 months — Commencing on the Commencement Date Tenant will have the option to renew at 1.15 times base rent as noted below for an additional 3 months, if written notice is provided to the Landlord 60 days prior to the termination of this agreement. Tenant will have the option to terminate this agreement at any time after the 1 st 6 months with 6 months advance written notice to the landlord
Base Rent	Cost plus 2% - 10% Mexican Pesos per month (Cost plus 2% - 10% notional US Dollars) payable in Mexican Pesos plus 11%VAT
Notices	Landlord — Suzy Lee 666 East Dyer Road Santa Ana, Ca. 92705 Office: 714-628-8279 suzy.lee@itt.com Tenant — Dan Kelly 1133 Westchester Avenue, Suite 2000 White Plains, NY 10605 Office: 914- 323-5994 dan.kelly@xyleminc.com

Rent Payments

- a. Unless otherwise directed by Landlord in writing, all Rent payments shall be made to Landlord in Mexico Pesos at the address identified in the above "Notice" provision.
- b. Rent payments are to be made monthly in advance upon presentation of invoice to the Tenant. 1st rent payment is due within 5 days after Commencement Date. . Subsequent rent payments are due every 30 days. It is tenant's full responsibility to pay rent on a timely basis.
- c. Payments over 10 days late will be charged interest at a rate of 10% per annum

Services to be provided by Landlord as a part of the monthly base rent

Building maintenance, fire protection, building security, janitorial, pest control, tenant parking, utilities, building insurance, real property taxes, grounds maintenance, and mail separation at the ICS reception desk.

Special Provisions

- a. Tenant will be required to provide, install, and pay for any capital improvements (building, furniture, computers, and equipment) required during the term of the agreement. Installation of capital equipment requires landlord approval in advance.
- b. Tenant agrees to provide at its own expense building reception services via its own entrance to the facility and mail room services
- c. Tenant will be required to provide and pay for all support and services required to move out of the facility at the end of the lease term. If tenant requires contractors to assist them in moving out of the facility, tenant agrees to provide landlord with proof of adequate contractor insurance coverage prior to contractor entering into the facility.
- d. Tenant agrees to remove all of their personal property from the Premises at the end of the lease term. Tenant must return rented space to pre move in condition, with the exception of the offices, which should be left in an "as is" condition. This includes phones purchased directly by the Tenant, but excludes any phones provided by the landlord.
- e. Tenant will be required to provide and pay for all support and services required to move into a new facility at the end of the lease term.
- f. Landlord will provide tenant with 40 unassigned parking spaces in the Landlord's parking lot located on the facility grounds
- g. Tenant agrees that all cabling that is used to attached Tenant's PC's to the IT infrastructure will remain the property of the landlord and will not be removed by the Tenant at the end of the lease term.
- h. All PC connection equipment will be designated as the property of the Tenant and will be removed by the Tenant at Tenant's expense at the end of the term of this agreement

- i. Fixed assets on the books of the landlord as of the Commencement date will remain the property of the Landlord during and at the end of the lease term.
- j. Fixed assets on the books of the Tenant as of the date of the ITT separation will remain the property of the Tenant during and at the end of the lease term.
- k. Tenant agrees to provide all IT support necessary to maintain Tenant's Server Room at its own cost. Upon termination of this agreement, Tenant will provide all required support at its own cost to shutdown, package and remove the servers from the Premises.
- l. Tenant agrees to pay all personal property taxes associated with Tenant's personal property located on the Premises. If Landlord is required to pay personal property taxes on Tenant's personal property, Tenant agrees to immediately reimburse Landlord.
- m. Tenant will not be allowed to access the ICS computer network. Tenant's employees will be allowed to access Tenant's own computer network via wireless or landline data connections on the Premises
- n. Tenant shall have the reasonable right to use, and Landlord shall at all times have exclusive control of, and operate and maintain, the Common Areas including, but not limited to the cafeteria in the manner Landlord may reasonably determine to be appropriate.
- o. Tenant's employees will not be allowed access to any ICS /Landlord manufacturing areas including but not limited to ITAR restricted areas. Tenant's employees will be required to show proper identification to enter the facility as determined by the Landlord
- p. Tenant's minimum General Liability Insurance Policy and Property insurance shall be Two Million Dollars (\$2,000,000) and must be paid for by tenant.
- q. Tenant has no right to sublease their space.
- r. Tenant agrees not to put up any external or internal signs during the term of the agreement, except for signs related to the production and assembly of Tenant's products, which can be displayed in Tenant's assembly area.
- s. Tenant will supply at Tenant's cost, a phone PBX system and phones to be used by Tenant's employees during the course of this agreement. Tenant will enter into its own contract for phone service at the facility and all costs associated with this contract will be paid for by Tenant
- t. Tenant also agrees to enter into a contract for cafeteria services for its employees located at the facility and all costs associated with this contract will be paid for by Tenant
- u. Water Discharges

- i. Tenant must provide Landlord with copy of analysis of water discharges, Air Emissions, Fire Risk, Hazardous materials, Hazardous waste as often as required by the Safety and Environmental Laws and Regulations or upon reasonable request
- ii. Tenant's Water discharge analysis must be performed in coordination with Landlord's EH&S department
- v. Tenant will have the right to transfer additional assembly lines into the facility, provided that the following criteria are met;
 - a. They can be fit into the existing space that is being rented under the terms of this Lease
 - b. The additional assembly line uses an assembly line process that is already being used by the Tenant to assemble its products as of the Commencement Date
 - c. The new assembly lines do not require significant additional utilities usage at the plant (electric, water, sewer, gas, oil etc)
- w. If the assembly line to be transferred by Tenant into the Premises does not meet the criteria as defined in section v above, Tenant cannot install new assembly lines or new assembly processes at the Premises without the advance approval in writing from the Landlord. Adequate time should be given to the Landlord to review any Tenant proposal to install new assembly lines.
- x. If Landlord chooses to sell the building during the term of this Lease it must be sold under condition that Tenant will remain in the building under the terms of this Lease.

Local Law Provisions

None

Governing Law

Nogales, Sonora, Mexico

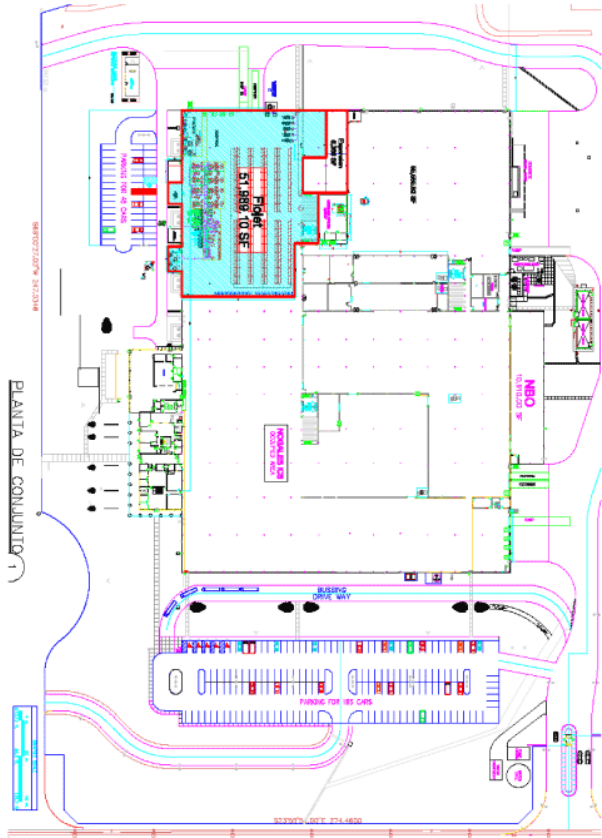


EXHIBIT L-2

Building	666 East Dyer Road Santa Ana, Ca. USA 92705
Prime Lease (as amended)	Not applicable — facility is owned by ITT Corp, ICS Div
Landlord	ITT Cannon LLC
Tenant	Flow Control LLC
Premises (square feet)	17,052, square feet, <i>as depicted on the floor plan attached hereto</i> . Permitted uses — general office and laboratory work
Term & Option	3 months — Commencing on the Commencement Date Tenant will have the option to renew at 1.15 times base rent as noted below for an additional 3 months, if written notice is provided to the landlord 60 days prior to the termination of this agreement
Base Rent	Cost plus 2% - 10% per month
Notices	Landlord — Suzy Lee 666 East Dyer Road Santa Ana, Ca. 92705 Office: 714-628-8279 suzy.lee@itt.com Tenant — Dan Kelly 1133 Westchester Avenue, Suite 2000 White Plains, NY 10605 Office: 914- 323-5994 dan.kelly@xyleminc.com
Rent Payments	<ol style="list-style-type: none">a. Unless otherwise directed by Landlord in writing, all Rent payments shall be made to Landlord at the address identified in the above “Notice” provision.b. Rent payments are to be made monthly in advance. 1st rent payment is due within 5 days of the Commencement Date. Subsequent rent payments are due every 30 days. No invoices will be provided by landlord. It is tenant’s full responsibility to pay rent on a timely basis.c. Payments over 10 days late will be charged interest at a rate of 10% per annum

Services to be provided by Landlord as a part of the monthly base rent

Building maintenance, fire protection, building security, janitorial, pest control, tenant parking, utilities, phone PBX, PC support, building insurance, receptionist, real property taxes, mail room, grounds maintenance, phone usage, tenant server maintenance and server backups, network closet support,

Special Provisions

- a. Tenant will be required to provide, install, and pay for any capital improvements (building, furniture, computers, and equipment) required during the term of the agreement. Installation of capital equipment requires landlord approval in advance.
- b. Tenant will be required to provide and pay for all support and services required to move out of the facility at the end of the lease term. If tenant requires contractors to assist them in moving out of the facility, Tenant agrees to provide Landlord with proof of adequate contractor insurance coverage prior to contractor entering into the facility.
- c. Tenant agrees to remove all of their personal property from the landlord's premises at the end of the lease term. This includes phones purchased directly by the tenant, but excludes any phones provided by the landlord.
- d. Tenant will be required to provide and pay for all support and services required to move into a new facility at the end of the lease term.
- e. Landlord agrees to provide Tenant with unassigned parking spaces in the rear (south side) of the facility. Landlord agrees to provide Tenant with 7 identified parking spaces in the front (north side) of the facility. Landlord agrees to provide Tenant with 1 visitor parking space in the front (north side) of the facility.
- f. Tenant agrees that all cabling that is used to attached tenant's PC's to the IT infrastructure will remain the property of the landlord and will not be removed by the tenant at the end of the lease term.
- g. All PC connection equipment will be designated as the property of the tenant and will be removed by the tenant at tenant's expense at the end of the term of this agreement
- h. Fixed assets currently on the books of the landlord as of Commencement Date will remain the property of the Landlord during and at the end of the lease term. This would include all of the furniture and partitions in the executive area that the tenant will occupy during the term of this agreement
- i. Fixed assets currently on the books of the Tenant as of the Commencement Date will remain the property of the tenant during and at the end of the lease term. This would include all of the furniture and partitions in areas other than the executive area that the tenant will occupy during the term of this agreement.

- j. As a part of Tenant's move out of the facility at the expiration of this agreement, Landlord's IT department will shutdown Tenant's servers and other IT equipment and make a back up copy of all the data that is on the servers immediately prior to the shutdown of the servers. Tennant will be charged for these services by the landlord based on a rate of \$50 per hour. Tennant will be required to package and ship the servers and other IT equipment at Tenant's cost.
- k. The landlord's IT department will be allowed access to Tenant's designated areas as per the attached floor plan for purposes of providing the services that are included in the monthly base rent. The landlord's IT department will have the right to access the tenant's IT data in order to provide the services that are included in the monthly base rent
- l. Tenant will be required to provide workers compensation insurance at its own expense for the employees located at landlord's facility based on State of California requirements m. Tenant agrees to pay all personal property taxes associated with tenant's personal property located in landlord's facility. If Landlord is required to pay personal property taxes on tenant's personal property, tenant agrees to immediately reimburse landlord.
- n. Tenant's minimum General Liability Insurance Policy and Property insurance shall be Two Million Dollars (\$2,000,000) and must be paid for by tenant.
- o. Tenant will not be allowed to access the ICS computer network. Tenant's employees will be allowed to access Tenant's own computer network via wireless or landline data connections on the Leased Premises
- p. Tenant shall have the reasonable right to use, and Landlord shall at all times have exclusive control of, and operate and maintain, the Common Areas in the manner Landlord may reasonably determine to be appropriate.
- q. Tenant's employees will not be allowed access the east building with exception of the cafeteria or to areas of the west building that are not being rented under this agreement, except to gain access to rented space. Tenant's employees will be required to show proper identification to enter the facility as determined by the Landlord
- r. Tenant has no right to sublease their space.
- s. Tenant agrees not to put up any external or internal signs during the term of the agreement On or prior to the Commencement Date, Landlord will remove at Landlord's expense, all of Tenants pictures that are presently in the west lobby reception area and give them to Tenant
- t. If Landlord chooses to sell the building during the term of this Lease it must be sold under condition that Tenant can remain in the Premises under the terms of this Lease.

Local Law Provisions
Governing Law

Not applicable
State of California

EXHIBIT L-3

Building	Lowara UK Ltd. Millwey Rise Industrial Estate Axminster EX13 5HU, United Kingdom
Landlord	Lowara UK Ltd.
Tenant	ITT Industries Ltd.
Premises (square feet)	16,000 square feet, <i>as depicted on the floor plan attached hereto</i> . Permitted uses — general office, warehouse, light machining, impeller balancing, and pump assembly work which follow traditional engineering practices and are within the parameters of the effective insurance policy.
Term & Option	24 months — Commencing on date of ITT separation into 3 companies Lease is up to 2 years. Tenant will have the option to terminate this agreement at any time after the 1 st twelve months with 6 months advance written notice to the Landlord.
Base Rent & Related Costs	Base Rent of £ Cost plus 2% - 10% per month, to be increased 4.5% after 1 year. The base rent excludes property taxes, property insurance, utilities (natural gas, electricity, and water services), and common services such as building maintenance and compressor usage. Property taxes, insurance, and utilities shall be invoiced separately on a monthly basis at the rate of 30% of the actual monthly cost. Common services will be invoiced at £ Cost plus 2% - 10% per month.
Notices	Notice for Landlord, Lowara UK, to local controller — Norbert Rosser Lowara UK, 44-1297-630-221, Email: norbert.rosser@xyleminc.com Notice for Tenant, ITT Industries LTD, to local controller — Adrian Roberts. Email: adrian.roberts@itt.com The address for Tenant and Landlord is as follows: Millwey Rise Industrial Estate Axminster EX13 5HU, United Kingdom
Rent & Related Payments	<ol style="list-style-type: none">1. Unless otherwise directed by Landlord in writing, all Rent and Utility payments shall be made to Landlord in British Pounds at the address identified in the above "Notice" provision.2. Rent payments are to be made monthly in advance upon presentation of an invoice to the Tenant. 1st rent payment is due on the date of ITT separation. Subsequent rent payments

are due every 30 days. It is Tenant's full responsibility to pay rent on a timely basis.

3. Utility payments shall be invoiced and paid following receipt of each month's utility bills. Tenant's pro-rata share of each utility bill shall be 30%. Utility payments will be due in 30 days.
4. Property tax and insurance payments shall be invoiced and paid following receipt of each month's bills. Tenant's pro-rata share of each bill shall be 30%. Payments will be due in 30 days.
5. Common services payments are to be made monthly upon presentation of an invoice to the Tenant.
6. Payments over 10 days late will be charged interest at a rate of 10% per annum.

Services to be provided by Landlord as a part of the monthly base rent

Exterior structural building maintenance, fire protection, 32 tenant parking spaces, grounds maintenance, loading bay area access.

Special Provisions

1. Tenant will be required to provide, install, and pay for any capital improvements (building, furniture, computers, and equipment) required during the term of the agreement. Installation of capital equipment requires landlord approval in advance.
2. Tenant shall make their own processes for fire alarm and fire assembly point.
3. Tenant agrees to provide at its own expense building reception services via its own entrance to the facility and its own mail room services. These services are for admitting and discharging employees, and authorized guests and customers visiting the facility and for providing mail and package delivery to its own employees. This paragraph does not refer to the construction of the reception area by the Landlord.
4. Tenant agrees to provide the following services at its own expense: internal maintenance, shipping and receiving, janitorial services, pest control, snow removal for its parking area and walkways, ramp/access to tenant loading bay area, security alarm system for tenant occupied area, insurance for tenant owned assets, CCTV, waste removal, in/out system connected to building fire system, upgrade and/or replace any fixtures or fittings in tenant occupied area.
5. Tenant will supply at Tenant's cost a phone system and phones to be used by tenant's employees during the course of this agreement. Tenant will enter into its own contract for phone service at the facility and all costs associated with this contract will be paid for by Tenant.
6. Tenant will supply at Tenant's cost an IT network and system and

personal computers to be used by tenant's employees during the course of this agreement. Tenant shall pay for all operating and maintenance costs associated with this network during the course of this agreement. This excludes electricity as this is provided by the Landlord in the base rent.

7. Landlord shall have entitled access to the Tenant's space in order to carry out maintenance and/or access equipment which affects the entire building (for example, electrical junction boxes).
8. Tenant shall have entitled access to the Landlord's area of the building in order to carry out emissions tests on the spray booth.
9. Tenant will use the waste facilities on premises (belonging to Landlord) for disposal of cardboard and wood.
10. If Landlord chooses to sell the building during the term of this TSA it must be sold under condition that tenant will remain in the building under the terms of this TSA.
11. Tenant will be required to provide and pay for all support and services required to move out of the facility at the end of the lease term. If Tenant requires contractors to assist them in moving out of the facility, tenant agrees to provide landlord with proof of adequate contractor insurance coverage prior to contractor entering into the facility.
12. Tenant agrees to remove all of their personal property from the Landlord's premises at the end of the lease term. Tenant must return rented space to the condition of the leased area as of October 1, 2011.
13. Tenant will be required to provide and pay for all support and services required to move into a new facility at the end of the lease term.
14. Landlord agrees to provide Tenant with 32 unassigned parking spaces in the Landlord's parking lot located on the facility grounds.
15. Tenant agrees that all cabling and connection equipment that is used to attached tenant's PC's to the IT infrastructure will remain the property of the Landlord and will not be removed by the tenant at the end of the lease term.
16. Fixed assets remaining on the books of the Landlord as of the date of the ITT separation will remain the property of the Landlord during and at the end of the lease term.
17. Fixed assets remaining on the books of the tenant as of the date of the ITT separation will remain the property of the Tenant during and at the end of the lease term.
18. Tenant will be required to provide public liability insurance at its own expense for the employees located at landlord's facility based on UK requirements.
19. Tenant agrees to pay all personal property taxes associated with Tenant's personal property located in Landlord's facility. If

Landlord is required to pay personal property taxes on Tenant's personal property, Tenant agrees to immediately reimburse landlord.

20. Tenant will not be allowed to access the Lowara computer network. Tenant's employees will be allowed to access Tenant's own computer network via wireless or landline data connections on the Leased Premises.
21. Tenant shall have the reasonable right to use, and Landlord shall at all times have exclusive control of, and operate and maintain, the Common Areas in the manner Landlord may reasonably determine to be appropriate.
22. Tenant's employees will not be allowed access the areas of the building that are not being rented under this agreement, except to gain access to the pump test facility on a pre-agreed scheduled basis. Tenant's employees will be required to show proper identification to enter the facility and the pump testing area as determined by the Landlord
23. Tenant has no right to sublease their space.
24. Assignment of this agreement requires Landlord approval in writing.
25. Tenant and Landlord shall agree on the posting of external signs during the term of the agreement, except for signs related to the production and assembly of Tenant's products which can be displayed in Tenant's assembly area.
26. On the commencement date of this agreement, Landlord will remove at Landlord's expense, all of Tenants pictures that are presently in the reception and other areas of the building
27. Water Discharges
 - a. Tenant must provide landlord with copy of analysis of water discharges, Air Emissions, Fire Risk, Hazardous materials, Hazardous waste as often as required by the Safety and Environmental Laws and Regulations
 - b. Tenant's Water discharge analysis must be performed in coordination with Landlord's EH&S department
28. Tenant cannot install new assembly lines or new assembly processes at the facility without the advance approval in writing from the Landlord. Adequate time should be given to the Landlord to review any Tenant proposal to install new assembly lines.
29. Choice of Law: The parties irrevocably agree that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with this lease or its subject matter or formation.
30. The Tenant shall keep the Landlord indemnified against all expenses, costs, claims, damage and loss which the Landlord shall incur as a consequence or any breach of any Tenant

covenants in this lease, or any act or omission of the Tennant or its workers, contractors, agents and invitees.

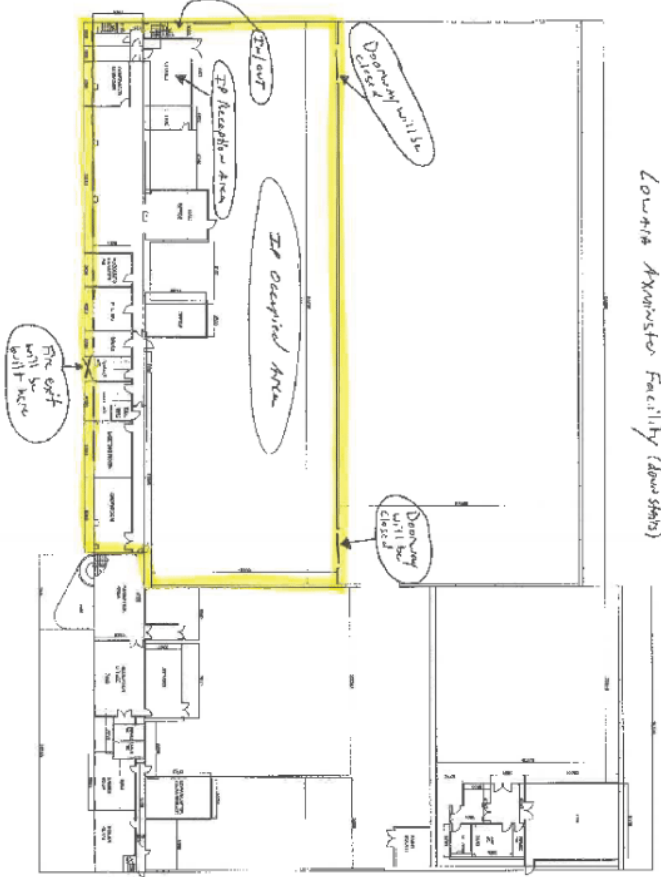
31. As soon as the Tenant becomes aware of any defect in the Property, it shall give the Landlord notice of it. The Tenant shall indemnify the Landlord against any liability in relation to the Property by reason of failure of the Tenant to comply with any of the tenant covenants in this lease.
32. To the extent that the same are not provided by the Landlord as at the date hereof the Tenant shall keep the Property equipped with such fire prevention, detection and fire-fighting equipment which shall be required under all relevant laws or required by the insurers of the Property or reasonably recommended by them or reasonably required by the Landlord or the Superior Landlord and shall keep that, equipment properly maintained and available for inspection.
33. The Tenant shall provide Landlord with access to the Tenant's space for 1) planned maintenance work, and 2) in the case of an emergency. Planned maintenance access shall be requested 24 hours in advance. 24 hour advance notice is not required in the case of emergency access. Landlord shall establish a lock box where a key to the Tenant's area shall be kept. A limited number of parties from both Landlord and Tennant shall have access to the lock box.
34. The Tenant shall carry out Health and Safety operations as per UK Government Guidelines HSG65 and GHG (greenhouse gas) Guidelines or its successors, as applicable, and also cooperate with the Landlord in adhering to its health and safety plan in common areas.
35. The Tenant shall carry out their Environmental obligations and operations as per the Environment Agency's Pollution Prevention Guidance documents as may be relevant, and cooperate with the Landlord in adhering to any Environmental Management System the Landlord operates.

Local Law Provisions

N/A

Governing Law

Please see paragraph "29."



Location Axminster Facility (New Station)

EXHIBIT L-4

Building	#74 WSO Bayard St. Seneca Falls, NY						
Prime Lease (as amended)	Not Applicable						
Landlord	Xylem Inc.						
Tenant	ITT Corporation						
Premises (square feet)	Approximately 13,974, square feet of office space, <i>as depicted on the cross-hatched floor plan attached hereto.</i>						
Term	Lessee shall have a minimum term commencing on the date hereof through February 29, 2012 ("Minimum Term") which may be extended through August 31, 2012, ("Maximum Term") if written notice is provided to the Landlord by January 5, 2012.						
Base Rent	<table><thead><tr><th><u>Period</u></th><th><u>Monthly Rent</u></th></tr></thead><tbody><tr><td>Through 12/31/11</td><td>Cost plus 2% - 10%</td></tr><tr><td>From 1/1/12 through 8/31/12</td><td>Cost plus 2% - 10%</td></tr></tbody></table>	<u>Period</u>	<u>Monthly Rent</u>	Through 12/31/11	Cost plus 2% - 10%	From 1/1/12 through 8/31/12	Cost plus 2% - 10%
<u>Period</u>	<u>Monthly Rent</u>						
Through 12/31/11	Cost plus 2% - 10%						
From 1/1/12 through 8/31/12	Cost plus 2% - 10%						
Notices	<p>To: Landlord Dan Kelly 1133 Westchester Avenue Suite 2000 White Plains, NY 10547 (914) 323-5994</p> <p>To: Tenant Joanne Scalard 1133 Westchester Avenue Suite 3000 White Plains, NY 10547 (914) 641-1783</p>						
Rent Payments	<p>a. Unless otherwise directed by Lessor in writing, all Rent payments shall be made to Lessee at the address identified in the above "Notice" provision.</p> <p>b. Rent payments are to be made monthly in advance. 1st rent payment is due within 5 days of the Commencement Date. Subsequent rent payments are due every 30 days. No invoices will be provided by landlord. It is tenant's full responsibility to pay rent on a timely basis.</p>						

- c. Payments over 10 days late will be charged interest at a rate of 10% per annum

Services to be provided by Landlord

Building maintenance, fire protection, building security, janitorial, pest control, tenant parking, utilities, building insurance, receptionist, real property taxes, mail room, grounds maintenance, and waste removal

Special Provisions

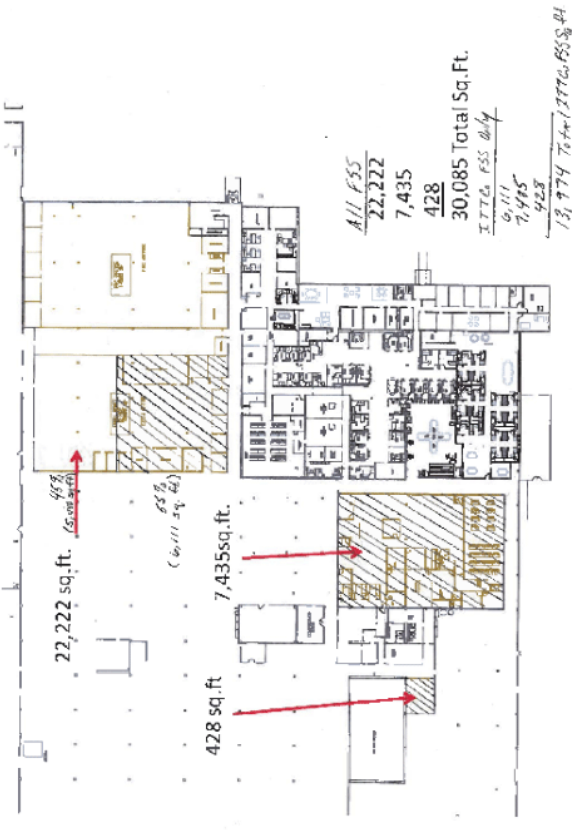
- a. If Landlord chooses to sell the building during the term of this Lease it must be sold under condition that Tenant can remain in the Premises under the terms of this Lease.
- b. Tenant will be required to provide, install, and pay for any capital improvements (building, furniture, computers, and equipment) required during the term of the agreement. Installation of capital equipment requires landlord approval in advance.
- b. Tenant will be required to provide and pay for all support and services required to move out of the facility at the end of the lease term. If tenant requires contractors to assist them in moving out of the facility, Tenant agrees to provide Landlord with proof of adequate contractor insurance coverage prior to contractor entering into the facility.
- c. Tenant agrees to remove all of their personal property from the landlord's premises at the end of the lease term. This includes phones purchased directly by the tenant, but excludes any phones provided by the landlord.
- d. Tenant will be required to provide and pay for all support and services required to move into a new facility at the end of the lease term.
- e. Landlord agrees to provide Tenant with unassigned parking spaces in the parking lot to the East side of the facility.
- f. All PC connection equipment will be designated as the property of the tenant and will be removed by the tenant at tenant's expense at the end of the term of this agreement
- g. Fixed assets currently on the books of the landlord as of Commencement Date will remain the property of the Landlord during and at the end of the lease term.
- h. Fixed assets currently on the books of the Tenant as of the Commencement Date will remain the property of the tenant during and at the end of the lease term.
- i. Tenant will be required to provide workers compensation insurance at its own expense for the employees located at landlord's facility based on State of New York requirements.
- j. Tenant agrees to pay all personal property taxes associated with tenant's personal property located in landlord's facility. If Landlord is required to pay personal property taxes on tenant's

personal property, tenant agrees to immediately reimburse landlord.

- k. Tenant's minimum General Liability Insurance Policy and Property insurance shall be Two Million Dollars (\$2,000,000) and must be paid for by tenant.
- l. Tenant will not be allowed to access the Xylem RCW computer network. Tenant's employees will be allowed to access Tenant's own computer network via wireless or landline data connections on the Leased Premises.
- m. Tenant shall have the reasonable right to use, and Landlord shall at all times have exclusive control of, and operate and maintain, the Common Areas in the manner Landlord may reasonably determine to be appropriate.
- n. Tenant's employees will not be allowed access the other parts of the building that are not being rented under this agreement with exception of the South cafeteria and central rest rooms, except to gain access to rented space. Tenant's employees will be required to show proper identification to enter the facility as determined by the Landlord
- o. Tenant has no right to sublease their space.
- p. Tenant agrees not to put up any external or internal signs during the term of the agreement without prior approval of the Landlord.

Local Law Provisions

New York law shall apply



MASTER SUBLEASE AGREEMENT

THIS MASTER SUBLEASE AGREEMENT ("Sublease") is made as of the 30th day of September, 2011, by and between the each of the sublessors (each a "Sublessor") identified on Schedule I attached hereto and made a part hereof, and each of the sublessees (each a "Sublessee") identified on Schedule I.

WITNESSETH:

WHEREAS, pursuant to the terms and conditions of each lease agreement described on Exhibit S attached hereto and made a part hereof (the "Prime Lease"), each landlord (each a "Landlord") identified on Schedule I leased to each Sublessor certain premises ("Premises") in the building ("Building") described opposite its name on Schedule I (each Sublessor has delivered or made available upon request to each Sublessee a true and complete copy of the relevant Prime Lease);

WHEREAS, each Sublessor in consideration of the rents herein reserved and of the terms, provisions, covenants and agreements on the part of each Sublessee to be kept, observed and performed, desires to sublease to each Sublessee and each Sublessee desires to sublease from each Sublessor a portion of the Premises, shown outlined on the Floor Plan annexed to Exhibit S ("Subleased Premises"), on the terms, covenants and conditions described set forth in Exhibit S and as hereinafter provided; and

WHEREAS, all references herein to "Sublessor" and Sublessee" shall apply to each Sublessor and Sublessee identified on Schedule I and all references to "Landlord", "Prime Lease", "Building", "Premises", "Subleased Premises", "Term", "Base Rent", and Sublessee's proportionate share of "Additional Rent" shall apply to each Sublessor and Sublessee in accordance with the corresponding material terms set forth in Exhibit S applicable to such parties' Subleased Premises.

NOW, THEREFORE, Each Sublessor and each Sublessee covenant and agree as follows:

1. Sublease

Sublessor hereby subleases to Sublessee, and Sublessee hereby hires and subleases from Sublessor, the Subleased Premises.

2. Term

The term ("Term") of this Sublease shall be for the period set forth on Exhibit S, unless sooner terminated pursuant to any provision set forth herein or in the Prime Lease.

3. Base Rent

During the entire Term, Sublessee shall pay Sublessor, as rent for the Subleased Premises, the annual sums ("Base Rent") set forth on Exhibit S, in equal monthly installments, within five (5) days after the first day of each month, without prior notice or demand and without setoff or deduction.

4. Conflicts Between Sublease and Attached Exhibits

In the event of any inconsistencies or conflicts between the terms and provisions of this Sublease and the material terms set forth in Exhibit S, the material terms set forth in Exhibit S shall control, provided in all instances the terms and provisions of this Sublease, including the schedules and exhibits, remain subject to the terms and provisions of the Prime Lease.

5. Rent Payments

All Base Rent, Additional Rent and other charges payable by Sublessee to Sublessor (collectively, "Rent") shall be forwarded in accordance with the applicable provision set forth on Exhibit S. Notwithstanding the foregoing, Sublessee shall pay the first month's installment of Rent upon the execution of this Sublease and, if the date upon which this Sublease is executed occurs on other than the first day of a calendar month, Sublessee shall pay its pro rata share of Rent for such calendar month.

