



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

FORM S-8  
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

**ITT Corporation**

(Exact name of registrant as specified in its charter)

**Indiana**  
(State or other jurisdiction of  
incorporation or organization)

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

**1133 Westchester Avenue  
White Plains, NY 10604  
Telephone: (914) 641-2000**

(Address, including zip code, and telephone number, including area code, of principal executive offices)

**ITT Corporation 2011 Omnibus Incentive Plan  
ITT Corporation Retirement Savings Plan for Salaried Employees  
ITT Deferred Compensation Plan**

(Full Titles of the Plans)

**Frank R. Jimenez  
Vice President and General Counsel  
ITT Corporation  
1133 Westchester Avenue  
White Plains, NY 10604  
Telephone: (914) 641-2000**

(Name and address, including zip code, and telephone number, including area code, of agent for service)

**With copies to:  
Gary L. Sellers  
Simpson Thacher & Bartlett LLP  
425 Lexington Avenue  
New York, New York 10017**

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.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

**CALCULATION OF REGISTRATION FEE**

Title of securities to be registered	Amount to be registered	Proposed maximum offering price per share	Proposed maximum aggregate offering price	Amount of registration fee
Common stock, par value \$1.00 per share (1) (2)	11,700,000	\$16.75(3)	\$195,975,000(3)	\$22,459(3)
Deferred Compensation Obligations (4)	\$30,000,000	N/A	\$30,000,000(5)	\$3,438(5)

(1) Covers 9,200,000 shares of common stock, par value \$1 per share (the "Common Stock"), of ITT Corporation ("ITT" or the "Company") issuable under the ITT Corporation 2011 Omnibus Incentive Plan and 2,500,000 shares of Common Stock issuable under the ITT Corporation Retirement Savings Plan for Salaried Employees, and pursuant to Rule 416(a) under the Securities Act of 1933, as amended (the "Securities Act"), this Registration

Statement also covers an indeterminate number of additional shares which may be offered and issued to prevent dilution resulting from stock splits, stock dividends or similar transactions.

- (2) Pursuant to Rule 416(c) under the Securities Act, this registration statement also covers an indeterminate number of plan interests to be offered or sold pursuant to the ITT Corporation Retirement Savings Plan for Salaried Employees.
  - (3) Pursuant to Rule 457(c) and 457(h) of the Securities Act the proposed maximum offering price per share, the proposed maximum aggregate offering price and the amount of registration fee are estimated solely for the purpose of calculating the amount of the registration fee and are based on the average of the high and low prices of shares of common stock of the registrant in the "ex-distribution" trading market as reported on the New York Stock Exchange on October 25, 2011. Pursuant to Rule 457(h)(2) under the Securities Act, no separate fee is required to register plan interests.
  - (4) The deferred compensation obligations are unsecured obligations of ITT to pay deferred compensation in the future in accordance with the terms of the ITT Deferred Compensation Plan.
  - (5) The proposed maximum aggregate offering price for the deferred compensation obligations was estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(h) under the Securities Act.
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**PART I**  
**INFORMATION REQUIRED IN THE SECTION 10(a) PROSPECTUS**

The information specified in Items 1 and 2 of Part I of Form S-8 is omitted from this filing in accordance with the provisions of Rule 428 under the Securities Act and the introductory note to Part I of Form S-8. The documents containing the information specified in Part I will be delivered to the participants in the ITT Corporation 2011 Omnibus Incentive Plan, the ITT Corporation Retirement Savings Plan for Salaried Employees and the ITT Deferred Compensation Plan as covered by this Registration Statement on Form S-8 (the "Registration Statement") and as required by Rule 428(b)(1).

**PART II**  
**INFORMATION REQUIRED IN THE REGISTRATION STATEMENT**

**Item 3. Incorporation of Documents by Reference.**

The following documents filed with the Securities and Exchange Commission (the "Commission") by ITT are hereby incorporated by reference in this Registration Statement:

- (a) ITT's Annual Report on Form 10-K as filed with the Commission on February 24, 2011.
- (b) ITT's Annual Report on Form 11-K as filed with the Commission on June 20, 2011.
- (c) ITT's Quarterly Reports on Form 10-Q as filed with the Commission on May 2, 2011, August 1, 2011 and October 28, 2011.
- (d) ITT's Current Reports on Form 8-K as filed with the Commission on February 28, 2011, March 9, 2011, May 13, 2011, July 11, 2011 (second filing), August 17, 2011, September 16, 2011, September 21, 2011, October 11, 2011 and October 20, 2011 (two filings).

All documents that the Company subsequently files pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934, as amended, after the date of this Registration Statement, prior to the filing of a post-effective amendment to this Registration Statement indicating that all securities offered have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference into this Registration Statement and to be a part hereof from the date of filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement.

**Item 4. Description of Securities.**

This Registration Statement covers deferred compensation obligations ("Obligations") that may be offered under the ITT Deferred Compensation Plan (the "Deferred Compensation Plan"), which is filed as Exhibit 4.5 hereto. The following summary is qualified in its entirety by reference to the Deferred Compensation Plan.

The Obligations offered under the Deferred Compensation Plan represent obligations of the Company to pay to participants certain compensation amounts that the participants have elected to defer, as adjusted for hypothetical gains or losses attributable to the deemed investment of such deferrals in hypothetical investment alternatives, all of which is reflected in bookkeeping accounts maintained by the Company for each of the participants. These Obligations will at all times be unsecured obligations of the Company. Benefits are payable solely from the Company's general assets and are subject to the risk of corporate insolvency. In the event of a change of control, the Company shall pay the entire balance on each participant's account in a single lump-sum payment.

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The Deferred Compensation Plan is intended to allow certain highly compensated employees to defer the payment of current compensation to future years for tax and financial planning purposes. The Plan is expected to become effective on October 31, 2011. The Deferred Compensation Plan is nonqualified and is intended to be considered unfunded for tax purposes.

Subject to the terms and conditions set forth in the Deferred Compensation Plan, every year each participating employee may elect to defer all or a portion of his or her bonus to be earned in the next year, and such deferred amounts, if any, will be credited to such participant's account. Amounts in a participant's account will be indexed to one or more deemed investment funds chosen by each participant from a range of such alternatives available under the Deferred Compensation Plan. Each participant's account will be adjusted to reflect the investment performance of the selected investment fund(s), including any appreciation or depreciation.

The Obligations are generally payable upon a date or dates selected by a participant under the Deferred Compensation Plan or following the participant's termination of employment, subject to an exception for an unforeseeable emergency. The Obligations generally are payable in cash in the form of a lump-sum distribution or in installments, at the election of participants.

A participant may designate one or more beneficiaries to receive any portion of the Obligations payable in the event of death. Participants or beneficiaries generally may not alienate, sell, transfer, assign or otherwise dispose of any right or interest in the Deferred Compensation Plan. The Company reserves the right to amend or terminate the Deferred Compensation Plan at any time.

### **Item 5. Interests of Named Experts and Counsel.**

Not applicable.

### **Item 6. Indemnification of Directors and Officers.**

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers, and controlling persons pursuant to the following provisions, or otherwise, we have been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

The Indiana Business Corporation Law ("IBCL"), the provisions of which we are governed by, empowers an Indiana corporation to indemnify present and former directors, officers, employees, or agents or any person who may have served at the request of the corporation as a director, officer, employee, or agent of another corporation ("Eligible Persons") against liability incurred in any proceeding, civil or criminal, in which the Eligible Person is made a party by reason of being or having been in any such capacity, or arising out of his status as such, if the individual acted in good faith and reasonably believed that (a) the individual was acting in the best interests of the corporation, or (b) if the challenged action was taken other than in the individual's official capacity as an officer, director, employee or agent, the individual's conduct was at least not opposed to the corporation's best interests, or (c) if in a criminal proceeding, either the individual had reasonable cause to believe his conduct was lawful or no reasonable cause to believe his conduct was unlawful.

The IBCL further empowers a corporation to pay or reimburse the reasonable expenses incurred by an Eligible Person in connection with the defense of any such claim, including counsel fees; and, unless limited by its articles of incorporation, the corporation is required to indemnify an Eligible Person against reasonable expenses if he is wholly successful in any such proceeding, on the merits or otherwise. Under certain circumstances, a corporation may pay or reimburse an Eligible Person for reasonable expenses prior to final disposition of the matter. Unless a corporation's articles of incorporation provide otherwise, an Eligible Person may apply for indemnification to a court which may order indemnification upon a determination that the Eligible Person is entitled to mandatory indemnification for reasonable expenses or that the Eligible Person is fairly and reasonably entitled to indemnification in view of all the relevant circumstances without regard to whether his actions satisfied the appropriate standard of conduct.

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Before a corporation may indemnify any Eligible Person against liability or reasonable expenses under the IBCL, a quorum consisting of directors who are not parties to the proceeding must (1) determine the indemnification is permissible in the specific circumstances because the Eligible Person met the requisite standard of conduct, (2) authorize the corporation to indemnify the Eligible Person and (3) if appropriate, evaluate the reasonableness of expenses for which indemnification is sought. If it is not possible to obtain a quorum of uninvolved directors, the foregoing action may be taken by a committee of two or more directors who are not parties to the proceeding, special legal counsel selected by the Board or such a committee, or by the shareholders of the corporation.

In addition to the foregoing, the IBCL states that the indemnification it provides shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any provision of a corporation's articles of incorporation or by-laws, resolution of the board of directors or shareholders, or any other authorization adopted after notice by a majority vote of all the voting shares then issued and outstanding. The IBCL also empowers an Indiana corporation to purchase and maintain insurance on behalf of any Eligible Person against any liability asserted against or incurred by him in any capacity as such, or arising out of his status as such, whether or not the corporation would have had the power to indemnify him against such liability.

Our restated articles of incorporation, as amended, provide that no director or officer shall be personally liable to the Company or any of our shareholders for damages for breach of fiduciary duty as a director or officer, except for liability for breach of duty if such breach constitutes willful misconduct or recklessness.

Our amended and restated by-laws provide for mandatory indemnification, to the fullest extent permitted by law, of our directors and officers against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with any threatened, pending or completed investigation, claim, action, suit or proceeding, whether civil, criminal, administrative or investigative, including any action, suit or proceeding by or in the right of the Company, in which such person is or was involved in any manner (including as a party or witness) by reason of the fact that such person is or was a director, officer, employee or agent of the Company or is or was serving at the request of the Company as a director, officer, employee, fiduciary or agent of another corporation, partnership, joint venture, trust or other enterprise (including any employee benefit plan). The right to indemnification is a contract right and includes the right to advancement of expenses in accordance with specified procedures.

The rights to indemnification provided by our restated articles of incorporation and amended and restated by-laws are not exclusive of any other rights to which any indemnified person may otherwise be entitled.

We have entered into indemnification agreements with certain of our directors, pursuant to which we have agreed to indemnify and hold harmless, to the fullest extent permitted by applicable law and our amended by-laws, each such director against any and all expenses (including attorney's fees and related disbursements, appeal bonds and other out-of-pocket costs), judgments, amounts paid on settlement, liabilities or actually and reasonably incurred by such director by reason of the fact that such person is or was a director (or, at the request of the Company, as a director, officer, employee, fiduciary or other agent of another corporation, partnership, limited liability company, joint venture, trust or other enterprise), or by reason of any actual or alleged action or omission to act taken or omitted in any such capacity. The indemnification agreements set forth certain procedures that will apply in the event of a claim for indemnification thereunder. In addition, the agreements provide for the advancement of expenses incurred by a director, subject to certain exceptions, in connection with any action, suit or proceeding covered by the agreement.

We have purchased directors' and officers' liability insurance, the effect of which is to indemnify our directors and officers and the directors and officers of our subsidiaries against certain losses caused by errors, misstatement or misleading statements, wrongful acts, omissions, neglect or breach of duty by them or similar matters claimed against them in their capacities as directors or officers. This insurance is subject to various deductibles and exclusions from coverage.

### **Item 7. Exemption from Registration Claimed.**

Not applicable.

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### **Item 8. Exhibits.**

The following exhibits are filed as part of this Registration Statement:

<b>Exhibit Number</b>	<b>Description of Document</b>
4.1	ITT Corporation's Articles of Amendment of the Restated Articles of Incorporation (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K dated May 14, 2008)
4.2	Amended and Restated Bylaws of the Company (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K dated October 11, 2011)
4.3	ITT Corporation 2011 Omnibus Incentive Plan*
4.4	ITT Corporation Retirement Savings Plan for Salaried Employees*
4.5	ITT Deferred Compensation Plan*
5.1	Opinion of Barnes & Thornburg LLP*
5.2	Opinion of Conner & Winters, LLP*
5.3	Opinion of Frank R. Jimenez, Esq.*
5.4	The shares of Common Stock offered and sold pursuant to the ITT Corporation Retirement Savings Plan for Salaried Employees ("Savings Plan") are purchased by the administrator of the Savings Plan in open market transactions. Because no original issuance securities will be offered or sold pursuant to the Savings Plan, no opinion of counsel regarding the legality of the securities being registered hereunder is required.  Pursuant to Item 8(b) of Form S-8, the Company will submit the Savings Plan to the Internal Revenue Service ("IRS") in a timely manner for a determination letter that the Savings Plan is qualified under Section 401 of the Internal Revenue Code of 1986 (the "Code") and will make all changes required by the IRS in order to so qualify the Savings Plan.
23.1	Consent of Deloitte & Touche LLP*
23.2	Consent of Barnes & Thornburg LLP (included as part of Exhibit 5.1) *
23.3	Consent of Conner & Winters, LLP (included as part of Exhibit 5.2)*
23.4	Consent of Frank R. Jimenez, Esq. (included as part of Exhibit 5.3)*

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\* Filed herewith

### **Item 9. Undertakings.**

(a) The undersigned registrant hereby undertakes:

- (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:
  - (i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;
  - (ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;



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(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

*provided, however*, that paragraphs (a)(1)(i) and (a)(1)(ii) above do not apply if the registration statement is on Form S-8, and the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(h) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

**SIGNATURES**

Pursuant to the requirements of the Securities Act, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of White Plains, State of New York on the 28<sup>th</sup> day of October, 2011.

**ITT CORPORATION**

By: /s/ Frank R. Jimenez  
Name: Frank R. Jimenez  
Title: Vice President and General Counsel

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated on the 28<sup>th</sup> day of October, 2011.

<u>Signature</u>	<u>Title</u>
<u>/s/ Steven R. Loranger</u> Steven R. Loranger	Chairman, President, Chief Executive Officer and Director (principal executive officer)
<u>/s/ Denise L. Ramos</u> Denise L. Ramos	Senior Vice President and Chief Financial Officer (principal financial officer)
<u>/s/ Janice M. Klettner</u> Janice M. Klettner	Vice President and Chief Accounting Officer (principal accounting officer)
<u>/s/ Christina A. Gold</u> Christina A. Gold	Director
<u>/s/ Ralph F. Hake</u> Ralph F. Hake	Director
<u>/s/ John J. Hamre</u> John J. Hamre	Director
<u>/s/ Paul J. Kern</u> Paul J. Kern	Director
<u>/s/ Frank T. MacInnis</u> Frank T. MacInnis	Director
<u>/s/ Surya N. Mohapatra</u> Surya N. Mohapatra	Director
<u>/s/ Linda S. Sanford</u> Linda S. Sanford	Director
<u>/s/ Markos I. Tambakeras</u> Markos I. Tambakeras	Director

**ITT CORPORATION RETIREMENT SAVINGS PLAN FOR SALARIED EMPLOYEES**

Pursuant to the requirements of the Securities Act, the trustees (or other persons who administer the employee benefit plan) have duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of White Plains, State of New York, on the 26<sup>th</sup> day of October, 2011.

ITT Corporation Retirement Savings Plan for Salaried  
Employees

By: JPMorgan Chase Bank, N.A. as Directed Trustee  
for the ITT Corporation Retirement Savings Plan for  
Salaried Employees

By: /s/ Kristin Brown  
Name: Kristin Brown  
Title: Vice President, Relationship Management

JPMorgan Chase Bank, N.A. acting solely in its  
representative capacity as directed trustee for and  
not in its individual capacity. JPMorgan Chase Bank,  
N.A. shall not have individual liability with respect  
to the foregoing.

## ITT Corporation

## 2011 OMNIBUS INCENTIVE PLAN

## ESTABLISHMENT, PURPOSE, AND DURATION

1.1 *Establishment.* ITT Corporation, an Indiana corporation (hereinafter referred to as the “Company”), establishes an incentive compensation plan to be known as the ITT Corporation 2011 Omnibus Incentive Plan (hereinafter referred to as the “Plan”), as set forth in this document. The Plan permits the grant of Nonqualified Stock Options, Incentive Stock Options, Stock Appreciation Rights (SARs), Restricted Stock, Restricted Stock Units and Other Awards.

The Plan was approved by the Board of Directors on February 23, 2011 and shall become effective May 11, 2011, the day following the Company’s 2011 Annual Meeting of Shareholders, if approved by the Company’s shareholders at such Annual Meeting, or such other date as the Company’s shareholders shall approve such Plan, should the Company’s Annual Meeting of Shareholders be postponed or delayed (the “Effective Date”). The Plan replaces the ITT Corporation 2003 Equity Incentive Plan (the “Prior Plan”). If the Plan is approved by the Company’s shareholders at the 2011 Annual Meeting of Shareholders, no additional awards will be granted under the Prior Plan. If the Plan is not approved by the Company’s shareholders at the 2011 Annual Meeting of Shareholders, the Plan will be null and void and the Prior Plan will remain in effect. Awards previously granted under the Prior Plan will remain in effect subject to their terms and the terms of the Prior Plan. If the Plan is approved by the Company’s shareholders, the Plan shall remain in effect as provided in Section 1.3 hereof.

1.2 *Purpose of the Plan.* The purpose of the Plan is to promote the long-term interests of the Company and its shareholders by strengthening the Company’s ability to attract and retain Employees of the Company and its Affiliates and members of the Board of Directors upon whose judgment, initiative, and efforts the financial success and growth of the business of the Company largely depend, and to provide an additional incentive for such individuals through share ownership and other rights that promote and recognize the financial success and growth of the Company and create value for shareholders.

1.3 *Duration of the Plan.* The Plan shall commence as of the Effective Date, as described in Section 1.1 hereof, and shall remain in effect, subject to the right of the Compensation and Personnel Committee of the Board, (the “Committee”) to amend or terminate the Plan at any time pursuant to Article 14 hereof, until all Shares subject to it shall have been purchased or acquired according to the Plan’s provisions.

## Article 2. Definitions

Whenever used in the Plan, the following terms shall have the meanings set forth below, and when the meaning is intended, the initial letter of the word shall be capitalized.

2.1 “*Acceleration Event*” shall be deemed to have occurred as of 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;

(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 Shares (or securities convertible into Shares) 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

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(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 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.

2.2 "*Affiliate*" means any Subsidiary and any other Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Person specified.

2.3 "*Award*" means, individually or collectively, a grant under this Plan of Nonqualified Stock Options, Incentive Stock Options, SARs, Restricted Stock, Restricted Stock Units and Other Awards.

2.4 "*Award Agreement*" means either (i) an agreement entered into by the Company and a Participant setting forth the terms and provisions applicable to Awards granted under this Plan, or (ii) a statement issued by the Company to a Participant describing the terms and conditions of such Award.

2.5 "*Beneficial Owner*" shall have the meaning ascribed to such term in Rule 13d-3 of the General Rules and Regulations under the Exchange Act.

2.6 "*Board*" or "*Board of Directors*" means the Board of Directors of the Company.

2.7 "*Code*" means the U.S. Internal Revenue Code of 1986, as amended from time to time.

2.8 "*Committee*" means the Compensation and Personnel Committee of the Board.

2.9 "*Company*" means ITT Corporation, an Indiana corporation, and any successor thereto as provided in Article 16 herein.

2.10 "*Covered Employee*" means a Participant who is a "Covered Employee," as defined in Code Section 162(m) and the regulations promulgated under Code Section 162(m), or any successor statute.

2.11 "*Director*" means any individual who is a member of the Board of Directors.

2.12 "*Employee*" means any employee of the Company or its Affiliates.

2.13 "*Exchange Act*" means the Securities Exchange Act of 1934, as amended from time to time, or any successor act thereto.

2.14 "*Fair Market Value*" means a price that is based on the opening, closing, actual, high, low, or average selling prices of a Share on the New York Stock Exchange ("NYSE") or other established stock exchange (or exchanges) on the applicable date, the preceding trading day, the next succeeding trading day, or an average of trading days, as determined by the Committee in its discretion.

Such definition of Fair Market Value may differ depending on whether Fair Market Value is in reference to the grant, exercise, vesting, or settlement or payout of an Award. If, however, the accounting standards used to account for equity awards granted to Participants are substantially modified subsequent to the Effective Date of the Plan, the Committee shall have the ability to determine an Award's Fair Market Value based on the relevant facts and circumstances. If Shares are not traded on an established stock exchange, Fair Market Value shall be determined by the Committee based on objective criteria.

2.15 "*Freestanding SAR*" means a SAR that is granted independently of any Options, as described in Article 7 herein.

2.16 "*Full Value Award*" means an Award other than an Option granted with an Option Price equal to at least Fair Market Value on the date of grant or a SAR with a Grant Price equal to at least Fair Market Value on the date of grant.

2.17 "*Grant Price*" means the amount to which the Fair Market Value of a Share is compared pursuant to Section 7.6 to determine the amount of payment that should be made upon exercise of a SAR.

2.18 "*Incentive Stock Option*" or "*ISO*" means an Option that meets the requirements of Code Section 422, or any successor provision, and that is not designated as a Nonqualified Stock Option.

2.19 "*Insider*" means an individual who is, on the relevant date, an officer, Director, or more than ten percent (10%) Beneficial Owner of any class of the Company's equity securities that is registered pursuant to Section 12 of the Exchange Act, as determined by the Board or the Committee in accordance with Section 16 of the Exchange Act.

2.20 "*Nonqualified Stock Option*" or "*NQSO*" means an Option that is not intended to meet the requirements of Code Section 422, or that otherwise does not meet such requirements.

2.21 "*Option*" means an Incentive Stock Option or a Nonqualified Stock Option to purchase Shares, as described in Article 6 herein.

2.22 "*Option Price*" means the price at which a Share may be purchased by a Participant pursuant to an Option.

2.23 "*Other Award*" means an Award granted to a Participant pursuant to Article 9 herein.

2.24 "*Participant*" means an Employee or Director who has been selected to receive an Award or who has an outstanding Award granted under the Plan.

2.25 "*Performance-Based Compensation*" means an Award that is qualified as Performance-Based Compensation under Code Section 162(m).

2.26 "*Performance Measures*" means measures as described in Article 10, the attainment of which may determine the amount of payout and/or vesting with respect to Awards.

2.27 "*Performance Period*" means the period of time during which the performance goals must be met in order to determine the amount of payout and/or vesting with respect to an Award.

2.28 "*Period of Restriction*" means the period when Restricted Stock or Restricted Stock Units are subject to a substantial risk of forfeiture (based on the passage of time, the achievement of performance goals, or upon the occurrence of other events as determined by the Committee, at its discretion) and transfer restrictions, as provided in Article 8 herein.

2.29 "*Person*" shall have the meaning given in Section 3(a) (9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof.

2.30 "*Plan Year*" means the fiscal year.

2.31 "*Restricted Stock*" means an Award granted to a Participant pursuant to Article 8 herein.

2.32 "*Restricted Stock Unit*" means an Award granted to a Participant pursuant to Article 8 herein.

2.33 "*Share*" means a share of common stock of the Company, \$1.00 par value per share.

2.34 “Stock Appreciation Right” or “SAR” means an Award granted to a Participant pursuant to Article 7 herein.

2.35 “*Subsidiary*” means any corporation, partnership, joint venture, limited liability company, or other entity (other than the Company) in an unbroken chain of entities beginning with the Company if each of the entities other than the last entity in the unbroken chain owns at least fifty percent (50%) of the total combined voting power in one of the other entities in such chain.

2.36 “*Tandem SAR*” means a SAR that is granted in connection with a related Option pursuant to Article 7.

### Article 3. *Administration*

3.1 *General.* The Committee shall be responsible for administering the Plan. The Committee may employ attorneys, consultants, accountants, and other persons, and the Committee, the Company, and its officers and Directors shall be entitled to rely upon the advice, opinions, or valuations of any such persons. All actions taken and all interpretations and determinations made by the Committee shall be final and binding upon the Participants, the Company, and all other interested persons.

3.2 *Authority of the Committee.* The Committee shall have full and exclusive discretionary power to interpret the terms and the intent of the Plan and to determine eligibility for Awards and to adopt such rules, regulations, and guidelines for administering the Plan as the Committee may deem necessary or proper. Such authority shall include, but not be limited to, selecting Award recipients, establishing all Award terms and conditions and, subject to Article 14, adopting modifications and amendments to the Plan or any Award Agreement, including without limitation, any that are necessary to comply with the laws of the countries in which the Company and its Affiliates operate.

*Delegation.* The Committee may delegate to one or more of its members or to one or more agents or advisors such administrative duties as it may deem advisable, and the Committee or any person to whom it has delegated duties as aforesaid may employ one or more persons to render advice with respect to any responsibility the Committee or such person may have under the Plan. The Committee may, by resolution, authorize one or more officers of the Company to do one or both of the following: (a) designate Employees and Directors to be recipients of Awards; and (b) determine the size of the Award; provided, however, the Committee shall not delegate such responsibilities to any such officer for Awards granted to an Employee that is considered an elected officer of the Company, or to the extent it would unintentionally cause Performance-Based Compensation to lose its status as such.

### Article 4. *Shares Subject to the Plan and Maximum Awards*

4.1 *Number of Shares Available for Awards.* Subject to adjustment as provided in Section 4.2 herein, the number of Shares hereby reserved for issuance to Participants under the Plan shall be nine million two hundred thousand (9,200,000). In addition, any Shares remaining available for issuance under the Prior Plan as of the date of approval of the Plan by the shareholders at the 2011 Annual Meeting of Shareholders shall also become available for grant under the Plan. For purposes of the prior sentence, Shares subject to outstanding awards under the Prior Plan shall not be considered available for issuance under the Prior Plan. Any Shares related to Awards under the Plan or awards under the Prior Plan that terminate by expiration, forfeiture, cancellation, or otherwise without the issuance of such Shares, are settled in cash in lieu of Shares, or are exchanged with the Committee’s permission for Awards not involving Shares, shall be available again for grant under the Plan. Notwithstanding the foregoing, (a) upon the exercise of a stock-settled Stock Appreciation Right or net-settled Option, the number of Shares subject to the Award (or portion of the Award) that is then being exercised shall be counted against the maximum aggregate number of Shares that may be issued under the Plan as provided above, on the basis of one Share for every Share subject thereto, regardless of the actual number of Shares issued upon exercise and (b) any Shares withheld with respect to an Award (or, with respect to Restricted Stock, returned) in satisfaction of tax withholding obligations shall be counted as Shares issued.

Subject to adjustment as provided in Section 4.2 herein, the number of Shares hereby reserved for issuance under the Plan for Full Value Awards shall not exceed four million six hundred thousand (4,600,000). In addition, (x) any Shares remaining available for issuance of Full Value Awards under the Prior Plan as of the date of approval of the Plan by the shareholders at the 2011 Annual Meeting of Shareholders shall be available for grant of Full Value Awards under the Plan and (y) any Shares related to Full Value Awards under the Plan or the Prior Plan that terminate by expiration, forfeiture, cancellation, or otherwise without the issuance of such Shares, are settled in cash in lieu of Shares, or are exchanged with the Committee’s permission for Awards not involving Shares, shall be available again for grant of Full Value Awards under the Plan.

All of the reserved Shares may be used as ISOs.

The Shares available for issuance under the Plan may be authorized and unissued Shares or treasury Shares.

The following limits ("Award Limits") shall apply to Awards, dividends and dividend equivalent intended to qualify as Performance-Based Compensation:

(a) *Options*: The maximum aggregate number of Shares that may be granted in the form of Options, pursuant to any Award granted in any one Plan Year to any one Participant shall be three million five hundred thousand (3,500,000).

(b) *SARs*: The maximum number of Shares that may be granted in the form of Stock Appreciation Rights, pursuant to any Award granted in any one Fiscal Year to any one Participant shall be three million five hundred thousand (3,500,000).

(c) *Restricted Stock or Restricted Stock Units*: The maximum aggregate grant with respect to Awards of Restricted Stock or Restricted Stock Units granted in any one Plan Year to any one Participant shall be seven hundred thousand (700,000).

(d) *Other Awards*: The maximum aggregate number of Shares with respect to which Other Awards may be granted in any one Plan Year to any one Participant shall be seven hundred thousand (700,000) and the maximum aggregate cash that may be payable with respect to Other Awards granted in any one Plan Year to any one Participant shall be fifteen million (\$15,000,000) dollars.

(e) *Dividends and Dividend Equivalents*: The maximum aggregate value of cash dividends (other than large, nonrecurring cash dividends) or dividend equivalents that any one Participant may receive pursuant to Awards in any one Plan Year shall not exceed six million (\$6,000,000) dollars.

**4.2 Adjustments in Authorized Shares.** In the event of any equity restructuring (within the meaning of FASB Accounting Standards Codification (ASC) 718 that causes the per share value of Shares to change, such as a stock dividend, stock split, spin off, rights offering, or recapitalization through a large, nonrecurring cash dividend, the Committee shall cause there to be made an equitable adjustment to: (a) the number and, if applicable, kind of shares that may be issued under the Plan or pursuant to any type of Award under the Plan, (b) the Award Limits, (c) the number and, if applicable, kind of shares subject to outstanding Awards and (d) as applicable, the Option Price or Grant Price of any then outstanding Awards. In the event of any other change in corporate structure or capitalization, such as a merger, consolidation, any reorganization (whether or not such reorganization comes within the definition of such term in Section 368 of the Code) or any partial or complete liquidation of the Company, the Committee, in its sole discretion, in order to prevent dilution or enlargement of Participants' rights under the Plan, shall cause there to be made such equitable adjustments described in the foregoing sentence. Any fractional shares resulting from adjustments made pursuant to this Section 4.2 shall be eliminated. Any adjustment made pursuant to this Section 4.2 shall be conclusive and binding for all purposes of the Plan.

Except to the extent it would unintentionally cause Performance Based Compensation to fail to qualify for the performance based exception to Code Section 162(m), appropriate adjustments may also be made by the Committee in the terms of any Awards under the Plan to reflect such changes or distributions and to modify any other terms of outstanding Awards on an equitable basis, including modifications of performance goals and changes in the length of Performance Periods. The determination of the Committee as to the foregoing adjustments, if any, shall be conclusive and binding on Participants under the Plan.

Subject to the provisions of Article 13, without affecting the number of Shares reserved or available hereunder, the Committee may authorize the issuance or assumption of benefits under this Plan in connection with any merger, consolidation, acquisition of property or stock, share exchange, amalgamation, reorganization or similar transaction upon such terms and conditions as it may deem appropriate; provided, however, that no such issuance or assumption shall be made without affecting the number of Shares reserved or available hereunder if it would prevent the granting of ISOs under the Plan.

#### Article 5. *Eligibility and Participation*

**5.1 Eligibility.** Individuals eligible to participate in this Plan include all Employees and Directors.

**5.2 Actual Participation.** Subject to the provisions of the Plan, the Committee may, from time to time, select from all eligible individuals, those to whom Awards shall be granted and shall determine the form and amount of each Award.



## Article 6. *Stock Options*

6.1 *Grant of Options.* Subject to the terms and provisions of the Plan, Options may be granted to Participants in such number, and upon such terms, and at any time and from time to time as shall be determined by the Committee.

ISOs may not be granted following the ten-year (10) anniversary of the date the Plan was last approved by shareholders in a manner that satisfies the shareholder approval requirements applicable to ISOs. ISOs may be granted only to Employees.