6. Late Charge

In the event that Sublessee shall fail to pay Rent within five (5) days after its due date, then from and after the sixth (6th) day until the date Sublessee finally pays the Rent, Sublessee shall pay Sublessor a late charge at the rate of ten (10%) percent per annum with respect to the delinquent amount, provided, however, no late charges shall be assessed against Sublessee prior to January 1, 2012.

7. Use

Sublessee shall use and occupy the Subleased Premises for the same purposes and in the same manner as used immediately prior to the date hereof and in a manner consistent with the provisions of the Prime Lease.

8. Condition of Subleased Premises

Sublessee acknowledges that Sublessee is hiring the Subleased Premises in "as is" condition. In making and executing this Sublease, Sublessee has not relied upon or been induced by any statements or representations of any person with respect to the physical condition of the Subleased Premises. Sublessee has relied solely on its own investigations, examinations and inspections of the Subleased Premises.

9. Subordination

Sublessor and Sublessee agree that this Sublease is, and shall be, subject and subordinate to all of the terms, covenants and conditions of the Prime Lease, and to the matters to which the Prime Lease shall be subordinate.

10. Incorporation of Prime Lease Terms

10.1 The terms, covenants and conditions contained in the Prime Lease are hereby incorporated herein and shall, as between Sublessor and Sublessee, constitute the terms, covenants and conditions of this Sublease, except to the extent set forth below. As between the parties hereto, Sublessor agrees to observe and perform the terms, covenants and conditions on its part to be observed and performed hereunder and Sublessee agrees to be bound by the provisions of the Prime Lease and to keep, observe and perform the terms, covenants and conditions on its part to be kept, observed and performed hereunder as well as those applicable terms, covenants and conditions to be observed and performed by Sublessor as tenant under the Prime Lease with respect to the Subleased Premises. The remedies of the parties, as Sublessor and Sublessee hereunder, shall be the same as the respective remedies of the Landlord and the tenant under the Prime Lease with respect to the Subleased Premises. Sublessee shall in no case have any rights with respect to the Subleased Premises greater than Sublessor's rights as tenant under the Prime Lease, and Sublessor shall have no liability to Sublessee for any matter or thing for which Sublessor does not have co-extensive rights as tenant under the Prime Lease.

10.2 Sublessee agrees to perform, fulfill and observe all covenants and agreements of Sublessor as tenant, as set forth in the Prime Lease, the extent applicable to the Subleased Premises, except for the covenants and agreements of Sublessor set forth therein with respect to the payment of rent and other charges to the Landlord (and except for the covenants and agreements of Sublessor herein to be performed by Sublessor hereunder) and except with regard to any other provision thereof, the content or context of which would render them inapplicable to Sublessee.

11. Indemnification

Sublessor and Sublessee shall indemnify each other and save the other harmless from and against any and all claims, liability and expense for loss or damage suffered by the other to the extent caused by (i) the negligence, or willful misconduct of the indemnifying party, its agents, contractors or employees; (ii) any act or occurrence in the Sublet Premises unless caused by the negligence or willful misconduct of the indemnifying party, its agents, contractors or employees; and (iii) breach of this Sublease by the indemnifying party, its agents, contractors or employees including, but not limited to, losses caused to the non-indemnifying party under the Sublease. The obligations under this Paragraph 11 shall survive the termination of this Sublease.

12. Liability Insurance

At all times during the Term, Sublessee shall, at its own cost and expense, provide and keep in force for the benefit of Landlord, Sublessee and Sublessor, comprehensive general liability insurance against claims for bodily injury, death or property damage occurring in, on or

about the Subleased Premises, with limits as specified in the Prime Lease. The insurance to be provided and kept in force hereunder by Sublessee shall include Sublessee, as insured, and Sublessor and Landlord, as additional insureds. Said policy shall be obtained by Sublessee and certificates thereof delivered to Sublessor promptly after the signing of this Sublease. Said policy shall be for a period of not less than one year and shall contain a provision whereby the same cannot be materially changed or canceled unless Sublessor is given at least thirty (30) days' written notice of such material change or cancellation. Sublessee shall obtain and pay for renewals of such insurance from time to time at least thirty (30) days before the expiration thereof, and Sublessee shall promptly deliver certificates thereof to Sublessor. Any insurance required to be provided by Sublessee pursuant to this Sublease may be provided by blanket insurance covering the Subleased Premises and other properties of Sublessee upon condition that (i) such blanket insurance complies with all of the other requirements of this Sublease and is acceptable to Sublessor and Landlord, and (ii) certificates of such insurance are delivered to Sublessor and Landlord. Sublessee shall obtain and pay for insurance on its equipment, furnishings, furniture and other personal property in the Subleased Premises.

13. Restriction on Assignments, etc.

Sublessee shall not, directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, assign, mortgage, pledge or encumber this Sublease, or underlet or suffer or permit all or any part of the Subleased Premises to be used or occupied by others, without the prior written consent of Landlord (to the extent and in the manner required under the Prime Lease) and Sublessor, such consent not to be unreasonably withheld, conditioned or delayed, in each instance. Sublessor shall not sublease any portion of the Premises to a competitor of Sublessee. Notwithstanding any of the foregoing, but in each case subject to the governing terms of the Prime Lease, without the consent of Sublessor, Sublessee may assign or sublease this Sublease to any "Affiliate," as defined herein; provided, however, that (i) such assignment or sublease does not violate any provisions of the Prime Lease, (ii) obtains any consent or approval of Landlord required under the Prime Lease, (iii) Sublessee provides Sublessor at least thirty (30) days prior written notice of such assignment or sublease; and (iv) Sublessee and any such Affiliate both remain jointly and severally liable for all obligations and liabilities under this Sublease. "Affiliate" shall mean (i) Sublessee's parent or any other entity that is wholly owned by Sublessee, or under common control with Sublessee; (ii) any entity acquiring all or substantially all of the Sublessee's assets or stock; or (iii) any successor entity to Sublessee following a merger as determined by Sublessor, in Sublessor's reasonable judgment.

14. Alterations

14.1 Sublessee shall not perform any additions, alterations and improvements to the Subleased Premises, or any part thereof, without the prior written consent of Landlord (to the extent required under the Prime Lease) and Sublessor, and otherwise in full compliance with all of the applicable terms, covenants and conditions of the Prime Lease. Sublessee expressly understands and agrees that in the event Landlord requires removal of improvements and alterations performed by and/or for Sublessee and restoration of the Subleased Premises, Sublessee agrees to promptly comply with such removal and restoration requirement of Landlord at the end of the term of the Sublease.

14.2 Sublessor and Sublessee shall cooperate and mutually agree upon any Separation Work (as herein defined) as may be reasonably necessary to sublease the Premises to Sublessee. Subject to any required Landlord approvals, Sublessee shall use commercially reasonable efforts to physically demise and separate the Subleased Premises, but only to the extent Sublessor and Sublessor have mutually agreed upon any required Separation Work, from the remaining portion of Premises (the "Remaining Portion") at Sublessee's sole cost and expense. Such demising and separation work is referred to herein as the "Separation Work." The Separation Work shall include the following, as required and applicable: (i) installation of one or more code-compliant sheetrock demising walls between the Remaining Portion and the Subleased Premises or such other demising and partition materials as shall be reasonably sufficient to separate the Subleased Premises from the Remaining Portion, finished to match the wall finishes on the Premises to the extent practicable; (ii) any reconfiguration of HVAC distribution, sprinkler system distribution, electrical outlets, and lighting necessary as a consequence of installation of such demising wall(s); and all Separation Work must comply with all applicable fire, safety, health, and building codes provided, however, it shall not be a default hereunder if Sublessor does not commence or complete the Separation Work on the date hereof.

15. Approvals

In any instance where the approval or consent of Sublessor is required hereunder, such consent or approval shall not be unreasonably withheld, conditioned or delayed. However, any refusal by Sublessor to consent or approve any matter requested by Sublessee shall be deemed reasonable if, inter alia, Landlord has refused to give consent or approval thereto whenever such consent or approval is necessary under the Prime Lease. To the extent that any of the provisions of the Prime Lease conflict with or are inconsistent with the provisions of this Sublease, whether or not such inconsistency is expressly noted herein, the provisions of the Prime Lease shall in all instances prevail over this Sublease.

16. Notices

16.1 Any notice, demand, bill, invoice, statement or communication which either Sublessor or Sublessee may desire or be required to give to the other in connection with this Sublease shall be in writing and shall be deemed to have been sufficiently given if sent by (i) Certified or Registered Mail, Return Receipt Requested, or (ii) a nationally recognized overnight courier, such as Airborne Express, Federal Express or United Parcel, to such other party at the "Notices" addresses identified on the corresponding Exhibit S.

16.2 Each such bill, invoice, statement, notice or communication shall be deemed to have been delivered on the date when the original of same is received.

17. Time Limits

The time limits set forth in the Prime Lease for the performance of any act or the making of any payment (other than the payment of Rent) are, for the purposes of this Sublease, changed

so that the time of Sublessee in a particular case hereunder to do or perform any act or make any payment shall be three days less than the time of Sublessor as tenant under the Prime Lease to do so in such case.

18. Services

Except as otherwise set forth on Exhibit S attached hereto, Sublessee shall be entitled to receive all of the services pertaining to the Subleased Premises which Sublessor is entitled to receive under the Prime Lease and did receive during the twelve (12) month period immediately preceding the date hereof. Sublessee recognizes that such services are to be supplied by Landlord and not by Sublessor. In the event that Landlord shall fail to supply such services or shall refuse to comply with any of the provisions of the Prime Lease insofar as they affect Sublessee's occupancy of the Subleased Premises, Sublessor shall, at the written request of Sublessee, request Landlord to so comply and if Landlord shall fail or refuse to do so then, to the extent permitted by the terms of the Prime Lease, Sublessee shall have the right to exercise, in its own name and in the name of Sublessor, all of the rights to enforce performance on the part of Landlord as are available to Sublessor, provided that the same shall be without cost, expense or liability to Sublessor. Sublessor shall be under no liability to Sublessee in the event of the failure by Landlord to supply any services, unless the same is due to the fault of Sublessor.

19. Brokerage

Sublessor and Sublessee represent to each other that in connection with this Sublease, they have dealt with no real estate brokers or consultants.

20. Parking and Signage; Satellite Dishes etc.

20.1 Except as otherwise set forth on Exhibit S attached hereto, Sublessor and Sublessee agree to share proportionately all parking and signage rights granted to Sublessor under the Prime Lease, if any, based upon Sublessor's and Sublessee's proportionate share of the Premises.

20.2 Sublessor and Sublessee agree to share proportionately all rights granted to Sublessor under the Prime Lease with respect to satellite dishes and/or antennae equipment, if any, based upon Sublessor's and Sublessee's proportionate share of the Premises.

21. Termination of Prime Lease/Sublease

Sublessor agrees that it shall not exercise any options to terminate the Prime Lease during the Term hereof without having first obtained the prior written consent of Sublessee, such consent not to be unreasonably withheld. If the Prime Lease shall be terminated prior to the Expiration Date of this Sublease, this Sublease shall thereupon be ipso facto terminated and Sublessor shall not be liable to Sublessee by reason thereof, unless said termination shall have been effected because of a default on the part of Sublessor as tenant under the Prime Lease which was not the result of a default by Sublessee.

22. Surrender of Subleased Premises; Holding Over

22.1 This Sublease shall expire and Sublessee shall deliver up and surrender possession of the Subleased Premises to Sublessor on the last day of the Term hereof, and Sublessee hereby waives the right to any notice of termination or notice to quit. Upon the expiration or sooner termination of this Sublease, Sublessee covenants to deliver up and surrender possession of the Subleased Premises in the same condition in which Sublessee has agreed to maintain and keep the same during the term of this Sublease and remove Sublessee's equipment, furniture and other personal property in accordance with the provisions of this Sublease and the Prime Lease, normal wear and tear and damage by fire or other casualty excepted.

22.2 Upon the failure of Sublessee to surrender possession of the Subleased Premises to Sublessor upon the expiration or sooner termination of this Sublease, Sublessee shall pay to Sublessor an amount equal to 150% of the then current Base Rent and additional rent required to be paid by Sublessee under this Sublease, applied to any period in which Sublessee shall remain in possession after the expiration or sooner termination of this Sublease. Acceptance by Sublessor of Base Rent and additional rent after such expiration or earlier termination shall not constitute a consent to a holdover hereunder or result in a renewal. The foregoing provisions of this paragraph are in addition to and do not affect Sublessor's right to reentry or any other rights of Sublessor hereunder or otherwise provided by law.

22.3 In addition to the foregoing provisions, Sublessee hereby covenants and agrees to indemnify and hold Sublessor harmless from and against all costs and expenses, including legal fees and any judgment for monetary damages, incurred and/or paid by Sublessor under the Prime Lease as a result of Sublessee's holdover.

23. Successors and Assigns

This Sublease, together with the agreements, terms, covenants and conditions herein shall bind and inure to the benefit of Sublessor and Sublessee and their respective heirs, personal representatives, successors and, except as is otherwise provided herein, their assigns.

24. Miscellaneous

24.1 Sublessor represents that: (i) Sublessor has not received any notice of default or termination of the Prime Lease; and (ii) Sublessor shall not enter into any agreement that will modify or amend the Prime Lease so as to increase or materially affect the obligations of Sublessee pursuant to this Sublease, or adversely affect Sublessee's right to use and occupy the Subleased Premises or any other rights of Sublessee under this Sublease.

24.2 It is mutually agreed by and between Sublessor and Sublessee that the respective parties shall and they hereby do waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matters whatsoever arising out of or in any way connected with this Sublease, Sublessee's use or occupancy of the Premises,

and/or any claim of injury or damage excluding any claim for personal injury or property damage.

24.3 The headings herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope or intent of this Sublease nor in any way affect this Sublease.

24.4 This Sublease shall be governed by and construed in accordance with the laws of the State, Country or applicable province in which the Premises are located.

24.5 This Sublease contains the entire agreement between the parties and may not be extended, renewed, terminated or otherwise modified in any manner except by an instrument in writing executed by the party against whom enforcement of any such modification is sought. All prior understandings and agreements between the parties and all prior working drafts of this Sublease are merged in this Sublease, which alone expresses the agreement of the parties. The parties agree that no inferences shall be drawn from matters deleted from any working drafts of this Sublease or against the party preparing drafts hereof. The parties took equal part in drafting this Sublease and no rule of construction that would cause any of the terms hereof to be construed against the drafter shall be applicable to the interpretation of this Sublease.

24.6 If any provision of this Sublease shall be invalid or unenforceable, the remainder of the provisions of this Sublease shall not be affected thereby and each and every provision of this Sublease shall be enforceable to the fullest extent permitted by law.

24.7 If any officer, servant or employee of Sublessor renders assistance at the request of Sublessee or on the request of any officer, servant, employee, guest or licensee of Sublessee, then that employee shall be deemed the agent of the person making such request and Sublessor is hereby expressly released from any and all liability or loss in connection therewith.

24.8 This Sublease shall not be recorded.

24.9 Notwithstanding anything to the contrary contained in this Sublease, Sublessee shall reimburse Sublessor, within five (5) business days after demand, as Additional Rent hereunder, for any and all reasonable costs that may be incurred by Sublessor (including, without limitation, its attorneys', accountants' and other professional fees, costs and disbursements) in connection with any request by Sublessee for Sublessor's consent, review or approval relating to any matter hereunder.

24.9 Notwithstanding anything to the contrary contained in this Sublease, each right and remedy of Sublessor or Sublessee provided for in this Sublease shall be cumulative and shall be in addition to every other right or remedy provided for in this Sublease or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by any party hereto of any one or more of the rights or remedies provided for in this Sublease or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by such party of any or all other rights or remedies provided for in this Sublease or now or hereafter existing at law or in equity or by statute or otherwise.

25. Confidential Information

25.1 Notwithstanding the expiration or earlier termination of this Sublease, for a period of five (5) years from the date hereof, Sublessor and Sublessee shall hold, and shall cause each of their respective affiliates and subsidiaries to hold, and shall each cause their respective officers, employees, agents, consultants and advisors (or potential buyers) to hold, in strict confidence, and not to disclose or release or use, without the prior written consent of the other party (which may be withheld in such party's sole and absolute discretion, except where disclosure is required by applicable laws), any and all Confidential Information (as defined herein) concerning any other party; provided, that the parties may disclose, or may permit disclosure of, Confidential Information (i) to their respective auditors, attorneys, financial advisors, bankers, insurers and other appropriate consultants and advisors who have a need to know such information and are informed of their obligation to hold such Confidential Information confidential to the same extent as is applicable to the parties and in respect of whose failure to comply with such obligations, the applicable party will be responsible, (ii) if the parties or any of their respective subsidiaries are required or compelled to disclose any such Confidential Information by judicial or administrative process or by other requirements of applicable laws or stock exchange rule, (iii) as required in connection with any legal or other proceeding by one party against any other party, (iv) as necessary in order to permit a party to prepare and disclose its financial statements, tax returns or other required disclosures, or (v) as necessary for a party to enforce its rights under this Sublease. Notwithstanding the foregoing, in the event that any demand or request for disclosure of Confidential Information is made pursuant to clause (ii), (iii), (iv) or (v) above, each party, as applicable, shall promptly notify the other of the existence of such request or demand and shall provide the other a reasonable opportunity to seek an appropriate protective order or other remedy, which such parties will cooperate in obtaining. In the event that such appropriate protective order or other remedy is not obtained, the party which faces the disclosure requirement shall furnish only that portion of the Confidential Information that is legally required to be disclosed and shall take commercially reasonable steps to ensure that confidential treatment is accorded such Confidential Information. "Confidential Information" shall mean all non-public, confidential or proprietary information concerning Sublessor or Sublessee, or any of their respective affiliates or subsidiaries, or their past, current or future activities, businesses, finances, assets, liabilities or operations, including any such information that was acquired by any party after the date hereof, or that was provided to a party by a third party in confidence, except for any information that is (i) in the public domain or known to the industry through no fault of the receiving party or its affiliates or subsidiaries, (ii) lawfully acquired after the date hereof by such party or its affiliates or subsidiaries from other sources not known to be subject to confidentiality obligations with respect to such information or (iii) independently developed by the receiving party after the date hereof without reference to any Confidential Information.

25.2 Each of the parties acknowledges that it and the other members of their respective affiliates and subsidiaries may have in their possession confidential or proprietary information of third parties that was received under confidentiality or non-disclosure agreements with such third party while part of the ITT Corporation companies. Each of the parties will hold, and will cause the other members of their respective affiliates and subsidiaries and their respective representatives to hold, in strict confidence the confidential and proprietary information of third

parties to which they or any other member of their respective affiliates and subsidiaries has access, in accordance with the terms of any agreements entered into prior to the date on which Sublessor and Sublessee are no longer part of the same group of companies between one or more members of the ITT Corporation companies (whether acting through, on behalf of, or in connection with, the separated Businesses) and such third parties.

25.3 The parties agree that irreparable damage would occur in the event that the provisions of this Section 25 were not performed in accordance with their specific terms. Accordingly, it is hereby agreed that the parties shall be entitled to an injunction or injunctions to enforce specifically the terms and provisions hereof in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity.

26. Access

Sublessee shall have access to the Subleased Premises twenty-four (24) hours a day, seven (7) days a week or as otherwise provided for in the Prime Lease, provided, however, Sublessee's employees shall be required to show proper identification reasonably required by Sublessor to enter the Subleased Premises. Sublessor shall have the right to enter upon or obtain access to the Subleased Premises or any part thereof without charge at all reasonable times upon reasonable prior notice (except in the case of an emergency, in which case no notice will be required) to inspect the Subleased Premises, or to otherwise exercise or perform any of the rights or obligations of Sublessor under the Prime Lease or this Sublease. At any time during the Term of this Sublease, at reasonable times upon prior reasonable notice, Sublessor may, at Sublessor's option, enter into and upon the Subleased Premises if Sublessor reasonably determines that Sublessee is not acting within a commercially reasonable time to maintain, repair or replace anything for which Sublessee is responsible under this Sublease, or the Prime Lease, and correct the same after providing written notice, without being deemed in any manner guilty of trespass, eviction or forcible entry and detainer and without incurring any liability for any damage or interruption of Sublessee's business resulting therefrom. If Sublessee shall have vacated the Subleased Premises, has not paid Rent and is in default beyond any applicable notice and cure period, Sublessor may at Sublessor's option reenter the Subleased Premises at any time during the last six (6) months of the then current Term of this Sublease and make any and all such changes, alterations, revisions, additions and tenant and other improvements in or about the Subleased Premises as Sublessor shall elect, all without any abatement of any of the Rent otherwise to be paid by Sublessee under this Sublease.

28. Counterparts

This Sublease may be executed by one or more of the parties to this Sublease on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF, this Sublease has been executed as of the day and year first above written.

SUBLESSOR:

ITT Corporation India PVT. LTD.

By: /s/ N. Chandrashekar

Name: N. Chandrashekar

Title: Head Finance — ITTCO India

SUBLESSEE:

Xylem Water Solutions India Pvt Ltd.

By: /s/ Tangellapalli Venugopalakrishna

Name: Tangellapalli Venugopalakrishna

Title: Director Finance

IN WITNESS WHEREOF, this Sublease has been executed as of the day and year first above written.

SUBLESSOR:
ITT Fluid Technology S.A.

By: /s/ Miguel Otarola
Name: Miguel Otarola
Title: Director & General Manager

SUBLESSEE:
ITT Water and Wastewater Chile S.A.

By: /s/ Javier Canala-Echevarria
Name: Javier Canala-Echevarria
Title: Managing Director

IN WITNESS WHEREOF, this Sublease has been executed as of the day and year first above written.

SBLESSOR:
Flow Control LLC

By: /s/ Robert Wolpert
Name: Robert Wolpert
Title: President

SIBLESSEE:
Aerospace Controls LLC

By: /s/ Geraldine Hale
Name: Geraldine Hale
Title: Controller

IN WITNESS WHEREOF, this Sublease has been executed as of the day and year first above written.

SUBLESSOR:
ITT Corporation

By: /s/ Aris C. Chicles
Name: Aris C. Chicles
Title: Senior Vice President

SUBLESSEE:
Xylem Inc.

By: /s/ Frank R. Jimenez
Name: Frank R. Jimenez
Title: Vice President & General Counsel

IN WITNESS WHEREOF, this Sublease has been executed as of the day and year first above written.

SUBLESSOR:

Xylem Water Solutions India Pvt. LTD.

By: /s/ Tangellapalli Venugopalakrishna

Name: Tangellapalli Venugopalakrishna

Title: Director Finance

SUBLESSEE:

ITT Corporation India PVT. LTD

By: /s/ N. Chandrashekar

Name: N. Chandrashekar

Title: Head Finance — ITTCO India

IN WITNESS WHEREOF, this Sublease has been executed as of the day and year first above written.

SUBLESSOR:

Xylem Nanjing

By: /s/ Harald Rach

Name: Harald Rach

Title: General Manager Nanjing Xylem

SUBLESEE:

ITT (China) Investment Company Limited (IP China)

By: /s/ Glen McClure

Name: Glen McClure

Title: Director Business Development IP China

SCHEDULE I

EXHIBIT S

MATERIAL TERMS OF EACH SUBLEASE

See Attached

SCHEDULE I

<u>Corresponding Material Terms Exhibit</u>	<u>Building/Premises</u>	<u>Landlord</u>	<u>Sublessor (TSA Provider)</u>	<u>Sublessee (TSA Receiver)</u>
S-1	Savli Plant-Vadodara	Today's Petrotech Ltd	ITT Corporation India PVT. LTD.	Xylem Water Solutions India Pvt Ltd.
S-2	Lot B, of the agricultural and industrial area la Chimba at Antofagasta, described as Lot Number 252 of the year 1996, of the State Real Estate Record Office of Antofagasta. Mrs. Vilma Francisca Ramírez Cuevas acquired the property from Mrs. Magaly del R . Cortes Ossandon through a purchase agreement shown at the office of the Public Notary from Antofagasta of Mr. Luis H. Chávez Zambrano dated June 24, 1996. The property is registered in page 3.406 under number 4.674 of the Real Estate Records kept at the State Records of Antofagasta in the year 1997 Acantitita N° 597 — B,Antofagasta, Chile	Vilma Francisca Ramirez Cuevas Industrial Compania Limitada	ITT Fluid Technology S.A.	ITT Water and Wastewater Chile S.A.
S-3	Av. Washington # 3701, Edificio 8 Parque Industrial las Americas C.P. 31114 Chihuahua, Chih. Mexico 31200	Grupo American Industries Ave. Washington #3701 Edificio. 18 Parque Industrial las Americas, Chihuahua, Chih. Mexico 31200	Flow Control LLC	Aerospace Controls LLC

Corresponding Material Terms Exhibit	Building/Premises	Landlord	Sublessor (TSA Provider)	Sublessee (TSA Receiver)
S4	1133 Westchester Avenue, First Floor, White Plains, New York 10604	1133-399 Westchester Avenue, LLC and and 1133-300 Westchester Avenue, LLC.	ITT Corporation	Xylem Inc.
S-5	New Delhi Sales Office	Narayan Prasad Sharma & Kailash Chand Sharma	Xylem Water Solutions India Pvt. LTD.	ITT Corporation India PVT. LTD.
S-6	Nanjing Warehouse Space		Xylem Nanjing	ITT (China) Investment Company Limited (IP China)

EXHIBIT S-1

Building	Savli Plant-Vadodara Plot no 731, GIDC Savli, Manjusar-Savli GIDC, Vadodara — 391770
Landlord	Todays Petrotech Limited
Sub Lessor	ITT Corporation India Pvt. LTD
Sub Lessee	Xylem Water Solutions India Pvt Ltd.
Premises	375,000 sq. ft. including offices, shed and common area
Sublease Premises (square feet)	Agreed to portion of the 375,000 sq. ft. including offices, shed and common area will be shared
Term	Sublessee shall have a minimum term commencing on October 31, 2011 (the "Commencement Date") through November 30, 2011 ("Minimum Term") which may be extended upon 15 days prior written notice to Sublessor through March 31, 2012 Rent is due by day 5 of each calendar month. Sublessee's obligation to pay rent shall commence on the Commencement Date.
Rental Payments	Base rent: Cost plus 2% - 10% handling charge per month
Notices	<u>Sub Lessor:</u> Rabi Burman, Director, Sales ITT Corporation India Pvt Ltd, Plot No 731, GIDC Savli, Manjusar-Savli Rd, Vadodara, India, 91 22 678 84 3032 Rabindranath.burman@itt.com <u>Sublessee:</u> Sam Yamdagni, President & Managing Director Xylem Water Solutions India Private Limited Plot No. 731, GIDC Savli, Manjusar – Savli Road, Vadodara — 391770 91 22 678 43 080
Services to be provided by Sub Lessor	Common Area, Plant and Office Space to be utilized by Sub Lessee for operations, functional management and space for employees and meetings. The Base rent covers the following items:

- a. Lease
- b. Security
- c. Canteen
- d. Horticulture
- e. Water
- f. Electricity
- g. Housekeeping
- h. Printing & Stationery
- i. Pantry
- j. Telephone
- k. Water
- l. DG Set
- m. Insurance

Special Provisions

Any additional investment required for capital improvements (building, furniture, computers, and equipment) during the period of the TSA by Sub Lessee Limited shall need to be paid by Sub Lessee. Installation of capital equipment requires ITT Corporation India Private Limited approval in advance.

Capital expenditures and related expenses that are incurred by Sub Lessor to prepare facility for Sub Lessee occupancy and usage of production facility under the terms of this TSA, prior to the commencement date of the TSA, will be paid for by Sub Lessor and either expensed or capitalized and the related depreciation or amortization is considered to be a part of the Base Rent as shown in this TSA

Sub Lessee will be required to provide and pay for all support and services required to move out of the facility at the end of the lease term. If Sub Lessee requires contractors to assist them in moving out of the facility, Sub Lessee agrees to provide landlord with proof of adequate contractor insurance coverage prior to contractor entering into the facility.

Sub Lessee agrees to remove all of their personal property from the Sub Lessor's premises at the end of the lease term. Sub Lessee must return rented space to pre move in condition, with the exception of the offices, which should be left in an "as is" condition.

Sub Lessee will be required to provide and pay for all support and services required to move into a new facility at the end of the lease term.

Sub Lessor will provide Sub Lessee with sufficient Seating & parking spaces in the parking lot.

Sub Lessee agrees that all cabling and connection equipment that is used

to attached Sub Lessee's PC's to the IT infrastructure will remain the property of the Sub Lessor and will not be removed by the Sub Lessee at the end of the TSA.

Fixed assets on the books of the respective parties as of the date of the ITT separation will remain the property of the respective parties during and at the end of the TSA term.

Sub Lessee shall have the reasonable right to use, and Sub Lessor shall at all times have exclusive control of, and operate and maintain, the Common Areas including the cafeteria in the manner Sub Lessor may reasonably determine to be appropriate.

Assignment of this agreement requires Sub Lessor's approval in writing

Local Law Provisions

Indian Contract Act, 1872

Blueprint of Existing Premises

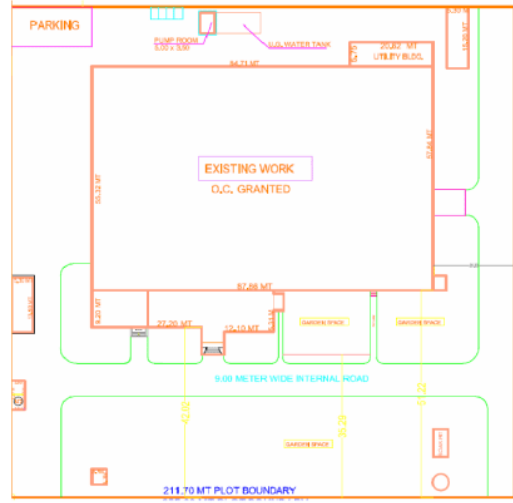


EXHIBIT S-2

Building	Lot B, of the agricultural and industrial area la Chimba at Antofagasta, described as Lot Number 252 of the year 1996, of the State Real Estate Record Office of Antofagasta. Mrs. Vilma Francisca Ramirez Cuevas acquired the property from Mrs. Magaly del R . Cortes Ossandon through a purchase agreement shown at the office of the Public Notary from Antofagasta of Mr. Luis H. Chávez Zambrano dated June 24, 1996. The property is registered in page 3.406 under number 4.674 of the Real Estate Records kept at the State Records of Antofagasta in the year 1997 Acantiita N° 597 – B Antofagasta, Chile
Prime Lease (as amended)	Leasing Contract dated Nov 1, 2002
Landlord	Vilma Francisca Ramirez Cuevas Industrial Compania Limitada
Sub Lessor	ITT Fluid Technology S.A.
Sub Lessee	ITT Water and Wastewater Chile S.A.
Premises (square feet)	2,776.95 Sq Meters
Subleased Premises (square feet)	15 sq meters (office space) and 125 sq meters (warehouse space, <i>as depicted on the floor plan attached hereto</i> . Permitted uses – general office, warehouse storage, packing, equipment distribution, shipping & pump assembly
Term & Option	3 months — Commencing on October 31, 2011 (the “Commencement Date”) Sub Lessee will have the option to renew at 1.15 times base rent as noted below for an additional 3 months, if written notice is provided to the Sub Lessor 60 days prior to the termination of this agreement. Sub Lessee will have the option to terminate this agreement at any time with 1 month advance written notice to the Sub Lessor Sublessee’s obligation to pay rent shall commence on the Commencement Date.
Base Rent	Total Base Rent will be Cost plus 2% - 10% per month, payable in Chilean Pesos. The Base Rent includes a charge for other building related services 5.8% of space rent of Cost plus 2% - 10% or Cost plus 2% - 10% per month. The UF exchange rate to be used to convert invoices from UF to Chilean Pesos will be the

rate as published in the newspaper El Mercurio on the invoice date. IVA taxes of 19% will be charged to sub lessee on each invoice. Sublessee's obligation to pay rent hereunder shall commence on the Commencement Date.

**Sublessee's
Security Deposit**

Sub Lessor acknowledges that sub lessee has previously provided sub lessor with a one month security deposit of Cost plus 2% - 10%, which will be returned within 30 days of the termination of this agreement, provided the sub lessee complies with the Special Provisions clauses b, c, f, and g of this agreement that relate to moving out of the facility

Notices

Sub Lessor – Miguel Otarola Bawdehn,
Director, GM Latin America, Camino de la Colina 1448 Parque
Industrial, El Rosal, Huechuraba,
Santiago Chile,
562-544-7011,
miguel.otarola@itt.com

Sub Lessee – Javier Canala
Alcalde Guzman 1480
Quilicura, Santiago Chile
javier.canala@xyleminc.com

Rent Payments

- a. Unless otherwise directed by Sub Lessor in writing, all Rent payments shall be made to Sub Lessor by bank wire transfer to a Sub Lessor designated bank in Chile. Rent payments are to be made monthly in advance upon presentation of invoice to the Sub Lessee. 1st rent payment is due within 5 days after Commencement Date. . Subsequent rent payments are due every 30 days. It is Sub Lessee's full responsibility to pay rent on a timely basis.
- b. Payments over 10 days late will be charged interest at a rate of 10% per annum

**Services to be provided by Sub Lessor as a
part of the monthly Base Rent**

Building maintenance, fire protection, building security, janitorial, pest control, utilities, minimal kitchen services, building insurance, real property taxes, grounds maintenance, internet access for 2 sub lessees employees, building reception service, and incoming mail distribution

Special Provisions

- a. Sub Lessee will be required to provide, install, and pay for any capital improvements (building, furniture, computers, and equipment) required during the term of the agreement. Installation of capital equipment requires Sub Lessor approval in advance.
- b. Sub Lessee will be required to provide and pay for all support and services required to move out of the facility at the end of the lease term. If Sub Lessee requires contractors to assist them in moving

out of the facility, Sub Lessee agrees to provide Sub Lessor with proof of adequate contractor insurance coverage prior to contractor entering into the facility.