6.2 *Award Agreement.* Each Option grant shall be evidenced by an Award Agreement that shall specify the Option Price, the duration of the Option, the number of Shares to which the Option pertains, the conditions upon which an Option shall become vested and exercisable, and such other provisions as the Committee shall determine which are not inconsistent with the terms of the Plan. The Award Agreement also shall specify whether the Option is intended to be an ISO or an NQSO.

6.3 *Option Price.* The Option Price for each grant of an Option under this Plan shall be as determined by the Committee; provided, however, the Option Price shall not be less than one hundred percent (100%) of the Fair Market Value of a Share on the date the Option is granted.

6.4 *Duration of Options.* Each Option granted to a Participant shall expire at such time as the Committee shall determine at the time of grant; provided, however, no Option shall be exercisable later than the tenth (10th) anniversary of its grant.

6.5 *Exercise of Options.* Options granted under this Article 6 shall be exercisable at such times and be subject to such terms and conditions as the Committee shall in each instance approve, which need not be the same for each grant or for each Participant.

6.6 *Payment.* Options granted under this Article 6 shall be exercised by the delivery of notice of exercise to an agent designated by the Company or by complying with any alternative procedures which may be authorized by the Committee, setting forth the number of Shares with respect to which the Option is to be exercised.

A condition of the issuance of the Shares as to which an Option shall be exercised shall be the payment of the Option Price. The Option may be exercised (and the Option Price may be satisfied) by (a) delivering cash or its equivalent, (b) tendering (either by actual delivery or attestation) previously acquired Shares having an aggregate Fair Market Value at the time of exercise equal to the Option Price, (c) broker-assisted cashless exercise, (d) net exercise, (e) a combination of the foregoing or (f) by any other method approved by the Committee in its sole discretion. The Committee shall determine acceptable methods for tendering Shares as payment upon exercise of an Option and may impose such limitations and prohibitions on the use of Shares to exercise an Option as it deems appropriate.

Subject to any governing rules or regulations, as soon as practicable after receipt of written notification of exercise and full payment (including satisfaction of any applicable tax withholding), the Company shall deliver to the Participant evidence of book entry Shares, or upon the Participant's request, Share certificates in an appropriate amount based upon the number of Shares purchased under the Option(s).

Unless otherwise determined by the Committee, all payments under the methods indicated above shall be paid in United States dollars.

6.7 *Restrictions on Share Transferability.* The Committee may impose such restrictions on any Shares acquired pursuant to the exercise of an Option granted under this Article 6 as it may deem advisable, including, without limitation, restrictions under applicable federal securities laws, under the requirements of any stock exchange or market upon which such Shares are then listed and/or traded, and under any blue sky or state securities laws applicable to such Shares.

6.8 *Termination of Employment or Service as a Director.* The impact of a termination of a Participant's employment on an Option's vesting and exercise period shall be determined by the Committee, in its sole discretion, in the Participant's Award Agreement, and need not be uniform among Option grants or Participants. The impact of a termination on a Participant's service as a Director on an Option's vesting and exercise period shall be determined by the Committee, in its sole discretion, in the Participant's Award Agreement, and need not be uniform among Option grants or Participants.

6.9 *Transferability of Options.* During his or her lifetime, only the Participant shall have the right to exercise the Options. After the Participant's death, the Participant's estate or beneficiary shall have the right to exercise such Options.

(a) *Incentive Stock Options.* No ISO granted under the Plan may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution.

(b) *Nonqualified Stock Options.* Except as otherwise provided in a Participant's Award Agreement, no NQSO granted under this Article 6 may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. Under no circumstances may an NQSO be transferable for value or consideration.

6.10 *Notification of Disqualifying Disposition.* If any Participant shall make any disposition of Shares issued pursuant to the exercise of an ISO under the circumstances described in Section 421(b) of the Code (relating to certain disqualifying dispositions), such Participant shall notify the Company of such disposition within ten (10) days thereof.

#### Article 7. *Stock Appreciation Rights*

7.1 *Grant of SARs.* Subject to the terms and conditions of the Plan, SARs may be granted to Participants at any time and from time to time as shall be determined by the Committee. The Committee may grant Freestanding SARs, Tandem SARs, or any combination of these forms of SARs.

Subject to the terms and conditions of the Plan, the Committee shall have complete discretion in determining the number of SARs granted to each Participant and, consistent with the provisions of the Plan, in determining the terms and conditions pertaining to such SARs.

The SAR Grant Price for each grant of a Freestanding SAR shall be determined by the Committee and shall be specified in the Award Agreement. The SAR Grant Price shall not be less than one hundred percent (100%) of the Fair Market Value of a Share on the date the SAR is granted. The Grant Price of Tandem SARs shall be equal to the Option Price of the related Option.

7.2 *SAR Agreement.* Each SAR Award shall be evidenced by an Award Agreement that shall specify the Grant Price, the term of the SAR, and such other provisions as the Committee shall determine.

7.3 *Term of SAR.* The term of a SAR granted under the Plan shall be determined by the Committee, in its sole discretion, provided that, no SAR shall be exercisable later than the tenth (10th) anniversary of its grant.

7.4 *Exercise of Freestanding SARs.* Freestanding SARs may be exercised upon whatever terms and conditions the Committee, in its sole discretion, imposes upon them; provided, however, such terms and conditions shall be subject to Section 7.1 as to grant price and Section 7.3 as to the term of the SAR.

7.5 *Exercise of Tandem SARs.* Tandem SARs may be exercised for all or part of the Shares subject to the related Option upon the surrender of the right to exercise the equivalent portion of the related Option. A Tandem SAR may be exercised only with respect to the Shares for which its related Option is then exercisable.

Notwithstanding any other provision of this Plan to the contrary, with respect to a Tandem SAR granted in connection with an ISO: (a) the Tandem SAR will expire no later than the expiration of the underlying ISO; (b) the value of the payout with respect to the Tandem SAR may be for no more than one hundred percent (100%) of the difference between the Option Price of the underlying ISO and the Fair Market Value of the Shares subject to the underlying ISO at the time the Tandem SAR is exercised; and (c) the Tandem SAR may be exercised only when the Fair Market Value of the Shares subject to the ISO exceeds the Option Price of the ISO.

7.6 *Payment of SAR Amount.* Upon the exercise of a SAR, a Participant shall be entitled to receive payment from the Company in an amount determined by multiplying:

- (a) The difference between the Fair Market Value of a Share on the date of exercise over the Grant Price; by
- (b) The number of Shares with respect to which the SAR is exercised.

At the discretion of the Committee, the payment upon a SAR exercise may be in cash, in Shares of equivalent value, in some combination thereof, or in any other manner approved by the Committee at its sole discretion. The Committee's determination regarding the form of SAR payout shall be set forth in the Award Agreement pertaining to the grant of the SAR.

7.7 *Termination of Employment or Service as a Director.* The impact of a termination on a Participant's employment on a SAR's vesting and exercise period shall be determined by the Committee, in its sole discretion, in the Participant's Award Agreement, and need not be uniform among SAR grants or Participants. The impact of a termination on a Participant's service as a Director on a SAR's vesting and exercise period shall be determined by the Committee, in its sole discretion, in the Participant's Award Agreement, and need not be uniform among SAR grants or Participants.

7.8 *Nontransferability of SARs.* Except as otherwise provided in a Participant's Award Agreement, no SAR granted under the Plan may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. Under no circumstances may a SAR be transferable for value or consideration. Further, except as otherwise provided in a Participant's Award Agreement, all SARs granted to a Participant under the Plan shall be exercisable during his or her lifetime only by such Participant.

7.9 *Other Restrictions.* The Committee shall impose such other conditions and/or restrictions on any Shares received upon exercise of a SAR granted pursuant to the Plan as it may deem advisable. This includes, but is not limited to, requiring the Participant to hold the Shares received upon exercise of a SAR for a specified period of time.

#### Article 8. *Restricted Stock and Restricted Stock Units*

8.1 *Grant of Restricted Stock or Restricted Stock Units.* Subject to the terms and conditions of the Plan, the Committee, at any time and from time to time, may grant Shares of Restricted Stock and/or Restricted Stock Units to Participants in such amounts as the Committee shall determine. Restricted Stock Units shall be similar to Restricted Stock except that no Shares are actually awarded to the Participant on the date of grant.

8.2 *Restricted Stock or Restricted Stock Unit Agreement.* Each Restricted Stock and/or Restricted Stock Unit grant shall be evidenced by an Award Agreement that shall specify the Period(s) of Restriction, the number of Shares of Restricted Stock or the number of Restricted Stock Units granted, and such other provisions as the Committee shall determine.

8.3 *Transferability.* Except as provided in this Article 8, the Shares of Restricted Stock and/or Restricted Stock Units granted herein may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until the end of the applicable Period of Restriction established by the Committee and specified in the Award Agreement (and in the case of Restricted Stock Units until the date of delivery or other payment), or upon earlier satisfaction of any other conditions, as specified by the Committee, in its sole discretion, and set forth in the Award Agreement.

8.4 *Other Restrictions.* The Committee shall impose such other conditions and/or restrictions on any Shares of Restricted Stock or Restricted Stock Units granted pursuant to the Plan as it may deem advisable including, without limitation, a requirement that Participants pay a stipulated purchase price for each Share of Restricted Stock or each Restricted Stock Unit, restrictions based upon the achievement of specific performance goals, time-based restrictions on vesting following the attainment of the performance goals, time-based restrictions, and/or restrictions under applicable federal or state securities laws.

To the extent deemed appropriate by the Committee, the Company may retain the certificates representing Shares of Restricted Stock in the Company's possession until such time as all conditions and/or restrictions applicable to such Shares have been satisfied or lapse.

Except as otherwise provided in this Article 8, Shares of Restricted Stock covered by each Restricted Stock Award shall become freely transferable by the Participant after all conditions and restrictions applicable to such Shares have been satisfied or lapse (including satisfaction of any applicable tax withholding obligations), and Restricted Stock Units shall be paid in cash, Shares, or a combination of cash and Shares as the Committee, in its sole discretion shall determine.

8.5 *Voting Rights.* To the extent permitted or required by law, as determined by the Committee, Participants holding Shares of Restricted Stock granted hereunder may be granted the right to exercise full voting rights with respect to those Shares during the Period of Restriction. A Participant shall have no voting rights with respect to any Restricted Stock Units granted hereunder.

8.6 *Dividends and Other Distributions.* During the Period of Restriction, Participants holding Shares of Restricted Stock or Restricted Stock Units granted hereunder may, if the Committee so determines, be credited with dividends paid with respect to the underlying Shares or dividend equivalents while they are so held in a manner determined by the Committee in its sole discretion. The Committee may apply any restrictions to the dividends or dividend equivalents that the Committee deems appropriate. The Committee, in its sole discretion, may determine the time and form of payment of dividends or dividend equivalents, including cash, Shares, Restricted

Stock, or Restricted Stock Units; provided, however, that if dividends or dividend equivalents are granted with respect to any Shares of Restricted Stock or Restricted Share Units that are subject to performance goals, the dividends or dividend equivalents shall be accumulated or reinvested and paid following the time such performance goals are met, as set forth by the Committee in the applicable Award Agreement.

*8.7 Termination of Employment or Service as a Director.* The impact of a termination on a Participant's employment of a Restricted Stock or Restricted Stock Unit's vesting and settlement shall be determined by the Committee, in its sole discretion, in the Participant's Award Agreement, and need not be uniform among Restricted Stock or Restricted Stock Unit grants or Participants. The impact of a termination on a Participant's service as a Director of a Restricted Stock or Restricted Stock Unit's vesting and settlement shall be determined by the Committee, in its sole discretion, in the Participant's Award Agreement, and need not be uniform among Restricted Stock or Restricted Stock Unit grants or Participants.

*8.8 Section 83(b) Election.* The Committee may provide in an Award Agreement that the Award of Restricted Stock is conditioned upon the Participant making or refraining from making an election with respect to the Award under Section 83(b) of the Code. If a Participant makes an election pursuant to Section 83(b) of the Code concerning a Restricted Stock Award, the Participant shall be required to file promptly a copy of such election with the Company.

#### Article 9. *Other Awards*

The Committee may grant Other Awards, which may include, without limitation, unrestricted Shares, the payment of Shares in lieu of cash, the payment of cash based on attainment of Performance Goals, service conditions or other goals established by the Committee and the payment of Shares in lieu of cash under other Company incentive or bonus programs. Payment under or settlement of any such Other Awards shall be made in such manner, at such times and subject to such terms and conditions as the Committee may determine.

#### Article 10. *Performance Measures*

Unless and until the Committee proposes for shareholder vote and the shareholders approve a change in the general Performance Measures set forth in this Article 10, the performance goals upon which the payment or vesting of an Award to a Covered Employee that is intended to qualify as Performance-Based Compensation shall be limited to one or more of the following Performance Measures:

- (a) Net earnings;
- (b) Earnings per share;
- (c) Net sales growth;
- (d) Net income (before or after taxes);
- (e) Net operating profit;
- (f) Return measures (including, but not limited to, return on assets, capital, equity, or sales);
- (g) Cash flow (including, but not limited to, operating cash flow and free cash flow);
- (h) Cash flow return on capital;
- (i) Earnings before or after taxes, interest, depreciation, and/or amortization;
- (j) Gross or operating margins;
- (k) Productivity ratios;
- (l) Share price (including, but not limited to, growth measures and total shareholder return);
- (m) Expense targets;

- (n) Margins;
- (o) Operating efficiency;
- (p) Customer satisfaction;
- (q) Employee satisfaction metrics;
- (r) Human resources metrics;
- (s) Working capital targets; and
- (t) EVA®.

Any Performance Measure(s) may be used to measure the performance of the Company or an Affiliate as a whole or any business unit of the Company or an Affiliate or any combination thereof, as the Committee may deem appropriate, or any of the above Performance Measures as compared to the performance of a group of comparator companies, or published or special index that the Committee, in its sole discretion, deems appropriate, or the Company may select Performance Measure (l) above as compared to various stock market indices. The Committee also has the authority to provide for accelerated vesting of any Award based on the achievement of performance goals pursuant to the Performance Measures specified in this Article 10.

The Committee may provide in any such Award that any evaluation of performance may include or exclude any of the following events that occurs during a Performance Period: (a) asset write-downs, (b) litigation or claim judgments or settlements, (c) the effect of changes in tax laws, accounting principles, or other laws or provisions affecting reported results, (d) any reorganization and restructuring programs, (e) extraordinary nonrecurring items as described in Accounting Principles Board Opinion No. 30 and/or in management's discussion and analysis of financial condition and results of operations appearing in the Company's annual report to shareholders for the applicable year, (f) acquisitions or divestitures, and (g) foreign exchange gains and losses. To the extent such inclusions or exclusions affect Awards to Covered Employees, they shall be prescribed in a form that meets the requirements of Code Section 162(m) for deductibility.

Awards that are designed to qualify as Performance-Based Compensation, and that are held by Covered Employees, may not be adjusted upward. The Committee shall retain the discretion to adjust such Awards downward.

In the event that applicable tax and/or securities laws change to permit Committee discretion to alter the governing Performance Measures without obtaining shareholder approval of such changes, the Committee shall have sole discretion to make such changes without obtaining shareholder approval.

#### Article 11. *Beneficiary Designation*

Each Participant under the Plan may, from time to time, name any beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under the Plan is to be paid in case of his or her death before he or she receives any or all of such benefit. Each such designation shall revoke all prior designations by the same Participant, shall be in a form prescribed by the Committee, and will be effective only when filed by the Participant in writing with the Company during the Participant's lifetime. In the absence of any such designation, benefits remaining unpaid at the Participant's death shall be paid to the Participant's estate.

#### Article 12. *Rights of Participants*

12.1 *Employment.* Nothing in the Plan or an Award Agreement shall interfere with or limit in any way the right of the Company and/or its Affiliates to terminate any Participant's employment or of the Board of Directors to terminate service as a Director at any time or for any reason not prohibited by law, nor confer upon any Participant any right to continue his or her employment or service as a Director for any specified period of time.

Neither an Award nor any benefits arising under this Plan shall constitute an employment contract with the Company and, accordingly, subject to Article 3 and Section 14.1, this Plan and the benefits hereunder may be terminated at any time in the sole and exclusive discretion of the Committee without giving rise to any liability on the part of the Company, its Affiliates, and/or its Subsidiaries.

12.2 *Participation.* No individual shall have the right to be selected to receive an Award under this Plan, or, having been so selected, to be selected to receive a future Award.

12.3 *Rights as a Shareholder.* Except as otherwise provided in Section 8 of the Plan or in an Award Agreement, a Participant shall have none of the rights of a shareholder with respect to Shares covered by any Award until the Participant becomes the record holder of such Shares.

#### Article 13. *Acceleration Event*

The Compensation Committee shall specify in each Participant's Award Agreement the treatment of outstanding Awards upon an Acceleration Event.

#### Article 14. *Amendment, Modification, Suspension, and Termination*

14.1 *Amendment, Modification, Suspension, and Termination.* Subject to Section 14.3, the Committee may, at any time and from time to time, alter, amend, modify, suspend, or terminate the Plan and any Award Agreement in whole or in part; provided, however, that, except for a change or adjustment made pursuant to Section 4.2, no Option Price of an outstanding Option or Grant Price of an outstanding SAR shall be reduced (whether through amendment, cancellation or replacement of Awards with other Awards or other payments of cash or property) without shareholder approval.

14.2 *Adjustment of Awards Upon the Occurrence of Certain Unusual or Nonrecurring Events.* The Committee may make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events (including, without limitation, the events described in Section 4.2 hereof) affecting the Company or the financial statements of the Company or of changes in applicable laws, regulations, or accounting principles, whenever the Committee determines that such adjustments are appropriate in order to prevent unintended dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan. The determination of the Committee as to the foregoing adjustments, if any, shall be conclusive and binding on Participants under the Plan.

14.3 *Awards Previously Granted.* Notwithstanding any other provision of the Plan to the contrary, no termination, amendment, suspension, or modification of the Plan or an Award Agreement shall adversely affect in any material way any Award previously granted under the Plan, without the written consent of the Participant holding such Award.

#### Article 15. *Withholding*

15.1 *Tax Withholding.* The Company shall have the power and the right to deduct or withhold, or require a Participant to remit to the Company, the minimum statutory amount to satisfy federal, state, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of this Plan.

15.2 *Share Withholding.* With respect to withholding required upon the exercise of Options, or SARs, upon the lapse of restrictions on Restricted Stock and Restricted Stock Units, or any other taxable event arising as a result of Awards granted hereunder, Participants may elect, subject to the approval of the Committee, to satisfy the withholding requirement, in whole or in part, by having the Company withhold Shares having a Fair Market Value on the date the tax is to be determined equal to the minimum statutory total tax that could be imposed on the transaction. All such elections shall be irrevocable, made in writing, and signed by the Participant, and shall be subject to any restrictions or limitations that the Committee, in its sole discretion, deems appropriate.

#### Article 16. *Successors*

All obligations of the Company under the Plan with respect to Awards granted hereunder shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

## Article 17. General Provisions

17.1 *Forfeiture Events.* The Committee may specify in an Award Agreement that the Participant's rights, payments, and benefits with respect to an Award shall be subject to reduction, cancellation, forfeiture, or recoupment upon the occurrence of certain specified events, in addition to any otherwise applicable vesting or performance conditions of an Award. Such events shall include, but shall not be limited to, termination of employment for cause, violation of material Company and/or Affiliate policies, breach of noncompetition, confidentiality, or other restrictive covenants that may apply to the Participant, or other conduct by the Participant that is detrimental to the business or reputation of the Company and/or its Affiliates.

17.2 *Legend.* The certificates for Shares may include any legend which the Committee deems appropriate to reflect any restrictions on transfer of such Shares.

17.3 *Gender and Number.* Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine, the plural shall include the singular, and the singular shall include the plural.

17.4 *Severability.* In the event any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

17.5 *Requirements of Law.* The granting of Awards and the issuance of Shares under the Plan shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

17.6 *Securities Law Compliance.* With respect to Insiders, transactions under this Plan are intended to comply with all applicable conditions of Rule 16b-3 or its successor under the Exchange Act. To the extent any provision of the Plan or action by the Committee fails to so comply, it shall be deemed null and void, to the extent permitted by law and deemed advisable by the Committee.

17.7 *Registration and Listing.* The Company may use reasonable endeavors to register Shares allotted pursuant to the exercise of an Award with the United States Securities and Exchange Commission or to effect compliance with the registration, qualification, and listing requirements of any national securities laws, stock exchange, or automated quotation system.

17.8 *Delivery of Title.* The Company shall have no obligation to issue or deliver evidence of title for Shares issued under the Plan prior to:

(a) Obtaining any approvals from governmental agencies that the Company determines are necessary or advisable; and

(b) Completion of any registration or other qualification of the Shares under any applicable national or foreign law or ruling of any governmental body that the Company determines to be necessary or advisable.

17.9 *Inability to Obtain Authority.* The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

17.10 *Employees or Directors Based Outside of the United States.* Notwithstanding any provision of the Plan to the contrary, in order to comply with the laws in other countries in which the Company and its Affiliates operate or have Employees or Directors, the Committee, in its sole discretion, shall have the power and authority to:

(a) Determine which Affiliates shall be covered by the Plan;

(b) Determine which Employees and/or Directors outside the United States are eligible to participate in the Plan;

(c) Modify the administrative terms and conditions of any Award granted to Employees and/or Directors outside the United States to comply with applicable foreign laws;

(d) Establish subplans and modify exercise procedures and other terms and procedures, to the extent such actions may be necessary or advisable. Any subplans and modifications to Plan terms and procedures established under this Section 17.10 by the Committee shall be attached to this Plan document as appendices; and

(e) Take any action, before or after an Award is made, that it deems advisable to obtain approval or comply with any necessary local government regulatory exemptions or approvals.

Notwithstanding the above, the Committee may not take any actions hereunder, and no Awards shall be granted, that would violate the Exchange Act, the Code, any securities law, or governing statute or any other applicable law.

17.11 *Uncertificated Shares*. To the extent that the Plan provides for issuance of certificates to reflect the transfer of Shares, the transfer of such Shares may be effected on a noncertificated basis, to the extent not prohibited by applicable law or the rules of any stock exchange.

17.12 *Unfunded Plan*. Participants shall have no right, title, or interest whatsoever in or to any investments that the Company may make to aid it in meeting its obligations under the Plan. Nothing contained in the Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and any Participant, beneficiary, legal representative, or any other person. To the extent that any person acquires a right to receive payments from the Company under the Plan, such right shall be no greater than the right of an unsecured general creditor of the Company. All payments to be made hereunder shall be paid from the general funds of the Company and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts except as expressly set forth in the Plan. The Plan is not subject to ERISA.

17.13 *No Fractional Shares*. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award. The Committee shall determine whether cash, Awards, or other property shall be issued or paid in lieu of fractional Shares or whether such fractional Shares or any rights thereto shall be forfeited or otherwise eliminated.

17.14 *Retirement and Welfare Plans*. The value of compensation paid under this Plan will not be included as “compensation” for purposes of computing the benefits payable to any participant under the Company’s retirement plans (both qualified and non-qualified) or welfare benefit plans unless such other plan expressly provides that such compensation shall be taken into account in computing a participant’s benefit.

17.15 *Governing Law*. The Plan and each Award Agreement shall be governed by the laws of the State of New York, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction. Unless otherwise provided in the Award Agreement, recipients of an Award under the Plan are deemed to submit to the exclusive jurisdiction and venue of the federal or state courts of New York, to resolve any and all issues that may arise out of or relate to the Plan or any related Award Agreement.



**ITT CORPORATION RETIREMENT SAVINGS PLAN  
FOR SALARIED EMPLOYEES**

**(Effective October 31, 2011)**

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**ITT CORPORATION RETIREMENT SAVINGS PLAN  
FOR SALARIED EMPLOYEES  
(Effective October 31, 2011)**

ARTICLE 1

INTRODUCTION AND PURPOSE

The ITT Investment and Savings Plan for Salaried Employees (the "ISP") was established effective April 1, 1974 by ITT Corporation for the benefit of certain salaried employees. The ISP was subsequently renamed the ITT Salaried Investment and Savings Plan.

Effective October 31, 2011, ITT Corporation restructured into three separate publicly traded companies named ITT Corporation, Exelis Inc., and Xylem Inc. In connection with the restructuring, sponsorship of the ISP was transferred to Exelis Inc.

Also in connection with the restructuring, ITT Corporation (as in existence after the restructuring) hereby establishes, effective as of October 31, 2011, the ITT Corporation Retirement Savings Plan for Salaried Employees (the "Plan"), as contained in this Plan document, for the eligible employees of ITT Corporation and its subsidiaries. Accounts in the ISP attributable to participants in the ISP who become employees on October 31, 2011 of ITT Corporation (as in existence after the restructuring) or any of its subsidiaries shall be transferred to the Plan and that portion of the Plan constitutes a successor plan to the ISP.

Effective January 1, 2012, the Plan is designed to be a safe harbor plan with respect to before-tax savings (pursuant to Section 401(k)(12) of the Internal Revenue Code (the "Code")) and with respect to matching contributions (pursuant to Section 401(m)(11) of the Code).

The Plan is intended to constitute a profit sharing plan with an employee stock ownership plan ("ESOP") feature within the meaning of Section 4975(e) of the Code and a cash or deferred arrangement within the meaning of Section 401(k) of the Code. The portion of the Plan intended to qualify as an ESOP is designed to invest primarily in qualifying employer securities as such term is defined in Section 4975(e)(8) of the Code and is intended to comply with the distributions requirements of Section 409(o) of the Code.

The provisions of the Plan are conditioned upon the Plan's qualification under Section 401(a) of the Code and Company contributions being deductible under Section 404 of the Code. It is further intended that the Plan also conform to the requirements of Title I of ERISA and that the Trust be qualified under Section 501 of the Code.

ARTICLE 2

DEFINITIONS

2.1 “*Accounts*” shall mean, with respect to any Member or Deferred Member, his After-Tax Account, Before-Tax Account, Company Core Account, Company Floor Account, Company Matching Account, Prior Company Matching Account, Prior ESOP Account, Prior Plan Account, Rollover Account, and Special Company Contribution Account.

2.2 “*Actual Contribution Percentage*” shall mean, with respect to a specified group of employees referred to in Section 4.5, the average of the ratios, calculated separately for each employee in that group, of:

- (a) the After-Tax Savings and Company Matching Contributions (excluding Company Matching Contributions forfeited under Section 4.1 or 4.5) made by or on behalf of the Member for the Plan Year; to
- (b) the Employee’s Statutory Compensation for a Plan Year.

Only Company Matching Contributions that are permitted to be taken into account under applicable Treasury Regulations for purposes of the test described in Section 4.5 shall be taken into account for purposes of calculating the Actual Contribution Percentage. An Actual Contribution Percentage shall be computed to the nearest one-hundredth of one percent of the Employee’s Statutory Compensation. For purposes of this calculation, the non-Highly Compensated Employee Actual Contribution Percentage shall be determined based on the then current Plan Year and the Highly Compensated Employee Actual Contribution Percentage shall also be determined for the then current Plan Year. For purposes of this Section, Statutory Compensation shall exclude compensation paid to the employee while he is not a Plan Member.

Notwithstanding the foregoing, effective for any Plan Year beginning on or after January 1, 2012, the Benefits Administration Committee may elect to calculate the Actual Contribution Percentage without regard to Company Matching Contributions.

2.3 “*Actual Deferral Percentage*” shall mean, for Plan Years beginning before January 1, 2012, with respect to a specified group of employees referred to in Section 4.1(d), the average of the ratios, calculated separately for each employee in that group, of:

- (a) the amount of Regular Before-Tax Savings made on the employee’s behalf for a Plan Year under Section 4.1(a) (including Regular Before-Tax Savings returned to a Highly Compensated Employee under Section 4.1(c)(ii) and Regular Before-Tax Savings returned to any employee under Section 4.1(c)(iii)); to
- (b) the employee’s Statutory Compensation for a Plan Year.

Such Actual Deferral Percentage shall be computed to the nearest one-hundredth of one percent of the employee’s Statutory Compensation. For purposes of this calculation, the non-Highly Compensated Employee Actual Deferral Percentage shall be determined based on the then current Plan Year and the Highly Compensated Employee Actual Deferral Percentage shall also be determined for the then current Plan Year. For purposes of this Section, Statutory Compensation shall exclude compensation paid to the employee while he is not a Plan Member. For purposes of this Section, Regular Before-Tax Savings may be taken into account for a Plan Year only if they relate to compensation that either would have been received by the Member in the Plan Year but

for the deferral election or are attributable to services performed by the Member in the Plan Year and would have been received by the Member within 2½ months after the close of the Plan Year but for the deferral election; are allocated to the Member as of a date within that Plan Year and the allocation is not contingent on the participation or performance of service after such date; and are actually paid to the Trustees no later than 12 months after the end of the Plan Year to which the contributions relate.

2.4 “*After-Tax Account*” shall mean that portion of the Trust Fund, which, with respect to any Member or Deferred Member, is attributable to:

- (a) After-Tax Savings made to the Plan under Section 4.2; and
- (b) any amounts that are attributable to after-tax contributions made to the ISP or any qualified profit sharing or other defined contribution plan previously in effect at a Participating Corporation or Participating Division and that are transferred to the Plan on the Member’s behalf

plus any investment earnings and gains or losses on such amounts.

2.5 “*After-Tax Savings*” shall mean the contributions made by a Member pursuant to Section 4.2.

2.6 “*Associated Company*” shall mean any division, subsidiary or affiliated company of ITT not participating in the Plan designated by the Board of Directors or by the Benefits Administration Committee, pursuant to authority delegated to it by the Board of Directors, as an Associated Company for purposes of the Plan during the period for which such designation exists; provided, however, that any such division, subsidiary or affiliated company not participating in the Plan which is:

- (a) a component member of a controlled group of corporations (as defined in Section 414(b) of the Code), which controlled group of corporations includes as a component member ITT;
- (b) any trade or business under common control (as defined in Section 414(c) of the Code) with ITT;
- (c) any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in Section 414(m) of the Code) which includes ITT; or
- (d) any other entity required to be aggregated with ITT pursuant to regulations under Section 414(o) of the Code,

shall automatically be an Associated Company hereunder during the period it is a division, subsidiary or affiliated company of ITT or during such period as may otherwise be determined by the Board of Directors or by the Benefits Administration Committee. Notwithstanding the foregoing, for purposes of the preceding sentence and Section 5.4(a) of the Plan the definitions of Section 414(b) and (c) of the Code shall be modified by substituting the phrase “more than 50 percent” for the phrase “at least 80 percent” each place it appears in Section 1463(a)(1) of the Code.

2.7 “*Before-Tax Account*” shall mean that portion of the Trust Fund, which, with respect to any Member or Deferred Member, is attributable to:

- (a) Regular Before-Tax Savings made to the Plan under Section 4.1(a);
- (b) Catch-Up Contributions made to the Plan under Section 4.1(b); and
- (c) any amounts that are attributable to before-tax contributions (including catch-up contributions) made to the ISP or any qualified profit sharing or other defined contribution plan previously in effect at a Participating Corporation or Participating Division and that are transferred to the Plan on the Member's behalf

plus any investment earnings and gains or losses on such amounts.

2.8 "*Before-Tax Savings*" shall mean:

- (a) Regular Before-Tax contributions made on a Member's behalf under Section 4.1(a); and
- (b) Catch-Up Contributions made on a Member's behalf under Section 4.1(b).

2.9 "*Beneficiary*" shall mean such primary beneficiary or beneficiaries as may be designated from time to time by the Member or Deferred Member, in accordance with procedures prescribed by the Benefits Administration Committee for such purpose, to receive, in the event of the Member's or Deferred Member's death, the value of his Accounts at the time of his death. If more than one Beneficiary is designated, the percentage payable to each Beneficiary must be designated. A Member may also designate a contingent Beneficiary to receive the value of his Accounts at the time of the Member's death in the event the primary beneficiary predeceases the Member, or, if there is more than one primary beneficiary, in the event all primary beneficiaries predecease the Member. In the event that more than one primary Beneficiary is named (or, in the event of the death of all of the primary Beneficiaries, more than one contingent Beneficiary is named), they shall share equally in the value of the Member's Accounts unless the Member shall have designated different percentages for the different Beneficiaries. Unless otherwise specified by the Member, the designation of any primary Beneficiary or contingent Beneficiary who subsequently predeceases the Member shall be deemed void and have no further effect. In accordance with applicable Treasury Regulations, a trust may be designated as either a primary or contingent Beneficiary. Except as hereinafter provided, in the case of a Member or Deferred Member who is married, the sole Beneficiary shall be the Member's or Deferred Member's spouse unless such spouse consents in writing on a form witnessed by a notary public to the designation of another person as primary Beneficiary. Such consent shall be irrevocable with respect to such Beneficiary designation. In the case of a Member or Deferred Member who incurs a divorce under applicable State law prior to commencing benefits under the Plan, such Member's or Deferred Member's designation of a named Beneficiary shall remain valid unless otherwise provided in a qualified domestic relations order (as described in Article 18 of the Plan) or unless such Member or Deferred Member changes his named Beneficiary or is subsequently remarried. If no Beneficiary designation is in effect at the Member's or Deferred Member's death or if no person, persons or entity so designated survives the Member or Deferred Member, the Member's or Deferred Member's surviving spouse, if any, shall be the sole Beneficiary; otherwise the Beneficiary shall be the personal representative of the estate of the Member or Deferred Member.

2.10 "*Benefits Administration Committee*" shall mean the Benefits Administration Committee established from time to time pursuant to Article 13 for the purposes of administering the Plan.

2.11 "*Board of Directors*" shall mean the Board of Directors of ITT or of any successor by merger, purchase or otherwise.

- 2.12 “*Catch-Up Contributions*” shall mean Before-Tax Savings made to the Plan pursuant to Section 4.1(b) that constitute catch-up contributions under Section 414(v) of the Code.
- 2.13 “*Code*” shall mean the Internal Revenue Code of 1986, as amended from time to time. References to any section of the Code shall include any successor provision thereto.
- 2.14 “*Company*” shall mean ITT Corporation or any successor by merger, purchase or otherwise with respect to its Employees, any Participating Division with respect to its Employees, and any Participating Corporation with respect to its Employees.
- 2.15 “*Company Core Account*” shall mean that portion of the Trust Fund which, with respect to any Member or Deferred Member, is attributable to Company Core Contributions and any investment earnings and gains or losses thereon.
- 2.16 “*Company Core Contributions*” shall mean Company Core Contributions made pursuant to Section 5.2.
- 2.17 “*Company Floor Account*” shall mean that portion of the Trust Fund which, with respect to any Member or Deferred Member, is attributable to his “*Company Floor Account*” under the ISP that was transferred from the ISP to the Plan and any investment earnings and gains or losses on such account in the Plan.
- 2.18 “*Company Matching Account*” shall mean that portion of the Trust Fund which, with respect to any Member or Deferred Member, is attributable to Company Matching Contributions and any investment earnings and gains or losses thereon.
- 2.19 “*Company Matching Contributions*” shall mean Company Matching Contributions made pursuant to Section 5.1.
- 2.20 “*Contributing Member*” shall mean a Member who is making Before-Tax Savings and/or After-Tax Savings.
- 2.21 “*Deferred Member*” shall mean:
- (a) a Member who has terminated employment with the Company and all Associated Companies and who has not received a complete distribution of his Accounts;
  - (b) the spouse Beneficiary of a deceased Member or Deferred Member; or
  - (c) an alternate payee designated as such pursuant to a domestic relations order as qualified by the Plan.
- 2.22 “*Disability*” shall mean, with respect to a Member, the total disability of such Member as defined under any long term disability plan maintained by the Company for employees who are similarly situated as of the date the disability occurs. If a Member qualifies for benefits under such plan, then he shall be deemed to be totally disabled as determined by the insurance company that insures such plan. A Member who does not qualify for benefits under such plan because he has elected not to participate in such plan or because of a plan limitation shall be deemed to be totally disabled if the insurance company insuring such plan determines that he would have qualified for benefits under such plan if he had elected to participate therein or if he otherwise would have qualified absent the plan limitation. For purposes of this Plan, the effective date of disability shall

be the later of the date of disability as defined in the applicable disability plan or the date as of which the applicable insurance company issues its determination of total disability.

- 2.23 “*Earnings*” shall mean the amount of income, if any, to be returned with any excess deferrals, excess contributions, or excess aggregate contributions under Section 4.1 or 4.5 for the Plan Year, as determined in accordance with applicable law and regulations prescribed by the Secretary of the Treasury under the provisions of Sections 402(g), 401(k) and 401(m) of the Code.
- 2.24 “*Effective Date*” shall mean October 31, 2011 with respect to ITT and any Participating Corporations and Participating Divisions that enter the Plan as of such date. With respect to Participating Corporations and Participating Divisions that began their participation in the Plan after such date, “*Effective Date*” shall mean the date as of which such Participating Corporation or Participating Division begins its participation in the Plan.
- 2.25 “*Employee*” shall mean any person regularly employed by the Company who is considered a salaried employee for purposes of the Company’s employee benefit plans, who is paid from a payroll maintained in the continental United States, Hawaii, Puerto Rico, or the US Virgin Islands, and who receives regular and stated compensation other than a pension or retainer.

Notwithstanding the foregoing, except as the Board of Directors or the Benefits Administration Committee, pursuant to authority delegated to it by the Board of Directors, may otherwise provide on a basis uniformly applicable to all persons similarly situated, the following individuals shall not be considered “*Employees*” for purposes of the Plan:

- (a) any individual who is accruing service under a qualified retirement plan maintained by the Company or any Associated Company or any other retirement plan of the Company or any Associated Company as shall be specified by the Board of Directors from time to time and any individual who is eligible to participate in a retirement plan of the Company or any Associated Company that is maintained outside of the United States;
- (b) any individual whose terms and conditions of employment are determined by a collective bargaining agreement with the Company, which does not make this Plan applicable to him;
- (c) any individual who is a Leased Employee;
- (d) any individual who is engaged by the Company to perform services for the Company or an Associated Company in a relationship (i) that the Company characterizes as other than an employment relationship, or (ii) that the individual has agreed is not an employment relationship and has waived his rights to coverage as an employee, such as where the Company engages the individual to perform services as an independent contractor, even if a determination is made by the Internal Revenue Service or other governmental agency or court, after the individual is engaged to perform such services, that the individual is an employee of the Company or an Associated Company for purposes of the Code;
- (e) any individual:
  - (i) who is regularly employed by the Company in a permanent position (as distinguished from a temporary assignment); and
  - (ii) whose primary place of employment with the Company is outside of the United States; and



- (iii) who has his primary residence outside of the United States;
- (f) any individual:
  - (i) who is considered a salaried employee and who is paid from a payroll maintained in the continental United States, Hawaii, Puerto Rico or the U. S. Virgin Islands; and
  - (ii) who is not a United States citizen or a resident alien (as defined in Section 7701(b) of the Code); and
  - (iii) who is employed by the Company or an Associated Company on a temporary assignment in the United States;
- (g) any individual who is a nonresident alien with no U. S. source income; and
- (h) any individual who is a bona fide resident of Puerto Rico.

The term "employee," as used in this Plan, means any individual who is employed by the Company or an Associated Company as a common law employee of the Company or Associated Company, regardless of whether the individual is an "Employee," and any Leased Employee.

2.26 "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time.

2.27 "ESOP" shall mean that portion of the Plan that consists of amounts invested in the ITT Stock Fund.

2.28 "Exelis Stock" shall mean common stock of Exelis Inc.

2.29 "Exelis Stock Fund" shall mean the Investment Fund under the Plan that is invested in Exelis Stock.

2.30 "Highly Compensated Employee" shall mean, with respect to any Plan Year, any employee who (a) in the Plan Year or the immediately preceding Plan Year was a 5-percent owner (as defined in Section 415(i) of the Code), or (b) in the immediately preceding Plan Year earned annual Statutory Compensation from the Company or an Associated Company which exceeds a dollar amount that is indexed annually and is determined pursuant to Section 414(q)(1)(B) of the Code. The threshold referred to in (b) shall be adjusted from time to time for cost of living in accordance with Section 414(q) of the Code.

Notwithstanding the foregoing, employees who are nonresident aliens and who receive no earned income from the Company or an Associated Company that constitutes income from sources within the United States shall be disregarded for all purposes of this Section. The provisions of this Section shall be further subject to such additional requirements as shall be described in Section 414(q) of the Code and its applicable regulations, which shall override any aspects of this Section inconsistent therewith.

2.31 "Hours Worked" shall mean hours for which an employee is compensated by the Company or by an Associated Company whether or not he has worked, such as paid holidays, paid vacation, paid sick leave and paid time off, and back pay for the period for which it was awarded, and each such

hour shall be computed as only one hour, even though he is compensated at more than the straight time rate. With respect to any period for which an employee is compensated but has not worked, hours counted shall be included on the basis of the Employee's normal workday or workweek. This definition of Hours Worked shall be applied in compliance with 29 Code of Federal Regulations Section 2530.200b-2(b) and (c), as promulgated by the United States Department of Labor, in a consistent and nondiscriminatory manner.

- 2.32 "*Investment Fund*" shall mean the separate funds in which contributions to the Plan are invested in accordance with Article 7.
- 2.33 "*ISP*" shall mean the ITT Salaried Investment and Savings Plan (including certain provisions that were included in a predecessor plan that was named the Pre-Distribution ITT Plan) that was maintained by ITT Corporation as in existence prior to October 31, 2011 and the sponsorship of which was transferred to Exelis Inc. effective October 31, 2011.
- 2.34 "*ITT*" shall mean ITT Corporation as restructured effective October 31, 2011.
- 2.35 "*ITT Stock*" shall mean common stock of ITT.
- 2.36 "*ITT Stock Fund*" shall mean the Investment Fund offered under the Plan that is invested in ITT Stock.
- 2.37 "*Leased Employee*" shall mean any person (other than a common law employee of the Company or an Associated Company) who, pursuant to an agreement between the Company and any other person ("leasing organization") has performed services for the Company or an Associated Company or any related persons determined in accordance with Section 414(n)(6) of the Code on a substantially full-time basis for a period of at least one year and such services are performed under the primary direction of or control by the Company or an Associated Company. In the case of any person who is a Leased Employee (or who would qualify as a Leased Employee but for the requirement that substantially full-time service be performed for one year) before or after a period of service as an employee, the entire period during which he has performed services as a Leased Employee shall be counted as service as an employee for all purposes of the Plan, except that he shall not, by reason of that status, become a Member of the Plan.
- 2.38 "*Loan Valuation Date*" shall mean the business day on which a Member's proper application for a loan under the Plan is received by the Savings Plan Administrator, or its designee.
- 2.39 "*Member*" shall mean any person who has become a Member as provided in Article 3.
- 2.40 "*Non-U.S. Citizen Employee*" shall mean any person regularly employed by the Company who is considered a salaried employee for purposes of the Company's employee benefit plans and who is:
- (a) not a citizen of the United States or a resident alien;
  - (b) paid from a payroll maintained in the continental United States, Hawaii, Puerto Rico or the US Virgin Islands; and
  - (c) employed by the Company in a permanent position (as distinguished from a temporary assignment).

- 2.41 “*Participating Corporation*” shall mean any subsidiary or affiliated company of ITT or designated division(s) or unit(s) only of such subsidiary or affiliate which, by appropriate action of the Board of Directors or by a designated officer of ITT pursuant to authorization delegated to him by the Board of Directors has been designated as a Participating Corporation in the Plan as to all of its employees or as to the employees of one or more of its operating or other units and the board of directors of which shall have taken appropriate action to adopt this Plan.
- 2.42 “*Participating Division*” shall mean any division of ITT or designated unit(s) only of such division which by appropriate action of the Board of Directors or by a designated officer of ITT pursuant to authorization delegated to him by the Board of Directors has been designated as a Participating Division in this Plan.
- 2.43 “*PFTIC*” shall mean the ITT Pension Fund Trust and Investment Committee or its successor established from time to time pursuant to Section 12.1.
- 2.44 “*Plan*” shall mean the ITT Corporation Retirement Savings Plan for Salaried Employees as set forth herein or as amended from time to time.
- 2.45 “*Plan Year*” shall mean the calendar year, provided that the first Plan Year shall be the period from October 31, 2011 through December 31, 2011.
- 2.46 “*Prior Company Matching Account*” shall mean that portion of the Trust Fund, which, with respect to any Member or Deferred Member, is attributable to his “*Company Matching Contribution Account*” under the ISP that was transferred from the ISP to the Plan, plus investment earnings and gains or losses on such account in the Plan.
- 2.47 “*Prior ESOP Account*” shall mean that portion of the Trust Fund, which, with respect to any Member or Deferred Member, is attributable to his “*Prior ESOP Account*” under the ISP that was transferred from the ISP to the Plan, plus investment earnings and gains or losses.
- 2.48 “*Prior Plan Account*” shall mean that portion of the Trust Fund which, with respect to any Member or Deferred Member, is attributable to his “*Prior Plan Account*” under the ISP that was transferred from the ISP to the Plan, plus investment earnings and gains or losses.
- 2.49 “*Rollover Account*” shall mean the portion of the Trust Fund, which, with respect to a Member or Deferred Member, is attributable to
- (a) Rollover Contributions made to the Plan under Section 4.4; and
  - (b) any amounts that are attributable to rollover contributions made to the ISP or to a qualified profit sharing or other defined contribution plan previously in effect at a Participating Corporation or Participating Division and that are transferred to the Plan on the Member’s behalf plus any investment earnings and gains or losses on such amounts. After-tax Rollover Contributions shall be accounted for separately in the Rollover Account.
- 2.50 “*Rollover Contributions*” shall mean the contributions made by a Member pursuant to Section 4.4.
- 2.51 “*Salary*” shall mean an Employee’s total remuneration from the Company for services rendered while a Member during a Plan Year, including annual base salary, overtime, shift differentials,

commissions, regularly occurring incentive pay, and differential wage payments (as defined in Section 3401(h)(2) of the Code), all as determined prior to any deferral election pursuant to Section 4.1(a), any deferral election pursuant to Section 125 of the Code, and any deferral election for a qualified transportation fringe under Section 132(f) of the Code and excluding:

- (a) foreign service allowances, separation pay, or, in accordance with rules uniformly applicable to all Members similarly situated and as interpreted by the Benefits Administration Committee, special bonuses, special commissions, and other special pay or allowances of similar nature; and
- (b) the cost of any public or private employee benefit plan, including the Plan.

In addition to other applicable limitations set forth in the Plan, and notwithstanding any other provision of the Plan to the contrary, the annual Salary of each Member taken into account under the Plan for any Plan Year shall not exceed \$200,000, as adjusted by the Secretary of the Treasury to reflect cost-of-living adjustments in accordance with Section 401(a)(17)(B) of the Code.

For purposes of Before-Tax Savings, Salary shall not include amounts that are excluded from compensation within the meaning of Section 415(c)(3) of the Code and Section 1.415(c)-(2) of the regulations thereunder.

2.52 “Savings” shall mean the After-Tax Savings contributed by a Member and the Before-Tax Savings contributed on a Member’s behalf.

2.53 “Savings Plan Administrator” shall mean the Benefits Administration Committee or its delegate.

2.54 “Self-Directed Brokerage Account” or “SDA” shall mean an Investment Fund that is a self-directed brokerage account established by a Member, as described in Section 7.1(b).

2.55 “Service” shall mean the period of elapsed time beginning on the date an employee commences employment with the Company or any Associated Company or predecessor company of ITT, and ending on his most recent Severance Date, subject to the following:

- (a) Notwithstanding anything contained herein to the contrary, with respect to an Employee who is employed by the Company on October 31, 2011, such Employee shall be credited with “Service” he had earned under the ISP prior to October 31, 2011.

With respect to an individual who:

- (i) was an employee of ITT Corporation or one of its subsidiaries on October 30, 2011;
- (ii) became an employee of Exelis Inc. or Xylem Inc. on October 31, 2011; and
- (iii) becomes an Employee immediately following termination of employment with Exelis Inc. or Xylem Inc. and prior to March 1, 2012,

if such Employee had accrued “Service” under the ISP prior to October 31, 2011, his prior “Service” under the ISP shall be credited under the Plan as of the date he becomes an Employee after October 31, 2011 and before March 1, 2012.

- (b) If an Employee terminates employment and is later reemployed within 12 months of the earlier of (i) his date of termination, or (ii) the first day of an absence from service immediately preceding his date of termination, the period between his Severance Date and his date of reemployment shall be included in his Service.
- (c) If an Employee terminates and is later reemployed, the period of service prior to his Severance Date shall be included in his Service, regardless of the length of his absence from employment.
- (d) Under the circumstances hereinafter stated and upon such conditions as the Benefits Administration Committee shall determine on a basis uniformly applicable to all Employees similarly situated, the period of Service of an Employee shall be deemed not to be interrupted by an absence of the type hereinafter stated and the period of such absence shall be included in determining the length of an Employee's Service:
  - (i) if a leave of absence has been authorized by the Company or any subsidiary or affiliate of the Company, for the period of such authorized leave of absence only; or
  - (ii) if an Employee enters service in the uniformed services of the United States and if such individual's right to re-employment is protected by the Uniformed Services Employment and Reemployment Rights Act of 1994 or any similar law then in effect and if the individual returns to regular employment within the period during which the right to reemployment is protected by any such law. Notwithstanding any provisions of this Plan to the contrary, contributions, benefits, and service credit with respect to qualified military service will be provided in accordance with Section 414(u) of the Code.
- (e) If a Member dies while performing qualified military service (as defined in Section 414(u) of the Code) and while his reemployment rights are protected by the Uniformed Services Employment and Reemployment Rights Act of 1994, his period of time in qualified military service through the date of his death shall be included in his Service.

2.56 "Severance Date" shall mean with respect to employment with the Company and all Associated Companies:

- (a) Except as provided in (b) below, the earlier of:
  - (i) the date an Employee quits, is discharged, retires or dies; or
  - (ii) the first anniversary of the date on which he is first absent from service, with or without pay, for any reason other than discharge, retirement or death, such as vacation, sickness, disability, layoff or leave of absence.
- (b) If Service is interrupted for maternity or paternity reasons, meaning an interruption of Service by reason of the pregnancy of the Employee; the birth of a child of the Employee; the placement of a child with the Employee by reason of adoption; or for purposes of caring for a newborn child of the Employee immediately following the birth or adoption of the newborn, then the Severance Date shall be the earlier of:
  - (i) the date he quits, is discharged, retires or dies; or

(ii) the second anniversary of the date on which he is first absent from service.

- 2.57 “*Special Company Contribution Account*” shall mean that portion of the Trust Fund which, with respect to any Member or Deferred Member, is attributable to Special Company Contributions and any investment earnings and gains or losses thereon.
- 2.58 “*Special Company Contributions*” shall mean Special DC Credit Contributions and Transition Credit Contributions made pursuant to Appendix A.
- 2.59 “*Statutory Compensation*” shall mean total wages and other compensation paid to or for the Member by the Company or by an Associated Company as reported on the Member’s Form W-2, Wage and Tax Statement, plus elective contributions under Sections 125, 132(f)(4), 402(g)(3) and 414(v) of the Code. In addition to other applicable limitations set forth in the Plan, and notwithstanding any other provision of the Plan to the contrary, the maximum amount of Statutory Compensation, taken into account under the Plan for any Plan Year for any Member shall not exceed \$200,000, as adjusted by the Secretary of the Treasury to reflect cost-of-living adjustments in accordance with Section 401(a)(17)(B) of the Code. Statutory Compensation shall also include:
- (a) salary continuation payments for military service as described in Treasury Regulation Section 1.415(c)-2(e)(4);
  - (b) compensation paid after severance from employment as described in Treasury Regulation Section 1.415(c)-2(e)(3)(i), (ii) and (iii)(A);
  - (c) foreign income as described in Treasury Regulation Section 1.415(c)-2(g)(5)(i), excluding amounts described in Treasury Regulation Section 1.415(c)-2(g)(5)(ii); and
  - (d) differential wage payments (as defined in Section 3401(h)(2) of the Code) paid by the Company or an Associated Company with respect to any period during which an individual is performing service in the uniformed services (as defined in Section 3401(h)(2)(A) of the Code.
- Payments not described above, including, but not limited to, amounts described in Treasury Regulation Section 1.415(c)-2(e)(3)(iii)(B) and (iv), shall not be considered Statutory Compensation if paid after severance from employment, even if such amounts are paid by the later of 2½ months after the date of severance from employment or the end of the Plan Year that includes the date of severance from employment.
- 2.60 “*Target Retirement Fund*” shall mean a fund managed by a provider designated by the PFTIC that is designed for investors who will retire at or around a specified date. The allocation to different asset classes will change over time and the fund will become increasingly conservative as the specified retirement date approaches.
- 2.61 “*Termination of Employment*” shall mean severance from the employment of the Company and all Associated Companies for any reason, including, but not limited to, retirement, death, disability, resignation or dismissal by the Company or an Associated Company; provided, however, that transfer in employment between the Company and any Associated Company shall not be deemed to be “Termination of Employment.” With respect to any leave of absence and any period of service in the uniformed services of the United States, Section 2.55 shall govern.

- 2.62 “*Trust Fund*” shall mean the aggregate funds held by the Trustee under the trust agreement or agreements established for the purposes of this Plan, consisting of the funds as described in Article 7.
- 2.63 “*Trustee*” shall mean the Trustee or Trustees at any time acting as such under the trust agreement or agreements established for the purposes of this Plan.
- 2.64 “*Valuation Date*” shall mean the date or dates, as applicable, on which the Trust Fund is valued in accordance with Article 8.
- 2.65 “*Vested Share*” shall mean, with respect to a Member or Deferred Member, that portion of his Accounts in which the Member or Deferred Member has a nonforfeitable interest as provided in Article 6.
- 2.66 “*Withdrawal Valuation Date*” shall mean, with respect to withdrawals made pursuant to Section 9.2, the business day on which a Member’s proper request for a withdrawal in a form or manner approved by the Benefits Administration Committee is received and processed by the Savings Plan Administrator or its designee. With respect to withdrawals made pursuant to Section 9.3, Withdrawal Valuation Date shall mean the business day on which a Member’s proper request for a withdrawal under the Plan, as received and processed by the Savings Plan Administrator or its designee, is approved by the Benefits Administration Committee.
- 2.67 “*Xylem Stock*” shall mean common stock of Xylem Inc.
- 2.68 “*Xylem Stock Fund*” shall mean the Investment Fund under the Plan that is invested in Xylem Stock.

ARTICLE 3  
MEMBERSHIP

3.1 *Eligibility*

- (a) An Employee whose employment with the Company is not on a temporary or less than full-time basis and who is not a Non-U.S. Citizen Employee shall be eligible to become a Member on the later of the Effective Date or the date he first becomes an Employee.
- (b) An Employee whose employment with the Company is on a temporary or less than full-time basis and who is not a Non-U.S. Citizen Employee shall be eligible to become a Member on the later of the Effective Date or the day following the date he completes 1,000 Hours Worked in a twelve-consecutive-month computation period, provided he is then an Employee. The first computation period shall be the twelve-month period measured from the date on which such Employee's Service commences. Subsequent computation periods shall be the Plan Year, beginning with the Plan Year that contains the first anniversary of the date on which the Employee's Service commenced.
- (c) An Employee who is a Non-U.S. Citizen Employee who works in the U.S. on an expatriate basis shall be eligible to become a Member on the later of:
  - (i) the Effective Date; or
  - (ii) the day following the date as of which he has worked in the U.S. as an employee for at least 36 consecutive monthsin either case provided he is an Employee on such date.

An individual who is eligible to become a Member under (a), (b) or (c) above shall be eligible to become a Contributing Member as of the first day of the next available pay period (based on administrative processing deadlines) following the date Before-Tax Savings are made pursuant to Section 4.1 and/or After-Tax Savings are made pursuant to Section 4.2.

3.2 *Membership*

An individual who has satisfied the eligibility requirements under Section 3.1 shall become a Member on the date he satisfies such eligibility requirements provided he is an Employee on such date. A Member may make Before-Tax Savings and/or After-Tax Savings as of the first day of the next available pay period or any subsequent pay period (based on administrative processing deadlines) and subject to the provisions of Section 4.1.

3.3 *Certain Member Elections*

An individual who becomes a Member pursuant to Section 3.2 may make the following elections in a form or manner approved by the Benefits Administration Committee:

- (a) He may designate one or more Beneficiaries.
- (b) He may designate a different rate of Before-Tax Savings than the rate that will otherwise automatically apply pursuant to Section 4.1(a).



- (c) He may elect to make Catch-Up Contributions pursuant to Section 4.1(b).
- (d) He may elect to make After-Tax Savings pursuant to Section 4.2.
- (e) He may make an investment election as described in Section 7.2
- (f) He may make a dividend election as described in Section 8.7

#### *3.4 Rehired Member*

A Member who terminates employment with the Company and all Associated Companies and is rehired by the Company as an Employee will re-enter the Plan upon his reemployment a Member in accordance with the provisions of Section 3.2.

#### *3.5 Transferred Members*

Notwithstanding any provision of the Plan to the contrary, a Member who remains in the employ of the Company or an Associated Company but ceases to be an Employee shall continue to be a Member of the Plan but shall not be eligible to make Before-Tax Savings or After-Tax Savings or to receive allocations of Company Matching Contributions or Company Core Contributions while his employment status is other than as an Employee. Such Member shall be entitled to any Special Company Contributions that may be payable for the Plan Year, based on the period of time during which he was an Employee during such Plan Year.

#### *3.6 Termination of Membership*

A Member's membership shall terminate on the date he is no longer employed by the Company or any Associated Company unless the Member is entitled to benefits under the Plan in which event his membership shall terminate when those benefits are distributed to him.

ARTICLE 4  
MEMBER SAVINGS

4.1 *Member Before-Tax Saving.*

(a) *Commencement and Amount of Regular Before-Tax Savings*

- (i) Effective as of the first day of the next available pay period (based on administrative processing deadlines) an Employee who has become a Member pursuant to Article 3 shall have his Salary reduced by 6 percent and that amount shall be contributed on his behalf to the Plan by the Company as Regular Before-Tax Savings until and unless the Member elects, in accordance with the procedures prescribed by the Benefits Administration Committee, to either receive such Salary directly from the Company in cash or to reduce his Salary in some other percentage. Such reduction in Salary shall be applied to Salary that could have been subsequently received by the Member. Any such specified percentage of Salary shall be in a multiple of 1 percent and the maximum percentage shall be 50 percent. Notwithstanding the preceding sentence, if in any Plan Year a Member makes After-Tax Savings in accordance with Section 4.2 in addition to Regular Before-Tax Savings in accordance with this Section, the maximum percentage of Salary such Member may contribute for such Plan Year under the combination of this Section and Section 4.2 shall not exceed 50 percent.

Notwithstanding the foregoing and Section 4.2, with respect to an Employee who is employed as an Employee by the Company on October 31, 2011, the following provisions shall apply:

- (A) If such individual was making Regular Before-Tax Savings and/or After-Tax Savings under the ISP immediately prior to October 31, 2011 in an amount equal to a total of 6 percent or more of his Salary, such individual shall become a Member of the Plan on October 31, 2011 and effective as of the first day of the next available pay period (based on administrative processing deadlines) such individual's election of Regular Before-Tax Savings and/or After-Tax Savings under the ISP immediately prior to October 31, 2011 shall be deemed to have been made under the Plan and shall continue in the same amount until and unless the Member makes another Regular Before-Tax Savings and/or After Tax Savings election in accordance with procedures prescribed by the Benefits Administration Committee.
- (B) If such individual was not making Regular Before-Tax and/or After-Tax Savings under the ISP immediately prior to October 31, 2011 in an amount equal to a total of 6 percent or more of his Salary, such individual shall become a Member of the Plan on October 31, 2011 and, effective as of the first day of the next available pay period (based on administrative processing deadlines):
- (1) such individual's After-Tax Savings election under the ISP immediately prior to October 31, 2011, if any, shall be deemed to have been made under the Plan until and unless the Member

makes another election in accordance with procedures prescribed by the Benefits Administration Committee; and

- (2) such individual shall be deemed to have elected to make Regular Before-Tax Savings under the Plan equal to 6 percent of his Salary or, if less, the amount necessary to have the total of his Regular Before-Tax and After-Tax Contributions equal 6 percent of his Salary, until and unless the Member makes another election in accordance with procedures prescribed by the Benefits Administration Committee.
- (ii) In order to comply with Section 415 of the Code, the Benefits Administration Committee may impose an additional limit on any Member's Before-Tax Savings based on the Benefits Administration Committee's reasonable projection of the total "annual addition" (as defined in Section 5.4) that will be credited to a Member's Accounts for a Plan Year.
- (iii) Prior to January 1, 2012, in order to comply with Section 401(k)(3) of the Code, the Benefits Administration Committee may impose a limitation on the extent to which a Member who is a Highly Compensated Employee may reduce his Salary in accordance herewith, based on the Benefits Administration Committee's reasonable projection of Before-Tax Savings rates of Members who are not Highly Compensated Employees.
- (iv) A Member may elect to change the rate of Regular Before-Tax Savings under this paragraph (a) as of the first day of any pay period by making an election in the form or manner approved by the Benefits Administration Committee for such purpose. The changed rate shall be effective as soon as administratively possible following the date the election is received by the Savings Plan Administrator.

Effective as of such date as is approved by the Benefits Administration Committee and in accordance with such rules and procedures as may be prescribed by the Benefits Administration Committee, a Member may elect to have the rate of his Regular Before-Tax Savings automatically escalated.

(b) *Catch-Up Contributions*

A Member who has attained or will attain age 50 by the last day of the Member's taxable year may elect, in accordance with procedures prescribed by the Benefits Administration Committee, to make Catch-Up Contributions for any Plan Year in accordance with and subject to the limitations of Section 414(v) of the Code. Such Catch-Up Contributions shall be treated under the Plan as Before-Tax Savings but shall be subject to the following special rules:

- (i) A Member's Catch-Up Contributions shall not be taken into account for purposes of applying the maximum percentage limitation described in (a) above or the limitations under Sections 402(g) and 415 of the Code and Members' Catch-Up Contributions shall not be taken into account in applying the Actual Deferral Percentage test of (d) below.
- (ii) The Plan shall not be treated as failing to satisfy the provisions of the Plan implementing the requirements of Section 401(k)(3), 401(k)(11), 401(k)(12),

410(b), or 416 of the Code, as applicable, by reason of making such Catch-Up Contributions.

- (iii) The determination of whether a Before-Tax Savings contribution under this Section constitutes a Catch-Up Contribution for any Plan Year shall be determined as of the end of such Plan Year, in accordance with Section 414(v) of the Code. Before-Tax Savings contributions that are intended to be Catch-Up Contributions for a Plan Year but which do not qualify as Catch-Up Contributions as of the end of the Plan Year shall be treated for all purposes under the Plan as Regular Before-Tax Savings.
- (iv) The Company shall take a Member's Catch-Up Contributions into account for purposes of determining the amount of Company Matching Contributions under Section 5.1 for a Plan Year.
- (v) A Member's Catch-Up Contributions shall be subject to the same withdrawal and distribution restrictions as Regular Before-Tax Savings contributions.
- (vi) In the event that the sum of a Member's Catch-Up Contributions and similar contributions to any other qualified defined contribution plan maintained by the Company or an Associated Company exceeds the dollar limit on catch-up contributions under Section 414(v) of the Code for any calendar year as in effect for such calendar year, the Member shall be deemed to have elected a return of the Catch-Up Contributions in excess of the limit under Section 414(v) of the Code and such amount shall be treated in the same manner as "excess deferrals" under (c) below.
- (vii) If a Member makes catch-up contributions under a qualified defined contribution plan and/or Code Section 403(b) plan maintained by an employer other than the Company or an Associated Company for any calendar year and those contributions when added to his Catch-Up Contributions exceed the dollar limit on catch-up contributions under Section 414(v) of the Code for that calendar year, the Member may allocate all or a portion of such "excess catch-up contributions" to this Plan. In the event such Member notifies the Benefits Administration Committee of the "excess catch-up contributions" in the same manner as is required for allocated "excess deferrals" under (c) below, such "excess catch-up contributions" shall be distributed in the same manner as "excess deferrals" under (c) below.