- c. Sub Lessee agrees to remove all of their personal property (including all inventories) from the Premises at the end of the lease term. Sub Lessee must return rented space to pre move in condition, with the exception of the offices, which should be left in an "as is" condition. This includes phones purchased directly by the Sub Lessee, but excludes any phones provided by the Sub Lessor.
- d. Sub Lessee will be required to provide and pay for all support and services required to move into a new facility at the end of the lease term.
- e. Sub Lessee agrees to park its light trucks on the public street and will not park these vehicles on the facility grounds
- f. Sub Lessee agrees that all cabling that is used to attached Sub Lessee's PC's to the IT infrastructure will remain the property of the Sub Lessor and will not be removed by the Sub Lessee at the end of the lease term.
- g. All PC connection equipment will be designated as the property of the Sub Lessor and will not be removed by the Sub Lessee at the end of the term of this agreement
- h. Sub Lessee agrees to maintain it's PC's at its own cost. Sub Lessor will not provide PC maintenance services to Sub Lessee during the term of this agreement.
- i. Fixed assets on the books of the Sub Lessor as of the Commencement date will remain the property of the Sub Lessor during and at the end of the lease term. This includes but is not limited to the 5 ton bridge crane and the central telephone switching device located at the facility
- j. Fixed assets on the books of the Sub Lessee as of the date of the ITT separation will remain the property of the Sub Lessee during and at the end of the lease term. This includes but is not limited to the warehouse container, warehouse racking, and furniture located in the warehouse container as well as furniture used in the office area by sub lessee's employees, and the cell phones used by sub lessee's employees
- k. Minimal kitchen services are defined as coffee, hot water, sugar and other condiments for coffee only.
- l. Sub Lessee agrees to pay all personal property taxes associated with Sub Lessee's personal property located on the Premises. If Sub Lessor is required to pay personal property taxes on Sub Lessee's personal property, Sub Lessee agrees to immediately reimburse Sub Lessor.
- m. Sub Lessee will not be allowed to access the Sub Lessor computer network. Sub Lessee's employees will be allowed to

access Sub Lessee's own computer network and the internet via wireless cell phones and USB memory stick.

- n. Sub Lessee shall have the reasonable right to use, and Sub Lessor shall at all times have exclusive control of, and operate and maintain, the Common Areas including, but not limited to the kitchen in the manner Sub Lessor may reasonably determine to be appropriate.
- o. Sub Lessee's employees will not be allowed access to any Sub Lessor manufacturing areas. Sub Lessee's employees will be required to show proper identification to enter the facility as determined by the Sub Lessor.
- p. Sub Lessee agrees to provide the following insurance coverage for the duration of this agreement
 - Civil Responsible Coverage US \$2,000,000.- (against third parties)
 - Fire and Earthquake Coverage US \$151,000 (physical assets), US \$121,000 (equipment), US \$30,000 (inventory)
 - Life and accident insurance to each of our employees. UF 1000 (per person). Equivalent to US \$46,000 per person.
- q. Sub Lessee has no right to sublease their space.
- r. Sub Lessee agrees not to put up any external or internal signs during the term of the agreement. Sub Lessee will be invoiced by Sub Lessor for the actual cost of long distance calls made by Sub Lessee employees. Invoices will be sent monthly and Sub Lessor will include as backup to the invoice an itemized list of the long distance phone calls made by Sub Lessee's employees as per the phone company records and phone company invoice to the Sub Lessor. Payment will be made by the Sub Lessee via bank wire transfer no later than 30 days after the invoice date (See Rent Payments — item a — for bank account details).
- s. Sub Lessee will not have the right to transfer additional assembly lines or any other employees or activities into the facility
- t. The Sub Lessor shall not be responsible to reimburse sub lessee in the event that sub lessee's property is stolen as a result of a robbery that may take place at the property nor for damages that the sub lessee's property may suffer as a result of fire, floods, breakage of sewer, humidity or heat effects and all situations of similar nature.

Local Law Provisions

None

Governing Law

Antofagasta, Chile

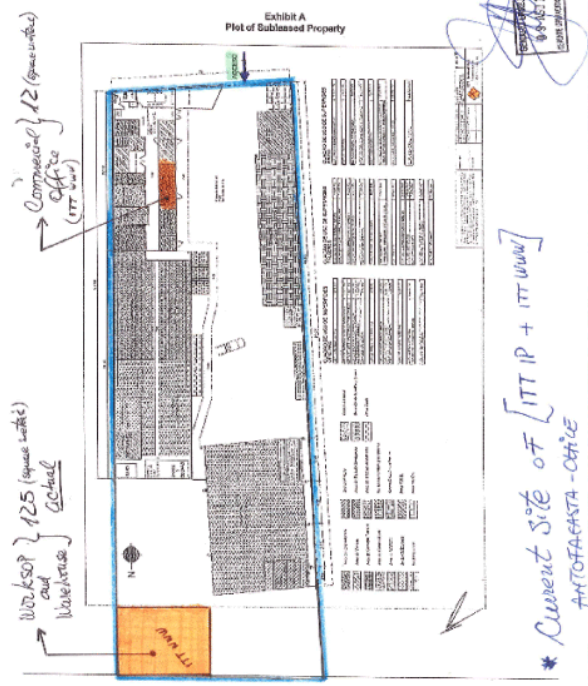


EXHIBIT S-3

Building	Calle Washington # 3701 Building 8 Interior Ave de las Americas, Parque Industrial las Americas, Chihuahua, Chihuahua Mexico 31200
Prime Lease (as amended)	Lease contract dated Oct 7, 2005 as amended on March 14, 2006
Landlord	Grupo American Industries
Sub Lessor	Flow Control LLC
Sub Lessee	Aerospace Controls LLC
Premises (square feet)	109,606 Sq Ft
Subleased Premises (square feet)	16,600 square feet, <i>as depicted on the floor plan attached hereto</i> . Permitted uses — general office, warehouse and storage, quality labs, receiving and shipping, computer servers, machining, fabrication, and assembly.
Term & Option	6 months — Commencing on October 31, 2011, (the “Commencement Date”) Sub lessee will have the option to renew at 1.15 times base rent as noted below for an additional 3 months, if written notice is provided to the Sub Lessor 60 days prior to the termination of this agreement. Sub lessee will have the option to terminate this agreement at any time during, or after the 1 st 6 months with 1 months advance written notice to the Sublessor. Sublessee’s obligation to pay rent hereunder shall commence on the Commencement Date.
Base Rent	Cost plus 2% - 10% per month fixed charge payable in US Dollars
Notices	Sub Lessor — Dan Kelly 1133 Westchester Avenue, Suite 2000 White Plains, NY 10605 914- 323- 5994, dan.kelly@xyleminc.com Sub Lessee — Alan Gilden Director, Integrated Supply Chain 28150 Industry Drive Valencia, Ca. 91355 Alan.Gilden@itt.com

Base Rent Payments

- a. Unless otherwise directed by Sub Lessor in writing, all Base Rent payments shall be made to Sub Lessor in US Dollars at the address identified in the above "Notice" provision.
- b. Base Rent payments are to be made monthly in advance upon presentation of invoice to the Sub lessee. 1st base rent payment is due within 5 days after Commencement Date. Subsequent base rent payments are due every 30 days. It is sub lessee's full responsibility to pay base rent on a timely basis.
- c. Payments over 10 days late will be charged interest at a rate of 10% per annum

Services to be provided by Landlord as a part of the monthly base rent

Building maintenance, fire protection, pest control, sub lessee parking, building insurance, real property taxes, grounds maintenance, mail delivery and receptionist services,

**Facility Pass Through Expenses —
Additional Rent Changes**

- a. All utilities, cafeteria, janitorial, security, waste disposal, telephone service, cell service T1 internet line, and tular "paging system" will be passed through to sub lessee at sub lessor's cost with no mark up over and above amount charged by the landlord to the sub lessor.
- b. Sub lessor will invoice sub lessee once a month immediately following receipt of invoices from the landlord and obtaining invoice approval from both the sub lessor and sub lessee Mexico General Mangers. The monthly invoice from the sub lessor will be accompanied by all of the landlord's invoices as substantiation for the invoice. All invoices will be payable in US Dollars.
- c. Payment terms are net 30 days from sub lessor invoice date
- d. Payments over 10 days late will be charged interest at a rate of 10% per annum
- e. There will be no changes to proration percentages used by the landlord to allocate facility expenses between the sub lessor and sub lessee during term of this agreement. The proration percentages used by the landlord immediately prior to the Commencement Date will be used for the term of this agreement.
- f. The sub lessee's General Manager agrees that invoice approval must be completed within 5 days of receipt of the invoices from the sub lessor or reasons for non approval disclosed to the sub lessor

Special Provisions

- a) Sub lessee will be required to provide, install, and pay for any capital improvements (building, furniture, computers, and equipment) required during the term of the agreement. Installation of capital equipment requires sub lessor approval in advance.
- b) Sub lessee agrees to provide at its own expense an entrance to the facility which will be completed before the Commencement Date. Sub lessee's employees will only be allowed to enter the facility through

this new entrance. Sub lessee agrees that it will hire additional security services through the landlord in connection with safeguarding this new entrance, and that these expenses will be paid for by the sub lessee

- c) Sub lessee will be required to provide and pay for all support and services required to move out of the facility at the end of the lease term. If sub lessee requires contractors to assist them in moving out of the facility, sub lessee agrees to provide sub lessor with proof of adequate contractor insurance coverage prior to contractor entering into the facility.
- d) Sub lessee agrees to remove all of their personal property from the Premises at the end of the lease term. Sub lessee must return rented space to pre move in condition, with the exception of walls, ducting, lighting, other plumbing, and the offices, which should be left in an "as is" condition.
- e) Sub lessee will be required to provide and pay for all support and services required to move into a new facility at the end of the lease term.
- f) Sub Lessor will provide sub lessee with 6 assigned parking spaces in the Landlord's parking lot located on the facility grounds inside the fence on the south side of the facility.
- g) Sub lessee will at its own expense create parking spaces for any additional required sub lessee vehicles on the east side of the building.
- h) Sub lessee agrees that all cabling that is used to attached Sub lessee's PC's to the IT infrastructure before the Sub lessee's Switch will remain the property of the sub lessor and will not be removed by the sub lessee at the end of the lease term.
- i) All PC connection equipment will be designated as the property of the Sub lessee and will be removed by the Sub lessee at Sub lessee's expense at the end of the term of this agreement less office wiring and the like.
- j) Fixed assets on the books of the sub lessor (including the telephone switch) as of the Commencement date will remain the property of the sub lessor during and at the end of the lease term.
- k) Fixed assets on the books of the Sub lessee as of the date of the ITT separation will remain the property of the Sub lessee during and at the end of the lease term.
- l) Sub lessee agrees to provide all IT support necessary to maintain Sub lessee's Server Room at its own cost. Upon termination of this agreement, Sub lessee will provide all required support at its own cost to shutdown, package and remove the servers from the Premises.
- m) Sub lessee agrees to pay all personal property taxes associated with Sub lessee's personal property located on the Premises. If sub lessor is required to pay personal property taxes on Sub lessee's personal property, Sub lessee agrees to immediately reimburse sub lessor.
- n) Sub lessee will not be allowed to access the Flow Control computer network and vice versa. Sub lessee's employees will be allowed to access Sub lessee's own computer network via wireless or landline data connections on the Premises.
- o) Sub lessee shall have the reasonable right to use, and sub lessor shall at all times have exclusive control of, and operate and maintain, the

Common Areas including, but not limited to the cafeteria in the manner sub lessor may reasonably determine to be appropriate.

- p) Sub lessee's employees will not be allowed access to any sub lessor manufacturing areas, except on an escorted basis (examples — nurse office, cafeteria, purchasing office etc.). Sub lessee's employees will be required to show proper identification to enter the facility as determined by the sub lessor
- q) Sub lessee's minimum General Liability Insurance Policy and Property insurance shall be Two Million Dollars (\$2,000,000) and must be paid for by sub lessee.
- r) Sub lessee has no right to sublease their space.
- s) Sub lessee agrees not to put up any external or internal signs during the term of the agreement, except for signs related to the production and assembly of Sub lessee's products, which can be displayed in Sub lessee's assembly area.
- t) Sub lessor agrees to take down any signs at the facility that contain the name "ITT" on them at its own expense
- u) Sub lessee will have the right to transfer additional production into the facility, provided that the following criteria are met:
 - a. They can be fit into the existing space that is being rented under the terms of this Lease
 - b. Advance written approval required by Sublessor, not to be unreasonably withheld
- v) Prior to the Commencement Date, sub lessee will put in the following at its own expense;
 - a. Separate employee entrance
 - b. Fencing required to separate the Sub Lessor and sub lessee employees and work areas
- w) Sub lessor agrees to provide sub lessee access to sub lessor's shipping / receiving dock for truck loading and truck unloading purposes for the duration of this agreement

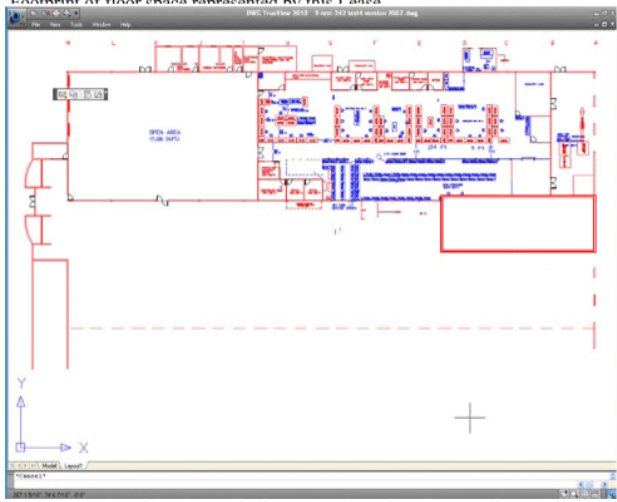
Local Law Provisions

None

Governing Law

Chihuahua, Chihuahua, Mexico

Footprint of floor space represented by this Lease



Detail of the Leased floor space.

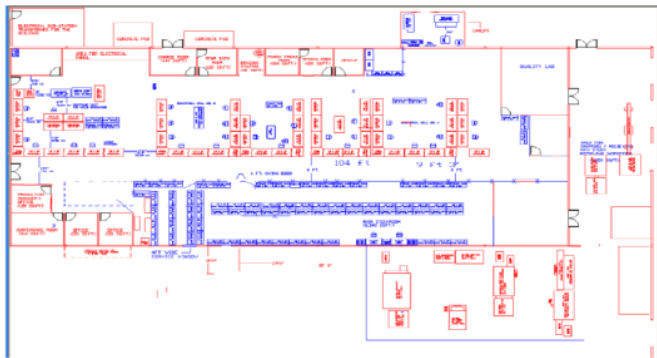


EXHIBIT S-4

Building 1133 Westchester Avenue, White Plains, New York 10604

Prime Lease (as amended) Lease Agreement, dated on or about October 31, 2011, between ITT Corporation and 1133-399 Westchester Avenue, LLC, effective October 31, 2011

Landlord 1133-399 Westchester Avenue, LLC and 1133-300 Westchester Avenue, LLC.

Sub Lessor ITT Corporation

Sub Lessee Xylem Inc.

Premises The space leased by ITT Corporation on or prior to the Commencement Date at the Building, including any additional storage space

Subleased Premises (square feet) 7114 rentable square feet, *as depicted on the floor plan attached hereto.*

Tenant and Subtenant shall equally share and equally have the right to use the Subleased Premises in a manner similar to the way ITT Corporation utilized the space during the 12 months prior to October 31, 2011.

Term & Option Term: Commencing on the Distribution Date (the "Commencement Date") and ending on December 31, 2013.

Base Rent Cost plus 2% - 10% per month during 2011
Cost plus 2% - 10% per month during 2012
Cost plus 2% - 10% per month during the period January 1, 2013 through and including July 31, 2013
Cost plus 2% - 10% per month from August 1, 2013 through the end of the Term

Sublessee's Proportionate Share of CAM Charges Subtenant will pay 50% of the maintenance, cleaning, heating, telephone, electrical and other utility costs, fire protection, plant service, holiday decorations, and shared mechanical systems for the Subleased Premises, otherwise known as common area maintenance, plus 50% of the agreed to leasehold improvements ("CAM") charges for the Subleased Premises. The parties understand that CAM charges may be incurred from multiple parties including Landlord, Sublessor or other third parties. The Base Rent amount set forth above includes a 2% increase above actual costs for the calendar years 2012 and 2013. Tenant shall provide Subtenant with reasonable documentation supporting the CAM charges.

Notices

Sub Lessor:

ITT Corporation
1133 Westchester Ave
Suite 3000
White Plains, NY 10604
Attention: General Counsel

Sub Lessee:

Xylem Inc.
1133 Westchester Ave
Suite 2000
White Plains, NY 10604
Attention: General Counsel

Day to Day Contact Personnel

Sub Lessor Representative:

ITT Corporation
Tom McArdle (914) 641-2075
Tom.McArdle@itt.com

Sub Lessee Representative:

Xylem Inc.
Carolyn Clark (914) 323-5858
Carolyn.Clark@Xylem.com

Rent Payments

- 1) Unless otherwise directed by Landlord in writing, all Rent payments and payments of CAM charges shall be made to Tenant at the address identified in the above "Notice" provision.
- 2) Rent payments are to be made monthly in advance. 1st rent payment is due within 5 days of the Commencement Date. Subsequent rent payments are due every 30 days. It is Subtenant's full responsibility to pay rent on a timely basis. Subtenant shall pay the CAM charges within 30 days of the date of an invoice (provided by Tenant) describing such charges.
- 3) Payments over 10 days late will be charged interest at a rate of 10% per annum.

Services to be provided by Tenant as a part of the monthly base rent

- 1) Tenant will maintain the Subleased Premises in a manner similar to the way it was maintained during the twelve months prior to October 31, 2011, including but not limited to contracting for and providing CAM services.
- 2) Tenant will provide security access to all perimeter doors and coordinate with the Subtenant Representative, identified above in

connection with access to the Premises and/or Sublease Premises during business and non-business days.

- 3) Subtenant and Tenant agree that the location and use of the reception area of each company on the first floor of the Subleased Premises shall be as depicted on Annex A.
- 4) Subtenant and Tenant agree that Deloitte & Touche ("D&T") can share the space indicated on Annex A. In the event, either Tenant or Subtenant changes its auditors, the space currently configured for D&T shall be modified to allow for the separation of the auditors of the Tenant and Subtenant into equal space with equal access. The party to this Sublease that changes their auditors shall be responsible for all costs associated with the modification of the Sublease Premises.
- 5) Subtenant shall be permitted to brand a portion of the lobby as agreed to with the Tenant and place a monument within Tenant's outdoor space in accordance with the terms of the Prime Lease.
- 6) Tenant and Subtenant shall cooperate and work together in good faith to allow each other to transition into their own space at the Premises, shall make tapes from the security cameras available in the event of an investigation, shall promptly return mail or other deliveries inadvertently provided to the other and shall advise the other party of activities or information impacting the Premises they reasonably believe the other party would want to know, provided, however, that such activities shall not unduly burden or interfere with either party's business and operations.

Special Provisions

- 1) Within 15 days after this TSA has ended Subtenant will remove, at its cost, its logo and any and all improvements or modifications made for the benefit of the Subtenant to the Subleased Premises after September 15, 2011.
- 2) Subtenant will be required to provide, install, and pay for any capital improvements (building, furniture, computers, and equipment) required by it during the term of the agreement. Installation of capital equipment may require Landlord approval in advance.
- 3) Subtenant will be required to provide and pay for all support and services required to move out of the Subleased Premises at the

end of the Term. If Subtenant requires contractors to assist them in making capital improvements or moving out of the Subleased Premises, Subtenant agrees to provide Tenant with proof of adequate contractor insurance coverage prior to contractor entering into the facility.

- 4) Subtenant agrees to remove all of their personal property from the Sublease Premises at the end of the Term. This includes phones purchased directly by the Subtenant, but excludes any phones provided by the Landlord or Tenant. Subtenant will restore the Subleased Premises to the condition it was in prior to September 15, 2011 with respect to actions it has taken that impact the Subleased Premises after that date.
- 5) Subtenant will be required to provide and pay for all support and services required to move into a new facility at the end of the Term.
- 6) Subtenant agrees that all cabling that is used to attached Subtenant's PC's to the IT infrastructure will remain the property of the Tenant and will not be removed by the Subtenant at the end of the Term.
- 7) Fixed assets currently on the books of the Tenant as of Commencement Date will remain the property of the Tenant during and at the end of the Term.
- 8) Fixed assets currently on the books of the Subtenant as of the Commencement Date will remain the property of the Subtenant during and at the end of the Term.
- 9) The Subtenant's IT, maintenance and other appropriate employees will be allowed access, upon reasonable notice, to Tenant's controlled areas at 1133 Westchester Avenue, White Plains, NY, including the Subleased Premises, for normal business purposes.
- 10) The Tenant's IT, maintenance and other appropriate employees will be allowed access, upon reasonable notice, to Subtenant's controlled areas at 1133 Westchester Avenue, White Plains, NY, for normal business purposes

Subtenant's minimum General Liability Insurance Policy and Property insurance shall be Two Million Dollars (\$2,000,000) and must be paid for by Subtenant.

11) Subtenant will be permitted to use during the Term one of Tenant's reserved spots in the back of the building.

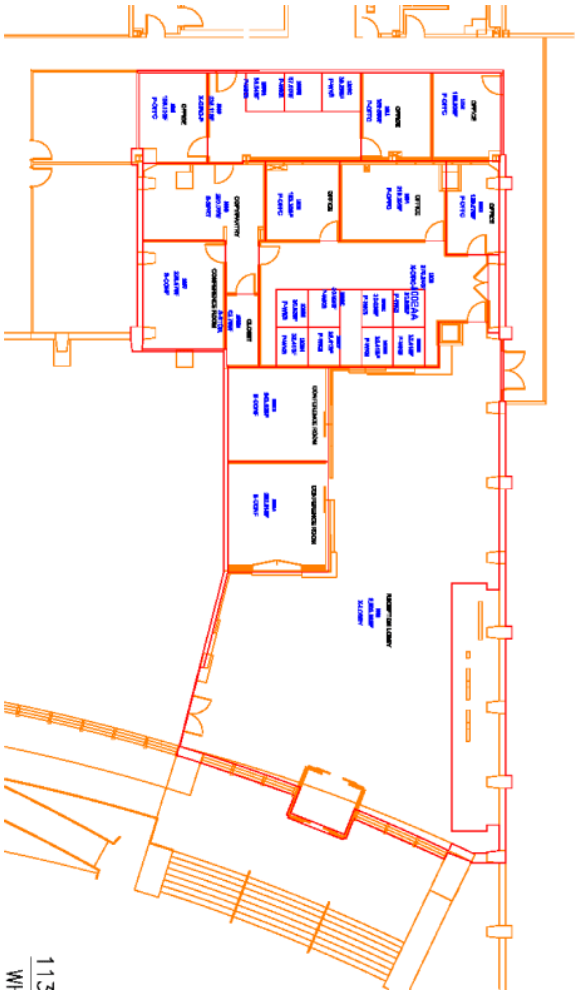
12) Subtenant will install a shut-off valve for the glycol cooling system at the end of the Term.

Local Law Provisions

Not applicable

Governing Law

State of New York



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WI

EXHIBIT S-5

Building	New Delhi India Sales Office H-20, Bali Nagar, New Delhi-110015
Prime Lease (as amended)	
Landlord	Mr. Narayan Prasad Sharma & Kailash Chand Sharma
Sub Lessor	Xylem Water Solutions India Private Limited
Sub Lessee	ITT Corporation India PVT. LTD
Premises (square feet)	
Subleased Premises (square feet)	Commercial office space of ground floor having super covered area appr. 900 sq. ft.
Term	Sublessee shall have a minimum term commencing on October 31, 2011 (the "Commencement Date") through December 31, 2011 ("Minimum Term") which may be extended upon 30 days prior written notice to Sublessor through December 31, 2012 Sublessee's obligation to pay rent shall commence on the Commencement Date.
Monthly Rent	Base Rent : Cost plus 2% - 10%
Notices	Sub Lessor: Sam Yamdagni, President & Managing Director Xylem Water Solutions India Private Limited Plot No. 731, GIDC Savli, Manjusar — Savli Road, Vadodara — 391770 91 22 678 43 080 Sam.yamdagni@xyleminc.com Sub Lessee: Rabi Burman, Director, Sales ITT Corporation India Pvt Ltd, Plot No 731, GIDC Savli, Manjusar-Savli Rd, Vadodara, India, 91 22 678 84 3032 Rabindranath.burman@itt.com
Rent Payments	Rent payments are to be paid in advance within 5 days after the commencement of the lease (its pro rata share for the first month) and within 5 days of the beginning of every other month.

Unless otherwise directed by Sublessor in writing, all Rent payments shall be made to Sublessor at the address identified in the above "Notice" provision.

Services to be provided by Sublessor

Common Office Area to be utilized by Sublessor and Sublessee. Permitted Common Expenses covered include the following (in quantities and quality as provided during the 12 months period prior to October 1, 2011) :

- a. Electricity
- b. Housekeeping
- c. Printing
- d. Pantry
- e. Telephone
- f. Internet

Special Provisions

1. Sublessee will provide, install, and pay for any capital improvements (building, furniture, computers, and equipment) required by it during the term of the agreement. Installation of capital equipment requires landlord and Sublessor's approval in advance.
2. Sublessee will provide and pay for all support and services required to move out of the facility at the end of the lease term. If Sublessee requires contractors to assist them in moving out of the facility, Sublessee agrees to provide landlord with proof of adequate contractor insurance coverage prior to contractor entering into the facility.
3. Sublessor will provide Sublessee with sufficient parking spaces in the parking lot. Sublessor will provide Sub Lessee with 25% of the parking spaces in the parking lot allotted to Sublessor. Sub Lessee agrees that all cabling and connection equipment that is used to attached tenant's PC's to the IT infrastructure will remain the property of the landlord and will not be removed by the Sub Lessee at the end of the lease term.
4. Fixed assets on the books of the Sub Lessor as of the date of the ITT separation will remain the property of the Sub Lessor during and at the end of the lease term.
5. Fixed assets on the books of the Sub Lessee as of the date of the ITT separation will remain the property of the Sub Lessee during and at the end of lease period
6. As a part of Sublessee's move out of the facility at the expiration

of this agreement, Sublessor's IT department will shutdown Sublessee's servers and make a back up copy of all the data that is on these servers immediately prior to the shutdown of the servers.

7. Sublessee shall have the reasonable right to use, and Sub Lessor shall at all times have exclusive control of, and operate and maintain, the Common Areas including the cafeteria in the manner Sub Lessor may reasonably determine to be appropriate.
8. Sub Lessee has no right to sublease their space.
9. Assignment of this agreement requires Sub Lessor approval in writing.

Local Law Provisions

Indian Contract Act, 1872

EXHIBIT S-6

Building	ITT Nanjing Co., Ltd. (Xylem Nanjing) Longyang Road, Luhe Economic Development Area, Luhe District, Nanjing, Jiangsu Province, China
Prime Lease	
Landlord	
Sub Lessor	Xylem Nanjing
Sub Lessee	ITT (China) Investment Company Limited (IP China)
Premises (square feet)	10,000+ sq. meters
Subleased Premises (square feet)	Plant Warehouse space to store pre-packed pallets, tools, machines. Space requirement not to exceed 500 square meters.
Term	Sublessee shall have a minimum term commencing on October 31, 2011 (the "Commencement Date") through December 31, 2011 ("Minimum Term") which may be extended upon 30 days prior written notice to Sub Lessor through February 29, 2012 . Sublessee's obligation to pay rent shall commence on the Commencement Date. Under no circumstances this TSA can be extended beyond Feb 29, 2012
Monthly Rent	Base Rent (through Dec 31, 2011): Cost plus 2% - 10%/month + applicable taxes Base Rent (Jan 1~ Feb 29, 2012): Cost plus 2% - 10%/month + applicable taxes
Notices	Sub Lessor: Harald Rach, General Manager ITT Nanjing Co., Ltd. (Xylem Nanjing) Longyang Road, Luhe Economic Development Area, Luhe District, Nanjing, Jiangsu Province, China Harald.rach@xyleminc.com Sub Lessee: Carter Chan, General Manager, IP China ITT (China) Investment Company Limited 30F Tower A, City Center of Shanghai, 100 Zunyi Road Shanghai 200051 Carter.chan@itt.com
Rent Payments	Rent payments are to be paid in advance within 5 days after the

commencement of the lease and within 5 days of the beginning of every other month.

Unless otherwise directed by Sub Lessor in writing, all Rent payments shall be made in local currency (RMB at the spot exchange rate) to Sublessor at the address identified in the above "Notice" provision.

Services to be provided by Sub Lessor

- g. Strictly warehouse storage space as directed by the Sub Lessor in an area of the plant that does not interfere with day-to-day operations of Xylem Nanjing
- h. A one-time only access to the warehouse space to the Sub lessee to remove the goods from the warehouse upon termination of the TSA.
- i. Sub lessee will not have continued access to the goods while they are in storage. Sub lessee will only be permitted to come-in and out of the facility with appropriate Sub Lessor escort.
- j. Other than at the end of the lease term for the purposes of moving out, any escorted visit to the warehouse area (in cases of emergency) by the Sub lessee will be charged at Cost plus 2% - 10% per visit.

Special Provisions

- 10. Sub lessee will provide all the materials and labor to package and properly store the goods in an area designated by the Sub Lessor . If the material needs to be secured with a fence or locks or any other method, Sub lessee will take full ownership and provide the appropriate means to secure the goods.
- 11. Sub lessee and Sub Lessor will jointly inventory the items at the beginning and at the end of the lease terms.
- 12. Max liability for any unintentional loss or damage to goods: \$500. max.
- 13. Sub lessee will provide and pay for all support and services required to move out of the facility at the end of the lease term. If Sub lessee requires contractors to assist them in moving out of the facility, Sub lessee agrees to provide Sub Lessor with proof of adequate contractor insurance coverage prior to contractor entering into the facility.
- 14. Fixed assets on the books of the Sub Lessor as of the date of the ITT separation will remain the property of the Sub Lessor during and at the end of the lease term.
- 15. Fixed assets on the books of the Sub lessee as of the date of the ITT separation will remain the property of the tenant during and at the end of lease period
- 16. Sub Lessee has no right to sublease their space. Assignment of this agreement requires Sub Lessor approval in writing.

Local Law Provisions

The sublease agreement shall be governed by the laws of the People's Republic of China.

FOUR-YEAR COMPETITIVE ADVANCE AND REVOLVING
CREDIT FACILITY AGREEMENT

Dated as of October 25, 2011

among

ITT CORPORATION

THE LENDERS NAMED HEREIN,

JPMORGAN CHASE BANK, N.A.,

as Administrative Agent

and

CITIBANK, N.A.,

as Syndication Agent

BARCLAYS BANK PLC

SOCIÉTÉ GÉNÉRALE

THE ROYAL BANK OF SCOTLAND PLC

U.S. BANK NATIONAL ASSOCIATION

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD. and

WELLS FARGO BANK N.A.,

as Documentation Agents

J.P. MORGAN SECURITIES LLC

CITIGROUP GLOBAL MARKETS INC.,

U.S. BANK NATIONAL ASSOCIATION and

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.,

as Lead Arrangers and Joint Bookrunners

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FOUR-YEAR COMPETITIVE ADVANCE AND REVOLVING CREDIT FACILITY AGREEMENT (as it may be amended, supplemented or otherwise modified, the "Agreement") dated as of October 25, 2011, among ITT CORPORATION, an Indiana corporation (the "Company"); each Borrowing Subsidiary party hereto; the lenders listed in Schedule 2.01 (together with their successors and permitted assigns, the "Lenders"); and JPMORGAN CHASE BANK, N.A., 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 the Borrowers (a) 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 \$500,000,000 at any time outstanding and (b) to request the issuance of Letters of Credit for the accounts of the Borrowers in a face amount not in excess of \$100,000,000 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. The proceeds of such borrowings are to be used for working capital and other general corporate purposes (including, without limitation, commercial paper backup) and to repay any amounts outstanding under the Existing Credit Agreement. 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 Revolving Borrowing comprised of ABR Loans.