A Member may elect to change the rate of his Catch-Up Contributions under this paragraph (b) as of the first day of any pay period by making an election in the form or manner approved by the Benefits Administration Committee for such purpose. The changed rate of Catch-Up Contributions shall be effective as soon as administratively possible following the date the election is received by the Savings Plan Administrator.

(c) *Application of Maximum Dollar Limit on Regular Before-Tax Savings*

The maximum dollar amount of Before-Tax Savings and similar contributions made on a Member's behalf by the Company or any Associated Company to all plans, contracts or arrangements subject to the provisions of Section 401(a)(30) of the Code for a calendar year shall be the maximum amount determined by the Secretary of the Treasury for such calendar year, pursuant to Section 402(g) of the Code as in effect for such calendar year,

except as permitted under Section 414(v) of the Code. Amounts contributed in excess of such limit shall constitute “excess deferrals.”

- (i) *Prevention of Excess Deferrals Under Plan.* If a Member’s Regular Before-Tax Savings in a calendar year reach the dollar limit on elective deferrals under Section 401(a)(30) of the Code in any calendar year, the Member’s election to make Regular Before-Tax Savings will be canceled. Such Member may elect at any time to make After-Tax Savings in accordance with Section 4.2. As of the first pay period of the calendar year following the cancellation of a Member’s Regular Before-Tax Savings in accordance with first sentence of this paragraph, the Member’s election of Regular Before-Tax Savings shall again become effective in accordance with his previous election, unless the Member elects otherwise in accordance with Section 4.3.
- (ii) *Treatment of Excess Deferrals under Plan and Plans of Associated Companies.* In the event that the sum of a Member’s Regular Before-Tax Savings and similar contributions to any other qualified defined contribution plan maintained by the Company or an Associated Company exceeds the dollar limit on elective deferrals under Section 402(g) of the Code for any calendar year as in effect for such calendar year, a Member who is eligible to make Catch-Up Contributions to the Plan will be deemed to have such excess deferrals reclassified as Catch-Up Contributions, subject to the limitations of (b) above. To the extent that the reclassification described in the preceding sentence is not applicable, or is insufficient to fully resolve the issue of the excess deferrals, the Member shall be deemed to have elected a return of the Regular Before-Tax Savings in excess of the limit under Section 402(g) of the Code from this Plan. The excess deferrals, together with Earnings, shall be returned to the Member no later than April 15 following the end of the calendar year in which the excess deferrals were made. The amount of excess deferrals to be returned for any calendar year shall be reduced by any Regular Before-Tax Savings previously returned to the Member under (d) below for that calendar year. In the event any Regular Before-Tax Savings returned under this paragraph were matched by Company Matching Contributions, those Company Matching Contributions, together with Earnings, shall be forfeited and used to reduce future Company contributions.
- (iii) *Treatment of Member-Allocated Excess Deferrals.* If a Member makes tax-deferred contributions under another qualified defined contribution plan and/or a Code Section 403(b) plan maintained by an employer other than the Company or an Associated Company for any calendar year and those contributions when added to his Regular Before-Tax Savings exceed the dollar limit on elective deferrals under Section 402(g) of the Code for that calendar year, the Member may allocate all or a portion of such excess deferrals to this Plan. In that event, a Member who is eligible to make Catch-Up Contributions to the Plan will be deemed to have such excess deferrals reclassified as Catch-Up Contributions, subject to the limitations of (b) above. To the extent that the reclassification described in the preceding sentence is not applicable, or is insufficient to fully resolve the issue of the excess deferrals, such excess deferrals, together with Earnings, shall be returned to the Member no later than the April 15 following the end of the calendar year in which such excess deferrals were made. However, the Plan shall not be required to return excess deferrals unless the Member notifies the Benefits Administration Committee or its designee, in writing, not later than March 1, of that following year, of the amount of the tax-

deferred contributions made to the plan of the other employer. The amount of any excess deferrals to be returned for any calendar year shall be reduced by any Regular Before-Tax Savings previously returned to the Member under (d) below for that calendar year. In the event any Regular Before-Tax Savings returned under this paragraph were matched by Company Matching Contributions, those Company Matching Contributions, together with Earnings, shall be forfeited and used to reduce Company contributions.

Notwithstanding the foregoing, in lieu of a return of the excess deferrals, a Member may elect to have the Plan treat all or a portion of the excess deferrals attributable to his Regular Before-Tax Savings as After-Tax Savings, subject to the limitations of Section 4.2; provided the Member notifies the Benefits Administration Committee or its designee, in writing, by the date determined by the Benefits Administration Committee. For this purpose, the excess deferrals, together with Earnings, shall be deemed distributed to the Member and then recontributed to the Plan by the Member as After-Tax Savings for the Plan Year in which the excess deferrals were made. Reclassified excess deferrals shall be considered After-Tax Savings made in the Plan Year to which the excess deferrals relate for purposes of Section 4.5 and shall be subject to the withdrawal provisions applicable to After-Tax Savings under Article 9. If the excess deferrals were matched by Company Matching Contributions, the corresponding Company Matching Contributions shall remain allocated to the Member's Company Account to the extent such excess deferrals if made, as After-Tax Savings would have been matched under the provisions of Section 5.1. The Member's election to reclassify excess deferrals shall be made no later than April 1 following the close of the Plan Year in which the excess deferrals were made or within such shorter period as the Benefits Administration Committee may prescribe.

- (iv) Notwithstanding the foregoing, in the case of any Member who (A) ceases to be an Employee during a Plan Year; (B) is employed during such Plan Year by an employer which is not the Company or an Associated Company; and (C) exceeds the limitation on elective deferrals enumerated in Section 402(g) of the Code based on the Member's participation in the Plan and participation in a plan maintained by the subsequent employer; the Plan shall not distribute to the Member any Before-Tax Savings (or any income thereon) arising solely as a result of such Member's exceeding the limit under Section 402(g) of the Code for the Plan Year, unless the exceeding of such limit is based solely on the Member's participation in this Plan without considering any other plan.

(d) *ADP Test on Before-Tax Savings*

Effective for Plan Years beginning on and after January 1, 2012, the Plan is intended to satisfy the safe harbor alternative method of meeting the nondiscrimination requirements under Section 401(k)(12) of the Code by treating the first three percent of Company Core Contributions under Section 5.2 as nonelective contributions pursuant to Section 401(k)(12)(C) of the Code. Accordingly, the Plan is deemed to satisfy the ADP Test under Section 401(k) of the Code for such Plan Years with respect to Before-Tax Savings.

Prior to January 1, 2012, the amount of Before-Tax Savings made to the Plan for Plan Year shall comply with the provisions of Section 401(k)(3) of the Code, including any

regulations issued thereunder and any subsequent Internal Revenue Service guidance issued under Section 401(k) of the Code. The current year testing method shall be used.

Amounts that would cause the Plan to fail the ADP test shall constitute "excess contributions." If the Benefits Administration Committee determines that the limitation has been exceeded, the following provisions shall apply:

- (i) The excess contributions shall first be treated as Catch-Up Contributions to the extent possible under Section 4.1(b).
- (ii) Any remaining excess contributions, together with Earnings thereon, will be allocated to the Highly Compensated Employees with the greatest dollar amount of such contributions in the following manner:
  - (A) The amount to be allocated shall be the lesser of (1) the total excess contributions or (2) such amount as will cause the dollar amount of such Highly Compensated Employee's Regular Before-Tax Savings to equal the dollar amount of the Regular Before-Tax Savings of the Highly Compensated Employee with the next highest dollar amount of Regular Before-Tax Savings.
  - (B) The process described in (A) above shall be repeated, if necessary, until the total excess contributions shall have been allocated. At any stage in this allocation process, if two or more Highly Compensated Employees have the same dollar amount remaining of Regular Before-Tax Savings, the allocation shall be made to both of them in equal amounts.
- (iii) The excess contributions allocated to Highly Compensated Employees under (ii) above shall be distributed to such Members before the close of the Plan Year following the Plan Year in which the excess contributions were made, and to the extent practicable, within 2<sup>1/2</sup> months of the close of the Plan Year in which the excess contributions were made. Alternatively, under rules adopted by the Benefits Administration Committee, such Members may elect to recharacterize such excess contributions as After-Tax Savings provided such election to recharacterize the excess contributions is made within 2<sup>1/2</sup> months after the close of the Plan Year in which the excess contributions were made or within such shorter period as the Benefits Administration Committee may prescribe. When the total excess contributions shall have been allocated and distributed or recharacterized in the manner described above, the Plan shall be deemed to satisfy the tests set forth in this Section, regardless of whether the final Average Deferral Percentage of the Highly Compensated Employees in fact satisfy such tests. In the event any Regular Before-Tax Savings distributed under this Section were matched by Company Matching Contributions, those Company Matching Contributions, together with Earnings, shall be forfeited and used to reduce Company contributions.

#### 4.2 Member After-Tax Savings

- (a) By authorizing payroll deductions, each Member may elect, subject to (b) below, to contribute to the Trust Fund as After-Tax Savings any whole percentage from 1 percent to 50 percent of his Salary in such payroll period, subject to the following:

- (i) The total amount of After-Tax Savings for any Plan Year may not exceed 50 percent of his Salary reduced by the rate of Before-Tax Savings being made pursuant to Section 4.1(a).
- (ii) In order to comply with Section 415 of the Code, the Benefits Administration Committee may impose an additional limit on any Member's After-Tax Savings based on the Benefits Administration Committee's reasonable projection of the total "annual addition" (as defined in Section 5.4) that will be credited to a Member's Accounts for a Plan Year.

A Member's election shall be effective as soon as administratively possible following the date such election is received by the Savings Plan Administrator or its designee.

Notwithstanding the foregoing, the special provisions of Section 4.1(a)(i)(A) and (B) shall apply with respect to an Employee who is employed as an Employee by the Company on October 31, 2011.

- (b) In order to comply with Section 401(m) and/or 415 of the Code, the Benefits Administration Committee may impose an additional limit on the extent to which a Member who is a Highly Compensated Employee may contribute to the Trust Fund as After-Tax Savings, based on the Benefits Administration Committee's reasonable projection of After-Tax Savings rates of Members who are not Highly Compensated Employees and the necessity of satisfying the test described in Section 4.5.

A Member may elect to change his After-Tax Savings rate on any business day by making an election in a form or manner approved by the Benefits Administration Committee for such purpose. The changed After-Tax Savings rate shall be effective as soon as administratively possible following the date notice is received by the Savings Plan Administrator or its designee.

#### 4.3 *Suspension and Resumption of Member Savings*

- (a) A Member may suspend his Savings under Section 4.1 and/or Section 4.2 as of any business day by making an election in a form or manner approved by the Benefits Administration Committee for such purpose. Such suspension will become effective as soon as administratively possible following the date the election is received by the Savings Plan Administrator or its designee. If a Member takes a withdrawal from his Before-Tax Account under Section 9.3(b), his Savings shall be suspended for a period of six months. Such suspension will become effective as soon as administratively possible following the Withdrawal Valuation Date. No Company Matching Contributions shall be made under Section 5.1 during the period of a Member's suspension although he will continue to be considered a Member and he will be entitled to Company Core Contributions and any Special Company Contributions that may be payable during the period of suspension.
- (b) A Member who suspends his Savings in accordance with the first sentence of (a) above may resume his Savings under Section 4.1 and/or under Section 4.2 as of any pay period after the date the suspension commenced by making an election in a form or manner approved by the Benefits Administration Committee for such purpose.
- (c) A Member whose Savings are suspended in accordance with the third sentence of (a) above may resume his Savings under Section 4.1 and/or under Section 4.2 as of the first day of any pay period following the six-month suspension by making an election in a



form or manner approved by the Benefits Administration Committee for such purpose. A resumption elected pursuant to this Section 4.3 shall occur as soon as administratively possible after the election is received by the Savings Plan Administrator or its designee.

#### 4.4 Rollover Contributions

- (a) With the permission of the Benefits Administration Committee, and without regard to any limitation on contributions under this Article 4 or Section 5.4, the Plan may accept from or on behalf of a Member, but not a Deferred Member, a Rollover Contribution in cash, consisting of any amount, including after-tax amounts but excluding any amount attributable to Roth contributions, previously received (or deemed to be received) by him from an “eligible retirement plan.” Such Rollover Contributions shall be subject to the following:
  - (i) For purposes of this Section, “eligible retirement plan” means:
    - (A) another employer’s qualified plan described in Section 401(a) of the Code (or another ITT qualified defined contribution plan, provided that the Rollover Contribution represents the rollover of all or a portion of a full distribution of the individual’s account balance in such plan due to the sale or closing of a business unit sponsoring such plan);
    - (B) an annuity plan described in Section 403(a) of the Code;
    - (C) an annuity contract described in Section 403(b) of the Code;
    - (D) an eligible Plan under Section 457(b) of the Code that is maintained by a state, political subdivision of a state or any agency or instrumentality of a state or political subdivision of a state; or
    - (E) an individual retirement account or individual retirement annuity of the Member described in Section 408(a) or 408(b) of the Code that contains only amounts that were originally distributed from a qualified plan described in Section 401(a) or 403(a) of the Code (i.e., a “conduit IRA”).
  - (b) Such Rollover Contribution may be received in either of the following ways:
    - (i) The Plan may accept such amount as a direct rollover of an eligible rollover distribution, including after-tax amounts provided such after-tax amounts are received directly from a plan that is qualified under Section 401(a) of the Code or an annuity contract described in Section 403(b) of the Code.
    - (ii) The Plan may accept such amount directly from the Member provided such amount:
      - (A) was distributed to the Member by an eligible retirement plan;
      - (B) is received by the Plan on or before the 60th day after the day it was received by the Member;
      - (C) would otherwise be includible in gross income; and

(D) is not attributable to Roth contributions.

Notwithstanding (B) above, the Benefits Administration Committee may accept a Rollover Contribution more than 60 days after the amount was received by the Member provided the Member has received from the Secretary of the Treasury a waiver of the 60-day requirement, pursuant to Section 402(c)(3)(B) of the Code.

#### 4.5 ACP Test on After-Tax Savings and Company Matching Contributions

Effective for Plan Years beginning on or after January 1, 2012, the Plan is intended to satisfy the alternative method of meeting the nondiscrimination requirements with respect to Company Matching Contributions under Section 401(m)(11) of the Code by treating the first three percent of Company Core Contributions under Section 5.2 as nonelective contributions pursuant to Section 401(k)(12)(C) of the Code. Accordingly, with respect to such Plan Years, the Plan is deemed to satisfy the ACP Test under Section 401(m)(11) of the Code with respect to Company Matching Contributions.

The amount of After-Tax Savings made to the Plan shall comply with the provisions of Section 401(m)(2) of the Code (the "ACP Test"), including any regulations issued thereunder and any subsequent Internal Revenue Service guidance issued under Section 401(m) of the Code. Notwithstanding the preceding sentence, for any Plan Year, the Benefits Administration Committee may elect to take Company Matching Contributions for the Plan Year into account for purposes of the ACP Test, to the extent permitted under applicable law.

Amounts that would cause the Plan to fail the ACP test constitute "excess aggregate contributions." If the Benefits Administration Committee determines that the limitation has been exceeded, the following provisions apply

- (a) The payment or forfeiture of the excess aggregate contributions, together with Earnings thereon, shall be made before the close of the Plan year following the Plan Year for which the excess aggregate contributions were made and, to the extent practicable, any payment or forfeiture will be made within 2<sup>1</sup>/<sub>2</sub> months following the end of the Plan Year for which the contributions were made.
- (b) The total amount of excess aggregate contributions, together with Earnings thereon, shall be allocated to the Highly Compensated Employees with the greatest dollar amount of such contributions in the following manner:
  - (i) The amount to be allocated shall be the lesser of (A) the total excess aggregate contributions, or (B) such amount as will cause the dollar amount of such Highly Compensated Employee's After Tax Savings, and, if applicable, Company Matching Contributions, to equal the dollar amount of the After Tax Savings, and, if applicable, Company Matching Contributions, of the Highly Compensated Employee with the next highest dollar amount of After Tax Savings, and, if applicable, Company Matching Contributions.
  - (ii) The process described in (i) above shall be repeated, if necessary, until the total excess aggregate contributions shall have been allocated. At any stage in the allocation process herein described, if two or more Highly Compensated Employees have the same dollar amount remaining of After Tax Savings, and, if applicable, Company Matching Contributions, the allocation shall be made to both of them in equal amounts.

- (c) The excess aggregate contributions allocated to Highly Compensated Employees under (b) above, together with Earnings thereon, shall be paid or returned to a Member from the following categories of contributions (adjusted to reflect earnings or losses attributable thereto):
- (i) first, unmatched After-Tax Savings;
  - (ii) second, matched After-Tax Savings; and
  - (iii) third, Company Matching Contributions, if applicable.

Once the excess aggregate contributions are paid or returned as described above, the Plan shall be deemed to satisfy the ACP test set forth in this Section, regardless of whether the final Average Contribution Percentage of the Highly Compensated Employees in fact satisfy such tests.

- (d) A Member's Actual Contribution Percentage shall be determined after a Member's excess Before-Tax Savings are either recontributed to the Plan as After-Tax Savings or paid to the Member.

#### 4.6 *Transfer Contributions*

With the permission of the Benefits Administration Committee and under such conditions as it may require, but without regard to any limitations on contributions set forth in this Article 4 or Section 5.4, the Plan may accept an amount, if any, from another qualified plan that, in accordance with the provisions of Section 11.9, the Member elects under such plan to transfer to this Plan, or which the Trustee of such other qualified plan transfers directly to the Trustee of this Plan. Such transferred contributions shall be paid to the Trustee as soon as practicable and shall be held in the Accounts of the Member, as determined by the Benefits Administration Committee. The Member shall be required to establish that such prior employer's plan assets meets the qualification requirements under Section 401(a) of the Code; and no such trust-to-trust transfer shall be permitted unless the amount transferred is free of all defined benefit or money purchase characteristics and does not make the Plan a transferee plan under Section 401(a)(11)(B)(iii)(III) of the Code.

ARTICLE 5  
COMPANY CONTRIBUTIONS

5.1 *Company Matching Contributions*

The Company, with respect to each eligible Member employed by it, shall contribute to the Trust a Company Matching Contribution in an amount equal to 50 percent of the Member's Savings for each pay period; provided, however, that only the first 6 percent of the Member's Salary will be eligible for such a Company Matching Contribution during each pay period so that the maximum Company Matching Contribution shall be 3 percent of the Member's Salary. Company Matching Contributions will be applied first to a Member's Before-Tax Savings. Any remaining Company Matching Contributions will be applied to the Member's After-Tax Savings.

Notwithstanding anything contained herein to the contrary, with respect to Plan Years beginning on and after January 1, 2012, if as of the last day of the Plan Year, the amount of Matching Contributions allocated to a Member for such Plan Year is less than 50 percent of the Member's Savings up to 6 percent of the Member's Salary for the Plan Year, the Company shall make a "true-up" Company Matching Contribution on behalf of such Member in an amount equal to the difference. The true-up Company Matching Contribution described in the preceding sentence shall also be made with respect to a Member who terminates employment during the Plan Year and such true-up Company Matching Contribution shall be made as soon as administratively practicable following the end of the calendar year in which the Member terminates employment.

Company Matching Contributions shall be credited to the Member's Company Matching Account.

5.2 *Company Non-Matching Contributions*

(a) *Company Core Contributions*

The Company shall contribute to the Trust Fund, with respect to each eligible Member employed by it, Company Core Contributions in the following amounts:

- (i) With respect to a Member whose age plus Service as of the first day of the Plan Year total less than 50, the Company shall make Company Core Contributions each pay period equal to 3 percent of the Member's Salary for such pay period.
- (ii) With respect to a Member whose age plus Service as of the first day of the Plan Year total 50 or more, the Company shall make Company Core Contributions each pay period equal to 4 percent of the Member's Salary for such pay period.

For purposes of the preceding provisions, a Member's age and Service shall be calculated on a basis uniformly applicable to all Members similarly situated as established by the Benefits Administration Committee.

Company Core Contributions shall be credited to the Member's Company Core Account.

(b) *Special Company Contributions*

The Company shall contribute to the Trust Fund, with respect to each eligible Member employed by it, Special DC Credit Contributions and Transition Credit Contributions pursuant to Appendix A.

Special DC Credit Contributions and Transition Credit Contributions shall be credited to the Member's Special Company Contribution Account.

5.3 *Mode of Payment of Company Contributions*

Company contributions under Sections 5.1 and 5.2 shall be made in cash.

5.4 *Maximum Annual Additions.*

- (a) The annual addition to a Member's Accounts for any Plan Year, which shall be considered the "limitation year" for purposes of Section 415 of the Code, when added to the Member's annual addition for that Plan Year under any other qualified defined contribution plan of the Company or any Associated Company, shall not exceed an amount which is equal to the lesser of (i) 100% of his Statutory Compensation for that Plan Year, or (ii) \$40,000, as adjusted in accordance with Section 415(d) of the Code.
- (b) For purposes of this Section, the "annual addition" to a Member's Accounts under this Plan or any other qualified defined contribution plan (including a deemed qualified defined contribution plan under a qualified defined benefit plan) maintained by the Company or an Associated Company shall be determined in accordance with (i) and (ii) below.
- (i) The annual addition shall include all of the following amounts that have been allocated to the Member's Accounts under this Plan or any other qualified defined contribution plan (including a deemed qualified defined contribution plan under a qualified defined benefit plan) maintained by the Company or an Associated Company:
- (A) the total Company contributions made on the Member's behalf by the Company and all Associated Companies, including any Company Matching Contributions distributed or forfeited under the provisions of Section 4.1 or 4.5;
  - (B) all Before-Tax Savings and After-Tax Savings, including Before-Tax Savings distributed as excess contributions under Section 4.1(d) and After-Tax Savings distributed as excess aggregate contributions under the provisions of Section 4.5;
  - (C) forfeitures, if applicable; and
  - (D) solely for purposes of the dollar limit under clause (ii) of paragraph (a) above, amounts described in Sections 415(1)(1) and 419A(d)(2) of the Code allocated to the Member.
- (ii) The annual addition shall not include:

- (A) Rollover Contributions;
  - (B) loan repayments made under Article 10;
  - (C) Before Tax Savings distributed as excess deferrals under Section 4.1(c); and
  - (D) Catch-Up Contributions.
- (c) To the extent that the annual additions to a Member's Accounts exceed the limitation set forth in Section 415(c)(2) of the Code, corrections shall be made in a manner consistent with the provisions of the Employee Plans Compliance Resolution System as set forth in Revenue Procedure 2008-50 or any subsequent guidance. In the event that a Member of the Plan is a participant in any other defined contribution plan (whether or not terminated), maintained by the Company or any Associated Company, the total amount of annual additions to such Member's accounts under all such defined contribution plans shall not exceed the limitations set forth in this Section 5.4. The Benefits Administration Committee, under uniform rules equally applicable to similarly situated Members, shall determine how to apply the provisions of this Section in order to satisfy the limitation. In making its decision, the Benefits Administration Committee shall take into account the applicable provisions of the other qualified defined contribution plans.

#### 5.5 *Contributions for a Period in Uniformed Services*

- (a) Notwithstanding any provision of this Plan to the contrary, contributions, benefits, and service credit with respect to qualified uniformed service duty will be provided in accordance with Section 414(u) of the Code. A Member who is reemployed and is credited with Service for the purpose of vesting because of a period of service in the uniformed services of the United States may elect to contribute to the Plan the Before-Tax Savings (including Catch-Up Contributions) and/or After-Tax Savings that could have been contributed to the Plan in accordance with the provisions of the Plan had he remained continuously employed by the Company throughout such period of absence ("make-up contributions"). For purposes of determining the amount of make-up contributions a Member may make, his Salary for the period of absence shall be deemed to be the rate of Salary he would have received had he remained employed as an Employee for that period or, if such rate is not reasonably certain, on the basis of the Member's Salary during the 12-month period immediately preceding such period of absence (or if shorter, the period of employment immediately preceding such period). Any Before-Tax Savings, Catch-Up Contributions, and/or After-Tax Savings so determined shall be limited as provided in Sections 4.1(c), 4.1(d) and 4.5 with respect to the Plan Year or Years to which such contributions relate rather than the Plan Year in which payment is made. The make-up contributions may be made over a period not to exceed three times the period of military leave or five years, if less, but in no event later than the Member's Termination of Employment (unless he is subsequently rehired). The make-up period shall start on the later of (i) the Member's date of reemployment, or (ii) the date the Benefits Administration Committee notifies the Employee of his rights under this Section. Earnings (or losses) on make-up contributions shall be credited commencing with the date the make-up contribution is made.
- (b) With respect to a Member who makes the election described in paragraph (a) above, the Company shall make Company Matching Contributions on the make-up contributions in the amount described in Section 5.1, as in effect for the Plan Year to which such make-up

contributions relate. Company Matching Contributions under this paragraph shall be made to the Plan at the same time as Company Matching Contributions are required to be made for Before-Tax Savings and/or After-Tax Savings made during the same period as the make-up contributions are actually made. Earnings (or losses) on Company Matching Contributions shall be credited commencing with the date the contributions are made. Any limitations on Company Matching Contributions described in Section 4.5 shall be applied with respect to the Plan Year or Years to which such contributions relate rather than the Plan Year or Years in which payment is made.

- (c) The Company shall make Company Core Contributions and Special Company Contributions (and any other non-matching employer contributions that may have been required under a predecessor plan) (“make-up Company contributions”) in the amounts described in Section 5.2 (or the provisions of a predecessor plan) as in effect for the Plan Year to which such make-up Company contributions relate. For purposes of determining the amount of such make-up Company contributions, a Member’s Salary for the period of absence shall be deemed to be the rate of Salary he would have received had he remained employed as an Employee for that period or, if such rate is not reasonably certain, on the basis of the Member’s Salary during the 12-month period immediately preceding such period of absence (or if shorter, the period of employment immediately preceding such period). Make-up Company contributions under this paragraph shall be made as soon as practicable after the Member’s reemployment and shall be deemed to have been made to the Plan at the same time as such contributions would have been made but for the Member’s absence. Earnings (or losses) on make-up Company contributions shall be credited commencing with the date the make-up Company contributions are made.
- (d) All contributions under this Section, other than make-up Catch-Up Contributions, are considered “annual additions,” as defined in Section 415(c) (2) of the Code, and shall be limited in accordance with the provisions of Section 5.4 with respect to the Plan Year or Years to which such contributions relate rather than the Plan Year in which payment is made.
- (e) Notwithstanding any other provisions of this Section, the maximum amount of make-up contributions made by or on behalf of a Member shall be reduced by the actual amount of Company Core Contribution, Special Company Contributions, Before-Tax Savings (including Catch-Up Contributions), After-Tax Savings, and Company Matching Contributions, as applicable, made by or on behalf of the Member during his period of service in the uniformed services as a result of differential wage payments (as defined in Section 3401(h) of the Code) that were made to the Member or for any other reason.

#### 5.6 *Return of Contributions*

- (a) If the Commissioner of Internal Revenue, on timely application made after the initial establishment of the Plan, determines that the Plan is not qualified under Section 401(a) of the Code or refuses, in writing, to issue a determination as to whether the Plan is so qualified, the Company’s contributions made on or after the date on which that determination or refusal is applicable shall be returned to the Company. The return shall be made within one year after the denial of qualification. The provisions of this paragraph shall apply only if the application for the determination is made by the date prescribed by the Secretary of the Treasury.
- (b) If all or part of the Company’s deductions for contributions to the Plan are disallowed by the Internal Revenue Service, the portion of the contributions to which that disallowance

applies shall be returned to the Company without interest but reduced by any investment loss attributable to those contributions, provided that the contribution is returned within one year after the disallowance of deduction. For this purpose, all contributions made by the Company are expressly declared to be conditioned upon their deductibility under Section 404 of the Code.

- (c) The Company may recover, without interest, the amount of its contributions to the Plan made on account of a mistake of fact, reduced by any investment loss attributable to those contributions, if recovery is made within one year after the date of those contributions.
- (d) In the event that Before-Tax Savings made under Section 4.1(a) are returned to the Company in accordance with the provisions of this Section, the elections to reduce Salary that were made by Members on whose behalf those contributions were made shall be void retroactively to the beginning of the period for which those contributions were made. The Before-Tax Savings so returned shall be distributed in cash to those Members for whom those contributions were made, provided, however, that if the contributions are returned under the provisions of paragraph (a) above, the amount of Before-Tax Savings to be distributed to Members shall be adjusted to reflect any investment gains or losses attributable to those contributions.

#### 5.7 *Contributions Not Contingent Upon Profits*

The Company may make contributions to the Plan without regard to the existence or the amount of current and accumulated Company earnings and profits. Notwithstanding the foregoing, however, this Plan is designed to qualify as a “profit-sharing plan” for all purposes of the Code.



ARTICLE 6  
VESTED SHARE OF ACCOUNTS

6.1 *Full Vesting of all Accounts in Plan*

A Member shall at all times be 100 percent vested in, and have a nonforfeitable right to, his Accounts in Plan.

ARTICLE 7  
INVESTMENT OF CONTRIBUTIONS

7.1 *Investment Funds*

- (a) Accounts in the Plan shall be invested by the Trustee in one or more Investment Funds as authorized by the PFTIC. Such Investment Funds shall include:
- (i) the ITT Stock Fund;
  - (ii) such Target Retirement Funds as the PFTIC shall select; and
  - (iii) for such period after the Effective Date as shall be determined by the PFTIC, the Exelis Stock Fund and the Xylem Stock Fund.
- Such Investment Funds may also include equity funds, international equity funds, fixed income funds, money market funds, and other funds as the PFTIC elects to offer.
- (b) In addition to the Investment Funds selected by the PFTIC, a Member may establish a self-directed brokerage account (“SDA”), subject to the following terms and conditions:
- (i) Common stock of the Company is not a permitted investment in the SDA.
  - (ii) Account fees associated with a Member’s SDA, as well as commissions, special handling fees, and any other transaction charges associated with transactions in the Member’s SDA will be charged to the Member’s SDA.
- (c) In any Investment Fund, the Trustee temporarily may hold cash or make short-term investments in obligations of the United States Government, commercial paper, an interim investment fund for tax-qualified employee benefit plans established by the Trustee, unless otherwise provided in the applicable trust agreement or by applicable law, or other investments of a short-term nature. Notwithstanding the foregoing, the Trustee in its discretion may hold such amounts in cash, consistent with its obligations as Trustee, as it deems advisable in accordance with the provisions of the trust agreement.
- (d) For the purpose of determining the value of ITT Stock, Exelis Stock, or Xylem Stock hereunder, in the event such stock is traded on a national securities exchange, such stock shall be valued as of the closing quoted selling price of such stock on the New York Stock Exchange composite tape on the business day such stock is delivered to the Trustee. In the event such ITT Stock, ITT Exelis Stock, or Xylem Stock is not traded on a national securities exchange, such shares shall be valued in good faith by an independent appraiser selected by the Trustee and meeting requirements similar to those in the regulations prescribed under Section 170(a)(1) of the Code.
- (e) The Plan is intended to constitute a plan described in Section 404(c) of ERISA. Consequently, each Member is solely responsible for the selection of his investment options. The Trustees, the Benefits Administration Committee, the Company, the PFTIC, and the officers, supervisors, and other employees of the Company are not empowered to advise a Member as to the manner in which his Accounts shall be invested. The fact that an Investment Fund is available to Members for investment under the Plan shall not be construed as a recommendation for investment in the Investment Fund.

- (f) The Trustee, or such other custodian as the PFTIC may designate, shall maintain the ITT Stock Fund. It is specifically contemplated that the ITT Stock Fund will operate as an employee stock ownership plan (“ESOP”) that is designed to invest primarily in ITT Stock, within the meaning of Section 4975(e)(7) of the Code. Consistent with the ITT Stock Fund’s status as an ESOP, the Trustee may keep such amounts of cash, securities or other property as it, in its sole discretion, shall deem necessary or advisable as part of the Trust Fund, all within the limitations specified in the trust agreement.
- (g) Dividends, interest, and other distributions received on the assets held by the Trustee in respect to the Investment Funds shall be reinvested in the respective Investment Fund, provided, however, with respect to the ITT Stock Fund, dividends, interest, and other distributions received on the assets held by the Trustee in respect to the ITT Stock Fund shall be reinvested in the ITT Stock Fund, except as otherwise may be provided in Section 8.7 with respect to dividends on ITT Stock.

## 7.2 *Investment of Contributions*

Contributions under the Plan shall be invested by the Trustee as follows:

- (a) Subject to the following provisions of this Section 7.2, a Member shall make one investment election, in multiples of 1%, covering his Savings, Company Matching Contributions, Company Core Contributions, and Special Company Contributions made to his Accounts, to have such amounts invested in any one or more of the Investment Funds. If no investment election is made, such contribution shall be invested in the Target Retirement Fund that is appropriate based on the Member’s year of birth (or such other Investment Fund as may be designated by the PFTIC), unless and until the Member elects to have all or part of his contributions invested in or transferred to other funds pursuant to Sections 7.3 and 7.4.
- (b) A Member cannot elect to direct the investment of any contributions into the Exelis Stock Fund or the Xylem Stock Fund prospectively. Amounts invested in the Exelis Stock Fund or the Xylem Stock Fund as a result of the restructuring of ITT coincident with the establishment of the Plan are the only amounts that may be invested in such funds. A Member may elect at any time to direct the amounts invested in the Exelis Stock Fund or the Xylem Stock Fund into any other Investment Fund in the Plan, subject to the provisions of this Section 7.2 and Section 7.4.
- (c) Except as provided in Section 7.4(d), no more than 20% of a Member’s Accounts may be invested in the ITT Stock Fund. A Member’s investment election with respect to future contributions cannot direct more than 20% to be invested in the ITT Stock Fund.
- (d) Contributions may not be initially invested in a Member’s SDA. Any amounts to be invested in a Member’s SDA must be transferred into the SDA pursuant to Section 7.4.
- (e) A Member making a Rollover Contribution pursuant to Section 4.4 or a transfer contribution pursuant to Section 4.6 may make a separate initial investment election under this Section 7.2. Such Rollover Contribution or transfer contribution shall be invested, in multiples of 1%, in any one or more of the Investment Funds as elected by the Member. Notwithstanding the preceding sentence, Rollover Contributions or transfer contributions may not be initially invested in the ITT Stock Fund, the Exelis Stock Fund, Xylem Stock Fund, or a Member’s SDA. A Member may subsequently transfer or

reallocate his Rollover Contributions or transfer contributions to the ITT Stock Fund or the Member's SDA pursuant to Section 7.4. If a Member has not made an election with respect to the initial investment of his Rollover Contributions or transfer contributions under Section 4.6, such Rollover Contributions or transfer contributions shall be invested in the Target Retirement Fund that is appropriate based on the Member's year of birth (or such other Investment Fund as may be designated by the PFTIC).

- (f) A Member may enroll in a managed account program under which investment professionals will monitor the Member's Plan Accounts and manage all investment elections and transactions. The terms of the program shall supersede any contrary provisions of this Plan with respect to Members enrolled therein and any fees charged to the Member will be determined under the terms of the program.
- (g) A Member's Prior ESOP Account shall be invested entirely in the ITT Stock Fund, Exelis Stock Fund, and Xylem Stock Fund, as applicable, except when a Member elects to have all or part of his Prior ESOP Account transferred to or invested in another Investment Fund pursuant to this Article 7.

### 7.3 *Changes in Investment Election for Future Contributions*

On any business day, by making an election in a form or manner approved by the Benefits Administration Committee for such purpose, a Member may change his investment election within the limitations set forth in Section 7.2 with respect to future Savings, Company Matching, Company Core, and Special Company Contributions to be made for any payroll deposited with the Trustee on or after the effective date of such notice. The effective date of such election shall be the business day following the date of the election. A Member shall be permitted to make only one investment election, covering his Savings, Company Matching, Company Core, and Special Company Contributions. A separate election may be made for future Rollover Contributions or transferred contributions made under Section 4.6.

### 7.4 *Redistribution of Investments*

Members and Deferred Members may redistribute their investments as follows:

- (a) On any business day, by making an advance election in a form or manner approved by the Benefits Administration Committee for such purpose, a Member or Deferred Member may elect to reallocate (or transfer, as the case may be) on any Valuation Date all or part, in multiples of 1%, all of his Accounts among the Investment Funds, provided however no more than 20% of a Member's Accounts may be invested in the SDA or the ITT Stock Fund after such reallocation or transfer and no amounts may be reallocated or transferred into the Exelis Stock Fund or the Xylem Stock Fund, except as provided in Section 7.4(d). The reallocation or transfer shall be effective as soon as administratively practicable after the Valuation Date.
- (b) The PFTIC may establish such rules and restrictions regarding the redistribution of investments as it deems appropriate, including restrictions on the maximum number of transfers in a calendar month.
- (c) Any amounts invested in a fund of guaranteed investment contracts or an investment fund covered by a prospectus or other document of similar import or effect shall be subject to any and all terms of such contracts, prospectus or other documents of similar import or effect, including any limitations therein placed on the exercise of any rights otherwise

granted to a Member or Deferred Member under any other provisions of this Plan with respect to such amounts.

- (d) No more than 20% of a Member's Accounts may be invested in the ITT Stock Fund. Notwithstanding the preceding sentence, a Member with more than 20% of his Accounts invested in the ITT Stock Fund under the ISP on October 31, 2011 (or such other date as may be designated by the PFTIC) may elect to direct that amounts invested in the Exelis Stock Fund and/or the Xylem Stock Fund be transferred to the ITT Stock Fund without regard to the 20% limit, provided however that such Member may not make any further investments in, or transfers into, the ITT Stock Fund until the 20% limitation described in the preceding sentence has been complied with.

#### 7.5 *Valuation Date*

The Valuation Date applicable with respect to reallocations made in accordance with Section 7.4 shall be the business day such election is received and processed by the Savings Plan Administrator or its designee and shall not be later than the next business day following the day on which the Member's completed request is received and processed by the Savings Plan Administrator or its designee.

#### 7.6 *Voting of ITT Stock*

Each Member, Deferred Member, or Beneficiary (in the event of the death of the Member or Deferred Member) is, for the purposes of this Section 7.6, hereby designated a named fiduciary within the meaning of Section 402(a)(2) of ERISA with respect to the shares of ITT Stock allocated to his Accounts, determined as herein described. Each Member and Deferred Member (or Beneficiary in the event of the death of the Member or Deferred Member) may direct the Trustee as to the manner in which the ITT Stock allocated to his Accounts, determined as herein described, is to be voted. An individual's proportionate share of the ITT Stock Fund as to which he holds fiduciary status for voting purposes shall be determined at the time such voting rights are exercisable by multiplying the number of shares credited at that time to such portion by a fraction, the numerator of which is the value (as of the Valuation Date designated by the Benefits Administration Committee for this purpose) of that part of the Member's Accounts invested in the ITT Stock Fund with respect to which the Member provides instructions to the Trustee and the denominator of which is the aggregate value of all amounts allocated to that part of all Member Accounts which is invested in the ITT Stock Fund for which instructions are provided to the Trustee. Before each annual or special meeting of shareholders of ITT, each Member, Deferred Member, and Beneficiary shall be furnished with information regarding how to obtain a copy of the proxy solicitation material for such meeting and the form requesting instructions to the Trustee on how to vote the ITT Stock allocated to such Member's, Deferred Member's and Beneficiary's Accounts. Upon receipt of such instructions, the Trustee shall vote such shares as instructed. In lieu of voting fractional shares as instructed by Members, Deferred Members, or Beneficiaries, the Trustee may vote the combined fractional shares of ITT Stock to the extent possible to reflect the directions of Members, Deferred Members, or Beneficiaries with allocated fractional shares of each class of stock. The Trustee shall vote shares of ITT Stock allocated to Accounts under the Plan but for which the Trustee received no valid voting instructions in the same manner and in the same proportion as the shares of ITT Stock in the Accounts in the respective funds with respect to which the Trustee received valid voting instructions are voted. Instructions to the Trustee shall be in such form and pursuant to such regulations as the Benefits Administration Committee may prescribe.

Any instructions received by the Trustee from Members, Deferred Members, and Beneficiaries regarding the voting of ITT Stock shall be confidential and shall not be divulged by the Trustee to

the Company, or to any director, officer, employee or agent of the Company, it being the intent of this provision of this Section 7.6 to ensure that the Company (and its directors, officers, employees and agents) cannot determine the voting instructions given by any Member, Deferred Member, or Beneficiary.

In the event of a tender or exchange offer, the provisions of Article 15 shall control, rather than this Section.

7.7 *Blackout Periods*

Notwithstanding any provision of the Plan to the contrary, when required for administrative reasons, the Benefits Administration Committee may temporarily suspend, limit, or restrict the rights of Members, Deferred Members, Beneficiaries or alternate payees (as applicable) to direct or diversify the investment of some or all of their Accounts, to obtain loans from the Plan, and to obtain distributions (including in-service withdrawals) from the Plan. The number and length of such suspensions and the imposition of such limitations or restrictions shall be limited to the greatest extent practicable. Any suspension, limitation or restriction of rights under this Section shall comply with all applicable law and any guidance issued thereunder and may be imposed only if the Benefits Administration Committee timely provides notice of the suspension, limitation or restriction of such rights, as required by Section 101 of ERISA, any guidance issued thereunder, and any other applicable law.

ARTICLE 8  
CREDITS TO MEMBERS' ACCOUNTS, VALUATION AND  
ALLOCATION OF ASSETS

8.1 *Before-Tax Savings, After-Tax Savings and Rollover Contributions*

Before-Tax Savings, After-Tax Savings and Rollover Contributions made on behalf of or by a Member shall be allocated to the Before-Tax Account, After-Tax Account or Rollover Account of such Member, as appropriate, as soon as practicable after such contributions are transferred to the Trust Fund.

8.2 *Company Matching Contributions*

Company Matching Contributions made for a Member shall be allocated to the Company Matching Account of such Member, as soon as practicable after such contributions are made to the Trust Fund.

8.3 *Company Core Contributions and Special Company Contributions*

Company Core Contributions made for a Member shall be allocated to the Company Core Account of such Member, as soon as practicable after such contributions are made to the Trust Fund. Special Company Contributions made for a Member shall be allocated to the Special Company Contribution Account of such Member, as soon as practicable after such contributions are made to the Trust Fund.

8.4 *Credits to Members' Accounts*

At the end of each business day in which the Plan is in effect and operation, the amount of each Member's credit in each of the Investment Funds shall be expressed and credited in dollars of contributions by the Member and Company allocated to a Member's Accounts for such day. For purposes of this Article 8, "business day" means each day on which the New York Stock Exchange or any successor to its business is open for trading or such other day(s) as may be designated by the PFTIC.

8.5 *Valuation of Assets*

At the end of each business day, the Trustee shall determine the total fair market value of all assets then held by it in each Investment Fund. The Benefits Administration Committee reserves the right to change from time to time the procedures used in valuing the Accounts or crediting (or debiting) the Accounts if it determines, after due deliberation and upon the advice of counsel and/or the current recordkeeper, that such an action is justified in that it results in a more accurate reflection of the fair market value of assets. In the event of a conflict between the provisions of this Article and such new administrative procedures, those new administrative procedures shall prevail.

8.6 *Allocation of Assets*

At the end of each business day when the value of all assets in each Investment Fund has been determined pursuant to Section 8.5, the Trustee shall determine the gain or loss in the value of such assets in each of the Investment Funds. Such gain or loss shall be allocated pro rata by

Investment Fund to the balances credited to the Accounts of all Members and Deferred Members as of such business day.

8.7 *Dividends Paid with respect to Stock in the ESOP*

Dividends with respect to Exelis Stock and Xylem Stock shall be reinvested in the Exelis Stock Fund and Xylem Stock Fund, respectively. Dividends with respect to ITT Stock shall be subject to the following provisions:

(a) *Dividend Election*

A Member or Deferred Member may elect, with respect to a dividend paid on ITT Stock in the ESOP as of the record date of such dividend, to have the dividend either distributed in cash to the Member or Deferred Member or reinvested in shares of ITT Stock, provided however that if the amount of dividends to be paid to the Member or Deferred Member is ten dollars or less, said dividends shall be automatically reinvested in shares of ITT Stock. The Savings Plan Administrator shall prescribe rules regarding the timing and manner of a dividend election.

(b) *Default Election*

In the absence of an affirmative dividend election, the Member or Deferred Member shall be deemed to have elected to have the dividend reinvested in ITT Stock.

(c) *Effect and Duration of Election*

An election made in accordance with (a) or (b) above shall remain in effect until changed by the Member or Deferred Member in accordance with the rules established by the Savings Plan Administrator. The election shall apply to all dividends with a record date on or after the election date.

A Member or Deferred Member may change his dividend election at any time in the manner prescribed by the Savings Plan Administrator.

Notwithstanding any provision of this Section to the contrary, in the event that two or more dividend checks payable to a Member remain uncashed at one time, that action shall be deemed as an election by the Member to have his dividends reinvested in ITT Stock in the Plan and the Savings Plan Administrator shall reinvest any further dividends payable to the Member until the Member cashes the outstanding checks and makes another affirmative election to receive his dividends in cash.

(d) *Cash Payment*

Dividends elected to be paid in cash shall be distributed to the Member or Deferred Member as soon as administratively practicable after the dividend is received by the Trustee in the Trust Fund. The amount of cash dividends distributed shall be reduced by the amount of any losses attributable to such dividends while held in the Trust Fund. No earnings attributable to such dividends shall be distributed.



## ARTICLE 9

### WITHDRAWALS PRIOR TO TERMINATION OF EMPLOYMENT

#### 9.1 *General Conditions for Withdrawals*

At any time before Termination of Employment, a Member may request a withdrawal from his Accounts by submitting to the Savings Plan Administrator or its designee an election in a form or manner approved by the Benefits Administration Committee, and shall conform to the standards set by the Benefits Administration Committee, if any, regarding minimum and maximum amounts of withdrawals. Any such withdrawal shall be in accordance with the conditions of Section 9.2 or Section 9.3. For purposes of this Article 9, a Member's Accounts shall be valued as of the applicable Withdrawal Valuation Date. Amounts to be distributed to Members will not participate in the investment experience of the Plan after the Withdrawal Valuation Date. Such amounts generally will be paid as soon as administratively possible following the Withdrawal Valuation Date. Except where specifically provided otherwise, Savings by the Member under the Plan may be continued without interruption.

#### 9.2 *Withdrawals from Certain Accounts*

Subject to the provisions of Section 9.1, a Member (but not a Deferred Member) can withdraw amounts in any whole dollar amount or percentage less than or equal to the described value of the following Accounts; provided, however, that the full withdrawable amount from each source from (a) through (h) below must be withdrawn before any amount can be withdrawn from the source next following on the list of sources from (a) through (h) below:

- (a) all or a portion of his After-Tax Account;
- (b) all or a portion of his Prior Plan Account;
- (c) all or a portion of his Rollover Account;
- (d) all or a portion of his Prior ESOP Account;
- (e) all or a portion of his Company Floor Account and Prior Company Matching Account;
- (f) all or a portion of his Company Matching Account provided the Member has attained age 59<sup>1/2</sup> as of the proposed Withdrawal Valuation Date;
- (g) all or a portion of his Company Core Account provided the Member has attained age 59<sup>1/2</sup> as of the proposed Withdrawal Valuation Date; and
- (h) all or a portion of his Special Company Contribution Account provided the Member has attained age 59<sup>1/2</sup> as of the proposed Withdrawal Valuation Date.

Withdrawals will be deemed to be deducted from each of the Investment Funds described in Article 7 on a pro rata basis, provided, however, that no amount shall be deemed to be deducted from the ITT Stock Fund until all amounts have been withdrawn from all of the other Investment Funds, and provided further that amounts invested in a Member's SDA are not available as a source of any withdrawals described herein. Notwithstanding the foregoing, however, a Member may reallocate his balance in the SDA to the other Investment Funds in the Plan as provided in

Article 7 and such Investment Funds (other than the ITT Stock Fund) may then be available as a source for withdrawals in accordance with the provisions of this Article 9.

### 9.3 *Withdrawal from Before-Tax Account*

- (a) Subject to the provisions of Sections 9.1, a Member who has attained age 59½ as of a Withdrawal Valuation Date may withdraw all or any portion of his Before-Tax Account.
- (b) Subject to the provisions of Section 9.1, a Member who has not attained age 59½ as of a Withdrawal Valuation Date and who has withdrawn all amounts available under Section 9.2 may withdraw all or a portion of his Before-Tax Account (except for the portion that represents investment earnings credited to his Before-Tax Account) provided he has an immediate and heavy financial need and the withdrawal is necessary to satisfy such need, as provided below. If a Member has not withdrawn all amounts available under Section 9.2, he must take a separate withdrawal of the amounts available under Section 9.2 and that withdrawal shall not be treated as a withdrawal due to hardship.
  - (i) As a condition for receiving a withdrawal pursuant to the provisions of this Section 9.3(b), there must exist with respect to the Member an immediate and heavy financial need to draw upon his Accounts. For purposes of this subparagraph (b), the Benefits Administration Committee shall presume the existence of an immediate and heavy financial need if the requested withdrawal is on account of any of the following:
    - (A) expenses for (or necessary to obtain) medical care that would be deductible under Section 213(d) of the Code (determined without regard to whether the expenses exceed 7.5 percent of adjusted gross income);
    - (B) costs directly related to the purchase of a principal residence of the Member (excluding mortgage payments);
    - (C) payment of tuition and related educational fees, and room and board expenses, for the next 12 months of post-secondary education of the Member, his spouse, children or dependents (as defined in Section 152 of the Code and determined without regard to Sections 152(b)(1), (b)(2) and (d)(1)(B) of the Code);
    - (D) payment of amounts necessary to prevent eviction of the Member from his principal residence or to avoid foreclosure on the mortgage of his principal residence;
    - (E) payments for burial or funeral expenses for the Member's deceased parent, spouse, children or dependents (as defined in Section 152 of the Code and without regard to Section 152(d)(1)(B) of the Code);
    - (F) expenses for the repair of damages to the Member's principal residence that would qualify for the casualty deduction under Section 165 of the Code (determined without regard to whether the loss exceeds 10 percent of the Member's adjusted gross income);  
or
    - (G) the inability of the Member to meet such other expenses, debts, or other obligations recognized by the Internal Revenue Service as giving rise to

immediate and heavy financial need for purposes of Section 401(k) of the Code.

The amount of the withdrawal may not be in excess of the amount of the financial need of the Member, including an additional amount equal to 20 percent of the amount otherwise needed to satisfy such financial need to pay any federal, state, or local taxes and any amounts necessary to pay any penalties reasonably anticipated to result from the hardship distribution.

- (ii) As a condition for receiving a withdrawal pursuant to the provisions of this Section 9.3(b), the Member must demonstrate that the requested withdrawal is necessary to satisfy the financial need described in (i) above. For purposes of this subparagraph, the Benefits Administration Committee shall presume that the withdrawal is necessary to satisfy the immediate and heavy financial need if the following requirements are met:
- (A) The Member has obtained all distributions (other than hardship distributions) available under all other retirement plans maintained by the Company and all Associated Companies, including this Plan and including distribution of all cash dividends currently available to the Member under Section 8.7 of the Plan and all non-taxable loans available under all retirement plans maintained by the Company and all Associated Companies, including this Plan, provided that the loan repayments do not result in an additional financial hardship for the Member.
  - (B) The Member agrees to cease all Before-Tax Savings and After-Tax Savings under this Plan and under any other plans of the Company or of any Associated Company for a period of not less than six months following the hardship withdrawal.

The Benefits Administration Committee or its designee shall make determinations of financial hardship in a uniform and nondiscriminatory manner, with reference to all the relevant facts and circumstances and in accordance with applicable tax law under Section 401(k) of the Code.

#### 9.4 *Form of Payment*

Withdrawal payments shall be made in the form of cash, except that the Member may request to receive the portion of his Accounts invested in the ITT Stock Fund to be paid in shares of ITT Stock, with any fractional shares being paid in cash.

#### 9.5 *Death after Withdrawal Election*

If a Member elects a withdrawal and dies after the issuance of the check(s) or shares of ITT Stock comprising such withdrawal but prior to negotiation of such check(s) comprising all or a portion of such distribution, then any unpaid cash portion of the withdrawal as represented by the non-negotiated check(s) shall be paid to his estate. If more than one check comprises such withdrawal and the Member negotiates the first check but dies prior to the issuance of any subsequent check, then any subsequent check shall be paid to his estate. If a Member elects a withdrawal and dies prior to the issuance of any check(s) or shares of ITT Stock comprising such withdrawal, then the withdrawal election shall be voided.

9.6 *Direct Rollover*

Certain withdrawals or portions thereof paid pursuant to this Article 9 may be “eligible rollover distributions” as defined and discussed in Section 11.7 and are governed with respect thereto by such Section.

## ARTICLE 10

### LOANS

#### 10.1 *General Conditions for Loans*

Subject to the restrictions in this Article 10, at any time before Termination of Employment, a Member may file an application in a form or manner approved by the Benefits Administration Committee requesting a loan from his Accounts. By filing the loan forms, the Member:

- (a) specifies the amount and the term of the loan;
- (b) agrees to the annual percentage rate of interest;
- (c) agrees to the finance charge;
- (d) promises to repay the loan; and
- (e) authorizes the Company to make regular payroll deductions to repay the loan, with the loan repayments computed based on the frequency of the Member's payroll payments.

The Member shall certify in such application as to the existence and amount of any outstanding loans (including any loans deemed distributed) from any qualified plans maintained by the Company and all Associated Companies. The Benefits Administration Committee may, in its sole discretion, deny a loan to a Member who is a director or executive officer (or the equivalent thereof) of the Company or of an Associated Company based on a reasonable concern regarding the legality of the loan under Section 13(k) of the Securities Exchange Act of 1934.

If at the time a loan is to be issued to a Member a prior loan has been deemed distributed to the Member and not repaid, a new loan may only be issued to a Member if the Member repays the unpaid loan balance, including accrued interest to the date of repayment.

To the extent required by law and under such rules as the Benefits Administration Committee shall adopt, loans shall also be made available on a reasonably equivalent basis to any Beneficiary or former Employee who maintains an account balance under the Plan and who is still a party-in-interest (within the meaning of Section 3(14) of ERISA).

#### 10.2 *Amounts Available for Loans*

A Member may request a loan in any specified whole dollar amount which must be at least \$1,000 but which, when added to the outstanding balance of any other loans to the Member from this Plan or any other qualified plan of the Company or any Associated Company, including the amount of any unpaid deemed loan distribution and accrued interest thereon, does not exceed the lesser of:

- (a) 50% of his Accounts; or
- (b) \$50,000, reduced by the excess of (i) the Member's highest outstanding loan balance(s) from this Plan or any other plan sponsored by the Company or any Associated Company, if any, during the one-year period ending on the day before the day the loan is made, over (ii) the outstanding balance of loans to the Member from such plans on the date on which the loan is made.

For purposes of determining amounts actually available for loans, a Member's Accounts shall be determined based on the Loan Valuation Date at the time he files his loan request with the Savings Plan Administrator or its designee.

### 10.3 *Account Ordering for Loans*

For purposes of processing a loan, the amount of such loan will be deducted from the Member's Accounts in the order set by the Benefits Administration Committee under loan rules.

A loan is deducted from a Member's Accounts as of the Loan Valuation Date. Amounts so deducted and distributed to a Member as a Plan loan will not participate in the investment experience of the Plan except as such amounts are repaid to the Member's Accounts. Loans will be deemed to be deducted from each of the Investment Funds on a pro rata basis, provided, however, that no amount shall be deemed to be deducted from the ITT Stock Fund until all amounts have been withdrawn from all of the other Investment Funds, and provided further that amounts invested in a Member's SDA are not available as a source of any loans described herein. Notwithstanding the foregoing, however, a Member may reallocate his balance in the SDA to the other Investment Funds and such Investment Funds may then be available as a source for loans.

### 10.4 *Interest Rate for Loans*

The Benefits Administration Committee shall establish and communicate to Members a reasonable rate of interest for loans commensurate with the interest rates charged by persons in the business of lending money for loans which would be made under similar circumstances, as determined by the Benefits Administration Committee, which interest rate shall remain in effect for the term of the loan, except that with respect to a Member who enters the uniformed services of the United States, the Member may elect to have the interest rate applicable to the unpaid loan balance during the period of leave reduced to 6%.

### 10.5 *Term and Repayment of Loan*

- (a) The term of any loan shall be for a period of from 1 to 60 whole months, at the election of the Member, provided that a Member who is using a loan to acquire his own principal residence may elect to repay a loan over a period of whole months between 1 and 180. Except as provided in (b) or (c) below, payments of principal and interest will be made by after-tax payroll deductions or in a manner agreed to by the Member and the Benefits Administration Committee in substantially level amounts, but no less frequently than quarterly, in an amount sufficient to amortize the loan over the repayment period. A Member who is actively employed by the Company cannot elect to cease payroll deductions for repayment of a loan. Except as set forth below with respect to Members who enter the uniformed services of the United States, no extension of the loan term shall be permitted after the loan is made. Repayment of the loan is made to the Member's Accounts from which the loan amount was deducted in the inverse order to the Account Ordering for Loans described in Section 10.3. Repayments are invested in the Member's Accounts in accordance with his current investment election. Loan repayments are not credited with investment experience under the Plan until the first business day following the day on which such repayments are received by the Trust Fund.
- (b) If a Member with an outstanding loan takes a leave of absence to enter the uniformed services of the United States, and such Member will receive military differential wage payments (as defined in Section 3401(h) of the Code) in an amount equal to or greater

than his loan repayment, his after-tax payroll deduction loan repayments shall continue during such leave of absence. If a Member with an outstanding loan takes a leave of absence to enter the uniformed services of the United States and such Member will not receive military differential wage payments sufficient to cover his loan repayments, his after-tax payroll deduction loan repayments shall be suspended during the period of leave unless the Member elects to make payments directly by certified check or money order. If payments are suspended, upon the Member's reemployment from the uniformed services, the period of repayment shall be extended by the number of months of the period of service in the uniformed services or, if greater, the number of months that would remain if the original loan term were five years plus the number of months in the period of absence; provided, however, if the Member incurs a Termination of Employment and requests a distribution pursuant to Article 11, the loan shall be canceled, and the outstanding loan balance shall be distributed pursuant to Article 11. The Member shall resume payments in the same amount as before the leave with the balance of the loan (including any interest that accrued during the period of uniformed service) due upon the expiration of the repayment period. Alternatively, the Member may elect to have the remaining balance (including any interest that accrued during the period of uniformed service) reamortized in substantially level installments over the extended term of the loan.

- (c) If a Member with an outstanding loan takes an authorized leave of absence without pay or reduced pay that is less than the required loan payments, for reasons other than to enter the uniformed services of the United States, loan payments may be suspended at the request of the Member, for a period of up to 12 months or until the end of the term of the loan, if earlier. Upon a Member's reemployment from the leave of absence, the Member shall resume payments either in the same amount as before the leave with the full balance due upon the expiration of the repayment period or by reamortizing the loan in substantially level installments over the remaining term of the loan.

#### 10.6 *Frequency of Loan Requests*

A Member may have no more than two loans outstanding at any time. Each loan shall be evidenced by a promissory note payable to the Plan.

#### 10.7 *Prepayment of Loans*

A Member may prepay the entire outstanding balance of a loan, with interest to date of prepayment except as provided under Section 10.8, at any time. Partial prepayments are not permitted.

#### 10.8 *Outstanding Loan Balance at Termination of Employment*

Upon a Member's Termination of Employment, the Deferred Member may continue to make periodic repayments of his outstanding loans provided that his Accounts plus his loan balance at the time of his Termination of Employment is greater than \$5,000, and provided further that if the Deferred Member requests a distribution of his remaining Accounts pursuant to Article 11, the unpaid loan balance shall be treated as an offset distribution.

If a Deferred Member fails to pay the loan balance in full or make loan repayments in accordance with Section 10.5, the Benefits Administration Committee may execute upon its security interest in the Member's Accounts under the Plan to satisfy the debt; provided, however, the Plan shall

not levy against amounts held in the Member's Accounts until such time as a distribution of such Accounts could otherwise be made under the Plan.

#### 10.9 *Loan Default*

Under certain circumstances, including, but not limited to, a Member's failure to make timely loan repayments, the Benefits Administration Committee may declare the Member's loan to be in default. If a Member's loan is not repaid in accordance with the terms contained in the promissory note and a default occurs, the Plan may execute upon its security interest in the Member's Accounts under the Plan to satisfy the debt; provided, however, the Plan shall not levy against amounts held in the Member's Accounts until such time as a distribution of such Accounts could otherwise be made under the Plan.

#### 10.10 *Incorporation by Reference*

Any additional rules or restrictions as may be necessary to implement and administer Plan loans shall be in writing and communicated to Members. Such further documentation is hereby incorporated into the Plan by reference, and, pursuant to Section 13.3, the Benefits Administration Committee is hereby authorized to make such revisions to these rules, as it deems necessary or appropriate on the advice of counsel.

#### 10.11 *Death after Loan Application*

If a Member applies for a loan and dies after a check for the loan amount has been issued but prior to negotiation of the check, then the loan shall be paid to his estate or voided, at the option of the Benefits Administration Committee. If a Member applies for a loan and dies before the check for the loan amount is issued, then the loan application shall be voided.

#### 10.12 *Transfer of Loans*

The Benefits Administration Committee may designate that the Plan will accept the transfer of a loan from another qualified retirement plan on behalf of a Member who becomes an Employee as a result of an acquisition by the Company.