"*ABR Loan*" shall mean any Revolving Loan bearing interest at a rate determined by reference to the Alternate Base Rate in accordance with the provisions of Article II.

"*Accession Agreement*" shall have the meaning assigned to such term in Section 2.12(e).

"*Administrative Fees*" shall have the meaning assigned to such term in Section 2.07(b).

“*Adjusted LIBO Rate*” means, with respect to any Eurocurrency Borrowing (including any notional Eurocurrency Borrowing of one month referred to in the definition of the term “Alternate Base Rate”) for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/100 of 1%) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

“*Administrative Questionnaire*” shall mean an Administrative Questionnaire in the form supplied by the Administrative Agent.

“*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 all 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 greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1% and (c) the Adjusted LIBO Rate (which, for the avoidance of doubt, shall not include the Applicable Percentage with respect to Eurocurrency Loans) on such day (or if such day is not a Business Day, the immediately preceding Business Day) for a deposit in dollars with a maturity of one month plus 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, the Federal Funds Effective Rate or the Adjusted LIBO Rate shall be effective on the effective date of such change in the Prime Rate, the Federal Funds Effective Rate, or the Adjusted LIBO Rate, respectively.

“*Applicable Percentage*” shall mean on any date, with respect to Eurocurrency Loans, ABR Loans, the Facility Fee or the L/C Participation Fee, as the

case may be, the applicable percentage set forth below under the caption "Eurocurrency Spread," "Alternate Base Rate Spread", "Facility Fee Percentage" or "L/C Participation Fee Percentage," as the case may be, based upon the Ratings in effect on such date:

	Eurocurrency Spread	Alternate Base Rate Spread	Facility Fee Percentage	L/C Participation Fee Percentage
Category 1 Baa1 or higher by Moody's; BBB+ or higher by S&P; BBB+ or higher by Fitch	1.000%	0.000%	0.1250%	1.000%
Category 2 Baa2 by Moody's; BBB by S&P; BBB by Fitch	1.100%	0.100%	0.150%	1.100%
Category 3 Baa3 by Moody's; BBB- by S&P; BBB- by Fitch	1.300%	0.300%	0.200%	1.300%
Category 4 Ba1 by Moody's; BB+ by S&P; BB+ by Fitch	1.475%	0.475%	0.275%	1.475%
Category 5 Lower than Ba1 by Moody's; Lower than BB+ by S&P; Lower than BB+ by Fitch	1.875%	0.875%	0.375%	1.875%

For purposes of the foregoing: (a) if any Rating Agency shall merge with or into or be acquired by another Rating Agency, or shall cease to be in the business of rating corporate debt obligations, or shall otherwise cease to have a Rating in effect notwithstanding the Company's use of commercially reasonable efforts to cause such a Rating to be maintained in effect, then the Eurocurrency Spread, Alternate Base Rate Spread, Facility Fee Percentage and L/C Participation Fee Percentage shall be determined by reference to the Rating or Ratings remaining available or deemed to be available as provided below; (b) if any Rating Agency shall not have a Rating in effect for a reason other than one of the reasons set forth in the preceding clause (a), such Rating Agency shall be deemed to have a Rating available and such Rating shall be deemed to be in Category 5; (c) if the Ratings available or deemed to be available shall fall in different Categories, then (i) if Ratings are available or deemed to be available from all three Rating Agencies, the Eurocurrency Spread, Alternate Base Rate Spread, Facility Fee Percentage and L/C Participation Fee Percentage shall be determined by reference to the highest Category achieved or exceeded by at least two of the three Ratings, (ii) if Ratings are available or deemed to be available from only two Rating Agencies, the Eurocurrency Spread, Alternate Base Rate Spread, Facility Fee Percentage and L/C Participation Fee Percentage shall be determined by reference to the higher of the two Ratings or, if the Ratings differ by more than one Category, the Category one level below that corresponding to the higher of the two Ratings and (iii) if a Rating is available or deemed

to be available from only one Rating Agency, the Eurocurrency Spread, Alternate Base Rate Spread, Facility Fee Percentage and L/C Participation Fee Percentage shall be determined by reference to that Rating; and (d) 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 change in the Applicable Percentage shall apply to all outstanding Eurocurrency Loans and ABR 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 and, pending the effectiveness of any such amendment, the Applicable Percentage shall be determined by reference to the Rating most recently in effect from such Rating Agency prior to such change.

“*Applicable Share*” of any Lender at any time shall mean the percentage of the Total Commitment represented by such Lender’s Commitment; *provided* that in the case of Section 2.22 when a Defaulting Lender shall exist, “*Applicable Share*” shall mean the percentage of the Total Commitments (disregarding any Defaulting Lender’s Commitment) represented by such Lender’s Commitment. If the Commitments shall be terminated pursuant to Article VII, the Applicable Shares of the Lenders shall be based upon the Commitments in effect, giving effect to any assignments and to any Revolving Lender’s status as a Defaulting Lender at the time of determination.

“*Approved Fund*” means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in commercial loans and similar extensions of credit in the ordinary course and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“*Assignment and Assumption*” shall mean an Assignment and Assumption entered into by a Lender and an assignee in the form of Exhibit B.

“*Bankruptcy Event*” shall mean, with respect to any Person, that such Person becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it, or in the good faith judgment of the Administrative Agent has consented to, approved of, or acquiesced in any such proceeding or appointment, provided that a Bankruptcy Event shall not result solely by virtue of (a) any ownership interest or the acquisition of any ownership interest in, or the exercise of control over, such Person by a Governmental Authority or instrumentality thereof or (b) in the case of a solvent Lender organized under the laws of The Netherlands, the precautionary appointment of an administrator, guardian, custodian or other similar official by a Governmental Authority or instrumentality thereof, under or based on the law of the country where such Lender is subject to home jurisdiction supervision, if applicable law requires that such appointment not be publicly disclosed, provided, further, in each such case, that such ownership interest or such action, as applicable, does not result in or provide such Person with immunity from the jurisdiction of courts within the United States or from the

enforcement of judgments or writs of attachment on its assets or permit such Person (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm its obligations hereunder.

“*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 or a Letter of Credit issued hereunder.

“*Borrowing Subsidiary*” shall mean any Subsidiary which shall have become a Borrowing Subsidiary as provided in Section 9.15, other than any Subsidiary that shall have ceased to be a Borrowing Subsidiary as provided in Section 9.15.

“*Borrowing Subsidiary Agreement*” shall mean an agreement in the form of Exhibit D-1 hereto duly executed by the Company and a Subsidiary.

“*Borrowing Subsidiary Termination*” shall mean an agreement in the form of Exhibit D-2 hereto duly executed by the Company and a Borrowing 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 Non-US 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 Non-US Currency or Frankfurt, Germany if such Non-US Currency is the Euro.

“*Capital Lease Obligations*” of any Person shall mean the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP; the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP, and the final maturity of such obligations shall be the date of the last payment of such or any other amounts due under such lease (or other arrangement) prior to the first date on which such lease (or other

arrangement) may be terminated by the lessee without payment of a premium or a penalty.

“CFC” shall mean (a) each Person that is a “controlled foreign corporation” for purposes of the Code and (b) each subsidiary of any such controlled foreign corporation.

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.

“Change in Law” shall mean the occurrence, after the date of this Agreement, of any change in applicable law or regulation or in the interpretation, promulgation, implementation or administration thereof by any Governmental Authority charged with the interpretation or administration thereof (whether or not having the force of law); *provided* that, notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted, promulgated or issued.

“Closing Date” shall mean the date on which executed counterparts of this Agreement shall have been delivered by the parties hereto. In the event such executed counterparts shall be held under any escrow arrangement pending the effectiveness of this Agreement, the Closing Date shall be the date on which this Agreement, fully executed by the parties hereto, shall be delivered by the escrow or similar agent to the Company and the Administrative Agent.

“Code” shall mean the Internal Revenue Code of 1986, as the same may be amended from time to time, and the Treasury regulations promulgated thereunder.

“Commitment” shall mean, with respect to each Lender, the commitment of such Lender hereunder as set forth in Schedule 2.01 under the heading “Commitment” or in an Assignment and Assumption delivered by such Lender under Section 9.04, as such Commitment may be permanently terminated, reduced or increased from time to time pursuant to Section 2.12 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 and will be denominated in either Dollars or a Non-US Currency.

“*Competitive Loan Exposure*” shall mean, with respect to any Lender at any time, the sum of (a) the aggregate principal amount of all outstanding Competitive Loans denominated in Dollars made by such Lender and (b) the sum of the Dollar Equivalents of the principal amounts of all outstanding Competitive Loans denominated in Non-US Currencies made by such Lender, determined on the basis of the applicable Exchange Rates in effect on the respective dates of the Competitive Bid Requests pursuant to which such Competitive Loans were made.

“*Confidential Information Memorandum*” shall mean the Confidential Information Memorandum dated July 2011 related to the credit facilities established by this Agreement, the Exelis Credit Agreement and the Xylem Credit Agreement.

“*Consenting Lender*” shall have the meaning assigned to such term in Section 2.12(d).

“*Consolidated EBITDA*” shall mean, for any period, Consolidated Net Income for such period, plus (a) without duplication and to the extent deducted in determining such Consolidated Net Income, the sum of (i) Consolidated Interest Expense for such period, (ii) consolidated income tax expense for such period, (iii) all amounts attributable to depreciation for such period and amortization of intangible and capitalized assets for such period, (iv) any losses during such period attributable to the disposition of assets other than in the ordinary course of business, (v) any other extraordinary non-cash charges for such period, (vi) any non-cash expenses for such period resulting from the grant of stock options or other equity-based incentives to any director, officer or employee of the Company or any Subsidiary, (vii) any losses attributable to early extinguishment of Indebtedness or obligations under any Hedging Agreement, in each

case other than in connection with the Spin-Offs or the Transactions, (viii) any unrealized non-cash losses for such period attributable to accounting in respect of Hedging Agreements, (ix) the cumulative effect of changes in accounting principles and (x) fees, expenses, tax liabilities and losses attributable to early extinguishment of Indebtedness for such period, in each case relating to the Transactions or to the Spin-Offs, in an aggregate after-tax amount for all periods not to exceed \$700,000,000, and minus (b) without duplication and to the extent included in determining such Consolidated Net Income, (i) any gains during such period attributable to the disposition of assets other than in the ordinary course of business, (ii) any other extraordinary non-cash gains for such period, (iii) any gains attributable to the early extinguishment of Indebtedness or obligations under any Hedging Agreement, (iv) any unrealized non-cash gains for such period attributable to accounting in respect of Hedging Agreements, (v) the cumulative effect of changes in accounting principles and (vi) any cash payments made during such period with respect to noncash items added back (or that would have been added back had this Agreement been in effect) in computing Consolidated EBITDA for any prior period. For purposes of calculating Consolidated EBITDA for any period to determine the Leverage Ratio, if during such period the Company or any Subsidiary shall have consummated (a) the Spin-Offs or (b) a Material Acquisition or a Material Disposition, Consolidated EBITDA for such period shall be calculated after giving pro forma effect thereto in accordance with Section 1.03(b).

“*Consolidated Interest Expense*” shall mean, for any period, the interest expense (including imputed interest expense in respect of Capital Lease Obligations) of the Company and its consolidated Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP. Consolidated Interest Expense for any period during which the Company or any Subsidiary shall have consummated (a) the Spin-Offs or (b) a Material Acquisition or a Material Disposition shall be calculated after giving pro forma effect thereto in accordance with Section 1.03(b).

“*Consolidated Net Income*” shall mean, for any period, the net income or loss of the Company and its consolidated Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP.

“*Consolidated Net Tangible Assets*” shall mean at any time the total of all assets appearing on the most recent consolidated balance sheet of the Company and its Subsidiaries delivered under Section 5.03(a) or (b) (or, prior to the delivery of any such balance sheet, the most recent pro forma balance sheet referred to in Section 3.05(c)), less the sum of the following items as shown on such 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 Subsidiaries; and
- (v) deferred income and deferred liabilities.

“*Consolidated Total Indebtedness*” shall mean, as of any date, the aggregate principal amount of Indebtedness of the Company and the Subsidiaries outstanding as of such date, determined on a consolidated basis in accordance with GAAP; *provided* that, for purposes of this definition, the term “Indebtedness” shall not include contingent obligations of the Company or any Subsidiary as an account party in respect of any letter of credit or letter of guaranty to the extent such letter of credit or letter of guaranty does not support Indebtedness.

“*Credit Exposure*” shall mean, with respect to any Lender at any time, the Dollar Equivalent of 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.

“*Credit Party*” shall mean the Administrative Agent, the Issuing Bank or any Lender.

“*Declining Lender*” shall have the meaning assigned to such term in Section 2.12(d).

“*Default*” shall mean any event or condition which upon notice, lapse of time or both would constitute an Event of Default.

“*Defaulting Lender*” shall mean any Lender that (a) has failed, within three Business Days of the date required to be funded or paid, to (i) fund any portion of its Loans, (ii) fund any portion of its participations in Letters of Credit or (iii) pay over to any Credit Party any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Lender notifies the Administrative Agent in writing that such failure is the result of such Lender’s good faith determination that a condition precedent to funding (specifically identified and including the particular default, if any) has not been satisfied or, in the case of clause (iii), such payment is the subject of a good faith dispute, (b) has notified the Company, any other Borrower or any Credit Party in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Lender’s good faith determination that a condition precedent (specifically identified and including the particular default, if any) to funding a loan under this Agreement cannot be satisfied) or generally under other agreements in which it commits to extend credit, (c) has failed, within three Business Days after request by the Administrative Agent made in good faith to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations to fund prospective Loans and participations in then outstanding Letters of Credit under this Agreement, unless such Lender has notified the Administrative Agent in writing that such failure is the result of such Lender’s good faith determination that a condition precedent to funding (specifically identified and including the particular default, if any) has not been satisfied, provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon the Administrative Agent’s receipt of

such certification in form and substance reasonably satisfactory to it, or (d) has become the subject of a Bankruptcy Event.

“*Designated Hedging Obligations*” shall mean all obligations of the Company or any Subsidiary under each Hedging Agreement that (a) is in effect on the Effective Date with a counterparty that is a Lender (or an Affiliate thereof) as of the Effective Date or (b) is entered into after the Effective Date with any counterparty that is a Lender (or an Affiliate thereof) at the time such Hedging Agreement is entered into, and, in either case, the obligations under which have been designated as “Designated Hedging Obligations” in a written notice delivered by the Company to the Administrative Agent.

“*Distribution Agreement*” shall mean the Distribution Agreement dated as of October 25, 2011, among the Company, Exelis Inc. and Xylem Inc., pursuant to which the Company shall effect the Spin-Offs.

“*Dollar Equivalent*” shall mean, on any date of determination, with respect to any amount in any Non-US Currency, the equivalent in Dollars of such amount, determined using the Exchange Rate with respect to such Non-US Currency on such date.

“*Dollars*” or “\$” shall mean lawful money of the United States of America.

“*Domestic Subsidiary*” shall mean any Subsidiary incorporated or organized under the laws of the United States of America, any State thereof or the District of Columbia, other than any Subsidiary that is a CFC.

“*Effective Date*” shall mean the first date on which the conditions set forth in Section 4.02 are satisfied.

“*Eligible Assignee*” means (a) a Lender, (b) an Affiliate of a Lender, (c) an Approved Fund and (d) any other Person, other than, in each case, a natural person, the Company or any Affiliate of the Company.

“*Equity Interests*” shall mean shares of capital stock, partnership interests, membership interests, beneficial interests or other ownership interests, whether voting or nonvoting, in, or interests in the income or profits of, a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any of the foregoing.

“*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 other

than events for which the 30 days' notice period has been waived; (b) a failure by any Plan to meet the minimum funding standards (as defined in Section 412 of the Code or Section 302 of ERISA) applicable to such Plan, in each instance, whether or not waived; (c) the filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) 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; (e) 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; (f) the receipt by the Company or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from 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 or in "endangered" or "critical" status (within the meaning of Section 432 of the Code or Section 305 of ERISA); or (g) 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.

"Euro" shall mean the lawful currency of the member states of the European Union that have adopted a single currency in accordance with applicable law or treaty.

"Eurocurrency Borrowing" shall mean a Borrowing comprised of Eurocurrency Loans.

"Eurocurrency Competitive Borrowing" shall mean a Competitive 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 or Eurocurrency Revolving Loan.

"Eurocurrency Revolving Borrowing" shall mean a Revolving Borrowing comprised of Eurocurrency Loans.

"Eurocurrency Revolving Loan" shall mean any Revolving Loan bearing interest at a rate determined by reference to the Adjusted LIBO Rate in accordance with the provisions of Article II.

"Event of Default" shall have the meaning assigned to such term in Article VII.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

“*Exchange Rate*” shall mean, with respect to any Non-US Currency on a particular date, the rate at which such Non-US Currency may be exchanged into Dollars, as set forth on such date on the applicable Reuters currency page. In the event that such rate does not appear on any Reuters currency page, the Exchange Rate with respect to such Non-US 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 at or about 10:00 a.m., London time, on such date for the purchase of Dollars with such Non-US 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.

“*Excluded Taxes*” shall mean, with respect to any Credit Party (including any assignee of or successor to a Credit Party and any Participant) and any other recipient of any payment to be made by or on account of any obligation of a Borrower under this Agreement or any Loan Documents: (a) income or franchise Taxes imposed on (or measured by) net income or gain (however denominated) by the United States of America, or by the jurisdiction under the laws of which such Credit Party (including any assignee of or successor to such Credit Party and any Participant or other recipient) is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, (b) any branch profits Taxes imposed by the United States of America or any similar Taxes imposed by any other jurisdiction in which the Company is located, (c) any backup withholding Tax imposed by the United States of America or any similar Taxes imposed by any other jurisdiction in which the Company is located, (d) in the case of a Non-US Lender (other than an assignee pursuant to a request by a Borrower under Section 2.21(b)), any US Federal withholding Taxes resulting from any law in effect on the date such Non-US Lender becomes a party to this Agreement (or designates a new lending office) or is attributable to such Non-US Lender’s failure to comply with Section 2.20(f) (including as a result of any inaccurate or incomplete documentation), except to the extent that such Non-US Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from a Borrower with respect to such withholding Taxes pursuant to Section 2.20(a), and (e) any Taxes imposed with respect to the requirements of FATCA.

“*Exelis Credit Agreement*” shall mean the Four-Year Competitive Advance and Revolving Credit Facility Agreement dated as of October 25, 2011, among Exelis Inc., certain lenders and JPMorgan Chase Bank, N.A., as Administrative Agent.

“*Exelis Form 10*” shall mean the Form 10 Registration Statement filed by Exelis Inc. with the Securities and Exchange Commission on July 11, 2011.

“*Existing Credit Agreement*” shall mean the Three-Year Competitive Advance and Revolving Credit Facility Agreement dated as of August 9, 2010, among the Company, certain lenders and JPMorgan Chase Bank, N.A., as Administrative Agent.

“Existing Letter of Credit” means each letter of credit previously issued for the account of any Borrower under the Existing Credit Agreement that (a) is outstanding on the Effective Date and (b) is listed on Schedule 1.01.

“Existing Maturity Date” shall have the meaning assigned to such term in Section 2.12(d).

“Facility Fee” shall have the meaning assigned to such term in Section 2.07(a).

“FATCA” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (including any regulations that are issued thereunder) and any official governmental interpretations thereof.

“Fees” shall mean the Facility Fee, the Administrative Fees, the L/C Participation Fees, the Ticking Fees and the Issuing Bank Fees.

“Financial Officer” of any Person shall mean the chief financial officer, principal accounting officer, controller, assistant controller, treasurer, associate or assistant treasurer or director of treasury services of such Person.

“Fitch” shall mean Fitch Ratings, a wholly owned subsidiary of Fimilac, S.A, 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.

“Foreign Subsidiary” shall mean any Subsidiary that is not a Domestic Subsidiary.

“Form 10s” shall mean the Exelis Form 10 and the Xylem Form 10.

“GAAP” shall mean United States generally accepted accounting principles, applied on a consistent basis.

“Governmental Authority” shall mean the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national body exercising such powers or functions, such as the European Union or the European Central Bank).

“*Guarantee Agreement*” shall mean the guarantee agreement, substantially in the form of Exhibit H, to be entered into by the Administrative Agent, the Company and the other Guarantors.

“*Guarantee Requirement*” shall mean, at any time on or after the Effective Date, the requirement that the Administrative Agent shall have received from the Company and each Significant Domestic Subsidiary (A) a counterpart of the Guarantee Agreement, duly executed and delivered on behalf of the Company or such Subsidiary or (B) in the case of any Person that becomes a Significant Domestic Subsidiary after the Effective Date, a supplement to the Guarantee Agreement in the form specified therein duly executed and delivered on behalf of such Subsidiary, together with documents and opinions with respect to such Subsidiary comparable to those referred to in paragraphs (a) and (b) of Section 4.02 and reasonably satisfactory to the Administrative Agent, and, in each case, the Guarantee Agreement shall be in full force and effect and enforceable against the Company or such Subsidiary, as the case may be.

“*Guarantor*” shall mean the Company (except with respect to obligations of the Company) and each Significant Domestic Subsidiary.

“*Hedging Agreement*” means any agreement with respect to any swap, forward, future or derivative transaction, or any option or similar agreement, involving, or settled by reference to, one or more rates, currencies, commodities, prices of equity or debt securities or instruments, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value, or any similar transaction or combination of the foregoing transactions; provided that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of the Company or the Subsidiaries shall be a Hedging Agreement. The “amount” or “principal amount” of the obligations of the Company or any Subsidiary in respect of any Hedging Agreement at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that the Company or such Subsidiary would be required to pay if such Hedging Agreement were terminated at such time.

“*Increasing Lender*” shall have the meaning assigned to such term in Section 2.12(e).

“*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 Person or for which such Person is responsible or liable (whether by agreement to purchase indebtedness of, or to supply funds to or invest in, others or otherwise). For the avoidance of doubt, the term Indebtedness shall not include obligations under Hedging Agreements.

“*Indemnified Taxes*” means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by a Borrower under this Agreement and (b) Other Taxes.

“*Interest Coverage Ratio*” shall mean the ratio of (a) Consolidated EBITDA to (b) Consolidated Interest Expense, each as calculated for any period of the four prior consecutive fiscal quarters.

“*Interest Payment Date*” shall mean (a) with respect to any ABR Loan, the last day of each March, June, September and December, (b) with respect to any Eurocurrency Loan or Fixed Rate Loan, the last day of each Interest Period applicable thereto, and 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 (c) with respect to any Loan, the Maturity Date or the date of any prepayment of such Loan or conversion of such Loan to a Loan of a different Type.

“*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 applicable Borrower may elect and (b) 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 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.

“*IRS*” shall mean the United States Internal Revenue Service.

“*Issuing Bank*” shall mean (a) JPMorgan Chase Bank, N.A., (b) Citibank N.A. , and (c) each Lender that shall have become an Issuing Bank hereunder as provided in Section 2.05(j) (other than any Person that shall have ceased to be an Issuing Bank as provided in Section 2.05(i)), each in its capacity as an issuer of Letters of Credit hereunder. Each Issuing Bank may, in its discretion, arrange for one or more Letters of Credit to be issued by Affiliates of such Issuing Bank, in which case the term “*Issuing Bank*” shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate (it being agreed that such Issuing Bank shall, or shall cause such Affiliate to, comply with the requirements of Section 2.05 with respect to such Letters of Credit).

“*Issuing Bank Agreement*” shall mean an agreement in substantially the form of Exhibit E.

“*Issuing Bank Fees*” shall have the meaning assigned to such term in Section 2.07(c).

“*Judgment Currency*” shall have the meaning assigned to such term in Section 9.16(b).

“*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 2.07(c).

“*Lead Arrangers*” shall mean J.P. Morgan Securities LLC and Citigroup Global Markets Inc.

“*Letter of Credit*” shall mean any letter of credit issued pursuant to Section 2.05 and any Existing Letter of Credit.

“*Lender Parent*” shall mean, with respect to any Lender, any Person as to which such Lender is, directly or indirectly, a subsidiary.

“*Leverage Ratio*” shall mean, at any time, the ratio of (a) Consolidated Total Indebtedness at such time to (b) Consolidated EBITDA for the most recently ended period of four consecutive fiscal quarters.

“*LIBO Rate*” shall mean, with respect to any Eurocurrency Borrowing for any Interest Period, the rate appearing on the Reuters “LIBOR01” screen displaying British Bankers’ Association Interest Settlement Rates (or on any successor or substitute screen provided by Reuters, or any successor to or substitute for such service, providing rate quotations comparable to those currently provided on such screen, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to Dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the “LIBO Rate” with respect to such Eurocurrency Borrowing for such Interest Period shall be the rate at which dollar deposits of \$5,000,000 and for a maturity comparable to such Interest Period are offered by 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 or a Revolving 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 Guarantee Agreement, the Letters of Credit, the Borrowing Subsidiary Agreements, any Issuing Bank Agreements, and promissory notes, if any, issued pursuant to Section 9.04(i).

“*Loan Parties*” shall mean the Company and each Significant Domestic Subsidiary.

“*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 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 Acquisition*” shall mean any acquisition of (a) Equity Interests in any Person if, after giving effect thereto, such Person will become a Subsidiary or (b) assets comprising all or substantially all the assets of (or all or substantially all the assets constituting a business unit, division, product line or line of business of) any Person; *provided* that the aggregate consideration therefor (including Indebtedness assumed in connection therewith, all obligations in respect of deferred purchase price (including obligations under any purchase price adjustment but excluding earnout or similar payments) and all other consideration payable in connection therewith (including payment obligations in respect of noncompetition agreements or other arrangements representing acquisition consideration)) exceeds \$100,000,000.

“*Material Adverse Effect*” shall mean an event or condition that has resulted in a material adverse effect on (a) the business, assets, liabilities, operations or financial condition of the Company and its Subsidiaries, taken as a whole, (b) the ability of any Borrower to perform any of its material obligations under any Loan Document or (c) the enforceability of the Lenders’ rights under any Loan Document.

“*Material Disposition*” shall mean any sale, transfer or other disposition of (a) all or substantially all the issued and outstanding Equity Interests in any Person that are owned by the Company or any Subsidiary or (b) assets comprising all or substantially all the assets of (or all or substantially all the assets constituting a business unit, division, product line or line of business of) any Person; *provided* that the aggregate consideration therefor (including Indebtedness assumed by the transferee in connection therewith, all obligations in respect of deferred purchase price (including obligations under any purchase price adjustment but excluding earnout or similar payments) and all other consideration payable in connection therewith (including payment obligations in respect

of noncompetition agreements or other arrangements representing acquisition consideration)) exceeds \$100,000,000.

“*Material Indebtedness*” shall mean Indebtedness (other than the Loans, Letters of Credit and guarantees under the Loan Documents), or obligations in respect of one or more Hedging Agreements or Securitization Transactions, of any one or more of the Company and the Subsidiaries in an aggregate principal amount of \$50,000,000 or more.

“*Maturity Date*” shall mean the fourth anniversary of the Closing Date, as such date may be extended pursuant to Section 2.12(d).

“*MNPI*” shall mean material information concerning the Company and the Subsidiaries and their securities that has not been disseminated in a manner making it available to investors generally, within the meaning of Regulation FD under the Securities Act and the Exchange Act.

“*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.

“*Non-US Currency*” shall mean any currency other than Dollars that is freely transferable and convertible into Dollars in the London market and as to which an Exchange Rate and LIBO Rates may be determined.

“*Non-US Currency Loan*” shall mean any Competitive Loan denominated in a currency other than Dollars.

“*Non-US Lender*” shall mean a Lender that is not a US Person.

“*Notice of Competitive Bid Request*” shall mean a notification made pursuant to Section 2.03(a) in the form of Exhibit A-2.

“*Obligations*” means (a) the due and punctual payment of (i) the principal of and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on the Loans, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, (ii) each payment required to be made under this Agreement in respect of any Letter of Credit, when and as due, including payments in respect of reimbursement of L/C Disbursements, interest thereon and obligations to provide cash collateral, and (iii) all other monetary obligations of the Company or any Subsidiary under this Agreement and each other Loan Document, including obligations to pay fees, expense reimbursement obligations and indemnification obligations, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), (b) the due and punctual payment of all Designated Hedging

Obligations and (c) the due and punctual payment and performance of all other obligations of each Loan Party under or pursuant to this Agreement and each of the other Loan Documents.

“*Other Taxes*” shall mean any present or future stamp, court, documentary, intangible, recording, filing or similar excise or property Taxes (other than Excluded Taxes) that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, or from the registration, receipt or perfection of a security interest under this Agreement or any other Loan Document.

“*Participant*” shall have the meaning assigned to such term in Section 9.04(f).

“*Participant Register*” has the meaning assigned to such term in Section 9.04(f).

“*PBGC*” shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

“*Permitted Encumbrances*” means:

(a) Liens imposed by law for Taxes that are not yet due or are being contested in compliance with Section 5.05;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like Liens imposed by law (other than any Lien imposed pursuant to Section 430(k) of the Code or Section 303(k) of ERISA or a violation of Section 436 of the Code), arising in the ordinary course of business and securing obligations that are not overdue by more than 30 days or are being contested in compliance with Section 5.05;

(c) pledges and deposits made (i) in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws and (ii) in respect of letters of credit, bank guarantees or similar instruments issued for the account of the Company or any Subsidiary in the ordinary course of business supporting obligations of the type set forth in the preceding clause (i);

(d) pledges and deposits made (i) to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business (but excluding obligations constituting Indebtedness) and (ii) in respect of letters of credit, bank guarantees or similar instruments issued for the account of the Company or any Subsidiary in the ordinary course of business supporting obligations described in clause (i) above;

(e) pledges or Liens 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 Subsidiary or required in connection with the institution by

the Company or a 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 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 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;

(f) judgment liens in respect of judgments that do not constitute an Event of Default under clause (i) of Article VII;

(g) any Lien 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;

(h) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Company or any Subsidiary;

(i) banker's liens, rights of setoff or similar rights and remedies as to deposit accounts, securities accounts or other funds maintained with depository institutions or securities intermediaries; provided that such deposit accounts, securities accounts or funds are not established or deposited for the purpose of providing collateral for any Indebtedness and are not subject to restrictions on access by the Company or any Subsidiary in excess of those required by applicable banking or other regulations;

(j) Liens arising by virtue of Uniform Commercial Code financing statement filings (or similar filings under applicable law) regarding operating leases entered into by the Company and the Subsidiaries in the ordinary course of business

(k) Liens representing any interest or title of a licensor, lessor or sublicensor or sublessor, or a licensee, lessee or sublicensee or sublessee, in the property subject to any lease, license or sublicense or concession agreement;

(l) any Lien affecting property of the Company or any 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 Subsidiary and the proceeds of which Indebtedness have financed the cost of acquisition of such program, and renewals or extensions of

any such Lien that do not extend to additional assets or increase the amount of the obligations secured thereby; and

(m) contractual rights of set-off not established to secure the payment of Indebtedness.

“*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 302 of ERISA sponsored, maintained or contributed to by the Company or any ERISA Affiliate.

“*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.

“*Priority Indebtedness*” shall mean, without duplication, (a) all Indebtedness or obligations in respect of one or more Hedging Agreements of any Subsidiary (other than any Guarantor) and (b) (i) all Indebtedness of the Company or any Subsidiary, and all obligations in respect of one or more Hedging Agreements, secured by any Lien on any asset of the Company or any Subsidiary, (ii) all obligations of the Company or any Subsidiary under conditional sale or other title retention agreements relating to property acquired by the Company or such Subsidiary (excluding trade accounts payable incurred in the ordinary course of business), (iii) all Capital Lease Obligations of the Company or any Subsidiary, (iv) all Securitization Transactions of the Company or any Subsidiary and (v) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by the Company or any Subsidiary, whether or not the Indebtedness secured thereby has been assumed by the Company or such Subsidiary.

“*Rating Agencies*” shall mean Moody’s, S&P and Fitch.

“*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.

“*Related Parties*” shall mean, with respect to any specified Person, such Person’s Affiliates and the directors, officers, partners, trustees, employees, agents and advisors of such Person and of such Person’s Affiliates.

“*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 more than 50% of the Total Commitment or, for purposes of acceleration pursuant to Article VII, Lenders holding Credit Exposures representing more than 50% of the Aggregate Credit Exposure.

“*Responsible Officer*” of any Person shall mean any executive officer or Financial Officer of such Person and any other officer or similar official thereof responsible for the administration of the obligations of such Person in respect of this Agreement.

“*Revolving Borrowing*” shall mean a Borrowing consisting of simultaneous Revolving Loans from each of the Lenders.

“*Revolving Borrowing Request*” shall mean a request made pursuant to Section 2.04 in the form of Exhibit A-5.

“*Revolving Credit Exposure*” shall mean, with respect to any Lender at any time, the aggregate principal amount at such time of all outstanding Revolving Loans of such Lender.

“*Revolving Loans*” shall mean the revolving loans made pursuant to Section 2.01 and 2.04. Each Revolving Loan shall be in Dollars and shall be a Eurocurrency Revolving Loan or an ABR Loan.

“*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.