ARTICLE 11  
DISTRIBUTIONS

11.1 *General*

- (a) Upon Termination of Employment, a Member may apply for distribution of the value of his Accounts. Alternatively, upon Termination of Employment, a Member whose Accounts exceed \$5,000 may elect to defer distribution of his Accounts until December 31 of the year in which he attains age 70<sup>1/2</sup>. If a Member terminates employment with no Accounts, he shall be deemed to have received a full distribution of his benefit at the time of his Termination of Employment. If a Member whose Accounts exceed \$5,000 does not apply for a distribution of his Accounts within 90 days of his Termination of Employment, he shall be deemed to be a Deferred Member. A Deferred Member may elect a partial distribution of any portion of his Accounts in a lump sum amount at any time, and from time to time, after his Termination of Employment, provided said Deferred Member is not receiving installment payments pursuant to an election under Section 11.3. All distributions under this Section 11.1(a) will be deemed to be deducted from each of the Deferred Member's Investment Funds on a pro rata basis, provided, however, that no amount shall be deemed to be deducted from the ITT Stock Fund until all amounts have been withdrawn from all of the other Investment Funds, and provided further that amounts invested in an SDA are not available as a source of any partial distributions described herein. Notwithstanding the foregoing, however, a Deferred Member may reallocate the balance in his SDA to other Investment Funds in the Plan as provided in Article 7 and such Investment Funds may then be available as a source for partial distributions under this Section.
- (b) Upon the death of a Member or Deferred Member, the value of such Member's or Deferred Member's Accounts shall be distributed to his Beneficiary, subject to the following:
- (i) If the Member's or Deferred Member's Beneficiary is not the spouse of such Member or Deferred Member, the Member's or Deferred Member's Accounts shall be distributed to the Beneficiary in accordance with said Beneficiary's election under Section 11.3; provided the entire value of the Member's Accounts is distributed no later than five years from the Member's or Deferred Member's date of death. Such nonspouse Beneficiary may also elect partial distributions of the Member's benefit in lump sums from time to time during this five-year period, provided that the entire value of the Member's Accounts is distributed no later than five years from the Member's or Deferred Member's date of death.
- (ii) If the Member's or Deferred Member's Beneficiary is his spouse and the value of the Accounts to be distributed to the spouse Beneficiary exceeds \$5,000, such spouse Beneficiary may elect to defer receipt of the Member's or Deferred Member's Accounts until the December 31 Valuation Date of the year in which the Member or Deferred Member would have reached age 70<sup>1/2</sup>. If a spouse Beneficiary's Accounts exceed \$5,000 and the spouse Beneficiary does not apply for a distribution of his Accounts within 90 days of the Member's or Deferred Member's death, such spouse Beneficiary will be deemed to be a Deferred Member. Such spouse Beneficiary will receive distribution of the Accounts as of the date the Member or Deferred Member would have attained age 65, provided such spouse Beneficiary files application for such distribution. A spouse

Beneficiary may, however, file application for distribution of such Accounts at any time prior to the December 31 Valuation Date of the year in which the Member or Deferred Member would have reached age 70<sup>1/2</sup>. In addition to the methods of distribution in Section 11.3, a spouse Beneficiary of a deceased Member or Deferred Member may elect a partial distribution of any portion of his Accounts in a lump-sum amount at any time, and from time to time and subject to the provisions of (a) above.

- (c) Notwithstanding any provision of the Plan to the contrary, distributions shall commence as follows:
  - (i) A Member or Deferred Member who is a “5-percent owner” as defined in Section 416(i) of the Code must commence distribution of his Accounts no later than December 31 of the year in which he attains age 70<sup>1/2</sup>.
  - (ii) A Member or Deferred Member who is not a “5-percent owner” as defined in Section 416(i) of the Code must commence distribution of his Accounts after his Termination of Employment by December 31 of the later of the calendar year in which the Member attains age 70<sup>1/2</sup> or the calendar year in which the Member’s Termination of Employment occurs.
  - (iii) The Accounts of a Member or a Deferred Member who has attained age 70<sup>1/2</sup> shall be paid under the payment method described in Section 11.3(c)(ii) below.
- (d) Notwithstanding the provisions of (a), (b), or (c), above, or Section 11.3 below, a Member or Deferred Member (or Beneficiary) may elect to commence distribution of the value of the Member’s Accounts held in the ESOP portion of the Plan not later than one year after the end of the Plan Year:
  - (i) in which the Member separates from service on or after attaining age 65 or by reason of Disability or death; or
  - (ii) which is the fifth Plan Year following the Plan Year in which the Member otherwise separates from service, unless the Member is reemployed by the Company or any Associated Company before such year.
- (e) Notwithstanding the foregoing, in the event a Member or Deferred Member fails to file a claim for benefits in accordance with the preceding sentence, the Member or Deferred Member shall be deemed to have elected to defer distribution of his Accounts to as soon as administratively practicable following the date the Member terminated employment or attained age 70<sup>1/2</sup>, if later; provided that in no event shall payment commence later than the April 1 following the calendar year in which the Member terminated employment or attained age 70<sup>1/2</sup>, if later.

#### 11.2 Valuation Date and Conditions of Distribution

- (a) The value of any distribution will be determined as of the Valuation Date on which a completed application for the distribution by the Member, Deferred Member or Beneficiary is received and processed by the Savings Plan Administrator (or its designee) or the next business day.

- (b) Application by the Member, Deferred Member or Beneficiary must be in a form or manner approved by the Benefits Administration Committee or its designee.
- (c) Generally, all funds distributed will be paid as soon as practicable following the applicable Valuation Date. If part of the distribution is to be paid in stock, the stock certificate will be distributed after the check representing the cash distribution has been distributed.

### 11.3 *Methods of Distribution*

After Termination of Employment occurs, and as soon as practicable following application by the Member, Deferred Member or Beneficiary, distributions under the Plan shall be made in the following manner:

- (a) All distributions from other than the ITT Stock Fund shall be made in cash.
- (b) Unless the Member, Deferred Member or Beneficiary elects to take ITT Stock for distributions from the ITT Stock Fund, a distribution from such fund shall be in cash. In all cases, fractional shares shall be paid in cash.
- (c) All distributions shall be made in the form of a lump sum payment, unless the Member, Deferred Member or Beneficiary elects otherwise, as provided below. All distributions shall be made as soon as practicable after receipt of the application by the Member, Deferred Member or Beneficiary in accordance with Section 11.2(b). However, with prior notice in a form or manner approved by the Benefits Administration Committee, distribution may be made in one of the installment methods of payment described in (i) or (ii) below, subject to the restrictions provided below or in Section 11.1(b).
  - (i) Provided the value of the Member's, Deferred Member's or Beneficiary's Accounts is at least \$5,000, and the first payment is at least \$1,000, by payment in annual installments over a period elected by the Member, Deferred Member or Beneficiary. The period over which annual installments may be paid may not exceed the life expectancy of the Member, Deferred Member or Beneficiary, or if the Member or Deferred Member (for this purpose Deferred Member does not include a spouse Beneficiary) is married, and so elects, the joint life expectancy of the Member or Deferred Member and the Member's or Deferred Member's spouse. All such installments shall be determined as follows:
    - (A) The amount of the annual installments to be paid to each Member or Deferred Member (or Beneficiary in the event of the Member's or Deferred Member's death) making such an election shall be based upon the value of his Accounts as of the Valuation Date coinciding with or next following the date of receipt by the Savings Plan Administrator or its designee of his completed application and each anniversary thereof, and shall be determined by multiplying such value by a fraction, the numerator of which shall be one and the denominator of which shall be the number of unpaid annual installments.
    - (B) Any Member or Deferred Member who is no more than 70 years old and who elects annual installment payments may, at any time thereafter, elect, by filing a request with the Savings Plan Administrator or its designee, to cancel annual installment payments. The Valuation Date

applicable to such election shall be the business day coinciding with or next following the date on which his completed request is received and processed by the Savings Plan Administrator or its designee. Such Member or Deferred Member may at any time thereafter, make another payment election under the Plan, provided that he may elect only a lump sum payment or partial distributions.

- (C) If a Member or Deferred Member's Beneficiary is not his spouse, and the Member is deceased, annual installment payments to such Beneficiary may not extend beyond the end of the calendar year which contains the fifth anniversary of the death of the Member or Deferred Member.
- (ii) Provided the value of the Member's, Deferred Member's or Beneficiary's Accounts is at least \$5,000, and the first payment is at least \$1,000, by payment in annual installments over the Member's or Deferred Member's life expectancy or, if the Member or Deferred Member is married, and so elects, over the joint life expectancies of the Member or Deferred Member and the Member's or Deferred Member's spouse, as actuarially determined at the time of commencement of the initial installment and as redetermined annually thereafter. The amount of such installments will be based on the value of his Accounts as of the Valuation Date coinciding with or next following the date of receipt by the Savings Plan Administrator or its designee of his application and each anniversary thereof, and shall be determined by multiplying such value by a fraction, the numerator of which shall be one and the denominator of which shall be the number of years and fraction thereof of his life expectancy based on his age and the mortality table adopted by the Benefits Administration Committee for such purpose at the time the installment is payable. Any Member or Deferred Member who is no more than 70 years old and who elects annual installment payments over his life expectancy may at any time thereafter elect to cancel such payments by filing a request with the Savings Plan Administrator or its designee. Such Member or Deferred Member may, at any time thereafter, make another payment election under the Plan. Life expectancy installments described in this paragraph are not available to a Beneficiary who is not the spouse of a Member or Deferred Member.

Installment payments under (i) or (ii) above shall be made in the form of ITT Stock or cash, or both, as provided in (a) and (b), above.

- (d) If a Member or Deferred Member elects a distribution other than installments as provided in (c)(i) or (c)(ii) above and the Member or Deferred Member dies after the Valuation Date applicable to such distribution but prior to negotiation of any check(s) comprising any portion of such distribution, then the distribution otherwise payable in cash shall be paid to his estate. If more than one check comprises the cash portion of such distribution and the Member or Deferred Member negotiates the first check but dies prior to the negotiation of any subsequent check, then any subsequent check shall be paid to his estate. If a Member or Deferred Member elects a distribution and the Member or Deferred Member dies prior to the Valuation Date applicable to such distribution, then the distribution shall be paid to his Beneficiary.
- (e) If a Member or Deferred Member elects installment distributions as provided in (c)(i) or (c)(ii) above and the Member or Deferred Member dies before all the installments are paid, then the following provisions shall apply:

- (i) If the Member's or Deferred Member's Beneficiary is not his spouse, and if an installment is paid with a Valuation Date that occurred prior to the date of death of the Member or Deferred Member and prior to the Member's or Deferred Member's negotiation of the check comprising all or a portion of such installment, then such installment (or portion thereof) shall be paid to his estate; the remaining value of the Member's or Deferred Member's Accounts shall be paid to his Beneficiary at one time.
  - (ii) If the Member's or Deferred Member's Beneficiary is not his spouse, such Beneficiary may request annual installment payments, provided that the number of installments does not extend beyond the end of the calendar year which contains the fifth anniversary of the death of the Member or Deferred Member.
  - (iii) If the Member's or Deferred Member's Beneficiary is his spouse, then such spouse Beneficiary may continue receiving payment of the deceased Member's or Deferred Member's Accounts pursuant to the same method of distribution elected by the Member or Deferred Member, except that the spouse's life expectancy shall be substituted for the life expectancy of the Member. The spouse Beneficiary may, at any time while receiving payment of such Accounts, elect, by filing a request with the Savings Plan Administrator or its designee, to cancel installment payments. Such spouse Beneficiary may at any time thereafter, elect a lump sum payment or partial distributions, subject to the provisions of Section 401(a)(9) of the Code.
- (f) The Accounts of a Member who, following Termination of Employment, fails to apply for distribution of such Accounts, shall be paid in cash (or, if the Member so elects shares of ITT Stock) in the form of a lump sum payment, provided that the value of such Accounts is \$5,000 or less on a Valuation Date no earlier than the next business day following his Termination of Employment, without regard to the value of the Member's Accounts at the time of an earlier distribution.

In the event a Member who is subject to the provisions of the immediately preceding paragraph and whose Accounts are in excess of \$1,000 fails to make an affirmative election to either receive the lump sum payment in cash or have it directly rolled over to an eligible retirement plan pursuant to the provisions of Section 11.8 within such election period as shall be prescribed by the Benefits Administration Committee, the Benefits Administration Committee shall direct the Trustee to transfer such lump sum payment to an individual retirement plan (within the meaning of Section 7701(c)(37) of the Code) ("IRA") selected by the PFTIC. The IRA shall be maintained for the exclusive benefit of the Member on whose behalf such transfer is made. The transfer shall occur as soon as practicable following the end of the election period. The funds in the IRA shall be invested in an investment product designed to preserve principal and provide a reasonable rate of return, whether or not such return is guaranteed, consistent with liquidity, as determined from time to time by the PFTIC. In implementing the provisions of this paragraph, the Benefits Administration Committee and/or the PFTIC as appropriate pursuant to the terms of this paragraph, shall:

- (i) enter into a written agreement with each IRA provider setting forth the terms and conditions applicable to the establishment and maintenance of the IRA in conformity with applicable law;

- (ii) furnish Members with notice of the Plan's automatic rollover provisions, including, but not limited to, a description of the nature of the investment product in which the assets of the IRA will be invested and how the fees and expenses attendant to the IRA will be allocated, and a statement that a Member may roll over the assets of the IRA to another eligible retirement plan. Such notice shall be provided to Members in such time and form as shall be prescribed by the Benefits Administration Committee in accordance with applicable law;
- (iii) keep records, when appropriate, of a Member's after-tax basis in the amount transferred to the IRA; and
- (iv) fulfill such other requirements of the safe harbor contained in Department of Labor Regulation §2550.404a-2 and, if applicable, the conditions of Department of Labor Prohibited Transaction Class Exemption 2004-16.

Alternative methods of distribution may apply to that portion of a Member's or a Deferred Member's Accounts attributable to a Prior Plan Account, as specified in the applicable appendices to the Plan.

#### 11.4 *Death of Beneficiary*

Notwithstanding any provision of the Plan to the contrary, upon the death of a Beneficiary with Accounts remaining in the Plan, the remaining value of all such Accounts shall be paid in a lump sum distribution within one year of the Beneficiary's death to the Beneficiary selected by the Beneficiary, if any, or if no such Beneficiary has been named by the Beneficiary, the remaining value of all such Accounts shall be paid in a lump sum distribution within one year of the Beneficiary's death to the estate of the Beneficiary.

#### 11.5 *Proof of Death and Right of Beneficiary or Other Person*

The Benefits Administration Committee may require and rely on such proof of death and such evidence of the right of any Beneficiary or other person to receive the undistributed value of the Accounts of a deceased Member, Deferred Member or Beneficiary as the Benefits Administration Committee may deem proper, and its determination of death and of the right of such Beneficiary or other person to receive payment shall be conclusive. Payment to any Beneficiary shall be final and fully satisfy and discharge the obligation of the Plan with respect to any and all Accounts of a deceased Member or Deferred Member.

In the event of a dispute regarding the account of a deceased Member or Deferred Member, the Benefits Administration Committee may make a final determination, or initiate or participate in any action or proceeding as may be necessary or appropriate to determine any Beneficiary under the Plan.

During the pendency of any action or proceeding, the Benefits Administration Committee may deposit an amount equal to the disputed payment with the court and such deposit shall relieve the Plan of all of its obligations with respect to any such disputed Accounts. Alternatively the Benefits Administration Committee, at its discretion, may direct any disputed accounts be invested in the Stable Value Fund or such other as designated by the PFTIC pending the resolution of any dispute regarding a deceased Member's or Deferred Member's Accounts.

#### 11.6 *Completion of Appropriate Notice.*

Except as provided in this Section, if the value of a Member's Accounts exceeds \$5,000, an election by the Member or Deferred Member (for this purpose Deferred Member does not include a spouse Beneficiary) to receive a distribution prior to age 65 shall not be valid unless the written election is made after the Member or Deferred Member has received the notice required under Section 1.411(a)-11(c) of the Income Tax Regulations and within a reasonable time before the effective date of the commencement of the distribution as prescribed by said regulations. Such distribution may commence less than 30 days after the notice required under Section 1.411(a)-11(c) of the Income Tax Regulations is given, provided that:

- (a) the Benefits Administration Committee clearly informs the Member that he has a right to a period of at least 30 days after receiving the notice to consider the decision of whether or not to elect a distribution (and, if applicable, a particular distribution option); and
- (b) the Member, after receiving the notice under Sections 411 and 417 of the Code, affirmatively elects a distribution.

The Benefits Administration Committee may permit any notices to be given electronically, in accordance with procedures to be established in the Benefits Administration Committee's sole discretion.

#### 11.7 *Direct Rollover of Certain Distributions*

Notwithstanding any other provision of this Plan, with respect to any withdrawal or distribution from this Plan pursuant to Article 9 or this Article 11 which is determined by the Savings Plan Administrator or its designee to be an "eligible rollover distribution," the distributee may elect, at the time and in a manner prescribed by the Benefits Administration Committee for such purpose, to have the Plan make a "direct rollover" of all or part of such withdrawal or distribution to a maximum of two "eligible retirement plans" which accept such rollover. The following definitions apply to the terms used in this Section 11.8:

- (a) "Distributee" means:
  - (i) a Member or Deferred Member;
  - (ii) a Member's or Deferred Member's spouse Beneficiary;
  - (iii) a Member's or Deferred Member's spouse or former spouse who is the alternate payee under a qualified domestic relations order as defined in Section 414(p) of the Code with regard to the interest of the spouse or former spouse; and
  - (iv) a nonspouse Beneficiary.
- (b) "Eligible rollover distribution" is any withdrawal or distribution of all or any portion of an individual's vested account balance owing to the credit of a distributee, except that the following distributions shall not be eligible rollover distributions:
  - (i) any distribution that is one of a series of substantially equal periodic payments made for the life or life expectancy of the distributee, or for a specified period of ten years or more;

- (ii) any distribution required under Section 401(a)(9) of the Code;
  - (iii) after-tax amounts (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities) unless such amount is rolled over or transferred (i.e., directly rolled) to an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, or a Roth individual retirement account described in Section 408A(b) of the Code; or transferred (i.e., directly rolled) to a qualified plan described in Section 401(a) of the Code or to an annuity plan described in Section 403(b) of the Code provided such plan agrees to separately account for such after-tax amount and earnings thereon;
  - (iv) any in-service withdrawal that is made on account of hardship; and
  - (v) any other distribution that is not an eligible rollover distribution under the Code or regulations thereunder.
- (c) “Eligible retirement plan” means any of the following types of plans that accept the distributee’s eligible rollover distribution:
- (i) a qualified plan described in Section 401(a) of the Code;
  - (ii) an annuity plan described in Section 403(a) of the Code;
  - (iii) an individual retirement account or individual retirement annuity described in Section 408(a) or 408(b) of the Code, respectively;
  - (iv) an annuity contract described in Section 403(b) of the Code;
  - (v) an eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan; and
  - (vi) a Roth IRA described in Section 408A of the Code

Notwithstanding the foregoing, with respect to a non-spouse Beneficiary, as defined in (a)(iv) above, an eligible retirement plan will only be an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, or a Roth individual retirement account described in Section 408A(b) of the Code (collectively, “IRA”) that is established on behalf of the non-spouse Beneficiary and that will be treated as an inherited IRA pursuant to the provisions of Sections 402(c)(11) and 408(d)(3)(C)(ii) of the Code.

- (d) “Direct rollover” means a payment by the Plan directly to the eligible retirement plan specified by the distributee in cash and/or shares.

In the event that the provisions of this Section 11.7 or any part thereof cease to be required by law as a result of subsequent legislation or otherwise, this Section 11.7 or applicable part thereof shall be of no further force or effect without necessity of further amendment of the Plan.



## 11.8 *Elective Transfers from Plan*

The Accounts of a Member or Deferred Member shall be eligible for an elective transfer to a like transferee employee plan in connection with an asset or stock acquisition, merger, or other similar transaction involving a change in employer of the Member or Deferred Member (i.e., an acquisition or disposition within the meaning of Treasury Regulation Section 1.410(b)-2(f)) or, with the permission of the Benefits Administration Committee, in connection with the Member or Deferred Member's transfer of employment to a different job for which service does not result in additional allocations under the Plan as set forth herein.

(a) *Elective Transfer.* An elective transfer of a Member's or Deferred Member's Accounts between this Plan and another qualified plan maintained by a transferee shall be available only if the transfer meets the requirements of Section 414(l) of the Code and each of the following requirements have been met:

(i) *Voluntary Election*

(A) *Member Election*

The transfer must have been conditioned upon a voluntary, fully informed election by the Member or Deferred Member to transfer such Accounts to such transferee plan.

(B) *Benefit Retention Alternative*

In making the voluntary election provided for in this section, the Member or Deferred Member shall have had the option of retaining such Member's or Deferred Member's Accounts (including all optional forms of benefit) under this Plan. Restrictions may apply to the Member's or Deferred Member's Accounts as set forth in the applicable Appendices.

(C) *Spousal Election*

If Sections 401(a)(11) and 417 of the Code otherwise apply to the Accounts, the spousal consent requirements of such section must have been met with respect to the transfer of benefits.

(D) *Notice Requirement*

The notice requirement under Section 417 of the Code, if applicable, must have been met with respect to the Member or Deferred Member and spousal transfer election.

(ii) *Amount of Benefit Transferred*

The amount of the Accounts transferred, including the amount of any contemporaneous Section 401(a)(31) of the Code transfer to the transferee plan, must have equaled the entire balance of Accounts under the Plan of the Member or Deferred Member whose Accounts are being transferred.

(iii) *Benefit Under the Transferee Plan*

An elective transfer may be permitted even if the Member's or Deferred Member's Accounts are not fully vested, provided that the requirements of Section 411(a)(10) of the Code are satisfied by the transferee employee plan.

(b) *Status of Elective Transfer as Distribution*

The transfer of Accounts pursuant to the elective transfer rules of this Section generally is not treated as a distribution for purposes of Section 401(a) of the Code (except to the extent the Member is eligible to receive a full distribution of his Accounts under this Plan on the date of the transfer). In all cases, however, the transfer is not treated as a distribution for purposes of the minimum distribution requirements of Section 401(a)(9) of the Code.

11.9 *Elective Transfer to Plan*

The Plan shall accept elective transfers from plans qualified under Section 401(a) of the Code that result from an asset or stock acquisition, merger, or other similar transaction involving a change in employer of an individual who is eligible to become a Member (i.e., an acquisition or disposition within the meaning of Treasury Regulation Section 1.410(b)-2(f)) or, with the permission of the Benefits Administration Committee, in connection with the individual's transfer of employment to a different job for which service does not result in additional allocations under the Plan, provided that the elective transfer meets the requirements of Section 414(l) of the Code and Treasury Regulation Section 1.411(d)-(4), Q&A-3.

11.10 *Minimum Required Distributions*

Notwithstanding any other provision of this Article 11, all distributions from the Plan shall conform to the requirements of Section 401(a)(9) of the Code, including the incidental death benefit provisions of Section 401(a)(9)(G) of the Code. Distributions under this Article 11 shall meet the requirements of Treasury Regulation Sections 1.401(a)(9)-2 through 1.401(a)(9)-9. Such requirements shall be administered in accordance with the regulations issued under Section 401(a)(9) of the Code, as follows:

- (a) The portion of any distribution that constitutes a required minimum distribution under Section 401(a)(9) of the Code shall be the lesser of:
- (i) the quotient obtained by dividing the Member's Accounts by the distribution period in the Uniform Lifetime Table set forth in Treasury Regulation Section 1.401(a)(9)-9, using the Member's age as of the Member's birthday in the distribution calendar year; or
  - (ii) if the Member's sole designated beneficiary for the distribution calendar year is the Member's spouse, and the spouse is more than ten years younger than the Member, the quotient obtained by dividing the Member's Accounts by the number in the Joint and Last Survivor Table set forth in Treasury Regulation Section 1.401(a)(9)-9, using the Member's and spouse's attained ages as of the Member's and the spouse's birthdays in the distribution calendar year.

The provisions of Section 401(a)(9) of the Code and the regulations thereunder shall override any Plan provision that is inconsistent with Section 401(a)(9) of the Code.

- (b) For purposes of paragraph (a) above, the following definitions apply:
- (i) “Designated beneficiary” means the individual who is designated as the Beneficiary and is the designated beneficiary under Section 401(a)(9) of the Code and applicable Treasury Regulations. In the event a trust is designated as the beneficiary of the Member, the beneficiaries of the trust shall be deemed designated beneficiaries provided the applicable requirements set forth in Treasury Regulation Section 1.401(a)(9)-4 are met.
  - (ii) “Distribution calendar year” means a calendar year for which a minimum distribution is required. For a Member who is a 5-percent owner in active service, the first distribution calendar year is the calendar year in which the Member attains age 70<sup>1/2</sup>. For a Member who is not a 5-percent owner, the first distribution calendar year is the later of the calendar year in which the Member attains age 70<sup>1/2</sup> or the year in which the Member terminates employment.
  - (iii) “Life expectancy” means life expectancy as computed by use of the Single Life Table in Treasury Regulation Section 1.401(a)(9)-9, Q & A-1.
  - (iv) “Member’s Accounts” means the balance of the Member’s Accounts as of the last Valuation Date in the calendar year immediately preceding the distribution calendar year (“valuation calendar year”) increased by the amount of contributions made and allocated or forfeitures allocated to the Member’s Accounts as of dates in the valuation calendar year after such last Valuation Date and decreased by distributions made in the valuation calendar year after such last Valuation Date. The Member’s Accounts for the valuation calendar year include any amounts rolled over or transferred to the Plan either in the valuation calendar year or in the distribution calendar year if distributed or transferred in the valuation calendar year.

ARTICLE 12  
MANAGEMENT OF FUNDS

12.1 *Appointment of PFTIC*

The PFTIC shall consist of the individuals holding the following corporate titles:

- (a) Treasurer;
- (b) Assistant Treasurer;
- (c) Director, Total Rewards;
- (d) Director, Global Benefits; and
- (e) Head of Financial Planning and Analysis.

Any member of the PFTIC may resign by delivering his written resignation to the Board of Directors and Secretary of the PFTIC.

12.2 *Duties of PFTIC*

The PFTIC shall be responsible for the management of the assets of the Plan, except as otherwise expressly provided herein. The members of the PFTIC shall elect a Chairman from their number and a Secretary who may be, but need not be, one of the members of the PFTIC; may appoint from their number such committees with such powers as they shall determine; may authorize one or more of their number or any agent to execute or deliver any instrument or make any payment on their behalf; may retain counsel and employ agents and such clerical and accounting services as they may require in carrying out the provisions of the Plan; and may allocate among themselves or delegate to other persons all or such portion of their duties hereunder as they in their sole discretion decide.

The PFTIC shall have the authority to appoint and provide for use of investment managers, and to establish one or more Trusts for the Plan pursuant to trust instruments approved or authorized by the PFTIC. In discharging its responsibility, the PFTIC shall evaluate and monitor the investment performance of the investment managers and the Trustee.

The PFTIC is designated a named fiduciary of the Plan within the meaning of Section 402(a) of ERISA.

12.3 *Meetings*

The PFTIC shall hold meetings upon such notice, at such place or places, and at such time or times as it may determine. The action of at least a majority of the members of the PFTIC expressed from time to time by a vote at a meeting or in writing without a meeting shall constitute the action of the PFTIC and shall have the same effect for all purposes as if assented to by all members of the PFTIC at the time in office. No member of the PFTIC shall receive any compensation for his service as such.

#### 12.4 *Compensation and Bonding*

The members of the PFTIC shall serve without compensation for their services as such. Except as may otherwise be required by law, no bond or other security need be required of any member in that capacity in any jurisdiction.

#### 12.5 *Trust Fund*

All the funds of the Plan shall be held by a Trustee appointed from time to time by the PFTIC in one or more trusts under a trust instrument or instruments approved or authorized by the PFTIC for use in providing the benefits of the Plan; provided that no part of the corpus or income of the Trust Fund shall be used for, or diverted to, purposes other than for the exclusive benefit of Members, Deferred Members and Beneficiaries.

#### 12.6 *Benefit Statements*

A Member and a Deferred Member (or, in the event of the death of the Member or Deferred Member, a Beneficiary) shall be furnished with a statement setting forth the value of his Accounts, the Vested Portion of his Accounts and such other information as required under Section 105(a) of ERISA. Such statement shall be furnished in the time and manner prescribed by Section 105(a) of ERISA and related guidance thereto.

#### 12.7 *Fiscal Year*

The fiscal year of the Plan and the Trust shall end on the 31st day of December of each year or at such other date as may be designated by the PFTIC.

ARTICLE 13  
ADMINISTRATION OF PLAN

13.1 *Plan Administrator*

The responsibility for carrying out all phases of the administration of the Plan, except those connected with management of assets, shall be placed in a Benefits Administration Committee. The Benefits Administration Committee shall be the administrator of the Plan within the meaning of Section 3(16)(A) of ERISA and shall have authority and responsibility for general supervision of the administration of the Plan.

13.2 *Appointment of Benefits Administration Committee*

The Benefits Administration Committee shall consist of the individuals holding the following corporate titles:

- (a) Treasurer;
- (b) Assistant Treasurer;
- (c) Director, Total Rewards;
- (d) Director, Global Benefits; and
- (e) Head of Financial Planning and Analysis.

Any member of the Benefits Administration Committee shall be deemed to have resigned upon termination of employment with the Company and all Associated Companies.

13.3 *Powers of Benefits Administration Committee.*

- (a) The Benefits Administration Committee is designated a named fiduciary within the meaning of Section 402(a) of ERISA and shall have authority and responsibility for general supervision of the administration of the Plan. For purposes of the regulations under Section 404(c) of ERISA, the Benefits Administration Committee shall be the designated fiduciary responsible for safeguarding the confidentiality of all information relating to the purchase, sale and holding of employer securities and the exercise of shareholder rights appurtenant thereto. The Benefits Administration Committee shall safeguard such information pursuant to written procedures providing for such confidentiality. In addition, for purposes of avoiding any situation for undue employer influence in the exercise of any shareholder rights, the Benefits Administration Committee shall appoint an independent fiduciary, who shall not be affiliated with any sponsor of the Plan, to ensure the maintenance of confidentiality pursuant to the regulations under Section 404(c) of ERISA.
- (b) The Benefits Administration Committee shall have total and complete discretion to interpret the Plan, including, but not limited to, the discretion to (i) decide all questions arising in the administration, interpretation and application of the Plan including the power to construe and interpret the Plan; (ii) decide all questions relating to an individual's eligibility to participate in the Plan and/or eligibility for benefits and the

amounts thereof; (iii) decide all facts relevant to the determination of eligibility for benefits or participation; and (iv) determine the amount, form and timing of any distribution to be made hereunder. In making its decisions, the Benefits Administration Committee shall be entitled to, but need not rely upon, information supplied by a Member, Deferred Member, Beneficiary, or representative thereof.

- (c) The members of the Benefits Administration Committee shall elect a Chairman from their number and a Secretary who may be, but need not be, one of the members of the Benefits Administration Committee; may appoint from their number such committees with such powers as they shall determine; may authorize one or more of their number or any agent to execute or deliver any instrument or make any payment on their behalf; may retain counsel and employ agents and such clerical and accounting services as they may require in carrying out the provisions of the Plan; and may allocate among themselves or delegate to other persons all or such portion of their duties hereunder as they in their sole discretion decide. The Benefits Administration Committee may also delegate to any other person or persons the authority and responsibility of administering the Plan including, but not limited to, telephone access by voice response or representatives, and completing Plan transactions using forms or by other means, in accordance with the provisions of the Plan and any policies which, from time to time, may be established by the Benefits Administration Committee.
- (d) Subject to the limitations of the Plan, the Benefits Administration Committee from time to time shall establish rules or regulations for the administration of the Plan and the transaction of its business. The Benefits Administration Committee shall have full discretionary authority, except as to matters which the Board of Directors from time to time may reserve to itself, to interpret the Plan and to make factual determinations regarding any and all matters arising hereunder, including but not limited to, the right to determine eligibility for benefits, the right to construe the terms of the Plan and the right to remedy possible ambiguities, inequities, inconsistencies or omissions. The Benefits Administration Committee shall also have the right to exercise powers otherwise exercisable by the Board of Directors hereunder to the extent that the exercise of such powers does not involve the management of Plan assets nor, in the judgment of the Benefits Administration Committee, a substantial number of persons. In addition, where the number of persons is deemed to be substantial, the Benefits Administration Committee shall have the further right to exercise such powers as may be delegated to the Benefits Administration Committee by the Board of Directors.
- (e) Subject to applicable federal and state Law, all interpretations, determinations and decisions of the Benefits Administration Committee or the Board of Directors in respect of any matter hereunder shall be final, conclusive and binding on all parties affected thereby.

#### 13.4 *Meetings*

The Benefits Administration Committee shall hold meetings upon such notice, at such place or places, and at such time or times as it may from time to time determine.

#### 13.5 *Action by Benefits Administration Committee*

The action of at least a majority of the members of the Benefits Administration Committee expressed from time to time, by a vote at a meeting or in writing without a meeting, shall constitute the action of the Benefits Administration Committee and shall have the same effect for

all purposes as if assented to by all members of the Benefits Administration Committee at that time in office.

#### 13.6 *Compensation*

No member of the Benefits Administration Committee shall receive any compensation from the Plan for his services as such and, except as required by law, no bond or other security shall be required of him in such capacity in any jurisdiction.

#### 13.7 *Plan Assets*

The Trustee shall be appointed by the PFTIC and shall enter into an agreement with the PFTIC for the purpose of investing and reinvesting contributions designated for the ITT Stock Fund or other assets of the Plan as provided in Article 12. The PFTIC shall provide for the investing and reinvesting of contributions in designated investment funds as required herein. All benefits to which a Member or Beneficiary may be entitled from the Plan will be paid at the direction of the Benefits Administration Committee.

#### 13.8 *Powers and Duties*

The powers and duties of the Benefits Administration Committee, PFTIC and the Trustee with respect to each group's responsibilities under the Plan shall be specified herein or in a separate trust agreement.

#### 13.9 *Records*

The Benefits Administration Committee shall see that books of account are kept which show all receipts and disbursements and a complete record of the operation of the Plan, including records of each Member's Account.

#### 13.10 *Claims*

When any individual claim for benefits is denied in whole or in part, such denial shall be handled under the claims and appeals procedures established by the Benefits Administration Committee.



## ARTICLE 14

### AMENDMENT AND TERMINATION

#### 14.1 *Amendment of Plan*

The Board of Directors or its delegate reserves the right at any time and from time to time, and retroactively if deemed necessary or appropriate to conform with governmental regulations or other policies, to modify or amend in whole or in part any or all of the provisions of the Plan; provided that no such modification or amendment (a) shall make it possible for any part of the funds of the Plan to be used for, or diverted to, purposes other than for the exclusive benefit of Members, Deferred Members and Beneficiaries; or (b) shall increase the duties of the Trustee without its consent thereto in writing, other than to comport with changes in the Code, ERISA or the rules thereunder. Except as may be required to conform with governmental regulations, no such amendment shall adversely affect the rights of any Member or Deferred Member with respect to contributions made on his behalf prior to the date of such amendment.

However, no amendment shall make it possible for any part of the funds of the Plan to be used for, or diverted to, purposes other than for the exclusive benefit of persons entitled to benefits under the Plan. Except to the extent permitted under Section 411(d)(6) of the Code and regulations issued thereunder, no amendment shall be made which has the effect of decreasing the balance of the Accounts of any Member or of reducing the nonforfeitable percentage of the balance of the Accounts of a Member below the nonforfeitable percentage computed under the Plan as in effect on the date on which the amendment is adopted, or if later, the date on which the amendment becomes effective. In addition, no amendment shall be made that has the effect of eliminating or restricting an optional form of benefit to the extent it is protected under Section 411(d)(6) of the Code.

#### 14.2 *Termination of Plan*

- (a) The Plan is entirely voluntary on the part of the Company. The Board of Directors reserves the right at any time to terminate the Plan or to suspend, reduce or partially or completely discontinue contributions thereto. In the event of such termination or partial termination of the Plan or complete discontinuance of contributions, the interests of Members and Deferred Members shall automatically become nonforfeitable.
- (b) Upon termination of the Plan, Before-Tax Savings, with earnings thereon, shall only be distributed to Members if (i) neither the Company nor an Associated Company establishes or maintains a successor defined contribution plan, and (ii) payment is made to the Members in the form of a lump sum distribution (as defined in Section 402(e)(4)(D) of the Code, without regard to subclauses (I) through (IV) of clause (i) thereof). For purposes of this paragraph, a "successor defined contribution plan" is a defined contribution plan (other than an employee stock ownership plan as defined in Section 4975(e)(7) of the Code ("ESOP") or a simplified employee pension as defined in Section 408(k) of the Code ("SEP")) which exists at the time the Plan is terminated or within the 12-month period beginning on the date all assets are distributed. However, in no event shall a defined contribution plan be deemed a successor plan if fewer than 2 percent of the employees who are eligible to participate in the Plan at the time of its termination are or were eligible to participate under another defined contribution plan of the Company or an Associated Company (other than an ESOP or a SEP, as herein defined) at any time during the period beginning 12 months before and ending 12 months after the date of the Plan's termination.

### 14.3 *Merger or Consolidation of Plan*

The Board of Directors or its delegate may, in its sole discretion, merge this Plan with another qualified plan or transfer a portion of the Plan's assets or liabilities to another qualified plan, subject to any applicable legal requirement. The Plan may not be merged or consolidated with, nor may its assets or liabilities be transferred to, any other plan unless each Member, Deferred Member, or Beneficiary under the Plan would, if the resulting plan were then terminated, receive a benefit immediately after the merger, consolidation, or transfer which is equal to or greater than the benefit he would have been entitled to receive immediately before the merger, consolidation, or transfer if the Plan had then terminated.

ARTICLE 15  
TENDER OFFER

15.1 *Applicability*

The provisions of this Article 15 shall apply in the event any person, either alone or in conjunction with others, makes a tender offer, or exchange offer, or otherwise offers to purchase or solicits an offer to sell to such person one percent or more of the outstanding shares of a class of ITT Stock held by the Trustee hereunder (herein jointly and severally referred to as a “tender offer”). As to any tender offer, each Member and Deferred Member (or Beneficiary in the event of the death of the Member or Deferred Member) shall have the right to determine confidentially whether shares held subject to the Plan will be tendered.

15.2 *Instructions to Trustee*

In the event a tender offer for ITT Stock is commenced, the Benefits Administration Committee, promptly after receiving notice of the commencement of such tender offer, shall transfer certain of its recordkeeping functions to an independent recordkeeper. The functions so transferred shall be those necessary to preserve the confidentiality of any directions given by the Members and Deferred Members (or Beneficiary in the event of the death of the Member or Deferred Member) in connection with the tender offer. The Trustee may not take any action in response to a tender offer except as otherwise provided in this Article 15. Each Member is, for all purposes of this Article 15, hereby designated a named fiduciary within the meaning of Section 402(a)(2) of ERISA with respect to the shares of ITT Stock allocated to his Accounts, determined as herein described. An individual’s proportionate share of the ITT Stock Fund as to which he holds fiduciary status for purposes of responding to a tender or exchange offer shall be determined at the time such fiduciary rights are exercisable by multiplying the number of shares credited at that time to the ITT Stock Fund by a fraction, the numerator of which is the value (as of the Valuation Date designated by the Benefits Administration Committee for this purpose) of that part of the Member’s Accounts invested in the ITT Stock Fund and the denominator of which is the aggregate value of all amounts allocated to the ITT Stock Fund. Each Member and Deferred Member (or Beneficiary in the event of the death of the Member or Deferred Member) may direct the Trustee to sell, offer to sell, exchange or otherwise dispose of the ITT Stock allocated to any such individual’s Accounts in accordance with the provisions, conditions and terms of such tender offer and the provisions of this Article 15, provided, however, that such directions shall be confidential and shall not be divulged by the Trustee or independent recordkeeper to the Company or to any director, officer, employee or agent of the Company, it being the intent of this provision of Section 15.2 to ensure that the Company (and its directors, officers, employees and agents) cannot determine the direction given by any Member, Deferred Member or Beneficiary. Such instructions shall be in such form and shall be filed in such manner and at such time as the Trustee may prescribe. The confidentiality provision of this Section shall likewise apply to the directions given to, and actions taken by, the Trustee pursuant to Section 15.5.

15.3 *Trustee Action on Member Instructions*

The Trustee shall sell, offer to sell, exchange or otherwise dispose of the ITT Stock allocated to the Member’s, Deferred Member’s or Beneficiary’s Accounts with respect to which it has received directions to do so under this Article 15 or as provided in Section 15.5. The proceeds of a disposition directed by a Member, Deferred Member or Beneficiary from his Accounts under this Article 15 shall be allocated to such individual’s Accounts and be governed by the provisions of

Section 15.5 or other applicable provisions of the Plan and the trust agreements established under the Plan.

15.4 *Action With Respect to Members Not Instructing the Trustee or Not Issuing Valid Instructions*

To the extent to which Members, Deferred Members and Beneficiaries do not issue valid directions to the Trustee to sell, offer to sell, exchange or otherwise dispose of the ITT Stock allocated to their Accounts, such individuals shall be deemed to have directed the Trustee that such shares remain invested in ITT Stock subject to all provisions of the Plan, including Section 15.5 and the trust agreements established under the Plan.

15.5 *Investment of Plan Assets after Tender Offer*

To the extent possible, the proceeds of a disposition of ITT Stock in an individual's Accounts shall be reinvested in ITT Stock by the Trustee as expeditiously as possible in the exercise of the Trustee's fiduciary responsibility and shall otherwise be held by the Trustee subject to the provisions of the trust agreement, the Plan and any applicable note or loan agreement. In the event that ITT Stock is no longer available to be acquired following a tender offer, the Company may direct the substitution of new employer securities for the ITT Stock or for the proceeds of any disposition of ITT Stock. Pending the substitution of new employer securities or the termination of the Plan and trust, the Trust Fund shall be invested in such securities as the Trustee shall determine; provided, however, that, pending such investment, the Trustee shall invest the cash proceeds in short-term securities issued by the United States of America or any agency or instrumentality thereof or any other investments of a short-term nature, including corporate obligations or participations therein and interim collective or common investment funds.

## ARTICLE 16

### GENERAL AND ADMINISTRATIVE PROVISIONS

#### 16.1 *Relief from Liability*

The Plan is intended to constitute a Plan as described in Section 404(c) of ERISA and Title 29 of the Code of Federal Regulations Section 2550.404c-1. The Plan fiduciaries are relieved of any liability for any losses that are the direct and necessary result of investment instructions given by any Member, Deferred Member or Beneficiary.

#### 16.2 *Payment of Expenses*

- (a) Direct charges and expenses arising out of the purchase or sale of securities and taxes levied on or measured by such transactions, and any investment management fees, with respect to any Investment Fund, may be paid in part by the Company. Any such charges, expenses, taxes and fees not paid by the Company shall be paid from the Investment Fund with respect to which they are incurred.
- (b) An annual charge to the Trust Fund of up to 0.25% of the market value of the assets held by such Trust Fund may be charged and applied to satisfy expenses incurred in conjunction with Plan administration, including, but not limited to, Trustee, recordkeeping, and audit fees; the Company shall pay all other expenses reasonably incurred in administering the Plan, including expenses of the Benefits Administration Committee, the PFTIC and the Trustee, such compensation to the Trustee as from time to time may be agreed between the PFTIC and Trustee, fees for legal services, any investment management fees not paid pursuant to Section 16.2(a), and all taxes, if any.

#### 16.3 *Source of Payment*

Benefits under the Plan shall be payable only out of the Trust Fund, and the Company shall not have any legal obligation, responsibility or liability to make any direct payment of benefits under the Plan. Neither the Company nor the Trustee guarantees the Trust Fund against any loss or depreciation or guarantees the payment of any benefit hereunder. No person shall have any rights under the Plan with respect to the Trust Fund, or against the Company, except as specifically provided for herein.

#### 16.4 *Inalienability of Benefits*

Except as specifically provided in the Plan or as Section 401(a)(13) of the Code or other applicable law may otherwise require or as may be required under the terms of a qualified domestic relations order, no benefit under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any attempts so to do shall be void, nor shall any such benefit be in any manner liable for or subject to debts, contracts, liabilities, engagements or torts of the person entitled to such benefit; and in the event that the Benefits Administration Committee shall find that any attempt has been made to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge any of the benefits under the Plan of any Member, Deferred Member or Beneficiary who is or may become entitled to benefits hereunder, except as specifically provided in the Plan or as applicable law may otherwise require, then such benefit shall cease and terminate, and in that event the Benefits Administration Committee shall hold or apply the same to or for the benefit of such Member, Deferred Member

or Beneficiary who is or may become entitled to benefits hereunder, his spouse, children, parents or other blood relatives, or any of them.

A Member's benefit under the Plan shall be offset or reduced by the amount the Member is required to pay to the Plan under the circumstances set forth in Section 401(a)(13)(C) of the Code.

A Member's benefit under the Plan shall be distributed as required because of the enforcement of a federal tax levy made pursuant to Section 6331 of the Code or the collection by the United States on a judgment resulting from an unpaid tax assessment.

16.5 *No Right to Employment*

Nothing herein contained nor any action taken under the provisions hereof shall be construed as giving any Employee the right to be retained in the employ of the Company.

16.6 *Inability to Locate Member or Beneficiary*

Notwithstanding the foregoing, if the Benefits Administration Committee is unable to locate any person to whom a payment is due under the Plan or any person fails to present a check for payment in a timely manner, the amount due such person shall be forfeited at such time as the Benefits Administration Committee shall determine in its sole discretion and pursuant to nondiscriminatory rules established for that purpose (but in all events prior to the time such payment would otherwise escheat under any applicable State law). If, however, such a person later files a claim for such payment before the Plan is terminated, the benefit will be reinstated and payment made without any interest earned thereon.

16.7 *Uniform Action*

Action by the Benefits Administration Committee shall be uniform in nature as applied to all persons similarly situated, and no such action shall be taken which will discriminate in favor of any Members who are Highly Compensated Employees.

16.8 *Headings*

The headings of the sections in this Plan are placed herein for convenience of reference and in the case of any conflict, the text of the Plan, rather than such headings, shall control.

16.9 *Use of Pronouns*

The masculine pronouns as used herein shall be equally applicable to both men and women, and words used in the singular are intended to include the plural, whenever appropriate.

16.10 *Construction*

The Plan shall be construed, regulated and administered in accordance with the laws of the State of New York, subject to the provisions of applicable federal laws.

ARTICLE 17  
TOP-HEAVY PROVISIONS

17.1 *Definitions*

The following definitions apply to the terms used in this Section:

- (a) “applicable determination date” means the last day of the preceding Plan Year;
- (b) “top-heavy ratio” means the ratio of (i) the value of the aggregate of the Accounts under the Plan for key employees to (ii) the value of the aggregate of the Accounts under the Plan for all key employees and non-key employees;
- (c) “key employee” means any employee or former employee (including any deceased employee) who at any time during the Plan Year that includes the determination date was an officer of the Company or Associated Company having Statutory Compensation greater than \$130,000 (as adjusted under Section 416(i)(1) of the Code for Plan Years beginning after December 31, 2002), a 5-percent owner (as defined in Section 416(i)(1)(B)(i) of the Code) of the Company or Associated Company, or a 1-percent owner (as defined in Section 416(i)(1)(B)(ii) of the Code) of the Company or Associated Company having Statutory Compensation of more than \$150,000. The determination of who is a key employee will be made in accordance with Section 416(i) of the Code and the applicable regulations and other guidance of general applicability issued thereunder;
- (d) “non-key employee” means any Employee who is not a key employee;
- (e) “applicable Valuation Date” means the Valuation Date coincident with or immediately preceding the last day of the preceding Plan Year;
- (f) “required aggregation group” means any other qualified plan(s) of the Company or an Associated Company (including plans that terminated within the five-year period ending on the applicable determination date) in which there are Members who are key employees or which enable(s) the Plan to meet the requirements of Section 401(a)(4) or 410 of the Code; and
- (g) “permissive aggregation group” means each plan in the required aggregation group and any other qualified plan(s) of the Company or an Associated Company in which all members are non-key employees, if the resulting aggregation group continues to meet the requirements of Sections 401(a)(4) and 410 of the Code.

17.2 *Determination of Top Heavy Status*

For purposes of this Section, the Plan shall be “top-heavy” with respect to any Plan Year if as of the applicable determination date the top-heavy ratio exceeds 60 percent. The top-heavy ratio shall be determined as of the applicable Valuation Date in accordance with Sections 416(g)(3) and (4) of the Code and Article 5 of this Plan, and shall take into account any contributions made after the applicable Valuation Date but before the last day of the Plan Year in which the applicable Valuation Date occurs. The determination of whether the Plan is top-heavy is subject to the following:

- (a) the Accounts under the Plan will be combined with the account balances or the present value of accrued benefits under each other plan in the required aggregation group and, in the Company's discretion, may be combined with the account balances or the present value of accrued benefits under any other qualified plan in the permissive aggregation group;
- (b) the Accounts for an employee as of the applicable determination date shall be increased by the distributions made with respect to the employee under the Plan and any plan aggregated with the Plan under Section 416(g)(2) of the Code during the one-year period (five-year period in the case of a distribution made for a reason other than severance from employment, death, or disability) ending on the applicable determination date;
- (c) distributions under any plan that terminated within the five-year period ending on the applicable determination date shall be taken into account if such plan contained key employees and, therefore, would have been part of the required aggregation group; and
- (d) if an individual has not performed services for the Company or an Associated Company at any time during the one-year period ending on the applicable determination date, such individual's accounts and the present value of his or her accrued benefits shall not be taken into account.

### 17.3 *Minimum Requirements*

For any Plan Year with respect to which the Plan is top-heavy, an additional Company contribution shall be allocated on behalf of each Member (or each Employee eligible to become a Member) who is not a "key employee," and who has not separated from service as of the last day of the Plan Year, to the extent that the amounts allocated to his Accounts as a result of contributions made on his behalf under Sections 5.1 and 5.2 for the Plan Year would otherwise be less than 3% of his Statutory Compensation. However, if the greatest percentage of Statutory Compensation contributed on behalf of a key employee under Sections 4.1, 5.1, and 5.2 for the Plan Year (disregarding any contributions made under Section 5.5 for the Plan Year) would be less than 3%, such lesser percentage shall be substituted for "3%" in the preceding sentence. Notwithstanding the foregoing provisions of this Section 17.3, no minimum contribution shall be made with respect to a Member, or an Employee who is eligible to become a Member, if the required minimum benefit under Section 416(c)(1) of the Code is provided by any qualified defined benefit plan of the Company or an Associated Company.



## ARTICLE 18

### QUALIFIED DOMESTIC RELATIONS ORDERS

#### 18.1 *Applicability of Article*

The Benefits Administration Committee shall apply the provisions of this Article with regard to a Domestic Relations Order (as defined below) to the extent not inconsistent with Section 414(p) of the Code.

#### 18.2 *Establishment of Procedures*

The Benefits Administration Committee shall establish procedures, consistent with Section 414(p) of the Code, to determine the qualified status of any Domestic Relations Order (as defined below), to administer distributions under any Qualified Domestic Relations Order (as defined below), and to provide to the Member and the Alternate Payee(s) (as defined below) all notices required under Section 414(p) of the Code with respect to any Domestic Relations Order. Such procedures shall be binding on all Members and Alternate Payees.

#### 18.3 *Determination of Qualified Domestic Relations Order Status*

Within a reasonable period of time after the receipt of a certified copy of a Domestic Relations Order (or any modification thereof), the Benefits Administration Committee or its designee shall determine whether such order is a Qualified Domestic Relations Order. The Benefits Administration Committee shall have full and complete discretion to determine whether a domestic relations order constitutes a qualified domestic relations order and whether the Alternate Payee otherwise qualifies for benefits hereunder.

#### 18.4 *Establishment of Segregated Accounts and Payment Procedures*

##### (a) *Separate Account for Deferred Amounts*

If a Domestic Relations Order has been determined to be a Qualified Domestic Relations Order in accordance with Section 18.3, a separate account for the benefits of the Alternate Payee named in such order shall be established.

##### (b) *Temporary Holding Account*

If, during any period in which the issue of (i) whether a Domestic Relations Order is a Qualified Domestic Relations Order, or (ii) whether a proposed Domestic Relations Order would, if it were perfected as a Domestic Relations Order, be a Qualified Domestic Relations Order is being determined (by the Benefits Administration Committee, by a court of competent jurisdiction, or otherwise), the Alternate Payee would be entitled to any payment if the order has been determined to be a Qualified Domestic Relations Order, the Benefits Administration Committee shall separately account for, and may cause to be segregated in a separate account, all amounts which would have been payable to any Alternate Payee during such period if such order had been determined to be a Qualified Domestic Relations Order.

(c) *Payment from Temporary Holding Account in Certain Cases*

If, by the expiration of the 18-month period beginning on the date the first payment would be required to be made to an Alternate Payee under a Domestic Relations Order, either it has been determined that a Domestic Relations Order is not a Qualified Domestic Relations Order or the issue as to whether such order is a Qualified Domestic Relations Order has not been resolved, the Benefits Administration Committee shall cause to be paid all amounts which have been segregated (or separately accounted for) by reason of such order pursuant to paragraph (b) above, including any earnings having accrued thereon, to the person or persons who would have been entitled to such amounts if there had been no order.

Notwithstanding the preceding sentence, if the Member or his or her Beneficiaries are not yet entitled, or have not elected, to receive benefit payments under the Plan, such amounts, including all earnings having accrued thereon, shall be restored to the Member's Accounts and invested in accordance with the investment election most recently submitted by the Member pursuant to Section 7.4.

(d) *Payment from Separate Account and Temporary Holding Account to Alternate Payee of Order if Determined to be a Qualified Domestic Relations Order*

If a Domestic Relations Order (or any modification thereof) is determined to be a Qualified Domestic Relations Order, the Benefits Administration Committee shall instruct the Trustee to apply, on a prospective basis, the terms and provisions of such Qualified Domestic Relations Order, and, in the event any amounts were segregated (or separately accounted for) by reason of such order pursuant to paragraph (b) above, the Benefits Administration Committee shall cause to be paid in accordance with the provisions of the Plan all amounts which have been so segregated (and have not been released pursuant to paragraph (c)) (or separately accounted for), including any earnings having accrued thereon, to the Alternate Payee(s) entitled thereto.

18.5 *Subsequent Determination or Order to be Applied Prospectively*

If a determination is made after the expiration of the 18-month period beginning on the date the first payment would be required to be made to an Alternate Payee under a Domestic Relations Order that such order (or any modification thereof) is a Qualified Domestic Relations Order, such order shall be applied prospectively only.

18.6 *Withdrawals, Distributions and Loans by or to Members.*

(a) *Withdrawals and Distributions*

A Member or Deferred Member shall not be permitted to withdraw from the Plan, nor shall there be distributed to a Member or Deferred Member, any amounts being held in a segregated account by reason of a Domestic Relations Order.

(b) *Loans*

In determining the maximum amount of any loan to a Member pursuant to Article 10, the Benefits Administration Committee shall not include any portion of the Member's Accounts being held in a segregated account (or being separately accounted for) by reason of a Domestic Relations Order.

#### 18.7 *Earliest Commencement Date*

A Domestic Relations Order shall not fail to be a Qualified Domestic Relations Order merely because it provides for distribution to the Alternate Payee prior to the Member's Termination of Employment. Notwithstanding anything herein to the contrary, if the amount payable to the Alternate Payee under the Qualified Domestic Relations Order is less than \$5,000, such amount shall be paid in one lump sum as soon as practicable following the qualification of the order. If the amount exceeds \$5,000, it may be paid as soon as practicable following the qualification of the order if the Qualified Domestic Relations Order so provides and the Alternate Payee consents thereto; otherwise, it may not be payable before the earliest of the Member's Termination of Employment, the time such amount could otherwise be withdrawn under the terms of this Plan, or the Member's attainment of age 50.

#### 18.8 *Definitions*

For purposes of this Article:

- (a) *Alternate Payee* shall mean any spouse, former spouse, child or other dependent of a Member who is recognized by a Domestic Relations Order as having a right to receive all, or a portion of, the benefits payable under the Plan with respect to such Member.
- (b) *Domestic Relations Order* shall mean any judgment, decree or order (including approval of a property settlement agreement) which:
  - (i) relates to the provision of child support, alimony payments or marital property rights to a spouse, former spouse, child, or other dependent of a Member; and
  - (ii) is made pursuant to a state domestic relations law (including a community property law).
- (c) *Qualified Domestic Relations Order* shall mean a Domestic Relations Order which meets the requirements of Section 414(p)(1) of the Code.

## APPENDIX A

Notwithstanding anything contained herein to the contrary, Special Company Contributions shall be made under Section 5.2(b) as follows:

### A. Special DC Credit Contribution

With respect to an Employee who:

- (i) was an "Employee" (as defined under the provisions of the ITT Salaried Retirement Plan as in effect immediately prior to October 31, 2011) on October 30, 2011 and becomes a Member of the Plan on October 31, 2011; and
- (ii) was not a participant in the ITT Salaried Retirement Plan in 2011 as a result of the restructuring of the ITT Corporation

the Company shall make a Special DC Credit Contribution to the Plan for the 2011 Plan Year.

Such Special DC Credit Contribution shall be equal to the amount that would have been contributed as a Core Contribution to the Plan if the Plan had been in effect prior to the October 31, 2011, based on the Salary such Employee received during the period beginning on the date he was most recently hired or rehired by ITT Corporation or one of its subsidiaries prior to October 31, 2011 and ending on October 31, 2011 and while he was an "Employee" (as defined in the ITT Salaried Retirement Plan as in effective immediately prior to October 31, 2011).

### B. Transition Credit Contributions

The Company shall make Transition Credit Contributions subject to the following:

#### 1. Eligibility

The following Employees shall be eligible for Transition Credit Contributions:

- (i) each Employee who was an employee of ITT Corporation or one of its subsidiaries on October 30, 2011 and who becomes a Member of the Plan on October 31, 2011;
- (ii) each individual who was an employee of ITT Corporation or one of its subsidiaries on October 30, 2011, who became an employee of Exelis Inc. on October 31, 2011, and who becomes an Employee immediately following termination of employment with Exelis Inc. and prior to March 1, 2012; and
- (iii) each individual who was an employee of ITT Corporation or one of its subsidiaries on October 30, 2011, who became an employee of Xylem Inc. on October 31, 2011, and who becomes an Employee immediately following termination of employment with Xylem Inc. and prior to March 1, 2012.

2 **Amount**

- (i) With respect to a Member whose age and Service as of the first day of the applicable Plan Year, as defined below, total 60 to 69 points, the Company shall make a Transition Credit Contribution equal to three percent of the Member's Salary for the Plan Year.
- (ii) With respect to a Member whose age and Service as of the first day of the applicable Plan Year, as defined below, total 70 or more points, the Company shall make a Transition Credit Contribution equal to five percent of the Member's Salary for the Plan Year.

For purposes of the preceding provisions, a Member's age and Service shall be calculated on a basis uniformly applicable to all Members similarly situated as established by the Benefits Administration Committee.

3. **Timing and Frequency**

Subject to paragraph 4 below, Transition Credit Contributions shall be made for each Plan Year and shall be made no later than the due for the corporate tax return for the Plan Year for which the Transition Credit Contributions are made. Notwithstanding the foregoing, if an eligible Member terminates employment during the Plan Year for which a Transition Credit Contribution is payable, such Member's Transition Credit Contribution for such Plan Year shall be made as soon as practicable following the end of the calendar year in which the Member terminates employment.

4. **Duration**

Transition Credit Contributions shall be made beginning as of October 31, 2011 and until the earliest of:

- (i) October 31, 2016;
- (ii) a Member's commencement of his traditional pension plan (TPP) benefit from the ITT Salaried Retirement Plan;
- (iii) a change in control of ITT;
- (iv) a Member's termination of employment (regardless of whether the Member is subsequently reemployed); or
- (v) a Member's death.

The following Appendices B through H apply to certain Members or Deferred Members who had benefits transferred to the Plan from the ISP attributable to accounts that were transferred into the ISP from another qualified plan, as specified in the applicable Appendix

## APPENDIX B

This Appendix B shall apply solely to Members and Deferred Members who formerly participated in the Allis-Chalmers Savings Plan (the "Allis-Chalmers Plan") and with respect to whom assets were transferred to the ISP from the Allis-Chalmers Plan. All service recognized under the Allis-Chalmers Plan for purposes of eligibility to participate and vesting shall be recognized hereunder as Service.

- A. Subject to Section 11.3 with respect to Accounts that are less than \$5,000 and in addition to the distribution forms enumerated in Section 11.3 of the Plan, upon incurring a Termination of Employment a Member or Deferred Member described above may elect to receive those amounts transferred from the Allis-Chalmers Plan to the ISP in the distribution forms described herein:
1. In installments at intervals not more frequently than once per calendar quarter over a period of years not exceeding the joint life expectancy of the Member or Deferred Member and his spouse, as determined under Section 72 of the Code and the regulations thereunder.
  2. In installments at intervals not more frequently than once per calendar quarter over a period of years which does not extend beyond the Member's or Deferred Member's life expectancy, calculated as follows:
    - (i) the fixed payment shall be determined annually at the time payments are to commence, and as of the first day of each succeeding Plan Year, by multiplying the amount transferred to the ISP from the Allis-Chalmers Plan by a fraction, the numerator of which is one, and the denominator is the Member's or Deferred Member's life expectancy as of the date of such determination, as determined under Section 72 of the Code and the regulations thereunder; and
    - (ii) then dividing the amount determined under (i) above, by the number of payments to be paid to the Member or Deferred Member during that Plan Year.
  3. By purchasing an annuity contract for the benefit of the Member or Deferred Member from a legal reserve life insurance company selected by the Company. If the Member or Deferred Member is married, such annuity contract shall be in the form of a qualified joint and survivor annuity unless the Member or Deferred Member, with his spouse's consent unless it is established to the satisfaction of the Benefits Administration Committee that the spouse cannot be located, elects another form of annuity contract and does not revoke such election within the 90-day period ending on the first day of the first period for which an amount is received as an annuity. Any election by a Member or Deferred Member to waive a qualified joint and survivor annuity must be in writing. The spouse's consent must be in writing, must acknowledge the effect of such election and be witnessed by a notary public. A qualified joint and survivor annuity means an annuity for the life of the Member or Deferred Member with a survivor annuity for the life of the spouse which is not less than 50 percent and not more than 100 percent of the annuity which is payable during the joint lives of the Member or Deferred Member and the spouse, and which is the actuarial equivalent of a single life annuity for the life of the Member or Deferred Member.

The Member or Deferred Member shall, no less than 30 days and no more than 90 days prior to the first day of the first period for which an amount is received as an annuity, be provided a written explanation of (i) the terms and conditions of the qualified joint and

survivor annuity; (ii) the Member's or Deferred Member's right to make and the effect of an election to waive the qualified joint and survivor annuity form of benefit; (iii) the rights of the Member's or Deferred Member's spouse; and (iv) the right to make, and the effect of, a revocation of a previous election to waive the qualified joint and survivor annuity. If an annuity form other than a qualified joint and survivor annuity is elected hereunder, such annuity may not be in a form that will provide for payments over a period extending beyond either the life of the Member or Deferred Member (or the lives of the Member or Deferred Member and his designated Beneficiary) or the life expectancy of the Member or Deferred Member (or the life expectancy of the Member or Deferred Member and his designated Beneficiary), and such other forms available under the annuity contract shall be so designed as to provide that at least 50 percent of the reserve that would be required to provide payments to the Member or Deferred Member in the normal form under the Plan will be applied to him over his normal life expectancy.

The Company shall cause the contract to be assigned or delivered to the person or persons then entitled to payment under it. Before the assignment or delivery of an annuity contract, such contract shall be rendered nontransferable except by surrender to the issuing insurance company.

4. A Member or Deferred Member may elect to receive the benefits to which this Appendix B applies in any combination of the forms enumerated herein.