“*Securitization Transaction*” shall mean any transfer by the Company or any Subsidiary of accounts receivable or interests therein (a) to a trust, partnership, corporation, limited liability company or other entity, which transfer is funded in whole or in part, directly or indirectly, by the incurrence or issuance by the transferee or successor transferee of Indebtedness or other securities that are to receive payments from, or that represent interests in, the cash flow derived from such accounts receivable or interests therein, or (b) directly to one or more investors or other purchasers. The “amount” or “principal amount” of any Securitization Transaction shall be deemed at any time to be the aggregate principal or stated amount of the Indebtedness or other securities referred to in the first sentence of this definition or, if there shall be no such principal or stated amount, the uncollected amount of the accounts receivable or interests therein transferred pursuant to such Securitization Transaction, net of any such accounts receivable or interests therein that have been written off as uncollectible.

“*Significant Domestic Subsidiary*” shall mean, at any time, each Domestic Subsidiary other than Domestic Subsidiaries that in the aggregate do not account for

more than 10% of the combined revenues (excluding revenues consisting of payments from the Company or any Subsidiary) of the Company and its Domestic Subsidiaries.

“*Significant Subsidiary*” shall mean, at any time, each Borrower and each subsidiary accounting for more than 5% of the consolidated revenues of the Company for the most recent period of four consecutive fiscal quarters of the Company for which pro forma or historical financial statements of the Company have been delivered prior to the date hereof (as described in Section 3.05(b)) or pursuant to Section 5.03(a) or 5.03(b) or more than 5% of the consolidated total assets of the Company at the end of such period; *provided* that if at the end of or for any such period of four consecutive fiscal quarters all Subsidiaries that are not Significant Subsidiaries shall account for more than 10% of the consolidated revenues of the Company or more than 10% of the consolidated total assets of the Company, the Company shall designate sufficient Subsidiaries as “Significant Subsidiaries” to eliminate such excess (or if the Company shall have failed to designate such Subsidiaries within 10 Business Days, Subsidiaries shall automatically be deemed designated as Significant Subsidiaries in descending order based on the amounts of their contributions to consolidated total assets until such excess shall have been eliminated), and the Subsidiaries so designated or deemed designated shall for all purposes of this Agreement constitute Significant Subsidiaries.

“*Spin-Offs*” shall mean (a) the spin off by the Company of its C4ISR (command, control, communications, computers, intelligence, surveillance and reconnaissance) electronics and systems, and informational and technical services, businesses through the transfer of such businesses to Exelis Inc. and the distribution of all of the shares of common stock of Exelis Inc. to the shareholders of the Company, as described in the Exelis Form 10 and (b) the spin off by the Company of its water infrastructure and applied water businesses, in each case through the transfer of such businesses to Xylem Inc. and the distribution of all of the shares of common stock of Xylem Inc. to the shareholders of the Company, as described in the Xylem Form 10.

“*Statutory Reserve Rate*” 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 to which the Administrative Agent is subject for eurocurrency funding (currently referred to as “Eurocurrency Liabilities” in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to such Regulation D. Eurocurrency Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate 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.

“*Taxes*” shall mean any present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“*Ticking Fee*” shall have the meaning assigned to such term in Section 2.07(d).

“*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, the Competitive Bid Rate and the Fixed Rate.

“*USA PATRIOT Act*” shall have the meaning assigned to such term in Section 3.13.

“*US Person*” shall mean a “United States person” within the meaning of Section 7701(a)(30) of the Code.

“*US Tax Certificate*” has the meaning assigned to such term in Section 2.20(f)(ii)(D)(2).

“*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 Equity Interests entitled so to vote or participate only upon the happening of some contingency.

“*Withdrawal Liability*” shall mean liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

“*Withholding Agent*” shall mean a Borrower and the Administrative Agent.

“*Xylem Credit Agreement*” shall mean the Four-Year Competitive Advance and Revolving Credit Facility Agreement dated as of October 25, 2011, among Xylem Inc., certain lenders and JPMorgan Chase Bank, N.A., as Administrative Agent.

“*Xylem Form 10*” shall mean the Form 10 Registration Statement filed by Xylem Inc. with the Securities and Exchange Commission on July 11, 2011.

SECTION 1.02. *Terms Generally.* The definitions of terms used herein shall apply equally to 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”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. The words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all real and personal, tangible and intangible assets and properties, including cash, securities, accounts and contract rights. The word “law” shall be construed as referring to all statutes, rules, regulations, codes and other laws (including official rulings and interpretations thereunder having the force of law or with which affected Persons customarily comply), and all judgments, orders, writs and decrees, of all Governmental Authorities. Unless the context requires otherwise, (a) any definition of or reference to any agreement, instrument or other document (including this Agreement and the other Loan Documents) shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any definition of or reference to any statute, rule or regulation shall be construed as referring thereto as from time to time amended, supplemented or otherwise modified (including by succession of comparable successor laws), (c) any reference herein to any Person shall be construed to include such Person’s successors and assigns (subject to any restrictions on assignment set forth herein) and, in the case of any Governmental Authority, any other Governmental Authority that shall have succeeded to any or all functions thereof, (d) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof and (e) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement.

SECTION 1.03. *Accounting Terms; GAAP.* (a) Except as otherwise expressly provided herein, all terms of an accounting or financial nature used herein shall be construed in accordance with GAAP as in effect from time to time; *provided* that if the Company, by notice to the Administrative Agent, shall request an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent or the Required Lenders, by notice to the Company, shall request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

(b) All pro forma computations required to be made hereunder giving effect to any Material Acquisition or Material Disposition shall be calculated after giving pro forma effect thereto as if such transaction had occurred on the first day of the period of four consecutive fiscal quarters ending with the most recent fiscal quarter for which financial statements shall have been delivered pursuant to Section 5.03(a) or 5.03(b) (or, prior to the delivery of any such financial statements, ending with the last fiscal quarter

included in the pro forma financial statements referred to in Section 3.05(b)), and, to the extent applicable, to the historical earnings and cash flows associated with the assets acquired or disposed of and any related incurrence or reduction of Indebtedness, (i) in accordance with Article 11 of Regulation S-X under the Securities Act, if such Material Acquisition or Material Disposition would be required to be given pro forma effect in accordance with Regulation S-X for purposes of preparing the Company's annual and quarterly reports to the SEC, and (ii) in any event, on a reasonable basis consistent with accepted financial practice. If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Hedging Agreement applicable to such Indebtedness if such Hedging Agreement has a remaining term in excess of 12 months).

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 Revolving Loans in Dollars 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 amount that will not result in (a) the sum of the Revolving Credit Exposure and the L/C Exposure of such Lender exceeding such Lender's Commitment or (b) the Aggregate Credit Exposure exceeding the Total Commitment then in effect. Within the foregoing limits, the Borrowers may borrow, pay or prepay and reborrow Revolving 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 Revolving Loan shall be made as part of a Borrowing consisting of Revolving Loans made by the Lenders ratably in accordance with their respective Commitments; *provided, however,* that the failure of any Lender to make any Revolving 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 Loans comprising any Borrowing shall be (i) in the case of Competitive Loans, in an aggregate principal amount permitted under Section 2.03, and (ii) in the case of Revolving Loans, in an aggregate principal amount that is an integral multiple of \$5,000,000 and not less than \$10,000,000 (or an aggregate principal amount equal to the remaining balance of the Commitments).

(b) Each Competitive Borrowing shall be comprised entirely of Eurocurrency Competitive Loans or Fixed Rate Loans, and each Revolving Borrowing shall be comprised entirely of Eurocurrency Revolving Loans or ABR Loans, as the applicable Borrower may request pursuant to Section 2.03 or 2.04, as applicable. Each Lender may at its option make any 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 applicable Borrower to repay such Loan in

accordance with the terms of this Agreement and such branch, agency or Affiliate shall, to the extent of any such loans made by it, have all the rights of such Lender hereunder. 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 2.06 and, in the case of any Borrowing denominated in a Non-US Currency, to any alternative procedures that the applicable Borrower, the applicable Lenders and the Administrative Agent may agree upon, 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 1:00 p.m., 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, forthwith 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. Revolving Loans shall be made by the Lenders pro rata in accordance with their Applicable Shares. Unless the Administrative Agent shall have received notice from a Lender prior to 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 applicable 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 such 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 such Borrower until the date such amount is repaid to the Administrative Agent, at (i) in the case of such 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) If any Issuing Bank shall not have received from a Borrower the payment required to be made by Section 2.05(e) within the time period set forth in Section 2.05(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 2.05(e) prior to the time that any Lender makes any payment pursuant to this paragraph; 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 ABR Loans pursuant to Section 2.09, 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 shall hand deliver or fax 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, (A) four Business Days before a proposed Competitive Borrowing in the case of a Competitive Borrowing denominated in Dollars and (B) five Business Days before a proposed Competitive Borrowing in the case of a Competitive Borrowing denominated in a Non-US Currency and (ii) in the case of a Fixed Rate Borrowing, not later than 10:00 a.m., New York City time, (A) one Business Day before a proposed Competitive Borrowing in the case of a Competitive Borrowing denominated in Dollars and (B) two Business Days before a proposed Competitive Borrowing in the case of a Competitive Borrowing denominated in a Non-US Currency. 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 applicable Borrower of such rejection by fax. Each Competitive Bid Request shall refer to this Agreement and specify (A) whether the Borrowing then being requested is to be a Eurocurrency Borrowing or a Fixed Rate Borrowing, (B) the date of such Borrowing (which shall be a Business Day), (C) the currency of the requested Borrowing (which shall be Dollars or a Non-US Currency), (D) the aggregate principal amount of the requested Borrowing (which shall be an integral multiple of 1,000,000 units of the applicable currency with a Dollar Equivalent on the date of the applicable Competitive Bid Request of at least \$10,000,000), and (E) 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 fax 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 fax, 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 an integral multiple of 1,000,000 units of the applicable currency 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 fax (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 applicable Borrower, by fax, 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 applicable Borrower for its records as soon as practicable after completion of the bidding process set forth in this Section 2.03.

(d) The applicable 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 applicable Borrower shall notify the Administrative Agent by telephone, confirmed by fax in the form of a Competitive Bid Accept/Reject Letter, whether and to what extent it has decided to accept or reject any or all of 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 applicable Borrower to give such notice shall be deemed to be a rejection of all the bids referred to in paragraph (c) above, (ii) the applicable 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 applicable Borrower shall not exceed the principal amount specified in the Competitive Bid Request, (iv) if the applicable 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 applicable 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 an amount that is an integral multiple of 1,000,000 units of the applicable currency, and in calculating the pro rata allocation of acceptances of portions of multiple bids at a particular Competitive Bid Rate pursuant to clause (iv) above, the amounts shall be rounded to integral multiples of 1,000,000 units of the applicable currency in a manner which shall be in the discretion of the applicable 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 fax, 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 (i) the Aggregate Credit Exposure would exceed the Total Commitment or (ii) in the event the Maturity Date shall have been extended as provided in Section 2.12(d), the sum of the LC Exposures attributable to Letters of Credit expiring after any Existing Maturity Date and the Competitive Loan Exposures attributable to Competitive Loans maturing after such Existing Maturity Date would exceed the aggregate Commitments that have been extended to a date after the expiration date of the last of such Letters of Credit and the maturity of the last of such Competitive Loans.

(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.

SECTION 2.04. *Revolving Borrowing Procedure.* In order to request a Revolving Borrowing, a Borrower shall hand deliver or fax to the Administrative Agent a duly completed Revolving Borrowing Request in the form of Exhibit A-5 (i) in the case of a Eurocurrency Revolving Borrowing, not later than 10:30 a.m., New York City 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 Revolving 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 Revolving Borrowing or an ABR Borrowing; (B) the date of such Revolving Borrowing (which shall be a Business Day) and the amount thereof; and (C) if such Borrowing is to be a Eurocurrency Revolving Borrowing, the Interest Period with respect thereto. If no election as to the Type of Revolving Borrowing is specified in any such notice, then the requested Revolving Borrowing shall be an ABR Borrowing. If no Interest Period with respect to any Eurocurrency Revolving Borrowing is specified in any such notice, then the applicable 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 Revolving Borrowing shall be requested if the Interest Period with respect thereto would end after the Maturity Date in effect for any Lender. 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. *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. Each Existing Letter of Credit shall be deemed, for all purposes of this Agreement, to be a Letter of Credit issued hereunder for the account of the applicable Borrower. 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 fax to the applicable Issuing Bank and the Administrative Agent (reasonably in advance of, but not later than 10:00 a.m., New York City time, five Business Days before, 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 (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 \$100,000,000 and (B) the Aggregate Credit Exposure shall not exceed the Total Commitment, (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 2.07(c) and (iii) in the event the Maturity Date shall have been extended as provided in Section 2.12(d), the sum of the LC Exposures attributable to Letters of Credit expiring after any Existing Maturity Date (as defined in Section 2.12(d)) and the Competitive Loan Exposures attributable to

Competitive Loans maturing after such Existing Maturity Date shall not exceed the aggregate Commitments that have been extended to a date after the expiration date of the last of such Letters of Credit and the maturity of the last of such Competitive Loans.

(c) *Expiration Date.* Each Letter of Credit shall expire at the close of business on the earlier of (x) the date one year after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, one year after such renewal or extension) or such longer period as may be agreed to between the applicable Borrower and the Issuing Bank and (y) 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 any Letter of Credit with a one-year tenor may provide for renewal thereof under procedures reasonably satisfactory to the applicable Issuing Bank for additional one-year periods (which shall in no event extend beyond the date referred to in clause (y) above).

(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 applicable Borrower (or, if applicable, another party pursuant to its obligations under any other Loan Document) by the time provided in Section 2.02(d). 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 (i) if such Borrower shall have received notice of such L/C Disbursement prior to 10:00 a.m., New York City time, on any Business Day, 2:00 p.m., New York City time, on such Business Day or (ii) otherwise, 12:00 noon, New York City time, on the Business Day next following the day on which the Borrower shall have received notice from such Issuing Bank that payment of such draft will be made.

(f) *Obligations Absolute.* The Borrowers' obligations to reimburse L/C Disbursements as provided in paragraph (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, the Administrative Agent or any Lender. 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 fax, 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 such 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 applicable Borrower shall reimburse such L/C Disbursement in full on the date such L/C Disbursement is made, 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 on Loans made to reimburse such L/C Disbursements provided in Section 2.02(d).

(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 Company, and may be removed at any time by the Company 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 2.07(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 Company 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 Company 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 this Agreement. Any Lender designated as an issuing bank pursuant to this paragraph shall, upon entering into an Issuing Bank

Agreement with the Company, be deemed to be an "Issuing Bank" (in addition to being a Lender) hereunder.

(k) *Issuing Bank Reports.* Unless otherwise agreed by the Administrative Agent, each Issuing Bank shall report in writing to the Administrative Agent (i) on or prior to each Business Day on which such Issuing Bank issues, amends, renews or extends any Letter of Credit, the date of such issuance, amendment, renewal or extension, and the aggregate face amount of the Letters of Credit issued, amended, renewed or extended by it and outstanding after giving effect to such issuance, amendment, renewal or extension (and whether the amount thereof shall have changed), it being understood that such Issuing Bank shall not effect any issuance, renewal, extension or amendment resulting in an increase in the aggregate amount of the Letters of Credit issued by it without first obtaining written confirmation from the Administrative Agent that such increase is then permitted under this Agreement, (ii) on each Business Day on which such Issuing Bank makes any L/C Disbursement, the date and amount of such L/C Disbursement, (iii) on any Business Day on which a Borrower fails to reimburse an L/C Disbursement required to be reimbursed to such Issuing Bank on such day, the date of such failure and the amount of such L/C Disbursement and (iv) on any other Business Day, such other information as the Administrative Agent shall reasonably request as to the Letters of Credit issued by such Issuing Bank.

SECTION 2.06. *Conversion and Continuation of Revolving 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 Revolving Loan into an ABR 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 Loan into a Eurocurrency Revolving Loan or to continue any Eurocurrency Revolving Loan as a Eurocurrency Revolving Loan for an additional Interest Period, subject in each case to the following:

- (a) if less than all the outstanding principal amount of any Revolving Borrowing shall be converted or continued, the aggregate principal amount of the Revolving Borrowing converted or continued shall be an integral multiple of \$5,000,000 and not less than \$10,000,000;
- (b) accrued interest on a Revolving Borrowing (or portion thereof) being converted shall be paid by the Borrower at the time of conversion;
- (c) if any Eurocurrency Revolving 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 2.16;
- (d) any portion of a Revolving Borrowing maturing or required to be repaid in less than one month may not be converted into or continued as a Eurocurrency Revolving Loan;
- (e) any portion of a Eurocurrency Revolving Loan which cannot be continued as a Eurocurrency Revolving Loan by reason of clause (d) above shall be

automatically converted at the end of the Interest Period in effect for such Eurocurrency Revolving Loan into an ABR Borrowing;

(f) no Interest Period may be selected for any Eurocurrency Revolving Borrowing that would end later than the Maturity Date in effect for any Lender; and

(g) at any time when there shall have occurred and be continuing any Default or Event of Default, if the Administrative Agent or the Required Lenders shall so notify the Company, no Revolving Loan may be converted into or continued as a Eurocurrency Revolving Loan.

Each notice pursuant to this Section shall be irrevocable and shall refer to this Agreement and specify (i) the identity and amount of the Revolving Borrowing to be converted or continued, (ii) whether such Revolving Borrowing is to be converted to or continued as a Eurocurrency Revolving Borrowing 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 Revolving Borrowing is to be converted to or continued as a Eurocurrency Revolving Borrowing, 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 Revolving Borrowing, 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 2.06 to convert or continue any Revolving Borrowing, such Revolving 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 2.07. *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 September 30, 2011) and on each date on which the Commitment of such Lender shall be terminated as provided herein (and any subsequent date on which such Lender shall cease to have any Revolving Credit Exposure or L/C Exposure), 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 Closing Date, or ending with the Maturity Date or any date on which the Commitment of such Lender shall be terminated) or, if such Lender continues to have any Revolving Credit Exposure or L/C Exposure after its Commitment terminates, on the daily amount of such Lender's Revolving Credit Exposure and L/C Exposure. 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 Closing 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 later of (A) the Maturity Date or the date on which the Commitment of such Lender shall be terminated and (B) the date on which such Lender shall cease to have any L/C Exposure) at a rate equal to the Applicable Percentage from time to time, and (ii) to each Issuing Bank with respect to each Letter of Credit issued by it the fees agreed upon by the Company and such Issuing Bank plus, in connection with the issuance, amendment or transfer of any Letter of Credit or any L/C Disbursement, such 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) The Company agrees to pay to each Lender, through the Administrative Agent, on the earlier of the Closing Date and the date on which the Commitments terminate (if such earlier date is later than November 30, 2011), a ticking fee (the "*Ticking Fee*") equal to 0.20% per annum of the daily aggregate principal amount of the Commitment of such Lender for the period commencing on and including November 30, 2011, and ending on but excluding the Closing Date.

(e) 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 Banks and the Administrative Fees shall be paid pursuant to paragraph (b) above. Once paid, none of the Fees shall be refundable under any circumstances in the absence of demonstrable error.

SECTION 2.08. *Repayment of Loans; Evidence of Debt.* (a) Each Borrower hereby agrees that the outstanding principal balance of each Revolving 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 2.09.

(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 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.

(e) Any Lender may request that Loans made by it be evidenced by promissory notes. In such event, the Borrowers shall prepare, execute and deliver to such Lender promissory notes payable to such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent. Thereafter, the Loans evidenced by such promissory notes and interest thereon shall at all times (including after assignment pursuant to Section 9.04) be represented by one or more promissory notes in such form payable to the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

SECTION 2.09. *Interest on Loans.* (a) Subject to the provisions of Section 2.10, 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 Revolving Loan, the Adjusted 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 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 applicable Borrower pursuant to Section 2.03.

(b) Subject to the provisions of Section 2.10, 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 plus the Applicable Percentage.

(c) Subject to the provisions of Section 2.10, 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 applicable 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 Adjusted LIBO Rate, 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 2.10. *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 at scheduled maturity, by notice of prepayment, by 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 2.09(b)) equal to the Alternate Base Rate plus 2%.

SECTION 2.11. *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 Adjusted LIBO Rate, the Administrative Agent shall, as soon as practicable thereafter, give fax notice of such determination to the Borrowers 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 Borrowing 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 Eurocurrency Revolving Borrowing 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 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 Revolving Borrowing 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 2.12. *Termination, Reduction, Extension and Increase of Commitments.* (a) The Commitments shall be automatically terminated (i) on March 31, 2012, if the Effective Date shall not have occurred by such date, and (ii) otherwise, on the Maturity Date.

(b) Upon at least three Business Days' prior irrevocable fax 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 (ii) no such termination or reduction shall be made (A) which would reduce the Total Commitment to an amount less than the Aggregate Credit Exposure or (B) which would reduce any Lender's Commitment to an amount that is less than the sum of such Lender's Revolving 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.

(d) The Company may, by written notice to the Administrative Agent (which shall promptly deliver a copy to each of the Lenders) not less than 30 days and not more than 90 days prior to any anniversary of the date hereof, request that the Lenders extend the Maturity Date and the Commitments for an additional period of one year. Each Lender shall, by notice to the Company and the Administrative Agent given not later than the 20th day after the date of the Administrative Agent's receipt of the Company's extension request, advise the Company whether or not it agrees to the requested extension (each Lender agreeing to a requested extension being called a "*Consenting Lender*" and each Lender declining to agree to a requested extension being called a "*Declining Lender*"). Any Lender that has not so advised the Company and the Administrative Agent by such day shall be deemed to have declined to agree to such extension and shall be a Declining Lender. If Lenders constituting the Required Lenders shall have agreed to an extension request, then the Maturity Date shall, as to the Consenting Lenders, be extended to the first anniversary of the Maturity Date theretofore in effect. The decision to agree or withhold agreement to any Maturity Date extension shall be at the sole discretion of each Lender. The Commitment of any Declining Lender shall terminate on the Maturity Date in effect prior to giving effect to any such extension (such Maturity Date being called the "*Existing Maturity Date*"). The principal amount of any outstanding Loans made by Declining Lenders, together with any accrued interest thereon and any accrued fees and other amounts payable to or for the accounts of such Declining Lenders hereunder, shall be due and payable on the Existing Maturity Date, and on the Existing Maturity Date, the Borrowers shall also make such other prepayments of their Loans as shall be required in order that, after giving effect to the termination of the Commitments of, and all payments to, Declining Lenders pursuant to this sentence, the Aggregate Credit Exposures shall not exceed the Total Commitment. Notwithstanding the foregoing provisions of this paragraph, the Company shall have the right, pursuant to Section 9.04, at any time prior to the Existing Maturity Date, to replace a Declining Lender with a Lender or other financial institution that will agree to a request for the extension of the Maturity Date, and any such replacement Lender shall for all purposes constitute a Consenting Lender. Notwithstanding the foregoing, no extension of the Maturity Date pursuant to this paragraph shall become effective unless (i) the Administrative Agent shall have received documents consistent with those delivered with respect to the Company and the Borrowers under Section 4.02(a) and (b) and Section 4.03(a), giving effect to such extension and (ii) on the anniversary of the date hereof that immediately follows the date on which the Company delivers the applicable request for extension of the Maturity Date, the conditions set forth in paragraphs (b) and (c) of Section 4.01 shall be satisfied (with all references in such paragraphs to a Borrowing being deemed to be references to such extension and without giving effect to the parenthetical in Section 4.01(b)) and the Administrative Agent shall have received a certificate to that effect dated such date and executed by a Financial Officer of the Company.

(e) The Company may, by written notice to the Administrative Agent, executed by the Company and one or more financial institutions (any such financial institution referred to in this Section being called an "Increasing Lender"), which may include any Lender, cause Commitments to be extended by the Increasing Lenders (or cause the Commitments of the Increasing Lenders to be increased, as the case may be) in an amount for each Increasing Lender set forth in such notice, *provided, however*, that (a) the aggregate amount of all new Commitments and increases in existing Commitments pursuant to this paragraph during the term of this Agreement shall in no event exceed \$200,000,000, (b) each Increasing Lender, if not already a Lender hereunder, (x) shall have a Commitment, immediately after the effectiveness of such increase, of at least \$25,000,000, (y) shall be subject to the approval of the Administrative Agent and each Issuing Bank (which approval shall not be unreasonably withheld) and (z) shall become a party to this Agreement by completing and delivering to the Administrative Agent a duly executed accession agreement in a form satisfactory to the Administrative Agent and the Company (an "Accession Agreement") and (c) the decision of any existing Lender to become an Increasing Lender shall be in the sole discretion of such Lender, and no existing Lender shall be required to increase its Commitment hereunder. New Commitments and increases in Commitments pursuant to this Section shall become effective on the date specified in the applicable notices delivered pursuant to this Section. Upon the effectiveness of any Accession Agreement to which any Increasing Lender is a party, (i) such Increasing Lender shall thereafter be deemed to be a party to this Agreement and shall be entitled to all rights, benefits and privileges accorded a Lender hereunder and subject to all obligations of a Lender hereunder and (ii) Schedule 2.01 shall be deemed to have been amended to reflect the Commitment of such Increasing Lender as provided in such Accession Agreement. Upon the effectiveness of any increase pursuant to this Section in the Commitment of a Lender already a party hereto, Schedule 2.01 shall be deemed to have been amended to reflect the increased Commitment of such Lender. Notwithstanding the foregoing, no increase in the aggregate Commitments (or in the Commitment of any Lender) shall become effective under this Section unless, on the date of such increase, (i) the Administrative Agent shall have received documents consistent with those delivered with respect to the Company and the Borrowers under Section 4.02(a) and (b) and Section 4.03(a), giving effect to such increase and (ii) the conditions set forth in paragraphs (b) and (c) of Section 4.01 shall be satisfied (with all references in such paragraphs to a Borrowing being deemed to be references to such increase and without giving effect to the parenthetical in Section 4.01(b)) and the Administrative Agent shall have received a certificate to that effect dated such date and executed by a Financial Officer of the Company. Following any extension of a new Commitment or increase of a Lender's Commitment pursuant to this paragraph, any Revolving Loans outstanding prior to the effectiveness of such increase or extension shall continue outstanding until the ends of the respective Interests Periods applicable thereto, and shall then be repaid or refinanced with new Revolving Loans made pursuant to Section 2.01.

SECTION 2.13. *Prepayment.* (a) Each Borrower shall have the right at any time and from time to time to prepay any Revolving Borrowing, in whole or in part, upon giving fax notice (or telephone notice promptly confirmed by fax) 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 Revolving 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 in the case of any Revolving Borrowing, each partial prepayment shall be in an amount which is an integral multiple of \$10,000,000 and not less than \$50,000,000.

(b) On the date of any termination or reduction of the Commitments pursuant to Section 2.12, the Borrowers shall pay or prepay so much of the Revolving Borrowings as shall be necessary in order that the Aggregate Credit Exposure 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 shall be subject to Section 2.16 but otherwise without premium or penalty. All prepayments under this Section shall be accompanied by accrued interest on the principal amount being prepaid to the date of payment.

SECTION 2.14. *Reserve Requirements; Change in Circumstances.* (a) Notwithstanding any other provision herein, if after the date of this Agreement any Change in 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 Credit Party, or shall result in the imposition on any Credit Party or the London interbank market of any other condition affecting this Agreement, such Credit Party's Commitment or any Eurocurrency Loan or Fixed Rate Loan made by such Credit Party or any Letter of Credit, and the result of any of the foregoing shall be to increase the cost to such Credit Party 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 Credit Party hereunder (whether of principal, interest or otherwise) by an amount deemed by such Credit Party to be material, then such additional amount or amounts as will compensate such Credit Party for such additional costs or reduction will be paid by the Borrowers to such Credit Party upon demand. Notwithstanding the foregoing, no Credit Party shall be entitled to request compensation under this paragraph, (A) with respect to any Competitive Loan made by such Credit Party if the Change in Law giving rise to such request was applicable to such Credit Party at the time of submission of the Competitive Bid pursuant to which such Competitive Loan was made or issued, or (B) with respect to any Change in Law in respect of costs imposed on such Lender or Issuing Bank under the Dodd-Frank Wall Street Reform and Consumer Protection Act or Basel III (x) if the applicable Change in Law and the resulting costs shall have become fully effective without the need for any further legislative or regulatory action, and such increased costs shall have been determined by such Credit Party, in each case prior to July 20, 2011, or (y) if it shall not be the general policy or practice of such Credit Party to seek compensation in similar circumstances under similar provisions in comparable credit facilities, as determined in good faith by such Credit Party.

(b) If any Credit Party shall have determined that any Change in Law regarding capital adequacy has or would have the effect of reducing the rate of return on such Credit Party's capital or on the capital of such Credit Party's holding company, if

any, as a consequence of this Agreement, such Credit Party's Commitment or the Loans made or Letters of Credit issued by such Credit Party pursuant hereto to a level below that which such Credit Party or such Credit Party's holding company could have achieved but for such Change in Law (taking into consideration such Credit Party's policies and the policies of such Credit Party's holding company with respect to capital adequacy) by an amount deemed by such Credit Party to be material, then from time to time such additional amount or amounts as will compensate such Credit Party for such reduction will be paid by the Borrowers to such Credit Party.

(c) A certificate of any Credit Party setting forth such amount or amounts as shall be necessary to compensate such Credit Party 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 Credit Party 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 Credit Party 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 Credit Party's right to demand compensation with respect to such period or any other period; *provided* that the Borrowers shall not be required to compensate any Credit Party pursuant to this Section for any increased costs or expenses incurred or reductions suffered more than 90 days prior to the date that such Credit Party notifies the Company of the Change in Law giving rise to such increased costs or expenses or reductions and of such Credit Party's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or expenses or reductions is retroactive, then the 90-day period referred to above shall be extended to include the period of retroactive effect thereof. The protection of this Section shall be available to each Credit Party regardless of any possible contention of the invalidity or inapplicability of the Change in Law which shall have occurred or been imposed.

SECTION 2.15. *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 to make or maintain any Eurocurrency Loan or to give effect to its obligations as contemplated hereby with respect to any Eurocurrency Loan, then, by written notice to the Company and to the Administrative Agent, such Lender may:

(i) declare that Eurocurrency 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 Eurocurrency Competitive Borrowing, and any request for a Eurocurrency Revolving Borrowing 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 Eurocurrency Loans denominated in Dollars made by it be converted to ABR Loans (which ABR Loans shall, for purposes of this Section 2.15, be determined at a rate per annum by reference to

the greater of clause (a) or (b) of the definition of the term "Alternate Base Rate") and that all outstanding Eurocurrency Loans denominated in the affected Non-US Currency be promptly prepaid, in which event all such Eurocurrency Loans in Dollars shall be automatically converted to ABR Loans (at a rate per annum as so determined) as of the effective date of such notice as provided in paragraph (b) below and all such Non-US 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, 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 2.15, a notice by any Lender shall be effective as to each Eurocurrency Loan, if lawful, on the last day of the Interest Period currently applicable to such Eurocurrency Loan; in all other cases such notice shall be effective on the date of receipt.

SECTION 2.16. *Indemnity.* The Borrowers shall indemnify each Lender against any out-of-pocket loss or reasonable 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 2.06, (b) any payment, prepayment or conversion, or assignment required under Section 2.21, 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 Adjusted 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 as a result of any loss shall be delivered to such Borrower and shall be conclusive absent manifest error; *provided* that any expenses related to any such loss that are incurred by such Lender and reported under such certificate shall be required to be reasonably documented.

SECTION 2.17. *Pro Rata Treatment.* Except as required under Sections 2.15 and 2.21, 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 Revolving Loans). Except as required under Section 2.15, each payment or repayment of principal of any Revolving Borrowing and each refinancing or conversion of any Revolving Borrowing shall be allocated pro rata among the Lenders in accordance with the respective principal amounts of their outstanding Revolving Loans comprising such Borrowing, and each payment of interest on any Revolving Borrowing shall be allocated pro rata among the Lenders in accordance with the respective amounts of accrued and unpaid interest on their outstanding Revolving 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 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 2.18. *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 (other than pursuant to Sections 2.14, 2.16 or 2.20), obtain payment (voluntary or involuntary) in respect of any Revolving Loans or amounts owed to it in respect of L/C Disbursements as a result of which the unpaid principal portion of its Revolving Loans and the amounts owed to it in respect of L/C Disbursements shall be proportionately less than the unpaid principal portion of the Revolving Loans and amounts owed in respect of L/C Disbursements 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 Revolving Loans and amounts owed in respect of L/C Disbursements of such other Lender, so that the aggregate unpaid principal amount of the Revolving Loans and participations in the Revolving Loans and amounts owed in respect of L/C Disbursements of each Lender shall be in the same proportion to the aggregate unpaid principal amount of all Revolving Loans and amounts owed in respect of L/C Disbursements then outstanding as the principal amount of its Revolving Loans and the amounts owed to it in respect of L/C Disbursements prior to such exercise of banker's lien, setoff or counterclaim or other event was to the principal amount of all Revolving Loans and amounts owed in respect of L/C Disbursements

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 2.18 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 Revolving Loan or amount owed in respect of an L/C Disbursement 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 Revolving Loan in the amount of such participation.

SECTION 2.19. *Payments.* (a) Except to the extent that any Tax is required to be withheld or deducted under applicable law or regulation, but subject to the provisions of Section 2.20, 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 without deduction, counter-claim or setoff in immediately available funds 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 383 Madison Avenue, New York, New York. Each such payment (other than principal of and interest on Non-US Currency Loans, which shall be made in the applicable Non-US Currencies) shall be made in Dollars. The Administrative Agent shall promptly distribute all payments for the accounts of the Lenders received by it to the Lenders.

(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.

(c) Notwithstanding any contrary provision hereof, if any Lender shall fail to make any payment required to be made by it hereunder to or for the account of the Administrative Agent or any Issuing Bank, the Administrative Agent may, in its discretion, until such time as all such unsatisfied obligations of such Lender have been fully paid, (i) apply any amounts received by the Administrative Agent for the account of such Lender for the benefit of the Administrative Agent or the applicable Issuing Bank to satisfy such Lender's obligations to it under each such Section and/or (ii) hold any such amounts in a segregated account as cash collateral for, and for application to, any future obligations of such Lender under any such Section, in each case in any order as determined by the Administrative Agent in its discretion.

SECTION 2.20. *Taxes.* (a) Each payment by each applicable Borrower under this Agreement shall be made without withholding for any Taxes, unless such withholding is required by any law. If any Withholding Agent determines, in its sole discretion exercised in good faith, that it is so required to withhold Taxes, then such Withholding Agent may so withhold and shall timely pay the full amount of withheld Taxes to the relevant Governmental Authority in accordance with applicable law. If such Taxes are Indemnified Taxes, then the amount payable by the applicable Borrower shall be increased as necessary so that, net of such withholding (including such withholding

applicable to additional amounts payable under this Section), the applicable Credit Party receives the amount it would have received had no such withholding been made.

(b) Each applicable Borrower shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) As soon as practicable after any payment of Indemnified Taxes by any Borrower to a Governmental Authority, such Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(d) Each Borrower shall indemnify each Credit Party for any Indemnified Taxes that are paid or payable by such Credit Party in connection with this Agreement (including amounts paid or payable under this Section 2.20(d)) and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority, except to the extent that such Borrower has paid additional amounts with respect to such Taxes pursuant to Section 2.20(a) of this Agreement. The indemnity under this Section 2.20(d) shall be paid within 10 days after the Credit Party delivers to the applicable Borrower a certificate stating the amount of any Indemnified Taxes so paid or payable by such Credit Party. Such certificate shall be conclusive of the amount so paid or payable absent manifest error. Such Credit Party shall deliver a copy of such certificate to the Administrative Agent.

(e) Each Lender shall severally indemnify the Administrative Agent for any Taxes (but, in the case of any Indemnified Taxes, only to the extent that the Borrowers have not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of any Borrower to do so) attributable to such Lender that are paid or payable by the Administrative Agent in connection with this Agreement and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. The indemnity under this Section 2.20(e) shall be paid within 10 days after the Administrative Agent delivers to the applicable Lender a certificate stating the amount of Taxes or expenses so paid or payable by the Administrative Agent. Such certificate shall be conclusive of the amount so paid or payable absent manifest error.

(f) (i) Any Lender that is entitled to an exemption from, or reduction of, any applicable withholding Tax with respect to any payments under this Agreement or the Loan Documents shall deliver to the Borrowers and the Administrative Agent, on or prior to the date such Lender becomes a party to this Agreement and at the time or times reasonably requested by any Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by such Borrower or the Administrative Agent as will permit such payments to be made without, or at a reduced rate of, withholding. In addition, any Lender shall, on or prior to the date such Lender becomes a party to this Agreement and at the time or times reasonably requested by any Borrower or the Administrative Agent, deliver such other documentation prescribed by law or reasonably requested by such Borrower or the Administrative Agent as will enable

such Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Upon the reasonable request of any Borrower or the Administrative Agent, any Lender shall update any form or certification previously delivered pursuant to this Section 2.20(f). If any form or certification previously delivered pursuant to this Section expires or becomes obsolete or inaccurate in any respect with respect to a Lender, such Lender shall promptly (and in any event within 10 days after such expiration, obsolescence or inaccuracy) notify such Borrower and the Administrative Agent in writing of such expiration, obsolescence or inaccuracy and update the form or certification if it is legally eligible to do so.

(ii) Without limiting the generality of the foregoing, if any Borrower is a US Person, any Lender with respect to such Borrower shall, if it is legally eligible to do so, deliver to such Borrower and the Administrative Agent (in such number of copies reasonably requested by such Borrower and the Administrative Agent) on or prior to the date on which such Lender becomes a party hereto, duly completed and executed copies of whichever of the following is applicable (including any applicable substitute or successor forms):

(A) in the case of a Lender that is a US Person, IRS Form W-9 certifying that such Lender is exempt from US Federal backup withholding tax;

(B) in the case of a Non-US Lender claiming the benefits of an income tax treaty to which the United States is a party (1) with respect to payments of interest under this Agreement, IRS Form W-8BEN establishing an exemption from, or reduction of, US Federal withholding Tax pursuant to the "interest" article of such tax treaty and (2) with respect to any other applicable payments under this Agreement or the Loan Documents, IRS Form W-8BEN establishing an exemption from, or reduction of, US Federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(C) in the case of a Non-US Lender for whom payments under this Agreement constitute income that is effectively connected with such Lender's conduct of a trade or business in the United States, IRS Form W-8ECI;

(D) in the case of a Non-US Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code both (1) IRS Form W-8BEN and (2) a certificate substantially in the form of Exhibit G (a "US Tax Certificate") to the effect that such Lender is not (a) a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (b) a "10 percent shareholder" of such Borrower within the meaning of Section 881(c)(3)(B) of the Code (c) a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code and (d) conducting a trade or business in the United States with which the relevant interest payments are effectively connected;

(E) in the case of a Non-US Lender that is not the beneficial owner of payments made under this Agreement (including a partnership or a participating Lender) (1) an IRS Form W-8IMY on behalf of itself and (2) the relevant forms prescribed in clauses (A), (B), (C), (D) and (F) of this paragraph (f)(ii) that would be required of each such beneficial owner or partner of such partnership if such beneficial owner or partner were a Lender; *provided, however*, that if the Lender is a partnership and one or more of its partners are claiming the exemption for portfolio interest under Section 881(c) of the Code, such Lender may provide a US Tax Certificate on behalf of such partners; or

(F) any other form prescribed by law as a basis for claiming exemption from, or a reduction of, US Federal withholding Tax together with such supplementary documentation necessary to enable such Borrower or the Administrative Agent to determine the amount of Tax (if any) required by law to be withheld.

(iii) Each Lender shall deliver to the Withholding Agent, at the time or times prescribed by law (including as prescribed as a result of any change in law or the taking effect of any law occurring after the date hereof) and at such time or times reasonably requested by the Withholding Agent, such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code and as prescribed by any change in law or the taking effect of any law occurring after the date hereof) and such additional documentation reasonably requested by the Withholding Agent as may be necessary for the Withholding Agent (A) to comply with its obligations under FATCA, (B) to determine that such Lender has complied with such Lender's obligations under FATCA and (C) to determine the amount to deduct and withhold from such payment. For purposes of this Section 2.20(f)(iii), FATCA shall include any regulations or official interpretations thereof.

(g) If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 2.20 (including additional amounts paid pursuant to this Section 2.20), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made and additional amounts paid under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including any Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid to such indemnified party pursuant to the previous sentence (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event such indemnified party is required to repay such refund to such Governmental Authority. This Section 2.20(g) shall not be construed to require any party to make available its Tax returns (or any other information relating to its Taxes which it deems confidential) to any other party or any other Person.

(h) Each Lender shall severally indemnify the Administrative Agent and each Borrower for any Taxes incurred or asserted against the Administrative Agent or

such Borrower by any Governmental Authority and any reasonable expenses arising therefrom as a result of the failure by such Lender to deliver, or as a result of the inaccuracy, inadequacy or deficiency of, any documentation required to be delivered by such Lender to the Administrative Agent or such Borrower pursuant to Section 2.20(f). The indemnity under this Section 2.20(h) shall be paid within 10 days after the Administrative Agent or such Borrower delivers to the applicable Lender a certificate stating the amount of Taxes or expenses so paid or payable by the Administrative Agent or such Borrower. Such certificate shall be conclusive of the amount so paid or payable absent manifest error.

(i) Each party's obligations under this Section 2.20 shall survive any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all other obligations under this Agreement.

(j) For purposes of Sections 2.20(e), (f), (h) and (i), the term "Lender" includes any (i) Issuing Bank and (ii) assignee and Participant under Section 9.04.

SECTION 2.21. *Duty to Mitigate; Assignment of Commitments Under Certain Circumstances.* (a) Any Lender (including any assignee and any Lender for the benefit of a Participant) or Issuing Bank claiming any additional amounts payable pursuant to Section 2.14 or Section 2.20 or exercising its rights under Section 2.15 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 (including any assignee and any Lender for the benefit of a Participant) or Issuing Bank, be otherwise disadvantageous to such Lender (including any assignee and any Lender for the benefit of a Participant) or Issuing Bank.

(b) In the event that any Lender (including any assignee and any Lender for the benefit of a Participant) or Issuing Bank shall have delivered a notice or certificate pursuant to Section 2.14 or 2.15, or any Borrower shall be required to make additional payments to any Lender (including any assignee and any Lender for the benefit of a Participant) or Issuing Bank under Section 2.20, the Company shall have the right, at its own expense, upon notice to such Lender (including any assignee and any Lender for the benefit of a Participant) or Issuing Bank and the Administrative Agent, to require such Lender (including any assignee and any Lender for the benefit of a Participant) 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 (including any assignee and any Lender for the benefit of a Participant) 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 2.22. *Defaulting Lenders*. Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a) Facility Fees shall cease to accrue on the unfunded portion of the Commitment of such Defaulting Lender pursuant to Section 2.07(a);

(b) the Commitment and Revolving Credit Exposure of such Defaulting Lender shall not be included in determining whether the Required Lenders have taken or may take any action hereunder (including any consent to any amendment, waiver or other modification pursuant to Section 9.07); *provided*, that this clause (b) shall not apply to the vote of a Defaulting Lender in the case of an amendment, waiver or other modification requiring the consent of such Lender or each Lender affected thereby;

(c) if any L/C Exposure exists at the time such Lender becomes a Defaulting Lender then:

(i) unless a Default or an Event of Default shall have occurred and be continuing, all or any part of the L/C Exposure of such Defaulting Lender shall be reallocated among the non-Defaulting Lenders in accordance with their respective Applicable Shares, but only to the extent the sum of all non-Defaulting Lenders' Revolving Credit Exposures plus such Defaulting Lender's L/C Exposure does not exceed the total of all non-Defaulting Lenders' Commitments;

(ii) if the reallocation described in clause (i) above cannot, or can only partially, be effected, each Borrower shall within two Business Days following notice by the Administrative Agent cash collateralize for the benefit of the applicable Issuing Bank only such Borrower's obligations corresponding to such Defaulting Lender's L/C Exposure (after giving effect to any partial reallocation pursuant to clause (i) above) in accordance with the procedures set forth in Article VII for so long as such L/C Exposure is outstanding;

(iii) if a Borrower cash collateralizes any portion of such Defaulting Lender's L/C Exposure pursuant to clause (ii) above, such Borrower shall not be required to pay any L/C Participation Fees to such Defaulting Lender pursuant to Section 2.07(c) with respect to such Defaulting Lender's L/C Exposure during the period such Defaulting Lender's L/C Exposure is cash collateralized;

(iv) if the L/C Exposure of the Defaulting Lender is reallocated pursuant to clause (i) above, then the fees payable to the Lenders pursuant to Section 2.07(a) and Section 2.07(c) shall be adjusted in accordance with such non-Defaulting Lenders' Applicable Shares; and

(v) if all or any portion of such Defaulting Lender's L/C Exposure is neither reallocated nor cash collateralized pursuant to clause (i) or (ii) above, then, without prejudice to any rights or remedies of the applicable Issuing Bank or any

other Lender hereunder, all Facility Fees that otherwise would have been payable to such Defaulting Lender (solely with respect to the portion of such Defaulting Lender's Commitment that was utilized by such L/C Exposure) and L/C Participation Fees payable under Section 2.07(c) with respect to such Defaulting Lender's L/C Exposure shall be payable to such Issuing Bank until and to the extent that such L/C Exposure is reallocated and/or cash collateralized; and

(d) so long as such Lender is a Defaulting Lender, each Issuing Bank shall not be required to issue, amend or increase any Letter of Credit unless it is satisfied that the related exposure and the Defaulting Lender's then outstanding L/C Exposure will be 100% covered by the Commitments of the non-Defaulting Lenders and/or cash collateral will be provided by the applicable Borrowers in accordance with Section 2.22(c), and participating interests in any newly issued or increased Letter of Credit shall be allocated among non-Defaulting Lenders in a manner consistent with Section 2.22(c)(i) (and such Defaulting Lender shall not participate therein).

If (i) a Bankruptcy Event with respect to a Lender Parent of any Lender shall occur following the date hereof and for so long as such event shall continue or (ii) any Issuing Bank has a good faith belief that any Lender has defaulted in fulfilling its obligations under one or more other agreements in which such Lender commits to extend credit, such Issuing Bank shall not be required to issue, amend or increase any Letter of Credit, unless such Issuing Bank shall have entered into arrangements with the applicable Borrowers or such Lender satisfactory to such Issuing Bank to defease any risk to it in respect of such Lender hereunder.

In the event that the Administrative Agent, the Borrowers and each Issuing Bank each agree that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the L/C Exposure of the Lenders shall be readjusted to reflect the inclusion of such Lender's Commitment and on such date such Lender shall purchase at par such of the Loans of the other Lenders (other than Competitive Loans) as the Administrative Agent shall determine may be necessary in order for such Lender to hold such Loans in accordance with its Applicable Share.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Each Borrower represents and warrants to each of the Lenders as follows (it being agreed that each Borrower other than the Company makes the following representations only as to itself, but that the Company makes such representations as to all the Borrowers):

SECTION 3.01. *Organization; Powers.* Each Borrower and each of the Significant 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 each Loan Party of each Loan Document to which it is or will be a party and the Borrowings hereunder (collectively, the "Transactions") (i) have been or, upon execution and delivery thereof, will be duly authorized by all requisite corporate action and (ii) will not (A) violate (x) 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 such Borrower, (y) any order of any Governmental Authority or (z) any provision of any indenture, material 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, where such violation is reasonably likely to result in a Material Adverse Effect, (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, material agreement or other instrument, where such default is reasonably likely to result in a Material Adverse Effect or (C) 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 other Loan Document to which any Loan Party is a party constitutes a legal, valid and binding obligation of such Loan Party 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 and Projections.* (a) The Company has heretofore furnished to the Administrative Agent and the Lenders copies of its consolidated balance sheet and statements of income, cash flow and retained earnings as of and for the year ended December 31, 2010, and the three months ended March 31, 2011, and June 30, 2011. Such financial statements present fairly, in all material respects, the consolidated financial condition and the results of operations of the Company and its subsidiaries as of such dates and for such periods in accordance with GAAP.

(b) The Company has heretofore furnished to the Lenders its unaudited pro forma consolidated balance sheet and statements of income, cash flow and retained earnings as of and for the year ended December 31, 2010, and the three months ended March 31, 2011, and June 30, 2011, prepared giving effect to the Spin-Offs and the Transactions as if the Spin-Offs and the Transactions had occurred, with respect to each such balance sheet, on the date thereof and, with respect to such other financial statements for each period, on the first day of such period. Such unaudited pro forma consolidated financial statements (i) have been prepared by the Company in good faith, based on the assumptions used to prepare the pro forma consolidated financial statements included in the Confidential Information Memorandum (which assumptions are believed by the Company on the date hereof to be reasonable), (ii) are based on the best information available to the Company as of the date of delivery thereof after due inquiry and (iii) subject to clauses (i) and (ii) above, (A) accurately reflect all adjustments

necessary to give effect to the Spin-Offs and the Transactions and (B) present fairly, in all material respects, the pro forma financial position, results of operations and cash flows of the Company and the consolidated Subsidiaries as of such date and for such period as if the Spin-Offs and the Transactions had occurred on each such date or at the beginning of each such period, as the case may be.

(c) 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 pro forma financial statements referred to in paragraph (b) of this Section.

SECTION 3.06. *Litigation; Compliance with Laws.* (a) There are no actions, proceedings or investigations filed or (to the knowledge of any Borrower) 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) Except with respect to any matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, none of the Company or any Subsidiary has received notice of any claim with respect to or is otherwise aware of any environmental liability to which it is or is reasonably likely to become subject. The Company believes that the accounting reserves maintained by it for possible asbestos-related liabilities and reflected in the financial statements referred to in Section 3.05 are adequate in all material respects based on facts and circumstances known to it on the date hereof.

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.* No Borrower is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940 (the "1940 Act").

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 and in accordance with the provisions of Section 3.07.

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 neither the Confidential Information Memorandum nor any of the other reports, financial statements, certificates 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; *provided that*, with respect to forecasts or projected financial information contained in the documents referred to above, the Company represents only that such information was prepared in good faith based upon assumptions believed by it to be reasonable at the time made and at the time so furnished and as of the date hereof (it being understood that such forecasts and projections may vary from actual results and that such variances may be material).

SECTION 3.11. *Taxes.* Each Borrower and each of the Significant Subsidiaries has filed or caused to be filed all Federal, state and local tax returns which are required to be filed by it, and has paid or caused to be paid all taxes shown to be due and payable on such returns or on any assessments received by it, 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.* No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect. The present value of all accumulated benefit obligations under each Plan (based on the assumptions used for purposes of FASB ASC Topic 715) did not, as of the date of the most recent financial statements reflecting such amounts, exceed the fair market value of the assets of such Plan by an amount that could reasonably be expected to result in a Material Adverse Effect, and the present value of all accumulated benefit obligations of all underfunded Plans (based on the assumptions used for purposes of FASB ASC Topic 715) did not, as of the date of the most recent financial statements reflecting such amounts, exceed the fair market value of the assets of all such underfunded Plans by an amount that could reasonably be expected to result in a Material Adverse Effect.

SECTION 3.13. *OFAC*. None of the Borrowers, nor any of their respective Affiliates, is in violation of (i) any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto, (ii) Executive Order No. 13,224, 66 Fed Reg 49,079 (2001), issued by the President of the United States (Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit or Support Terrorism) or (iii) the anti-money laundering provisions of the USA PATRIOT Act (Title III of Pub. L. 107-56) (the "USA PATRIOT Act") amending the Bank Secrecy Act, 31 U.S.C. Section 5311 et seq and any other laws relating to terrorism or money laundering.

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 Closing Date having occurred and 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 requested to issue such Letter of Credit as contemplated by Section 2.05.

(b) The representations and warranties set forth in Article III hereof (except those contained in Sections 3.05(c) and 3.06(a)) 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, in which case such representations and warranties shall be true and correct in all material respects on and as of such 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 favorable written opinions of (i) Dewey & LeBoeuf, counsel for the Company, to the effect set forth in Exhibit C-1 hereto and (ii) Burt Fealing, General Counsel and Secretary of the Company, to the effect set forth in Exhibit C-2 hereto, each dated the Effective Date and addressed

to the Administrative Agent, the Lenders and the Issuing Banks and satisfactory to the Lenders, the Administrative Agent and Cravath, Swaine & Moore LLP, counsel for the Administrative Agent.

(b) The Administrative Agent shall have received (i) a copy of the certificate of incorporation, including all amendments thereto, of each Loan Party, certified as of a recent date by the Secretary of State of its state of incorporation, and a certificate as to the existence 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 or such Subsidiary dated the Effective Date and certifying (A) that attached thereto is a true and complete copy of the by-laws of such Loan Party as in effect on the Effective Date and at all times since a date prior to the date of the resolutions described in (B) below, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors of such Loan Party authorizing the execution, delivery and performance of the Loan Documents to which such Loan Party is a party and, in respect of the Company, 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 existence 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 such Loan Party; and (iii) a certificate of another officer of such Loan Party 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 paragraph (g), the second sentence of paragraph (i) and paragraphs (j), (l), (m), (n), (o) and (p) of this Section and in paragraphs (b) and (c) of Section 4.01 (without giving effect to the parenthetical in such paragraph (b)).

(d) The principal of and accrued and unpaid interest on any loans outstanding under the Existing Credit Agreement shall have been paid in full, all other amounts due under the Existing Credit Agreement shall have been paid in full, all letters of credit issued under the Existing Credit Agreement shall have been terminated or shall have become Existing Letters of Credit and the commitments of the lenders and issuing banks under the Existing Credit Agreement shall have been permanently terminated.

(e) The Administrative Agent shall have received all Fees and other amounts due and payable for the accounts of the Lenders or for its own account on or prior to the Effective Date and, to the extent invoiced prior to the Effective Date, all fees, charges and disbursements of counsel that the Borrowers have agreed to pay or reimburse.

(f) The Credit Parties shall have received all documentation and other information required by bank regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including the USA PATRIOT Act.

(g) The Guarantee Requirement shall have been satisfied.

(h) The Administrative Agent and the Lenders shall have received the historical and pro forma financial statements and projections referred to in Section 3.05, as well as unaudited pro forma consolidated balance sheets and related statements of income and cash flows of the Company and the subsidiaries for each fiscal quarter (if any) ended after June 30, 2011, but at least 60 days before the Effective Date, which financial statements shall not be materially inconsistent with the pro forma financial statements or projections previously provided to the Lenders.

(i) The Administrative Agent and the Lenders shall have received true and complete copies of the Distribution Agreement and all other material agreements required to be delivered thereunder or in connection therewith. The terms of the Distribution Agreement shall be consistent in all material respects with the information set forth in the Form 10s, and no term or condition of the Distribution Agreement or any related agreement shall have been waived, amended or otherwise modified in a manner material and adverse to the rights or interests of the Lenders, except as previously approved by the Lead Arrangers.

(j) All conditions to the Spin-Offs set forth in the Form 10s shall have been satisfied, and the Spin-Offs and all related transactions shall have been consummated on terms consistent with applicable law and, except for changes not materially detrimental to the creditworthiness of the Company and the Subsidiaries or to the rights of the Lenders, with the information set forth in the Form 10s and the pro forma financial information and projections delivered to the Lenders.

(k) The Administrative Agent and the Lenders shall have received copies of, and the Lead Arrangers shall have been reasonably satisfied with, (i) the solvency opinion delivered to the Board of Directors of the Company and (ii) the legal opinion and any private letter ruling delivered to or obtained by the Company as to the tax-free nature of the Spin-Offs.

(l) After giving effect to the Spin-Offs and the Transactions, the Company and the Subsidiaries shall have outstanding no Indebtedness, committed credit facilities, guarantees or other material contingent obligations, letters of credit, preferred stock or contingent obligations other than (i) the Commitments and Letters of Credit, (b) other commitments and letters of credit in an aggregate amount not greater than \$150,000,000 and (c) other Indebtedness and contingent obligations of the Company in an aggregate amount not greater than \$100,000,000.

(m) All conditions precedent to the effectiveness of the Exelis Credit Agreement and the Xylem Credit Agreement shall have been satisfied.

(n) There shall not have occurred since December 31, 2010, any event, condition or circumstance that has had or could be reasonably be expected to have a material adverse effect on the business, results of operations, properties, assets or financial condition of the Company and the Subsidiaries, taken as a whole.

(o) There shall be no litigation or administrative proceeding that could reasonably be expected to have a material adverse effect on the Spin-Offs or on the business, results of operations, properties, assets or financial condition of the Company and the Subsidiaries, taken as a whole.

(p) All requisite Governmental Authorities and material third parties shall have approved or consented to the Spin-Offs and the Transactions to the extent required, all applicable notice or appeal periods shall have expired and there shall be no governmental or judicial action, actual or threatened, that could reasonably be expected to restrain, prevent or impose burdensome conditions on the Spin-Offs or the Transactions.

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 Credit Parties shall have received the favorable written opinion of counsel satisfactory to the Administrative Agent, addressed to the Credit Parties and satisfactory to the Credit Parties and to Cravath, Swaine & Moore LLP, counsel for the Administrative Agent, addressing such legal issues as the Administrative Agent or such counsel may reasonably request.

(b) The Administrative Agent shall have received a copy of the Borrowing Subsidiary Agreement executed by such Borrowing Subsidiary.

(c) It shall not be unlawful for such Subsidiary to become a Borrower hereunder or for any Lender to make Loans or otherwise extend credit to such Subsidiary as provided herein or for any Issuing Bank to issue Letters of Credit for the account of such Subsidiary.

(d) The Credit Parties shall have received (i) all documentation and other information required by bank regulatory authorities under applicable “know your customer” and anti-money laundering rules and regulations, including the USA PATRIOT Act and (ii) such documents and certificates as the Administrative Agent or its counsel may reasonably request relating to the organization, existence and good standing of such Borrowing Subsidiary, the authorization of the Transactions insofar as they relate to such Borrowing Subsidiary and any other legal matters relating to such Borrowing Subsidiary, its Borrowing Subsidiary Agreement or such Transactions, all in form and substance reasonably satisfactory to the Administrative Agent and its counsel.

ARTICLE V

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 Significant 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 6.01; *provided, however*, that nothing in this Section shall prevent the abandonment or termination of the existence, rights or franchises of any Significant 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 90 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 Deloitte & Touche LLP or another independent registered public accounting firm of recognized national standing selected by the Company and accompanied by an opinion of such accountants (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) 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 45 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 (i) 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 and (ii) setting forth reasonably detailed calculations demonstrating compliance with Sections 6.06 and 6.07;

(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; and

(e) promptly, from time to time, such other information as any Lender shall reasonably request through the Administrative Agent.

Information required to be delivered to the Administrative Agent pursuant to this Section 5.03 shall be deemed to have been distributed to the Lenders if such information, or one or more annual or quarterly reports containing such information, shall have been posted by the Administrative Agent on an IntraLinks or similar site to which the Lenders have been granted access or shall be available on the website of the Securities and Exchange Commission at <http://www.sec.gov> (and a confirming electronic correspondence shall have been delivered or caused to be delivered to the Lenders providing notice of such posting or availability). Information required to be delivered pursuant to this Section 5.03 may also be delivered by electronic communications pursuant to procedures approved by the Administrative Agent.

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 Significant 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 is reasonably likely 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 or any Lender to visit and inspect the properties of the Company and of any Significant Subsidiary and to discuss the affairs, finances and condition of the Company and any Significant 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.

SECTION 5.09. *Additional Subsidiaries.* If any Significant Domestic Subsidiary is formed or acquired after the Effective Date, or if any Subsidiary becomes a Significant Domestic Subsidiary after the Effective Date, the Company will, as promptly as practicable, and in any event within 30 days (or such longer period as the Administrative Agent may agree to in writing), notify the Administrative Agent thereof and cause the Guarantee Requirement to be satisfied with respect to such Subsidiary.

SECTION 5.10. *Distribution Agreement and Related Agreements.* Comply with all its obligations under the Distribution Agreement and all other agreements with Exelis Inc., Xylem Inc. or their subsidiaries entered into pursuant thereto or in connection therewith.

ARTICLE VI

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 6.01. *Priority Indebtedness.* Create, incur, assume or permit to exist any Priority Indebtedness other than:

- (a) Indebtedness under the Loan Documents;

(b) Indebtedness existing on the date hereof and set forth on Schedule 6.01, and extensions, renewals or replacements of any such Indebtedness that do not increase the outstanding principal amount thereof; *provided* that no additional Subsidiaries will be added as obligors or guarantors in respect of any Indebtedness referred to in this clause (b) and no such Indebtedness shall be secured by any additional assets (other than as a result of any Lien covering after-acquired property in effect on the date hereof);

(c) Indebtedness of any Subsidiary to the Company or any other Subsidiary, or Indebtedness of the Company to any Subsidiary; *provided* that no such Indebtedness shall be assigned to, or subjected to any Lien in favor of, a Person other than the Company or a Subsidiary;

(d) Indebtedness (including Capital Lease Obligations and obligations under conditional sale or other title retention agreements) incurred to finance the acquisition, construction or improvement of, and secured only by, any fixed or capital assets acquired, constructed or improved by the Company or any Subsidiary, and extensions, renewals or replacements of any such Indebtedness that do not increase the outstanding principal amount thereof or add additional Subsidiaries as obligors or guarantors in respect thereof and that are not secured by any additional assets; *provided* that such Indebtedness is incurred prior to or within 180 days after such acquisition or the completion of such construction or improvement and does not exceed the cost of acquiring, constructing or improving such fixed or capital assets;

(e) Indebtedness of any Person that becomes a Subsidiary after the date hereof; *provided* that such Indebtedness and any Liens securing the same exist at the time such Person becomes a Subsidiary and are not created in contemplation of or in connection with such Person becoming a Subsidiary, and any such Liens do not extend to additional assets of the Company or any Subsidiary, and extensions, renewals or replacements of any of the Indebtedness referred to above in this clause that do not increase the outstanding principal amount thereof or add additional Subsidiaries as obligors or guarantors in respect thereof and that are not secured by any additional assets;

(f) Indebtedness of any Foreign Subsidiary incurred after the date hereof, the net proceeds of which are promptly dividended to the Company or one or more Domestic Subsidiaries; *provided* that such Indebtedness is not secured by assets of the Company or any Domestic Subsidiary; and

(g) other Priority Indebtedness to the extent the sum, without duplication, of (i) the aggregate amount thereof outstanding at any time and (ii) the aggregate sales price for the assets transferred in all sale and lease-back arrangements permitted under Section 6.03 and in effect at any time shall not exceed the greater of (i) \$150,000,000 and (ii) 5% of Consolidated Net Tangible Assets.

SECTION 6.02. *Liens*. Create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues (including accounts receivable) or rights in respect of any thereof, except:

(a) Permitted Encumbrances;

(b) Liens existing on the date hereof and set forth on Schedule 6.02, and extensions or renewals of any such Liens that do not extend to additional assets or increase the amount of the obligations secured thereby;

(c) any Lien securing indebtedness of a Subsidiary to the Company or another Subsidiary or of the Company to a Subsidiary, *provided* that in the case of any sale or other disposition of such indebtedness by the Company or a Subsidiary, such sale or other disposition shall be deemed to constitute the creation of another Lien not permitted by this clause (c);

(d) Liens deemed to exist in connection with sale and lease-back transactions permitted under Section 6.03;

(e) Liens on fixed or capital assets acquired, constructed or improved by the Company or any Subsidiary; *provided* that (i) such Liens secure only Indebtedness (including Capital Lease Obligations and obligations under conditional sale or other title retention agreements) permitted by Section 6.01(d) and obligations relating thereto not constituting Indebtedness and (ii) such Liens shall not extend to any other asset of the Company or any Subsidiary (other than the proceeds and products thereof); *provided further* that in the event purchase money obligations are owed to any Person with respect to financing of more than one purchase of any fixed or capital assets, such Liens may secure all such purchase money obligations and may apply to all such fixed or capital assets financed by such Person;

(f) any Lien existing on any asset prior to the acquisition thereof by the Company or any Subsidiary or existing on any asset of any Person that becomes a Subsidiary (or of any Person not previously a Subsidiary that is merged or consolidated with or into a Subsidiary in a transaction permitted hereunder) after the date hereof prior to the time such Person becomes a Subsidiary (or is so merged or consolidated); *provided* that (i) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Subsidiary (or such merger or consolidation), (ii) such Lien shall not extend to any other asset of the Company or any Subsidiary and (C) such Lien shall secure only those obligations that it secures on the date of such acquisition or the date such Person becomes a Subsidiary (or is so merged or consolidated) and any extensions, renewals and refinancings thereof that do not increase the outstanding principal amount thereof;

(g) sales of accounts receivable and interests therein pursuant to Securitization Transactions constituting Priority Indebtedness permitted under Section 6.01; and

(h) Liens securing other Priority Indebtedness to the extent such Priority Indebtedness and such Liens are permitted under Section 6.01.

SECTION 6.03. *Sale and Lease-Back Transactions.* Enter into any arrangement, directly or indirectly, with any Person whereby it shall sell or transfer any property used or useful in its business, whether now owned or hereafter acquired, and

thereafter rent or lease such property or other property which it intends to use for substantially the same purpose or purposes as the property being sold or transferred, except (a) any such arrangement entered into with respect to a property within 180 days after the acquisition thereof and (b) other such arrangements to the extent the sum, without duplication, of (a) the aggregate sales price for the assets transferred in all such arrangements in effect at any time and (b) the aggregate amount of Priority Indebtedness permitted under Section 6.01(g) and outstanding at such time shall not exceed the greater of (i) \$150,000,000 and (ii) 5% of Consolidated Net Tangible Assets.

SECTION 6.04. *Fundamental Changes.* (a) In the case of the Company or any other Borrower, merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or sell, transfer, lease or otherwise dispose of (in one transaction or in a series of transactions and including by means of any merger or sale of capital stock or otherwise) all or substantially all of its assets (whether now owned or hereafter acquired), or liquidate or dissolve, except that, if at the time thereof and immediately after giving effect thereto no Default or Event of Default shall have occurred and be continuing or would result from such transaction, (a) the Company or any Borrower may merge or consolidate with any Person if (i) in the case of any such merger involving the Company, the Company is the surviving Person and (ii) in the case of any other such Merger, a Borrower is the surviving Person and (b) any Borrower other than the Company may sell, transfer, lease or otherwise dispose of all or substantially all of its assets to, or liquidate or dissolve into, the Company.

(b) Remain engaged primarily in businesses of the type conducted by the Company and the Subsidiaries on the date of this Agreement and businesses reasonably related thereto.

SECTION 6.05. *Restrictive Agreements.* Directly or indirectly enter into, incur or permit to exist any agreement or other arrangement that restricts (a) the ability of the Company or any Subsidiary to create, incur or permit to exist any Lien upon any of its assets to secure the Obligations or (b) the ability of any Subsidiary to pay dividends or other distributions with respect to its Equity Interests or to make or repay loans or advances to the Company or any Subsidiary or to guarantee Indebtedness of the Company or any Subsidiary; *provided* that (i) the foregoing shall not apply to (A) restrictions on and conditions to the assignment of agreements between the Company or any Subsidiary and any Governmental Authority or amounts owed under such agreements, including those restrictions and conditions imposed by 31 USCS § 3727 and FAR Subpart 32.8 and any such assignments shall be in full compliance with 31 USCS § 3727 and FAR Subpart 32.8 or any successor law or regulation, (B) other restrictions and conditions imposed by law or by any Loan Document, (C) restrictions and conditions existing on the date hereof identified on Schedule 6.05 (but shall apply to any amendment or modification expanding the scope of any such restriction or condition), or (D) in the case of any Subsidiary that is not a wholly-owned Subsidiary, restrictions and conditions imposed by its organizational documents or any related joint venture or similar agreement, *provided* that such restrictions and conditions apply only to such Subsidiary and to any Equity Interests in such Subsidiary, (ii) clause (a) of the foregoing shall not apply to (A) restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by clause (a) or (c) of the definition of "Permitted

Encumbrances” in Section 1.01 if such restrictions or conditions apply only to the assets securing such Indebtedness or (B) customary provisions in leases and other agreements restricting the assignment thereof and (iii) clause (b) of the foregoing shall not apply to (A) customary restrictions and conditions contained in agreements relating to the sale of any asset, *provided* that such restrictions and conditions apply only to the asset that is to be sold, (B) restrictions and conditions imposed by agreements relating to Indebtedness of any Subsidiary in existence at the time such Subsidiary became a Subsidiary (but shall apply to any amendment or modification expanding the scope of, any such restriction or condition), *provided* that such restrictions and conditions apply only to such Subsidiary or (C) restrictions and conditions imposed by agreements relating to Indebtedness of Foreign Subsidiaries permitted under Section 6.01, *provided* that such restrictions and conditions apply only to Foreign Subsidiaries.

SECTION 6.06. *Interest Coverage Ratio*. Permit the Interest Coverage Ratio to be less than 3.00 to 1.00.

SECTION 6.07. *Leverage Ratio*. At any time permit the Leverage Ratio to be greater than 3.00 to 1.00.

ARTICLE VII
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 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 five days;

(d) default shall be made in the due observance or performance of any covenant, condition or agreement contained in Section 5.01 or Article VI;

(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 Material Indebtedness 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 Material Indebtedness, or any other event shall occur or condition shall exist, beyond the period of grace, if any, provided in such agreement or instrument referred to in this clause (ii), if the effect of any failure referred to in this clause (ii) is to cause, or to permit the holder or holders of such Material Indebtedness or a trustee on its or their behalf or the applicable counterparty to cause, an acceleration of the maturity of such Indebtedness or a termination or similar event in respect thereof;

(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 \$50,000,000 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) any guarantee purported to be created under the Guarantee Agreement shall cease to be, or shall be asserted by any Loan Party not to be, in full force and effect, except upon the consummation of any transaction permitted under this Agreement as a result of which the Loan Party (other than the Company) providing such guarantee ceases

to be a Subsidiary or upon the termination of the Guarantee Agreement in accordance with its terms;

(k) 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

(l) a Change in Control shall occur;

then, and in every such event (other than an event with respect to any Borrower 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, shall 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, (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 2.05; and, in the case of any event with respect to any Borrower 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 2.05.

ARTICLE VIII

THE ADMINISTRATIVE AGENT

Each of the Lenders and the Issuing Banks hereby irrevocably appoints the Administrative Agent as its agent and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms of the Loan Documents, together with such actions and powers as are reasonably incidental thereto.

Any bank serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender or an Issuing Bank as any other Lender or Issuing Bank and may exercise the same as though it were not the Administrative Agent, and such bank and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the Company or any Subsidiary or other Affiliate thereof as if it were not the Administrative Agent hereunder.

The Administrative Agent shall not have any duties or obligations except those expressly set forth in the Loan Documents. Without limiting the generality of the foregoing, (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) the Administrative Agent shall not have any duty to take any discretionary action or to exercise any discretionary powers, except discretionary rights and powers expressly contemplated by the Loan Documents that the Administrative Agent is required to exercise in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith to be necessary, under the circumstances as provided in the Loan Documents), *provided* that the Administrative Agent shall not be required to take any action that, in its opinion, could expose the Administrative Agent to liability or be contrary to any Loan Document or applicable law, and (c) except as expressly set forth in the Loan Documents, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Company or any Subsidiary that is communicated to or obtained by any bank serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith to be necessary, under the circumstances as provided in the Loan Documents) or in the absence of its own gross negligence or wilful misconduct, as determined by a court of competent jurisdiction by a final and non-appealable judgment. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agent by the Company, a Lender or an Issuing Bank, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Loan Document, (ii) the contents of any certificate, report or other document delivered thereunder or in connection therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Loan Document, (iv) the validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article IV or elsewhere in any Loan Document, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

The Administrative Agent shall be entitled to rely, and shall not incur any liability for relying, upon any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (who may be counsel for the Company), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

The Administrative Agent may perform any of and all its duties and exercise its rights and powers hereunder or under any other Loan Document by or

through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any of and all their duties and exercise their rights and powers through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

Subject to the terms of this paragraph, the Administrative Agent may resign at any time by notifying the Lenders, the Issuing Banks and the Company. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Company, to appoint a successor. 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 and the Issuing Banks, appoint a successor Administrative Agent, which shall be a Lender with an office in the United States of America, having a combined capital and surplus of at least \$500,000,000, or an Affiliate of any such Lender. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, 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 and under the other Loan Documents. The fees payable by the Company to the successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Company and such successor. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 9.02, as well as any exculpatory, reimbursement and indemnification provisions set forth in any other Loan Document, shall continue in effect for the benefit of such retiring Administrative Agent, its sub agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Administrative Agent or as sub-agent, as the case may be.

Each Lender and Issuing Bank acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or Issuing Bank, or any of the Related Parties of any of the foregoing, 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 and Issuing Bank also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or Issuing Bank, or any of the Related Parties of any of the foregoing, 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, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

Each Lender, by delivering its signature page to this Agreement and funding its Loans on the Effective Date, or delivering its signature page to an Assignment and Assumption or an Accession Agreement pursuant to which it shall become a Lender hereunder, shall be deemed to have acknowledged receipt of, and consented to and approved, each Loan Document and each other document required to be delivered to, or

be approved by or satisfactory to, the Administrative Agent or the Lenders on the Effective Date.

No Lender or Issuing Bank shall have any right individually to enforce any guarantee of the Obligations, it being understood and agreed that all powers, rights and remedies under the Loan Documents may be exercised solely by the Administrative Agent on behalf of the Lenders and the Issuing Bank in accordance with the terms thereof. Each Lender and each Issuing Bank will be deemed, by its acceptance of the benefits of the guarantees of the Obligations provided under the Loan Documents, to have agreed to the foregoing provisions.

Notwithstanding anything herein to the contrary, neither the Lead Arrangers nor any Person named on the cover page of this Agreement as a Syndication Agent, a Documentation Agent or a Joint Bookrunner shall have any duties or obligations under this Agreement or any other Loan Document (except in its capacity, as applicable, as a Lender or an Issuing Bank), but all such Persons shall have the benefit of the indemnities provided for hereunder.

ARTICLE IX

MISCELLANEOUS

SECTION 9.01. *Notices.* (a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by fax or by electronic communication, as follows:

(i) if to any Borrower, to ITT Corporation, 1133 Westchester Avenue, White Plains, New York 10604, Attention of Thomas Scalera, Chief Financial Officer (Fax No. 914-696-2960; E-mail: thomas.scalera@itt.com), as agent for such Borrower;

(ii) if to the Administrative Agent, to JPMorgan Chase Bank, N.A., Loan and Agency Services Group, 1111 Fannin Street, Floor 10, Houston, TX 77022, Attention of Jeremy Jones (Fax No. 713-750-2878; E-mail: jeremy.m.jones@jpmorgan.com), with a copy to JPMorgan Chase Bank, N.A. at 383 Madison Avenue, New York, New York 10179, Attention of Robert Bryant (Fax No. 212-270-6539; E-mail: rob.d.bryant@jpmorgan.com) and JPMorgan Chase Bank, N.A., Loan and Agency Group (London) at 125 London Wall, Floor 9, London, EC2Y 5AJ, United Kingdom, Attention of Loan and Agency London (Fax No. +44 207 777 2360; Email: Loan_and_Agency_London@jpmorgan.com) Re: ITT Corporation; and

(iii) if to any Issuing Bank, to it at its address (or fax number or e-mail address) most recently specified by it in a notice delivered to the Administrative Agent and the Company (or, in the absence of any such notice, to the address (or

fax number or e-mail address) set forth in the Administrative Questionnaire of the Lender that is serving as such Issuing Bank or is an Affiliate thereof);

(iv) if to any other Lender, to it at its address (or fax number or e-mail address) set forth in its Administrative Questionnaire.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by fax shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient); and notices delivered through electronic communications to the extent provided in this clause (a) and paragraph (b) below shall be effective as provided in such paragraph.

(b) Notices and other communications to the Lenders and Issuing Banks hereunder may be delivered or furnished by electronic communications (including email and Internet and intranet websites) pursuant to procedures approved by the Administrative Agent; *provided* that the foregoing shall not apply to notices under Article II to any Lender or Issuing Bank if such Lender or Issuing Bank, as applicable, has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. Any notices or other communications to the Administrative Agent or the Company may be delivered or furnished by electronic communications pursuant to procedures approved by the recipient thereof prior thereto; *provided* that approval of such procedures may be limited or rescinded by any such Person by notice to each other such Person.

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 2.14, 2.16, 2.20 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 (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 Eligible 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) such assignment shall be subject to the prior written consent (not to be unreasonably withheld or delayed) of: (1) the Company, unless (x) the assignee is a Lender, an Affiliate of a Lender or an Approved Fund, or (y) an Event of Default has occurred and is continuing; *provided* that the Company shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within 10 Business Days after having received notice thereof, (2) the Administrative Agent, and (3) each Issuing Bank, (ii) the parties to each such assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, and a processing and recordation fee of \$3,500, (iii) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire, (iv) the amount of the Commitment assigned (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$5,000,000, except in the event that the amount of the Commitment of such assigning Lender remaining after such assignment shall be zero and (v) without providing (1) prior notice to the Administrative Agent and (2) information reasonably requested by the Administrative Agent so that it may comply with information reporting requirements under the Code, no assignment shall be made to a prospective assignee that bears a relationship to any Borrower described in Section 108(e)(4) of the Code. Upon acceptance and recording pursuant to paragraph (e) of this Section, from and after the effective date specified in each Assignment and Assumption, 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 Assumption, 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 Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption 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 2.14, 2.16, 2.20 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 Assumption, 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 Assumption; (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 Assumption; (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 Assumption 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 Assumption 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 (if required under paragraph (a) above), the Administrative Agent shall (i) accept such Assignment and Assumption and (ii) record the information contained therein in the Register. Each assignee, by its execution and delivery of an Assignment and Assumption, shall be deemed to have represented to the assigning Lender and the Administrative Agent that such assignee is an Eligible Assignee.

(f) Each Lender may sell participations to one or more banks or other entities (each, a "Participant") 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 Participant shall be entitled to the benefit of the cost protection provisions contained in Sections 2.14, 2.16 and 2.20 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 Participant), except that all claims made pursuant to such Sections shall be made through such selling Lender, (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 and (v) without providing (1) prior notice to the Administrative Agent and (2) information reasonably requested by the Administrative Agent so that it may comply with information reporting requirements under the Code, no participation shall be made to a prospective Participant that bears a relationship to any Borrower described in Section 108(e)(4) of the Code. In no event shall a Lender that sells a participation agree with the Participant to take or refrain from taking any action hereunder except that such Lender may agree with the Participant that it will not, without the consent of the Participant, agree to (i) increase or extend the term of such Lender's Commitment, or extend the time or waive any requirement for the reduction or termination, of such Lender's Commitment, (ii) extend the date fixed for the payment of principal of or interest on the related Loans or any portion of any fee hereunder payable to the Participant, (iii) reduce the amount of any such payment of principal or (iv) reduce the rate at which interest is payable thereon, or any fee hereunder payable to the Participant, to a level below the rate at which the Participant is entitled to receive such interest or fee. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrowers (solely for tax purposes), maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under this Agreement (the "Participant Register"); *provided* that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any Participant or any information relating to a Participant's interest in any Commitments, Loans, Letters of Credit or its other obligations under this Agreement) except to the extent that such disclosure is necessary to establish that such Commitment, Loan, Letter of Credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary.

(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 or any central 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 in the form of Exhibit F.

SECTION 9.05. *Expenses; Indemnity.* (a) The Borrowers agree to pay all reasonable out-of-pocket expenses incurred by the Administrative Agent, the Lead Arrangers and the Joint Bookrunners named on the cover of this Agreement and their Affiliates in connection with the arrangement and syndication of the credit facility established hereby and the preparation, negotiation, execution and delivery of the Loan Documents (and all related commitment or fee letters) or in connection with any amendments, modifications or waivers of the provisions hereof or thereof, or incurred by the Administrative Agent or any Lender in connection with the administration, enforcement or protection of their rights in connection with the Loan Documents (including all such out-of-pocket expenses incurred during any workout or restructuring) or in connection with the Loans made or Letters of Credit issued hereunder, including the reasonable fees and disbursements of counsel for the Administrative Agent and each Lead Arranger and Joint Bookrunner or, in the case of enforcement or protection of their rights, the Lenders (which, in the case of preparation, negotiation, execution, delivery and administration of the Loan Documents, but not the enforcement or protection of rights thereunder, shall be limited to a single counsel for the Administrative Agent, the Lead Arrangers and the Joint Bookrunners).

(b) The Borrowers agree to indemnify the Administrative Agent, the Lead Arrangers, the Syndication Agent and the Joint Bookrunners named on the cover page of this Agreement, 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 "Indemnitee") against, and to hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related reasonable expenses, including reasonable counsel fees and expenses, incurred by or asserted against any Indemnitee arising out of (i) the arrangement and syndication of the credit facility established hereby and the preparation, negotiation, execution and delivery of the Loan Documents (and all related commitment or fee letters) or consummation of the transactions contemplated thereby, (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, regardless of whether initiated by any third party or by any Borrower and whether or not any Indemnitee is a party thereto; *provided* that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are

determined by a final and non-appealable judgment of a court of competent jurisdiction to have resulted from the gross negligence or wilful misconduct of such Indemnitee.

(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.

(d) Notwithstanding any other provision, this Section 9.05 shall not apply with respect to any matters, liabilities or obligations relating to Taxes.

SECTION 9.06. APPLICABLE LAW. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES THEREOF OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW.

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* that no such agreement shall (i) increase the Commitment or L/C Exposure of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or L/C Disbursement or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender affected thereby, (iii) postpone the date of any scheduled payment of the principal amount of any Loan or L/C Disbursement, or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender affected thereby, (iv) change Section 2.17, or change any other provision of any Loan Document in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, (v) change Section 9.04(h), (vi) release the Company, or substantially all the Significant Domestic Subsidiaries, from their obligations under the Guarantee Agreement (except as

expressly provided in the Guarantee Agreement), or limit their liability in respect of the guarantees under the Guarantee Agreement, without the written consent of each Lender, or (vii) change any of the provisions of this Section or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender; *provided further* that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent or the Issuing Bank hereunder without the prior written consent of the Administrative Agent or the Issuing Bank, as the case may be. Notwithstanding the foregoing, any provision of this Agreement may be amended by an agreement in writing entered into by the Borrowers, the Required Lenders and the Administrative Agent (and, if its rights or obligations are affected thereby, the Issuing Bank) if (i) by the terms of such agreement the Commitment of each Lender not consenting to the amendment provided for therein shall terminate upon the effectiveness of such amendment and (ii) at the time such amendment becomes effective, each Lender not consenting thereto receives payment in full of the principal of and interest accrued on each Loan made by it and all other amounts owing to it or accrued for its account under this Agreement.

SECTION 9.08. *Entire Agreement.* This Agreement and the agreements referenced in Section 2.07(b) 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 any Loan Document held by such Lender, irrespective of whether or not such Lender shall have made any demand thereunder and although such obligations may be unmaturred. 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 PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE EXCLUSIVE JURISDICTION OF ANY NEW YORK STATE COURT OR FEDERAL COURT OF THE UNITED STATES OF AMERICA SITTING IN NEW YORK COUNTY, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT 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.

(B) EACH PARTY 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 ANY LOAN DOCUMENT 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. *Borrowing Subsidiaries.* Within two Business Days after the receipt by the Administrative Agent of a Borrowing Subsidiary Agreement executed by a Subsidiary and the Company, the Administrative Agent shall deliver to each Lender a notice of such request to become a Borrowing Subsidiary under this Agreement. If the designation of such Borrowing Subsidiary obligates the Administrative Agent or a Lender to comply with "know your customer" or similar identification procedures in circumstances where the necessary information is not already available to it, the Administrative Agent or such Lender shall deliver to the Company, (a) within five Business Days after the receipt of such a Borrowing Subsidiary Agreement in respect of a Domestic Subsidiary or (b) within 10 Business Days after the receipt of such a Borrowing Subsidiary Agreement in respect of a Foreign Subsidiary, a request to that effect, and the Company shall, promptly upon receipt of such request, supply such documentation and other evidence as is reasonably requested by the Administrative Agent or such Lender in order for the Administrative Agent or such Lender to carry out and comply with the requirements of the USA PATRIOT Act or any other applicable laws and regulations, and, unless the results of such inquiry conflict with the requirements of such laws and regulations, or if no such request by the Administrative Agent or any Lender is made within the time period set forth above, such Borrowing Subsidiary shall become a party hereto and a Borrower hereunder with the same effect as if it had been an original party to this Agreement. Notwithstanding the foregoing, no Subsidiary shall become a Borrower Subsidiary if it shall be unlawful for such Subsidiary to become a Borrower hereunder or for any Lender to make Loans or otherwise extend credit to such Subsidiary as provided herein or for any Issuing Bank to issue Letters of Credit for the account of such Subsidiary. Upon the execution by the Company and a Borrowing Subsidiary and delivery to the Administrative Agent of a Borrowing Subsidiary Termination with respect to such Borrowing Subsidiary, such Borrowing Subsidiary shall cease to be a Borrowing Subsidiary hereunder; provided that no Borrowing Subsidiary Termination will become effective as to any Borrowing Subsidiary (other than to terminate such Borrowing Subsidiary's right to obtain further Loans or Letters of Credit under this Agreement) at a time when any principal of or interest on any Loan to such Borrowing Subsidiary or any Letter of Credit issued for the account of such Borrowing Subsidiary shall be outstanding hereunder. Promptly following receipt of any Borrowing Subsidiary Termination, the Administrative Agent shall send a copy thereof to each Lender.

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. *USA PATRIOT Act.* Each Lender hereby notifies the Borrowers that pursuant to the requirements of the USA PATRIOT Act, it is required to obtain, verify and record information that identifies the Borrowers, which information includes the name and address of each Borrower and other information that will allow such Lender to identify the Borrowers in accordance with its requirements.

SECTION 9.18. *No Fiduciary Relationship.* The Company, on behalf of itself and its subsidiaries, agrees that in connection with all aspects of the transactions contemplated hereby and any communications in connection therewith, the Company, the Subsidiaries and their Affiliates, on the one hand, and the Administrative Agent, the Lenders, the Issuing Banks and their Affiliates, on the other hand, will have a business relationship that does not create, by implication or otherwise, any fiduciary duty on the part of the Administrative Agent, the Lenders, the Issuing Banks or their Affiliates, and no such duty will be deemed to have arisen in connection with any such transactions or communications.

SECTION 9.19. *Non-Public Information.* Each Lender acknowledges that all non-public information, including requests for waivers and amendments, furnished by the Company or the Administrative Agent pursuant to or in connection with, or in the course of administering, this Agreement will be syndicate-level information, which may contain MNPI. Each Lender hereby advises the Company and the Administrative Agent that (a) it has developed compliance procedures regarding the use of MNPI and that it will handle MNPI in accordance with such procedures and applicable law, including Federal, state and foreign securities laws, and (b) it has identified in its Administrative Questionnaire a credit contact who may receive information that may contain MNPI in accordance with its compliance procedures and applicable law, including Federal, state and foreign securities laws.

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 CORPORATION, as Borrower,

by /s/ Burt M. Fealing
Name: Burt M. Fealing
Title: Vice President & Secretary

JPMORGAN CHASE BANK, N.A.,
individually and as Administrative Agent,

by /s/ Robert D. Bryant
Name: Robert D. Bryant
Title: Vice President

CITIBANK, N.A.,

by /s/ Andrew Sidford
Name: Andrew Sidford
Title: Vice President

Lender: THE BANK OF TOKYO-
MITSUBISHI UFJ, LTD.

by /s/ Ken Egusa
Name: Ken Egusa
Title: Vice President

Lender: U.S. BANK N.A.,

by /s/ Michael P. Dickman
Name: Michael P. Dickman
Title: Vice President U.S. Bank, N.A.

Lender: BARCLAYS BANK PLC,

by /s/ Kevin Kullen
Name: Kevin Cullen
Title: Director

Lender: Société Générale.

by /s/ Yao Wang
Name: Yao Wang
Title: Director

Lender: THE ROYAL BANK OF SCOTLAND PLC

by /s/ L. Peter Yetman
Name: L. Peter Yetman
Title: Director

Lender: WELLS FARGO BANK, N.A.

by /s/ Tom Molitor
Name: Tom Molitor
Title: Director

Lender: BNP PARIBAS.

by /s/ Richard Pace
Name: Richard Pace
Title: Managing Director

For any Lender requiring a second signature line:

by /s/ Melissa Balley
Name: Melissa Balley
Title: Vice President

Lender: ING BANK N.V. DUBLIN BRANCH.

by /s/ Emma Condon
Name: Emma Condon
Title: Vice President

For any Lender requiring a second signature line:

by /s/ Aidan Neill
Name: Aidan Neill
Title: Director

Lender: MIZUHO CORPORATE BANK, LTD.

by /s/ David Lim
Name: David Lim
Title: Authorized Signatory

Lender: THE NORTHERN TRUST COMPANY,

by /s/ Daniel J. Boote
Name: Daniel J. Boote
Title: Senior Vice President

Lender: UBS LOAN FINANCE LLC

by /s/ Irja R. Otsa
Name: Irja R. Otsa
Title: Associate Director

by /s/ Mary E. Evans
Name: Mary E. Evans
Title: Associate Director

Lender: INTESA SANPAOLO S.P.A — NEW YORK BRANCH.

by /s/ Robert Wurster
Name: Robert Wurster
Title: Senior Vice President

For any Lender requiring a second signature line:

by /s/ Francesco Di Mario
Name: Francesco Di Mario
Title: F.V.P & Head of Credit

Lender: THE GOVERNOR AND COMPANY OF THE BANK OF IRELAND,

by /s/ Wendy Hobson
Name: Wendy Hobson
Title: Authorised Signatory

by /s/ John Goggin
Name: John Goggin
Title: Authorised Signatory

[FORM OF]
COMPETITIVE BID REQUEST

JPMorgan Chase Bank, N.A., as Administrative Agent
for the Lenders referred to below,
383 Madison Avenue
New York, NY 10179

[Date]

Attention: []

Ladies and Gentlemen:

The undersigned, _____ (the "Borrower"), refers to the Four-Year Competitive Advance and Revolving Credit Facility Agreement dated as of October 25, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among ITT Corporation, the Borrowing Subsidiaries party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and Citibank, N.A., as Syndication Agent. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement. The Borrower hereby gives you notice pursuant to Section 2.03(a) of the Credit Agreement that it requests a Competitive Borrowing under the Credit 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) Currency of Competitive Borrowing¹ _____
- (C) Principal amount of Competitive Borrowing² _____
- (D) Interest rate basis³ _____
- (E) Interest Period and the last day thereof⁴ _____

¹ Dollar or a Non-US Currency.
² An integral multiple of 1,000,000 units of the applicable currency with a Dollar Equivalent of at least \$10,000,000 but not greater than the Total Commitment then available.
³ A Eurocurrency Borrowing or a Fixed Rate Borrowing.
⁴ Shall be subject to the definition of the term "Interest Period" and end not later than the Maturity Date.

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 Credit Agreement have been satisfied.

Very truly yours,

[NAME OF BORROWER],

by _____
Name:

Title: [Financial Officer]

[FORM OF]
NOTICE OF COMPETITIVE BID REQUEST

[Name of Lender]
[Address]

[Date]

Attention: []

Ladies and Gentlemen:

Reference is made to the Four-Year Competitive Advance and Revolving Credit Facility Agreement dated as of October 25, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among IIT Corporation, the Borrowing Subsidiaries party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and Citibank, N.A., as Syndication Agent. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement. _____ (the "Borrower") made a Competitive Bid Request on ___, 20[], pursuant to Section 2.03(a) of the Credit 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 Credit Agreement and the terms set forth below on which the Competitive Bid Request was made:

- (A) Date of Competitive Borrowing _____
- (B) Currency of Competitive Borrowing _____
- (C) Principal amount of Competitive Borrowing _____
- (D) Interest rate basis _____
- (E) Interest Period and the last day thereof. _____

¹ The Competitive Bid must be received by the Administrative Agent (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.



Very truly yours,

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent,

by _____

Name:

Title:

[FORM OF]
COMPETITIVE BID

JPMorgan Chase Bank, N.A., as Administrative Agent
for the Lenders referred to below,
383 Madison Avenue
New York, NY 10179

[Date]

Attention: []

Ladies and Gentlemen:

The undersigned, [Name of Lender], refers to the Four-Year Competitive Advance and Revolving Credit Facility Agreement dated as of October 25, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the "*Credit Agreement*"), among ITT Corporation, the Borrowing Subsidiaries party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and Citibank, N.A., as Syndication Agent. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement. The undersigned hereby makes a Competitive Bid pursuant to Section 2.03(b) of the Credit Agreement, in response to the Competitive Bid Request made by _____ (the "*Borrower*") on __, 20[], 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 Credit Agreement, to extend credit to the Borrower upon acceptance by the Borrower of this bid in accordance with Section 2.03(d) of the Credit Agreement.

¹ An integral multiple of 1,000,000 units of the applicable currency and may be equal to the entire principal amount of the Competitive Borrowing requested. 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.



Very truly yours,

[NAME OF LENDER],

by _____

Name:

Title:

[FORM OF]
COMPETITIVE BID ACCEPT/REJECT LETTER

JPMorgan Chase Bank, N.A., as Administrative Agent
for the Lenders referred to below
383 Madison Avenue
New York, NY 10179

[Date]

Attention: []

Ladies and Gentlemen:

The undersigned, _____, refers to the Four-Year Competitive Advance and Revolving Credit Facility Agreement dated as of October 25, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among ITT Corporation, the Borrowing Subsidiaries party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and Citibank, N.A., as Syndication Agent. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

In accordance with Section 2.03(c) of the Credit 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 Credit Agreement, we hereby accept the following bids for maturity on [date]:

<u>Principal Amount</u>	<u>Currency</u>	<u>Fixed Rate/Margin</u> [%]/[+/- %]	<u>Lender</u>
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We hereby reject the following bids:

<u>Principal Amount</u>	<u>Currency</u>	<u>Fixed Rate/Margin</u> [%]/[+/- %]	<u>Lender</u>
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The Competitive Loans should be deposited in JPMorgan Chase Bank, N.A. account number [] on [date].

Very truly yours,

[NAME OF BORROWER],

by _____

Name:

Title:

[FORM OF]
REVOLVING BORROWING REQUEST

JPMorgan Chase Bank, N.A., as Administrative Agent
for the Lenders referred to below,
383 Madison Avenue
New York, NY 10179

[Date]

Attention: []

Ladies and Gentlemen:

The undersigned, _____ (the "Borrower"), refers to the Four-Year Competitive Advance and Revolving Credit Facility Agreement dated as of October 25, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among ITT Corporation, the Borrowing Subsidiaries party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and Citibank, N.A., as Syndication Agent. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement. The Borrower hereby gives you notice pursuant to Section 2.04 of the Credit Agreement that it requests a Revolving Borrowing under the Credit Agreement, and in that connection sets forth below the terms on which such Revolving Borrowing is requested to be made:

(A) Date of Revolving Borrowing (which is a Business Day) _____

(B) Principal amount of Revolving Borrowing¹ _____

(C) Interest rate basis² _____

(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 Credit Agreement have been satisfied.

¹ An integral multiple of \$5,000,000 and not less than \$10,000,000 (or an aggregate principal amount equal to the Total Commitment then available) but not greater than the Total Commitment then available.

² Eurocurrency Revolving Loan or ABR Loan.

³ Shall be subject to the definition of the term "Interest Period."



Very truly yours,

[NAME OF BORROWER],

by _____

Name:

Title: [Financial Officer]

[FORM OF]
ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (this "*Assignment and Assumption*") is dated as of the Effective Date set forth below and is entered into by and between the Assignor (as defined below) and the Assignee (as defined below). Capitalized terms used in this Assignment and Assumption and not otherwise defined herein have the meanings specified in the Four-Year Competitive Advance and Revolving Credit Facility Agreement dated as of October 25, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the "*Credit Agreement*"), among ITT Corporation, the Borrowing Subsidiaries party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and Citibank, N.A., as Syndication Agent, receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below, (i) all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the facility identified below (including any Competitive Loans or Letters of Credit included in such facility) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other rights of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the "*Assigned Interest*"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor (the "*Assignor*");
2. Assignee (the "*Assignee*");

Assignee is an Affiliate of: [Name of Lender]

- 3. Borrowers:
- 4. Administrative Agent:
- 5. Assigned Interest:

	Aggregate Amount of Commitment/Loans of all Lenders	Amount of Commitment/Loans Assigned	Percentage Assigned of Commitment/ Loans ¹
Commitment Assigned	\$	\$	%
Revolving Loans	\$	\$	%
Competitive Loans	\$	\$	%

Effective Date: _____, 200[] [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR].

¹ Set forth, to at least nine decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.

The terms set forth in this Assignment and Assumption are hereby agreed to:

[NAME OF ASSIGNOR], as Assignor,

by _____
Name:
Title:

[NAME OF ASSIGNEE], as Assignee,

by _____
Name:
Title:

Consented to:
JPMORGAN CHASE BANK, N.A.
as Administrative Agent,

by _____
Name:
Title:

Consented to:
[], as Issuing Bank,

by _____
Name:
Title:

[Consented to:
ITT Corporation,
as the Company,

by _____
Name:
Title:]²

² No consent of the Company shall be required for an assignment to a Lender, an Affiliate of a Lender or, if an Event of Default has occurred and is continuing, any other assignee.

**STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION**

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement, (iii) the financial condition of the Company, the Borrowing Subsidiaries, or any of their Subsidiaries or Affiliates or any other Person obligated in respect of the Credit Agreement or (iv) the performance or observance by the Company, the Borrowing Subsidiaries, or any of their Subsidiaries or Affiliates or any other Person of any of their respective obligations under the Credit Agreement.

1.2 Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it satisfies the requirements, if any, specified in the Credit Agreement that are required to be satisfied by it in order to acquire the Assigned Interest and become a Lender, (iii) from and after the Effective Date under the Assignment and Assumption, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.03 thereof (or, prior to the first such delivery, the financial statements referred to in Section 3.05 thereof), and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on any agent or any other Lender, and (v) if the Assignee is organized under the laws of a jurisdiction outside the United States, attached to this Assignment and Assumption is any documentation required to be delivered by it pursuant to Section 2.20 of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Assignor, any agent 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 the Credit Agreement, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignee whether such amounts have accrued prior to or on or after the Effective Date. The Assignor and the Assignee shall make all appropriate adjustments in payments by the Administrative Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves.

3. General Provisions. This Assignment and Assumption shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by facsimile or other electronic transmission shall be as effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be construed in accordance with and governed by the law of the State of New York without regard to conflict of laws principles thereof other than Section 5-1401 and 5-1402 of the New York General Obligations Law.

[FORM OF]

OPINION OF DEWEY & LEBOEUF, COUNSEL FOR ITT CORPORATION

Reference is made to the Four-Year Competitive Advance and Revolving Credit Facility Agreement dated as of October 25, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the "*Credit Agreement*"), among ITT Corporation, the Borrowing Subsidiaries party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and Citibank, N.A., as Syndication Agent. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

1 The execution, delivery and performance by each Loan Party of the Loan Documents¹, and the borrowings of ITT Corporation under the Credit Agreement will not violate any provision of law, statute, rule or regulation (including without limitation, the Margin Regulations) of the United States of America or the State of New York.

2. Each Loan Document constitutes a legal, valid and binding obligation of each Loan Party party thereto enforceable against such Loan Party in accordance with its terms, subject to any applicable bankruptcy, reorganization, insolvency, moratorium, fraudulent transfer or conveyance or other similar laws of general application relating to or affecting the enforcement of creditors' rights from time to time in effect, and to general principles of equity, regardless of whether such principles are considered in any proceeding in equity or at law.

¹ For opinion purposes, Loan Documents will be defined as those Loan Documents to be executed and delivered as of the Effective Date.

[FORM OF]

OPINION OF BURT FEALING, GENERAL COUNSEL AND SECRETARY FOR ITT CORPORATION

Reference is made to the Four-Year Competitive Advance and Revolving Credit Facility Agreement dated as of October 25, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the "*Credit Agreement*"), among ITT Corporation, the Borrowing Subsidiaries party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and Citibank, N.A., as Syndication Agent. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

1. Each Loan Party (i) is a corporation duly organized and validly existing under the laws of the [State of Indiana], (ii) has all requisite corporate 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, and (iv) has all requisite corporate power and authority to execute, deliver and perform its obligations under the Loan Documents to which it is a party, and in the case of ITT Corporation, to borrow funds thereunder.

2. The execution, delivery and performance by each Loan Party of the Loan Documents, and the borrowings of ITT Corporation under the Credit Agreement, (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 of the Indiana Business Corporation Law, or of the articles of incorporation or other constitutive documents or by-laws of such Loan Party, (2) any order known to me of any governmental authority or (3) any provision of any indenture, material agreement or other material instrument to which such Loan Party 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 such Loan Party, other than pursuant to the Loan Documents.

3. Each Loan Document has been duly executed and delivered by each Loan Party.

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 Corporation nor any of its subsidiaries is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940.

[FORM OF]
BORROWING SUBSIDIARY AGREEMENT

BORROWING SUBSIDIARY AGREEMENT dated as of [], [], among ITT CORPORATION, an Indiana corporation (the "*Company*"), [Name of Subsidiary], a [] corporation (the "*Subsidiary*"), and JPMORGAN CHASE BANK, N.A., as administrative agent (the "*Administrative Agent*") for the lenders (the "*Lenders*") party to the Credit Agreement referred to below.

Reference is made to the Four-Year Competitive Advance and Revolving Credit Facility Agreement dated as of October 25, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the "*Credit Agreement*"), among the Company, the Borrowing Subsidiaries party thereto, the Lenders party thereto, the Administrative Agent and Citibank, N.A., as Syndication Agent. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

Under the Credit Agreement, the Lenders have agreed, upon the terms and subject to the conditions therein set forth, to make competitive advance and revolving credit loans to, and to issue Letters of Credit for the account of, the Company and its subsidiaries that execute and deliver to the Administrative Agent a Borrowing Subsidiary Agreement in the form hereof. In consideration of being permitted to borrow, and to have Letters of Credit issued for its account, under the Credit 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 Credit Agreement to the same extent as if it had been one of the original parties to the Credit 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 CORPORATION,

by _____

Name:

Title:

[NAME OF SUBSIDIARY],

by _____

Name:

Title:

Accepted as of the date first appearing above:

JPMORGAN CHASE BANK N.A.,
as Administrative Agent,

by _____

Name:

Title:

[FORM OF]
BORROWER TERMINATION AGREEMENT

JPMorgan Chase Bank, N.A., as Administrative Agent
for the Lenders referred to below,
383 Madison Avenue
New York, NY 10179

[], 20[]

Re: Borrower Termination Agreement

Ladies and Gentlemen:

Reference is made to the Four-Year Competitive Advance and Revolving Credit Facility Agreement dated as of October 25, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the "*Credit Agreement*"), among the ITT Corporation, an Indiana corporation (the "*Company*"), the Borrowing Subsidiaries party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent and Citibank, N.A., as Syndication Agent. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

The Company hereby terminates the status of [NAME OF TERMINATED BORROWING SUBSIDIARY] (the "*Terminated Borrower*") as a "Borrower" under the Credit Agreement. [The Company represents and warrants that all Loans made to the Terminated Borrower have been repaid, all Letters of Credit issued for the account of the Terminated Borrower have been drawn in full or have expired and all amounts payable by the Terminated Borrower in respect of any drawings under any Letter of Credit issued for the account of such Terminated Borrower, interest and/or fees (and, to the extent notified by the Administrative Agent or any Lender, any other amounts payable under the Credit Agreement by the Terminated Borrower) have been paid in full on or prior to the date hereof.][The Company and the Terminated Borrower acknowledge that the Terminated Borrower shall continue to be a Borrower until such time as all Loans made to the Terminated Borrower have been repaid, all Letters of Credit issued for the account of the Terminated Borrower have been drawn in full or have expired and all amounts payable by the Terminated Borrower in respect of any drawings under any Letter of Credit issued for the account of such Terminated Borrower, interest and/or fees (and, to the extent notified by the Administrative Agent or any Lender, any other amounts payable under the Credit Agreement by the Terminated Borrower) have been paid in full.] The execution and delivery of this Borrower Termination Agreement shall be immediately effective to terminate the right of the Terminated Borrower to request or receive further extensions of credit under the Credit Agreement.



THIS INSTRUMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

ITT CORPORATION,

by _____

Name:

Title:

[FORM OF]
ISSUING BANK AGREEMENT

ISSUING BANK AGREEMENT dated as of [], [] (this "Agreement"), between ITT CORPORATION, an Indiana corporation (the "Company") and the financial institution identified on Schedule I hereto as the Issuing Bank (the "Issuing Bank").

Reference is made to the Four-Year Competitive Advance and Revolving Credit Facility Agreement dated as of October 25, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Company, the Borrowing Subsidiaries party thereto, the Lenders party thereto, the Administrative Agent and Citibank, N.A., as Syndication Agent. Accordingly, the parties hereto agree as follows:

SECTION 1. *Defined Terms.* Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement. The rules of construction set forth in Section 1.02 of the Credit Agreement shall apply to this Agreement, *mutatis mutandis*.

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 applicable Borrower (or the Company on behalf of the applicable Borrower) shall hand deliver or fax a notice (specifying the information required by Section 2.05(b) of the Credit Agreement) to the Issuing Bank, at its address or fax number specified on Schedule I hereto (or such other address or fax number as the Issuing Bank may specify by notice to the Company), 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 Borrower (or the Company on behalf of the applicable Borrower) 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 2.05(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 2.05(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 the Company).

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 the Company 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, the Company and the Administrative Agent otherwise agree.

SECTION 7. *Effectiveness.* This Agreement shall not be effective until counterparts hereof executed on behalf of each of the Company 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 CORPORATION,

by _____
Name:
Title:

[ISSUING BANK],

by _____
Name:
Title:

Accepted:

JPMORGAN CHASE BANK N.A., as
Administrative Agent,

by _____
Name:
Title:

- 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 Fronting Fee: []% per annum on the average daily undrawn amount of the 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]
PROMISSORY NOTE

New York, New York
[Date]

For value received, [NAME OF BORROWER], a [] corporation (the "Borrower"), promises to pay to the order of [name of Lender] (the "Lender") (i) the unpaid principal amount of each Loan made by the Lender to the Borrower under the Credit Agreement referred to below, when and as due and payable under the terms of the Credit Agreement, and (ii) interest on the unpaid principal amount of each such Loan on the dates and at the rate or rates provided for in the Credit Agreement. All such payments of principal and interest shall be made in the currencies and to the accounts specified in the Credit Agreement, in immediately available funds.

All Loans made by the Lender, and all repayments of the principal thereof, shall be recorded by the Lender and, prior to any transfer hereof, appropriate notations to evidence the foregoing information with respect to each such Loan then outstanding shall be endorsed by the Lender on the schedule attached hereto, or on a continuation of such schedule attached hereto and made a part hereof; provided that the failure of the Lender to make any such recordation or endorsement shall not affect the obligations of the Borrower hereunder or under the Credit Agreement.

This note is one of the promissory notes issued pursuant to the Four-Year Competitive Advance and Revolving Credit Facility Agreement dated as of October 25, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among ITT Corporation, the Borrowing Subsidiaries party thereto, the Lenders party thereto, the Administrative Agent and Citibank, N.A., as Syndication Agent. Reference is made to the Credit Agreement for provisions for the mandatory and optional prepayment hereof and the acceleration of the maturity hereof.

[NAME OF BORROWER],

by _____
Name:
Title:



SCHEDULE OF LOANS AND PAYMENTS OF PRINCIPAL

Date	Amount of Loan	Amount of Principal Repaid	Unpaid Principal Balance	Notations Made By
------	----------------	----------------------------	--------------------------	-------------------

[FORM OF]
U.S. TAX CERTIFICATE

(For Non-U.S. Lenders That Are Not
Partnerships For U.S. Federal Income Tax Purposes)

Reference is made to the Four-Year Competitive Advance and Revolving Credit Facility Agreement dated as of October 25, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among ITT Corporation, the Borrowing Subsidiaries party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and Citibank, N.A., as Syndication Agent.

Pursuant to the provisions of Section 2.20 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code and (v) the interest payments in question are not effectively connected with the undersigned's conduct of U.S. trade or business.

The undersigned has furnished the Administrative Agent and the Borrower with a certificate of its non-U.S. person status on IRS Form W-8BEN. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By: _____

Name:

Title:

Date: _____, 20[]

[FORM OF]
U.S. TAX CERTIFICATE
(For Non-U.S. Lenders That Are Partnerships
For U.S. Federal Income Tax Purposes)

Reference is made to the Four-Year Competitive Advance and Revolving Credit Facility Agreement dated as of October 25, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among ITT Corporation, the Borrowing Subsidiaries party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and Citibank, N.A., as Syndication Agent.

Pursuant to the provisions of Section 2.20 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its partners/members are the sole beneficial owners of such Loan(s) (as well as any Note(s) evidencing such Loan(s)), (iii) with respect to the extension of credit pursuant to this Credit Agreement, neither the undersigned nor any of its partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, (v) none of its partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code, and (vi) the interest payments in question are not effectively connected with the undersigned's or its partners/members' conduct of a U.S. trade or business.

The undersigned has furnished the Administrative Agent and the Borrower with IRS Form W-8IMY accompanied by an IRS Form W-8BEN from each of its partners/members claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By: _____

Name:
Title:

Date: _____, 20[]

[FORM OF]
U.S. TAX CERTIFICATE

(For Non-U.S. Participants That Are
Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is made to the Four-Year Competitive Advance and Revolving Credit Facility Agreement dated as of October 25, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among ITT Corporation, the Borrowing Subsidiaries party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and Citibank, N.A., as Syndication Agent.

Pursuant to the provisions of Section 2.20 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code, and (v) the interest payments in question are not effectively connected with the undersigned's conduct of a U.S. trade or business.

The undersigned has furnished its participating Lender with a certificate of its non-U.S. person status on IRS Form W-8BEN. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender in writing and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By: _____

Name:

Title:

Date: _____, 20[]

[FORM OF]
U.S. TAX CERTIFICATE
(For Non-U.S. Participants That Are
Partnerships For U.S. Federal Income Tax Purposes)

Reference is made to the Four-Year Competitive Advance and Revolving Credit Facility Agreement dated as of October 25, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among ITT Corporation, the Borrowing Subsidiaries party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and Citibank, N.A., as Syndication Agent.

Pursuant to the provisions of Section 2.20 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its partners/members are the sole beneficial owners of such participation, (iii) with respect such participation, neither the undersigned nor any of its partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, (v) none of its partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code, and (vi) the interest payments in question are not effectively connected with the undersigned's or its partners/members' conduct of a U.S. trade or business.

The undersigned has furnished its participating Lender with IRS Form W-8IMY accompanied by an IRS Form W-8BEN from each of its partners/members claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By: _____

Name:

Title:

Date: _____, 20[]

[FORM OF] GUARANTEE AND CONTRIBUTION AGREEMENT (this "Agreement") dated as of October 31, 2011, among ITT CORPORATION, an Indiana corporation (the "Company"), each of the subsidiaries of the Company that is listed on Schedule I hereto or that becomes a party hereto after the date hereof (each a "Subsidiary Guarantor" and, together with the Company, the "Guarantors") and JPMORGAN CHASE BANK, N.A., as administrative agent (the "Administrative Agent") for the Lenders (as defined in the Credit Agreement referred to below).

Reference is made to the Four-Year Competitive Advance and Revolving Credit Facility Agreement dated as of October 25, 2011 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Company, the Borrowing Subsidiaries from time to time party thereto (such Borrowing Subsidiaries together with the Company, the "Borrowers"), the Lenders from time to time party thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent. Capitalized terms used herein and not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

The Lenders and Issuing Banks have agreed to extend credit to the Borrowers pursuant to, and upon the terms and subject to the conditions specified in, the Credit Agreement. Each of the Subsidiary Guarantors is a Subsidiary and acknowledges that it will derive substantial benefit from the extension of credit to the Borrowers pursuant to the Credit Agreement. The obligations of the Lenders and the Issuing Banks to extend such credit are conditioned on, among other things, the execution and delivery by the Guarantors of a Guarantee Agreement in the form hereof. As consideration therefor and in order to induce the Lenders and Issuing Banks to extend such credit, the Guarantors are willing to execute this Agreement.

Accordingly, the parties hereto agree as follows:

SECTION 1. Guarantee. Each Guarantor unconditionally and irrevocably guarantees (the "Guarantee"), jointly with the other Guarantors and severally, the due and punctual payment and performance by each Borrower, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, of the Obligations. Each Guarantor further agrees that the Obligations may be extended or renewed, in whole or in part, without notice to or further assent from it, and that it will remain bound upon the Guarantee notwithstanding any extension or renewal of any Obligations.

SECTION 2. Obligations Not Waived. To the fullest extent permitted by applicable law, each Guarantor waives presentment to, demand of payment from and protest to any Borrower of any of the Obligations, and also waives notice of acceptance of the Guarantee and notice of protest for nonpayment. To the fullest extent permitted by applicable law, the obligations of each Guarantor hereunder shall not be affected by (a) the failure of the Administrative Agent, any other Lender or any Issuing Bank to assert

any claim or demand or to enforce or exercise any right or remedy against any Borrower or any other Guarantor under the provisions of the Credit Agreement, any other Loan Document or otherwise, (b) any rescission, waiver, amendment or modification of, or any release from any of the terms or provisions of, this Agreement, any other Loan Document, any Guarantee or any other agreement, including with respect to any other Guarantor under this Agreement, or (c) the failure of any Lender to exercise any right or remedy against any other Guarantor.

SECTION 3. Guarantee of Payment. Each Guarantor further agrees that the 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, any other Lender or any Issuing Bank to any of the security, if any, held for payment of the Obligations or to any balance of any deposit account or credit on the books of the Administrative Agent, any other Lender or any Issuing Bank in favor of any Borrower or any other Person.

SECTION 4. No Discharge or Diminishment of Guarantee. Subject to Section 24, the obligations of each Guarantor 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 of any of the Obligations, 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 Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of each Guarantor hereunder shall not be discharged or impaired or otherwise affected by the failure of the Administrative Agent, any other Lender or any Issuing Bank to assert any claim or demand or to enforce any remedy under the Credit Agreement, any other Loan Document or any other agreement, by any law or regulation of any jurisdiction or any other event affecting any term of the Obligations, by any waiver or modification of any provision of any thereof, by any default, failure or delay, wilful or otherwise, in the performance of the Obligations, or by any other act or omission which may or might in any manner or to any extent vary the risk of any Guarantor or that would otherwise operate as a discharge of such Guarantor as a matter of law or equity or which would impair or eliminate any right of such Guarantor to subrogation.

SECTION 5. Defenses of Borrowers Waived. To the fullest extent permitted by applicable law, each of the Guarantors waives any defense based on or arising out of any defense available to any Borrower, including any defense based on or arising out of any disability of any Borrower or the unenforceability of the Obligations or any part thereof from any cause, or the cessation from any cause of the liability of any Borrower or any other circumstances that might constitute a defense of any Borrower or any Guarantor, other than final payment in full in cash of all the Obligations. The Administrative Agent, the Lenders and the Issuing Banks may, at their election, foreclose on any security held by one or more of them by one or more judicial or non judicial sales, compromise or adjust any part of the Obligations, make any other accommodation with any Borrower or any other Guarantor or exercise any other right or remedy available to them against any Borrower or any other Guarantor, without affecting or impairing in any way the liability of any Guarantor hereunder except to the extent the Obligations have

been fully, finally and indefeasibly paid in cash. Pursuant to applicable law, each of the Guarantors waives any defense arising out of any such election even though such election operates, pursuant to applicable law, to impair or to extinguish any right of reimbursement or subrogation or other right or remedy of such Guarantor against any Borrower or any other Guarantor.

SECTION 6. Agreement to Pay. In furtherance of the foregoing and not in limitation of any other right which the Administrative Agent, any other Lender or any Issuing Bank has at law or in equity against any Guarantor by virtue hereof, upon the failure of any Borrower or any other Guarantor to pay any Obligation when and as the same shall become due, whether at maturity, by acceleration, after notice of prepayment or otherwise, each Guarantor hereby promises to and will forthwith pay, or cause to be paid in cash the amount of such unpaid Obligations, subject to Section 24.

SECTION 7. Indemnity and Subrogation. In addition to all such rights of indemnity and subrogation as the Guarantors may have under applicable law (but subject to Section 9), the Company and each other Borrower agrees that in the event a payment shall be made by any Guarantor under this Agreement in respect of any Obligation of any Borrower, the Company and such Borrower, shall indemnify such Guarantor for the full amount of such payment and, until such indemnification obligation shall have been satisfied, such Guarantor shall be subrogated to the rights of the person to whom such payment shall have been made to the extent of such payment.

SECTION 8. Contribution and Subrogation. Each Subsidiary Guarantor (a "Contributing Guarantor") agrees (subject to Section 9) that, in the event a payment shall be made by any other Subsidiary Guarantor under this Agreement, and such other Subsidiary Guarantor (the "Claiming Guarantor") shall not have been fully indemnified as provided in Section 7, the Contributing Guarantor shall indemnify the Claiming Guarantor in an amount equal to the amount of such payment for which the Claiming Guarantor shall not have been so indemnified, multiplied by a fraction of which the numerator shall be the net worth of the Contributing Guarantor on the date hereof (or, in the case of any Guarantor becoming a party hereto pursuant to Section 22, the date of the Supplement hereto executed and delivered by such Guarantor) and the denominator shall be the aggregate net worth of all the Guarantors on the date hereof (or, in the case of any Guarantor becoming a party hereto pursuant to Section 22, the date of the Supplement hereto executed and delivered by such Guarantor). Any Contributing Guarantor making any payment to a Claiming Guarantor pursuant to this Section 8 shall be subrogated to the rights of such Claiming Guarantor under Section 7 to the extent of such payment.

SECTION 9. Subordination. Notwithstanding any provision of this Agreement to the contrary, all rights of the Guarantors under Sections 7 and 8 and all other rights of indemnity, reimbursement, contribution or subrogation under applicable law or otherwise shall be fully subordinated and junior in right of payment to the prior indefeasible payment in full in cash of all the Obligations. If any amount shall be paid contrary to the provisions of this Section to any Guarantor on account of such subrogation, contribution, reimbursement, indemnity or similar right, such amount shall be held in trust for the benefit of the Lenders and the Issuing Banks and shall forthwith be

paid to the Administrative Agent to be credited against the payment of the Obligations, whether matured or unmatured, in accordance with the terms of the Loan Documents. No failure on the part of any Borrower or any Guarantor to make the payments required by Sections 6, 7 or 8 (or any other payments required under applicable law or otherwise) shall in any respect limit the obligations and liabilities of any Guarantor with respect to its obligations hereunder, and each Guarantor shall remain liable for the full amount of the obligations of such Guarantor hereunder.

SECTION 10. Information. Each of the Guarantors assumes all responsibility for being and keeping itself informed of each Borrower's financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Obligations and the nature, scope and extent of the risks that such Guarantor assumes and incurs hereunder, and agrees that none of the Administrative Agent, the Lenders or the Issuing Banks will have any duty to advise any of the Guarantors of information known to it or any of them regarding such circumstances or risks.

SECTION 11. Termination. This Agreement, including the Guarantees, (a) shall terminate when the Obligations have been fully, finally and indefeasibly paid in cash, no Letters of Credit are outstanding and the Lenders and Issuing Banks have no further commitment to extend credit under the Credit Agreement and (b) shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any Obligation is rescinded or must otherwise be restored by any Lender, any Issuing Bank or any Guarantor upon the bankruptcy or reorganization of any Company, any Guarantor or otherwise.

SECTION 12. Representations and Warranties. Each of the Guarantors represents and warrants as to itself that all representations and warranties relating to it contained in the Credit Agreement are true and correct.

SECTION 13. Binding Effect; Several Agreement; Assignments. 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 the parties that are contained in this Agreement shall bind and inure to the benefit of each party hereto and their respective successors and assigns. This Agreement shall become effective as to any Guarantor, when a counterpart hereof (or a Supplement referred to in Section 22) executed on behalf of such Guarantor shall have been delivered to the Administrative Agent, and a counterpart hereof (or a Supplement referred to in Section 22) shall have been executed on behalf of the Administrative Agent, and thereafter shall be binding upon such Guarantor and the Administrative Agent and their respective successors and assigns, and shall inure to the benefit of such Guarantor, the Administrative Agent, the other Lenders and the Issuing Banks, and their respective successors and assigns, except that no Guarantor shall have the right to assign its rights or obligations hereunder or any interest herein (and any such attempted assignment shall be void). This Agreement shall be construed as a separate agreement with respect to each Guarantor and may be amended, modified, supplemented, waived or released with respect to any Guarantor without the

approval of any Borrower or any other Guarantor and without affecting the obligations of any Borrower or any other Guarantor hereunder.

SECTION 14. Waivers; Amendment. (a) No failure or delay of the Administrative Agent 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 hereunder and of the other Lenders and the Issuing Banks under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by any Borrower or any Guarantor 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 Guarantor in any case shall entitle such Borrower or such Guarantor to any other or further notice or demand in similar or other circumstances.

(a) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to a written agreement entered into between the Company, the Guarantors with respect to which such waiver, amendment or modification relates and the Administrative Agent, with the prior written consent of the Required Lenders (except as otherwise provided in the Credit Agreement).

SECTION 15. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 16. Notices. All communications and notices hereunder shall be in writing and given as provided in Section 9.01 of the Credit Agreement. All communications and notices hereunder to each Guarantor shall be given to it in care of the Company.

SECTION 17. Survival of Agreement; Severability. (a) All covenants, agreements, representations and warranties made by each Guarantor herein and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the Administrative Agent, the Lenders, the Issuing Banks and each Guarantor, shall survive the making by the Lenders of the Loans and the issuance of Letters of Credit regardless of any investigation made by such Lenders or 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 or any other Loan Document is outstanding and unpaid, any Letter of Credit is outstanding or the Commitments have not been terminated.

(b) In the event any one or more of the provisions contained in this Agreement or in any other Loan Document 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 (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). 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 18. Counterparts. This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract, and shall become effective as provided in Section 13. Delivery of an executed signature page to this Agreement by facsimile or other electronic imaging, if arrangements for doing so have been approved by the Administrative Agent, shall be as effective as delivery of a manually executed counterpart of this Agreement.

SECTION 19. Rules of Interpretation. The rules of interpretation specified in Section 1.02 of the Credit Agreement shall be applicable to this Agreement.

SECTION 20. Jurisdiction; Consent to Service of Process. (a) Each Guarantor hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of any New York State Court or Federal Court of the United States sitting in New York County, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any other Loan Document, 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. Nothing in this Agreement or any other Loan Document shall affect any right that the Administrative Agent, any other Lender or any Issuing Bank may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against any Guarantor or its properties in the courts of any jurisdiction.

(b) Each Guarantor irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in paragraph (a) of this Section. 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 16. Nothing in this Agreement or any other Loan Document will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 21. 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, ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). 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 CERTIFICATIONS IN THIS SECTION 21.

SECTION 22. Additional Guarantors. Upon execution and delivery after the date hereof by the Administrative Agent and any Subsidiary of an instrument in the form of Annex I hereto, such Subsidiary shall become a Guarantor hereunder with the same force and effect as if originally named as a Guarantor herein. The execution and delivery of any instrument adding an additional Guarantor as a party to this Agreement shall not require the consent of any Borrower or any other Guarantor hereunder. The rights and obligations of each Guarantor hereunder shall remain in full force and effect notwithstanding the addition of any new Guarantor as a party to this Agreement.

SECTION 23. Right of Set-off. If an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates 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 or Affiliate to or for the credit or the account of any Guarantor against any or all the obligations of such Guarantor now or hereafter existing under this Agreement and the other Loan Documents held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement or any other Loan Document and although such obligations may be unmatured. Each Lender agrees promptly to notify the applicable Guarantor 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 23 are in addition to other rights and remedies (including other rights of set-off) that such Lender may have.

SECTION 24. Limitation on Amount of Obligations. Notwithstanding anything in this Agreement to the contrary, the amount of the Obligations guaranteed by any Subsidiary Guarantor under this Agreement shall be limited to the maximum aggregate amount of such Obligations that would not render the guarantee of such Subsidiary Guarantor hereunder subject to avoidance as a fraudulent transfer or conveyance under Section 548 of Title 11 of the United States Code or any comparable provisions of applicable state law (the determination of such maximum amount to take

into account, to the greatest extent permitted under Section 548 or such other applicable law, the rights of such Subsidiary Guarantor to indemnity and contribution under Sections 7 and 8 hereof).

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

ITT CORPORATION,

by _____
Name:
Title:

CLEVELAND MOTION CONTROLS INC.,

by _____
Name:
Title:

GOULDS PUMPS, INCORPORATED,

by _____
Name:
Title:

ITT CANNON LLC,

by _____
Name:
Title:

ITT ENGINEERED VALVES, LLC,

by _____
Name:
Title:

[Signature Page to Guarantee and Contribution Agreement]

ITT ENIDINE INC.,

by _____

Name:
Title:

KONI NA LLC,

by _____

Name:
Title:

NEW ITT AEROSPACE CONTROLS LLC,

by _____

Name:
Title:

[Signature Page to Guarantee and Contribution Agreement]

JPMORGAN CHASE BANK, N.A., as Administrative Agent,

by _____

Name:

Title:

[Signature Page to Guarantee and Contribution Agreement]

GUARANTORS

1. Goulds Pumps, Incorporated
 2. ITT Cannon LLC
 3. New ITT Aerospace Controls LLC
 4. ITT Engineered Valves, LLC
 5. ITT Enidine Inc.
 6. Koni NA LLC
 7. Cleveland Motion Controls Inc.
-

SUPPLEMENT No. [] (this "Supplement") dated as of [], to the Guarantee and Contribution Agreement dated as of October 31, 2011, among ITT CORPORATION, an Indiana corporation (the "*Company*"), each of the subsidiaries of the Company that is listed on Schedule I thereto or that became a party thereto after the date thereof (each a "*Subsidiary Guarantor*" and, together with the Company, the "*Guarantors*") and JPMORGAN CHASE BANK, N.A., as administrative agent (the "*Administrative Agent*") for the Lenders (as defined in the Credit Agreement referred to below).

A. Reference is made to the Four-Year Competitive Advance and Revolving Credit Facility Agreement dated as of October 25, 2011 (as amended, supplemented or otherwise modified from time to time, the "*Credit Agreement*"), among the Company, the Borrowing Subsidiaries from time to time party thereto (together with the Company, the "*Borrowers*"), the Lenders from time to time party thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent.

B. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement and the Guarantee Agreement referred to therein.

C. The Guarantors have entered into the Guarantee Agreement in order to induce the Lenders to make Loans. Section 22 of the Guarantee Agreement provides that additional Subsidiaries may become Guarantors under the Guarantee Agreement by execution and delivery of an instrument in the form of this Supplement. The undersigned Subsidiary (the "New Guarantor") is executing this Supplement in accordance with the requirements of the Credit Agreement and the Guarantee Agreement to become a Guarantor under the Guarantee Agreement in order to induce the Lenders to make additional Loans and as consideration for Loans previously made.

Accordingly, the Administrative Agent and the New Guarantor agree as follows:

SECTION 1. In accordance with Section 22 of the Guarantee Agreement, the New Guarantor by its signature below becomes a Subsidiary Guarantor and a Guarantor under the Guarantee Agreement with the same force and effect as if originally named therein as a Guarantor, and the New Guarantor hereby (a) agrees to all the terms and provisions of the Guarantee Agreement applicable to it as a Guarantor thereunder and (b) represents and warrants that the representations and warranties made by it as a Guarantor thereunder and under the Credit Agreement are true and correct on and as of the date hereof. Each reference to a "Guarantor" in the Guarantee Agreement shall be deemed to include the New Guarantor. The Guarantee Agreement is hereby incorporated herein by reference.

SECTION 2. The New Guarantor represents and warrants to the Administrative Agent and the other Lenders that this Supplement has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms.

SECTION 3. This Supplement may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Supplement shall become effective when the Administrative Agent shall have received counterparts of this Supplement that, when taken together, bear the signatures of the New Guarantor and the Administrative Agent. Delivery of an executed signature page to this Supplement by facsimile transmission shall be as effective as delivery of a manually executed counterpart of this Supplement.

SECTION 4. Except as expressly supplemented hereby, the Guarantee Agreement shall remain in full force and effect.

SECTION 5. THIS SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 6. In case any one or more of the provisions contained in this Supplement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and in the Guarantee Agreement shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision hereof in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties hereto 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 7. All communications and notices hereunder shall be in writing and given as provided in Section 16 of the Guarantee Agreement. All communications and notices hereunder to the New Guarantor shall be given to it in care of the Company.

SECTION 8. The New Guarantor agrees to reimburse the Administrative Agent for its out-of-pocket expenses in connection with this Supplement, including the reasonable fees, disbursements and other charges of counsel for the Administrative Agent.

IN WITNESS WHEREOF, the New Guarantor and the Administrative Agent have duly executed this Supplement to the Guarantee Agreement as of the day and year first above written.

[Name Of New Guarantor],

by _____
Name:
Title:

JPMORGAN CHASE BANK, N.A., as Administrative Agent,

by _____
Name:
Title:

SCHEDULE 1.01
Existing Letters of Credit

None.

SCHEDULE 2.01

Commitments

	Lender	Commitment
JPMorgan Chase Bank, N.A.		\$ 51,250,000
Citibank, N.A.		\$ 51,250,000
The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch		\$ 51,250,000
U.S. Bank National Association		\$ 51,250,000
Barclays Bank PLC		\$ 35,000,000
Société Générale		\$ 35,000,000
The Royal Bank of Scotland plc		\$ 35,000,000
Wells Fargo Bank, N.A.		\$ 35,000,000
BNP Paribas		\$ 25,000,000
ING Bank N.V. Dublin Branch		\$ 25,000,000
Mizuho Corporate Bank (USA)		\$ 25,000,000
The Northern Trust Company		\$ 25,000,000
UBS Loan Finance LLC		\$ 25,000,000
Intesa Sanpaolo, S.p.a.		\$ 15,000,000
The Governor and Company of the Bank of Ireland		\$ 15,000,000
Total		\$ 500,000,000

SCHEDULE 6.01

Existing Indebtedness

Borrower	Lender	Balance
ITT Enidine Inc	Industrial Revenue Bonds with South Carolina Jobs-Economic Development Authority	\$2,265,000.00
ITT Enidine Inc	Industrial Revenue Bonds with Massachusetts Development Finance Agency	\$2,090,000.00

SCHEDULE 6.02

Existing Liens

Liens on plant, property and equipment associated with the Industrial Revenue bonds referenced in schedule 6.01.

SCHEDULE 6.05
Existing Restrictive Agreements

None.

**CERTIFICATION OF STEVEN R. LORANGER PURSUANT TO SEC. 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Steven R. Loranger, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2011 of ITT Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ STEVEN R. LORANGER

Steven R. Loranger
Chairman, President and Chief
Executive Officer

Date: October 28, 2011

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

I, Denise L. Ramos, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2011 of ITT Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DENISE L. RAMOS

Denise L. Ramos
Senior Vice President and
Chief Financial Officer

Date: October 28, 2011

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of ITT Corporation (the "Company") on Form 10-Q for the period ended September 30, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven R. Loranger, Chairman, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ STEVEN R. LORANGER

Steven R. Loranger
Chairman, President and
Chief Executive Officer

October 28, 2011

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of ITT Corporation (the "Company") on Form 10-Q for the period ended September 30, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Denise L. Ramos, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ DENISE L. RAMOS
Denise L. Ramos
Senior Vice President and
Chief Financial Officer

October 28, 2011

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.