**B.** Subject to Section 11.3 with respect to Accounts that are less than \$5,000 and in addition to the distribution forms enumerated in Section 11.3 of the Plan, in the event a Member or Deferred Member dies before his benefit attributable to amounts transferred from the Allis-Chalmers Plan to the ISP, or any portion thereof, has been paid to him, the unpaid balance of such amount shall be paid to his designated Beneficiary as follows:

1. If the beneficiary is an individual or individuals, the amount described in paragraph (B) above shall be paid to such Beneficiary in one of the methods described in paragraph (A) above, as elected by such Beneficiary. In the case of a Beneficiary who elects to receive installments or an annuity, payments thereunder shall not extend beyond the life expectancy of the Beneficiary.
2. If the Beneficiary is other than an individual or individuals, the Member's or Deferred Member's benefit subject to this Appendix B shall be paid in a lump sum payment.

**C.** Subject to Section 11.3 with respect to Accounts that are less than \$5,000 and in addition to the distribution forms enumerated in Section 11.3 of the Plan, in the event a Member or Deferred Member dies after installments have commenced, the remainder of his distributable benefit will be paid to his Beneficiary in a single lump sum except that such Beneficiary may elect to receive such benefit in the installment forms described in paragraph (A) above. If the Beneficiary so elects, installments shall be over a period of years not exceeding the number of years that installments would have continued to be paid to the Member or Deferred Member had he lived, provided the Member or Deferred Member had been receiving installments under subsection (A)(1) and over a period of years which does not extend beyond the Member's or Deferred Member's life expectancy on the day before the date of his death, provided the Member or Deferred Member has been receiving installments under subsection (A)(2).

**D.** Notwithstanding anything in this Appendix B to the contrary, single sum payments shall be made, installments shall commence, and annuity contracts shall be purchased not later than one year after the date of the Member's or Deferred Member's death. In the event a Beneficiary dies before



he has received the entire amount payable to him under this Appendix B, the Beneficiary's beneficiary shall be paid the balance of the amount payable hereunder in a single lump sum payment within one year of the Beneficiary's death.

## APPENDIX C

This Appendix C shall apply solely to Members and Deferred Members who formerly participated in the ITT Higbie Manufacturing Company Retirement Profit-Sharing Plan (the "Higbie Plan") and with respect to whom assets and liabilities were transferred to the ISP from the Higbie Plan. All service recognized under the Higbie Plan for purposes of eligibility to participate and vesting were recognized under the ISP as Service.

A. Subject to Section 11.3 with respect to Accounts that are less than \$5,000 and in addition to the distribution forms enumerated in Section 11.3 of the Plan, upon incurring a Termination of Employment after attaining age 50 and 10 years of Service or attaining age 65, a Member described above may elect to receive those amounts transferred from the Higbie Plan to the ISP in the distribution forms described herein. Such amounts shall commence, as selected by the Member, as of the earlier of the Valuation Date next following a Member's Termination of Employment on or after his age 65 or any Valuation Date selected by the Member following the Member's attainment of age 50 and 10 years of Service but prior to the Valuation Date next following his age 65:

1. In approximately equal monthly or annual installments over a period not to exceed 10 years.
2. By purchasing an annuity contract for the benefit of the Member or Deferred Member from a legal reserve life insurance company selected by the Company. If the Member elects to receive his benefits hereunder in the form of an annuity and if the Member is married on the date benefits commence, such annuity contract shall be in the form of a 50 percent qualified joint and survivor annuity unless the Member, with his spouse's consent unless it is established to the satisfaction of the Benefits Administration Committee that the spouse cannot be located, elects another form of annuity contract and does not revoke such election within the 90-day period ending on the first day of the first period for which an amount is received as an annuity. Any election by a Member or Deferred Member to waive a qualified joint and survivor annuity must be in writing. The spouse's consent must be in writing, must acknowledge the effect of such election and be witnessed by a notary public. A qualified joint and survivor annuity means an annuity for the life of the Member with a survivor annuity for the life of the spouse which is not less than 50 percent and not more than 100 percent of the annuity which is payable during the joint lives of the Member and the spouse, and which is the actuarial equivalent of a single life annuity for the life of the Member. In the event the Member elects to receive his benefit hereunder in the form of an annuity other than a joint and survivor annuity with his spouse as Beneficiary, the value of the benefit payable to the Member under the annuity shall never be less than 51 percent of the total value of the benefits payable under the annuity to the Member and his Beneficiary.

The Member shall, no less than 30 days and no more than 90 days prior to the first day of the first period for which an amount is received as an annuity, be provided a written explanation of (i) the terms and conditions of the qualified joint and survivor annuity; (ii) the Member's or Deferred Member's right to make and the effect of an election to waive the qualified joint and survivor annuity form of benefit; (iii) the rights of the Member's or Deferred Member's spouse; and (iv) the right to make, and the effect of, a revocation of a previous election to waive the qualified joint and survivor annuity. If an annuity form other than a qualified joint and survivor annuity is elected hereunder, such annuity may not be in a form that will provide for payments over a period extending beyond either the

life of the Member (or the lives of the Member and his designated Beneficiary) or the life expectancy of the Member (or the life expectancy of the Member and his designated Beneficiary), and such other forms available under the annuity contract shall be so designed as to provide that at least 50 percent of the reserve that would be required to provide payments to the Member in the normal form under the Plan will be applied to him over his normal life expectancy.

- B.** In the event of the death of a Member or Deferred Member prior to commencing benefits hereunder, such benefit shall be paid to his Beneficiary as of the Valuation Date coincident with or next following the Member's or Deferred Member's date of death in a single sum payment or in installment payments, if the Member or Deferred Member has named one Beneficiary and has so elected, such amount shall be payable in 120 equal, as near as may be, monthly installments, with any funds remaining at the death of the Beneficiary to go to the Beneficiary's estate in one lump sum, or if no Beneficiary survives the Member or Deferred Member, such amounts shall be payable to the Member's or Deferred Member's estate in a single lump sum. In either case, the Member or Deferred Member may name one or more contingent Beneficiaries to take in full at such Member's or Deferred Member's death in the event the primary Beneficiary or Beneficiaries have not survived the Member or Deferred Member.
- C.** In the event of the death of a Member who is receiving installments pursuant to paragraph (A)(1) hereof and who has designated a Beneficiary to receive installment payments pursuant to paragraph (B) hereof, such Member's installment payments shall continue until the July 31 next following the Member's death and thereafter shall be payable pursuant to paragraph (B) above in 120 equal, as near as may be, monthly installments, with any amounts remaining at the death of the Beneficiary to go to the Beneficiary's estate in a single lump sum.

## APPENDIX D

This Appendix D shall apply solely to Members and Deferred Members who formerly participated in the General Motors Savings-Stock Purchase Program for Salaried Employees in the United States (the "GM Plan") and with respect to whom assets and liabilities were transferred to the ISP from the GM Plan. All service recognized under the GM Plan for purposes of eligibility to participate and vesting was recognized as Service under the ISP.

- A.** Subject to Section 11.3 with respect to a Accounts that are less than \$5,000 and in addition to the distribution forms enumerated in Section 11.3 of the Plan, upon incurring a Termination of Employment, a Member or Deferred Member described above may elect to receive those amounts transferred from the GM Plan to the ISP in the distribution forms described herein:
1. In installment payments on a monthly, quarterly, semi-annual, or annual basis. Installments are to be paid in whole dollar amounts, with \$1,200 as the minimum annual installment. A Member or Deferred Member may change the timing, amount, or discontinue installment payments. Installment payments will commence:
    - (i) for monthly payments, the first of the month next following the month in which the Member's or Deferred Member's election is received by the Plan; and
    - (ii) for quarterly, semi-annual, and annual payments, not sooner than the month next following the month in which the Plan receives the Member's or Deferred Member's election.
  2. A Member or Deferred Member who has incurred a Termination of Employment may elect to withdraw a portion of the amounts hereunder at any time, but no more frequently than once per calendar year. In addition to any partial withdrawal, a Member or Deferred Member may elect, at any time, to receive a complete distribution of the amounts with respect to which this Appendix D applies.
- B.** A Member or Deferred Member shall be permitted to defer commencement of benefits hereunder until the April 1 next following the date such Member or Deferred Member attains age 70<sup>1/2</sup>.

## APPENDIX E

This Appendix E shall apply solely to Members and Deferred Members who formerly participated in the Goulds Pumps, Inc. Retirement Savings and Investment Plan (the "Goulds Plan") and with respect to whom assets and liabilities were transferred to the ISP from the Goulds Plan. All service recognized under the Goulds Plan for purposes of eligibility to participate and vesting was recognized as Service under the ISP.

- A. Subject to Section 11.3 with respect to a Accounts that are less than \$5,000 and in addition to the distribution forms enumerated in Section 11.3 of the Plan, upon incurring a Termination of Employment a Member or Deferred Member described above may elect to receive those amounts transferred from the Goulds Plan to the Plan in installment payments on a monthly or quarterly basis, as the Member elects, over a term certain. The maximum length of the term certain shall be the joint life expectancy of the Member and his designated beneficiary. If the installments are to be distributed over the life expectancy of the Member or the joint life of the Member and his Beneficiary, the life expectancy or joint life expectancies, as applicable of such persons shall be calculated at the time distributions commence and shall not thereafter be recalculated. The initial value of the obligation for the installment payments shall be equal to the amount of the Member's Account balance. Distributions must satisfy the requirements of Section 401(a)(9) (G) of the Code.

## APPENDIX F

This Appendix F shall apply solely to Members who are Deferred Members who were employed at ITT Automotive Brake Systems ("Brakes") or at ITT Automotive Electrical Systems, Inc. ("ESI").

- A. Each Member who was employed at Brakes as of September 25, 1998, the closing date of the sale of Brakes, was 100% vested in his Accounts as of such date.
- B. Each Member who was employed at ESI as of September 28, 1998, the closing date of the sale of ESI, was 100% vested in his Accounts as of such date.
- C. Effective September 25, 1998, a Member employed at Brakes was permitted, between September 25, 1998 and the date of the trust to trust transfer of his Accounts to the qualified retirement plan sponsored by Continental AG, to reallocate the investment of amounts in his Company Contribution Account into any other fund offered by the ISP, regardless of the age of the Member.
- D. Effective September 28, 1998, a Member employed at ESI was permitted, between September 28, 1998 and the date of the trust to trust transfer of his Accounts to the qualified retirement plan sponsored by Valeo, to reallocate the investment of amounts in his Company Contribution Account into any other fund offered by the ISP, regardless of the age of the Member. Amounts that were invested in the ITT Stock Fund on the date of the trust to trust transfer to the qualified retirement plan sponsored by Valeo were transferred in kind.

## APPENDIX G

This Appendix G shall apply solely to individuals who were salaried employees of Water Pollution Control Corporation ("WPCC").

- A. Each individual who was a salaried employee of WPCC on February 28, 1999 was an Employee for purposes of the ISP as of March 1, 1999.
- B. In accordance with the terms and conditions of the Stock Purchase Agreement for WPCC dated January 3, 1999, an individual who became an Employee of ITT Corporation on March 1, 1999 as a result of ITT Corporation's acquisition of WPCC was credited with all uninterrupted service rendered by such salaried employee while employed by WPCC prior to March 1, 1999. Such service was credited solely for the purposes of determining eligibility and vesting under the ISP and only to the extent such service was credited by WPCC under a qualified retirement plan for these purposes.

## APPENDIX H

This Appendix H shall apply solely to Members who are Deferred Members who were employed at Precision Die Casting (“PDC”), Pomona, or Palm Coast Utility (“PCUC”).

- A. Each Member who was employed at PDC as of March 13, 1998, was permitted to request an elective transfer to the ISP or a complete distribution through March 12, 2000. On or after March 13, 2000, such a Member was not be permitted to elect a transfer or distribution of his Accounts until the Member terminates employment with the buyer of PDC, dies or becomes Disabled. Effective March 13, 1998, such a Member also was not permitted to request a loan or a withdrawal (other than a full distribution prior to March 13, 2000) from his Accounts.
- B. Each Member who was employed at Pomona as of September 25, 1998, was permitted to request an elective transfer to the ISP or a complete distribution through September 24, 2000. On or after September 25, 2000, such a Member was not be permitted to elect a transfer or distribution of his Accounts until the Member terminates employment with the buyer of Pomona, dies or becomes Disabled. Effective September 25, 1998, such a Member also was not permitted to request a loan or a withdrawal (other than a full distribution prior to September 25, 2000) from his Accounts.
- C. Each Member who was employed at PCUC as of January 22, 1999, was permitted to request an elective transfer to the ISP or a complete distribution pursuant to Article 11 of his Accounts through January 21, 2001. On or after January 22, 2001, such a Member was not be permitted to elect a transfer or distribution of his Accounts until the Member terminates employment with the buyer of PCUC, dies or becomes Disabled. Effective January 22, 1999, such a Member also was not permitted to request a loan or a withdrawal (other than a full distribution prior to January 22, 2001) from his Accounts.



**ITT**  
**DEFERRED COMPENSATION PLAN**

Effective as of January 1, 1995  
as amended and restated as of October 31, 2011 including amendments as of  
January 1, 2012

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## ITT DEFERRED COMPENSATION PLAN

The ITT Deferred Compensation Plan (the “Plan”) was established by ITT Corporation, a Delaware corporation (“Former ITT”), effective January 1, 1995. The purpose of the Plan is to provide each Participant with a means of deferring compensation in accordance with the terms of the Plan.

Effective as of December 19, 1995, Former ITT split into three separate companies — ITT Hartford Group, Inc., ITT Corporation, a Nevada corporation, and ITT Industries, Inc. an Indiana corporation (the “Corporation”), which is the successor to Former ITT.

Under the Employee Benefits Service and Liability Agreement dated November 1, 1995 (the “Agreement”) the Corporation agreed to continue the Plan for eligible employees of the Corporation or of any of its subsidiaries and to transfer the liabilities attributable to participants who become employees of ITT Corporation, a Nevada corporation, on December 19, 1995 to ITT Corporation.

Effective as of January 1, 1996, the Plan was amended to accept the liabilities under the ITT Industries Excess Savings Plan attributable to salary deferrals, excess matching contributions, and excess floor contributions credited with respect to Base Salary deferred under this Plan and hold such amounts hereunder in accordance with the provisions of the ITT Industries Excess Savings Plan as set forth in Appendix A, attached hereto and made part hereof.

Effective as of October 1, 1997, January 1, 1998, April 1, 1998, January 1, 1999, and November 1, 2000, the Plan was further amended to make certain administration changes to unify the form and timing of Plan distributions, respectively. Effective as of March 1, 2004, the Plan was further amended to provide that a Participant may make a separate investment election with respect to future deferrals. Effective as of July 1, 2004, the Plan was amended and restated to make certain administrative changes and to unify the definition of Acceleration Event with other employee benefit plans of ITT Industries. Effective as of July 1, 2006, the Plan’s name was revised to the ITT Deferred Compensation Plan.

The Plan is hereby amended and restated, effective as of December 31, 2008 to comply with the provisions of Section 409A of the Internal Revenue Code and regulations promulgated thereunder.

The provisions of this Plan as herein amended shall apply to amounts deferred on or after January 1, 2005. Amounts deferred under the provisions of the Plan prior to January 1, 2005, which were vested as of December 31, 2004, shall be subject to the provisions of the Plan as in effect on October 3, 2004 without regard to any Plan amendments after October 3, 2004 (attached hereto as Appendix C and made part hereof) which would constitute a material modification for Code Section 409A purposes, unless otherwise provided in Appendix B attached hereto.

The Plan was amended, effective as of October 1, 2010, to reflect the changes in the timing of enrollment and the definition of bonus.

Effective as of October 31, 2011, ITT split into three separate companies, ITT Corporation, Exelis Inc. and Xylem Inc. Under the Benefits and Compensation Matters Agreement dated October 25, 2011, the Corporation agreed to continue the Plan for eligible employees of the Corporation and all of

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its subsidiaries and to transfer the liabilities attributable to participants who become or were employees of Xylem Inc. or Exelis Inc., or one of their subsidiaries to Xylem Inc. or Exelis Inc., respectively.

The Plan was further amended, effective as of January 1, 2012, to include the deferral of Company contributions that would have been made under the ITT Corporation Retirement Savings Plan for Salaried Employees or the ITT Corporation Supplemental Retirement Savings Plan for Salaried Employees, had the bonus amount deferred under the provisions of the Plan been paid directly to the Participant.

All benefits payable under this Plan, which constitutes a nonqualified, unfunded deferred compensation plan for a select group of management or highly-compensated employees under Title I of ERISA, shall be paid out of the general assets of the Company.

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**ITT DEFERRED COMPENSATION PLAN**

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**ARTICLE 1 — DEFINITIONS**

- 1.01 “Acceleration Event”** shall mean an “Acceleration Event” as such term is defined under the provisions of the Plan as in effect on October 3, 2004.
- 1.02 “Administrative Committee”** shall mean the person or persons appointed to administer the Plan as provided in Section 8.01.
- 1.03 “Associated Company”** shall mean any division, subsidiary or affiliated company of the Corporation which is an Associated Company, as such term is defined the ITT Salaried Retirement Plan (formerly known as ITT Industries Salaried Retirement Plan) as in the amended from time to time. Effective on or after the October 31, 2011, “Associated Company” shall mean any division, subsidiary or affiliated company of the Corporation which is an Associated Company as such terms is defined in the ITT Corporation Retirement Savings Plan for Salaried Employees, as amended from time to time.
- 1.04 “Base Salary”** shall mean the annual base fixed compensation paid periodically during the calendar year, determined prior to any pre-tax contributions under a “qualified cash or deferred arrangement” (as defined under Code Section 401(k) and its applicable regulations) or under a “cafeteria plan” (as defined under Code Section 125 and its applicable regulations) or a qualified transportation fringe benefit under Section 132(f) of the Code and any deferrals under Article 3, Appendix A or another unfunded deferred compensation plan maintained by the Corporation, but excluding any overtime, bonuses, foreign service allowances or any other form of compensation, except to the extent otherwise deemed “Base Salary” for purposes of the Plan under rules as are adopted by the Compensation and Personnel Committee.
- 1.05 “Beneficiary”** shall mean the person or persons designated by a Participant pursuant to the provisions of Section 5.08 in a time and manner determined by the Administrative Committee to receive the amounts, if any, payable under the Plan upon the death of the Participant.
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- 1.06 “Bonus”** shall mean the cash amount, if any, awarded to an employee of the Company under the Company’s executive bonus program, or other compensation program designated by the Compensation and Personnel Committee as a bonus hereunder, provided that such amount qualifies as “Performance Based Compensation”. Effective on and after October 1, 2010, “Bonus” shall mean the cash amount, if any, awarded to an employee of the Company under the Company’s executive bonus program, or other compensation program designated by the Personnel Committee as a bonus hereunder.
- 1.07 “Board of Directors” or “Board”** shall mean the Board of Directors of the Corporation.
- 1.08 “Change in Control”** shall mean a “Change in Control” as such term is defined in the ITT Excess Pension Plan IIA, (effective on and after October 31, 2011, the ITT Corporation Supplemental Retirement Savings Plan for Salaried Employees) as amended from time to time.
- 1.09 “Code”** shall mean the Internal Revenue Code of 1986, as amended from time to time.
- 1.10 “Company”** shall mean the Corporation and any successor thereto, with respect to its employees and any Participating Corporation or Participating Division (as such terms are defined in the Savings Plan) authorized by the Compensation and Personnel Committee to participate in the Plan with respect to their employees.
- 1.11 “Company Contribution Account”** shall mean the bookkeeping account (or subaccount(s)) maintained for each Member to record all amounts credited on his behalf under Section 3.04(a), (b) and (c) adjusted pursuant to pursuant to Section 4.04.
- 1.12 “Company Core Contribution Rate”** shall mean the rate of Company Core Contributions (as such term is defined under the provisions of the Savings Plan) for a particular Plan Year.



- 1.13 **“Company Transition Credit Contribution Rate”** shall mean the rate of Company Transition Credit Contributions (as such term is defined under the provisions of the Savings Plan) for a particular Plan Year.
- 1.14 **“Compensation and Personnel Committee”** shall mean the Compensation and Personnel Committee of the Board of Directors.
- 1.15 **“Corporation”** shall mean ITT Corporation, an Indiana corporation (successor by merger to and formerly known as ITT Industries, Inc.), or any successor by merger, purchase, or otherwise.
- 1.16 **“Deferral Account”** shall mean the bookkeeping account maintained for each Participant to record the amount of Bonus deferred on or after January 1, 2005 by a Participant in accordance with Section 3.02, adjusted pursuant to Article 4. The Deferral Account shall contain subaccounts, such as a Termination Subaccount, Special Purpose Subaccount(s), a Deferral 2005 Subaccount or any other subaccount established by the Administrative Committee.
- 1.17 **“Deferral Agreement”** shall mean the completed agreement, including any amendments, attachments and appendices thereto, in such form approved by the Administrative Committee, between an Eligible Executive and the Company, under which the Eligible Executive agrees to defer a portion of his Bonus.
- 1.18 **“Deferrals”** shall mean the amount of deferrals credited to a Participant pursuant to Section 3.02 with respect to Plan Years beginning on or after January 1, 2005.
- 1.19 **“Effective Date”** shall mean January 1, 1995.
- 1.20 **“Eligible Executive”** shall mean an Executive who is eligible to participate in the Plan as provided in Section 2.01.

- 1.21 **“Employee”** shall mean a person who is employed by the Company.
- 1.22 **“Executive”** shall mean an Employee of the Company whose Base Salary equals or exceeds \$200,000 (or as adjusted from time to time by the Administrative Committee).
- 1.23 **“ERISA”** shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time.
- 1.24 **“Grandfathered Deferral Account”** shall mean the bookkeeping account maintained for each Participant to record the amount of Bonus and/or Base Salary deferred prior to January 1, 2005 by a Participant in accordance with Article 3 of the Plan as in effect on or prior to October 3, 2004, adjusted pursuant to Article 4.
- 1.25 **“Participant”** shall mean, except as otherwise provided in Article 2, each Eligible Executive who has executed a Deferral Agreement pursuant to the requirements of Section 2.02 and is credited with an amount under Section 3.03.
- 1.26 **“Performance Based Compensation”** shall mean a bonus where the amount of, or entitlement to, the bonus is contingent on the satisfaction of pre-established organizational or individual performance criteria relating to a performance period of at least twelve (12) consecutive months. Organizational or individual performance criteria are considered pre-established if established in writing by not later than ninety (90) days after the commencement of the period of service to which the criteria relate, provided that the outcome is substantially uncertain at the time the criteria are established. The determination of whether a Bonus qualifies as “Performance-Based Compensation” will be made in accordance with Treas. Reg. Section 1.409A-1(e) and subsequent guidance.
- 1.27 **“Performance Period”** shall mean the period of a least twelve (12) months over which an individual or a company’s performance is measured for purposes of the Company’s bonus program.

- 1.28 **“Plan”** shall mean the ITT Deferred Compensation Plan (which was formerly known as the ITT Industries Deferred Compensation Plan, ITT Deferred Compensation Plan for 1995, the ITT Industries Deferred Compensation Plan for 1996 and the ITT Industries Deferred Compensation Plan for 1997) as set forth in this document and the appendices and schedules thereto, as it may be amended from time to time.
- 1.29 **“Plan Committee”** shall mean the ITT Pension Fund Trust and Investment Committee established from time to time pursuant to the terms of the ITT Salaried Retirement Plan (the Savings Plan, effective on and after the October 31, 2011).
- 1.30 **“Plan Year”** shall mean the calendar year.
- 1.31 **“Reporting Date”** shall mean each business day on which the New York Stock Exchange is open or such other business day as the Administrative Committee may determine.
- 1.32 **“Retirement”** shall mean, with respect to an Eligible Executive, any termination of employment by an Eligible Executive after the date the Eligible Executive is eligible for an early, normal or postponed retirement benefit under the provisions of the ITT Salaried Retirement Plan as in effect prior to October 31, 2011, or would have been eligible had he been a participant in such Plan. Effective as of January 1, 2012 “Retirement” shall mean with respect to an Eligible Employee who was not a member of the ITT Salaried Retirement Plan immediately prior to October 31, 2011 and who becomes a Participant on or after January 1, 2012, the termination of employment by such Eligible Employee after the date such Eligible Employee attains age 55 and completes 10 or more years of Service (as such term is defined in the Savings Plan) or attains age 65, if earlier..
- 1.33 **“Savings Plan”** shall mean, effective as of October 31, 2011, the new ITT Corporation Retirement Savings Plan for Salaried Employees (successor plan to the ITT Salaried Investment and Savings Plan) as amended from time to time.

- 1.34 “Special Purpose Subaccount(s)”** shall mean the bookkeeping account(s) described in Section 5.01(a) maintained to record deferrals that a Participant has elected to have paid pursuant to clause (ii) of Section 5.01(a), adjusted pursuant to Article 4.
- 1.35 “Specified Distribution Date”** shall mean the specific date designated by a Participant pursuant to clause (ii) of Section 5.01(a).
- 1.36 “Specified Employee”** shall mean a “specified employee” as such term is defined in the Income Tax Regulations under Section 409A as modified by the rules set forth below:
- (a) For purposes of determining whether a Participant is a Specified Employee, the compensation of the Participant shall be determined in accordance with the definition of compensation provided under Treas. Reg. Section 1.415(c) 2(d)(3) (wages within the meaning of Code Section 3401(a) for purposes of income tax withholding at the source, plus amounts excludible from gross income under Section 125(1), 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k) or 457(b), without regard to rules that limit the remuneration included in wages based on the nature or location of the employment or the services performed).
  - (b) The “Specified Employee Identification Date” means December 31, unless the Compensation and Personnel Committee has elected a different date through action that is legally binding with respect to all nonqualified deferred compensation plans maintained by the Company or any Associated Company.
  - (c) The “Specified Employee Effective Date” means the first day of the fourth month following the Specified Employee Identification Date or such earlier date as is selected by the Compensation and Personnel Committee.
- 1.37 “Termination of Employment”** shall mean “Termination of Employment” as such term is defined in the ITT Excess Pension Plan IIA, (effective on and after October 31, 2011, the ITT Corporation Supplemental Retirement Savings Plan for Salaried Employees) as amended from time to time.

**1.38 “Termination Subaccount”** shall mean the bookkeeping account described in Section 5.01(a) maintained to record deferrals that a Participant has elected to have paid pursuant to clause (i) of Section 5.01(a), adjusted pursuant to Article 4.

## ARTICLE 2 — PARTICIPATION

### **2.01 Eligibility**

An Employee who is an Executive as of the last business day in June of a calendar year commencing prior to January 1, 2011, and who was employed by the Company or an Associated Company on the first day of the Performance Period beginning in that calendar year (or such other date in the first quarter of such Performance Period as specified by the Administrative Committee) shall be an Eligible Executive with respect to the Plan Year following such calendar year and thereby eligible to participate in this Plan and execute a Deferral Agreement authorizing Deferrals under this Plan with respect to his Bonus payable in the following Plan Year.

Effective as of October 1, 2010, an Employee who is an Executive as of the last business day in October of a calendar year beginning on and after January 1, 2011 (or such later date in that calendar year as determined by the Administrative Committee) shall be an Eligible Executive with respect to the Plan Year following such calendar year, and thereby eligible to participate in this Plan and execute a Deferral Agreement authorizing Deferrals under this Plan with respect to his Bonus earned in such Plan Year.

### **2.02 In General**

- (a) An individual who is determined to be an Eligible Executive with respect to a Plan Year and who desires to have deferrals credited on his behalf pursuant to Article 3 for such Plan Year must execute a Deferral Agreement with the Administrative Committee authorizing Deferrals under this Plan for such year in accordance with the provisions of Sections 3.01 and 3.02.
- (b) The Deferral Agreement shall be in writing and be properly completed in the manner approved by the Administrative Committee, which shall be the sole judge of the proper completion thereof. Such Deferral Agreement shall provide, subject to the provisions of Section 3.02, for the deferral of a portion of the Eligible

Executive's Bonus. The Deferral Agreement shall include such other provisions as the Administrative Committee deems appropriate.

(c) An Eligible Executive shall become a Participant when Deferrals are first credited on his behalf pursuant to Article 3.

**2.03 Termination of Participation**

- (a) Participation shall cease when all benefits to which a Participant is entitled to hereunder are distributed to him.
- (b) Subject to the provisions of Section 3.01, a Participant shall only be eligible to have Deferrals credited on his behalf in accordance with Article 3 for as long as he remains an Eligible Executive.
- (c) If a former Participant who has incurred a Termination of Employment and whose participation in the Plan ceased under Section 2.03(a) is reemployed as an Eligible Executive, the former Participant may again become a Participant in accordance with the provisions of Section 2.02.

## ARTICLE 3 — DEFERRALS

### **3.01 Filing Requirements**

- (a) Subject to the following provisions of this Section, prior to the close of an annual enrollment period established by the Administrative Committee, an Eligible Executive who was employed by the Company or an Associated Company on the first day of a Performance Period commencing prior to January 1, 2011 (or such other date in the first quarter of such Performance Period as specified by the Administrative Committee) and who remains continuously employed through the date his Deferral Agreement is submitted, may elect to defer a portion of his Bonus earned with respect to that Performance Period which is otherwise payable in the next Plan Year; provided the Deferral Agreement is filed with Plan Administrative Committee (or its delegates) by the date established by the Administrative Committee but no later than six months before the end of the applicable Performance Period (the “Deferral Deadline Date”). Notwithstanding the foregoing, any election to defer Bonus that is made in accordance with this paragraph and that becomes payable as a result of the Participant’s death or disability (as defined in Treas. Reg. Section 1.409A-1(e)) or upon a Change in Control prior to the satisfaction of the performance criteria, will be void.

Effective as of October 1, 2010, and subject to the following provisions of this Section, prior to the close of an annual enrollment period established by the Administrative Committee that pertains to a Plan Year commencing on or after January 1, 2011, an Eligible Executive who is employed by the Company as of the last day of such annual enrollment period or such other date prior to the end of that Plan Year as determined by the Administrative Committee, may elect to defer a portion of his Bonus earned in the following Plan Year, provided the Deferral Agreement is filed with the Administrative Committee (or its delegates) by the date established by the Administrative Committee, but not later than the last day of the calendar year preceding the Plan Year in which such Bonus is earned (the “Deferral Election Deadline”).



- (b) A Participant's election to defer a portion of his Bonus for any calendar year shall become irrevocable on the last day the deferral of such Bonus may be elected under Section 3.01(a), except as otherwise provided in Section 3.02(c) or 3.07. A Participant may revoke or change his election to defer a portion of Bonus at any time prior to the date the election becomes irrevocable. Any such revocation or change shall be made in a form and manner determined by the Administrative Committee.
- (c) Subject to the provisions of Section 3.02, an Eligible Executive must file, in accordance with the provisions of Section 3.01(a), a new Deferral Agreement for each calendar year the Eligible Executive is eligible for and elects to defer a portion of his Bonus.
- (d) Notwithstanding any provision of the Plan to the contrary, an Eligible Executive's election to defer Bonus earned in a Plan Year commencing prior to January 1, 2011 shall only be effective if (1) the Eligible Executive files the Deferral Agreement with respect to such Bonus no later than the earlier of (A) the applicable Deferral Election Deadline (as defined in paragraph (a) above) or (B) the date that is six months before the end of the Performance Period with respect to which the Bonus is payable, (2) the Participant performs services continuously from the later of the beginning of the Performance Period or the date the criteria are established through the date the Deferral Agreement is submitted and (3) the Bonus is not readily ascertainable as of the date the Deferral Agreement is filed.

Notwithstanding any provision of the Plan to the contrary, an Eligible Executive's election to defer Bonus earned in a Plan Year commencing on or after January 1, 2011 shall only be effective if (1) the Eligible Executive files the Deferral Agreement with respect to such Bonus no later than the applicable Deferral Election Deadline (as defined in paragraph (a) above), and (2) he is an Eligible Executive as of such Deferral Election Deadline.

- (e) If a Participant ceases to be an Eligible Executive but continues to be employed by the Company or an Associated Company, he shall continue to be a Participant and his Deferral Agreement currently in effect for the Plan Year shall remain in force for the remainder of such Plan Year, but such Participant shall not be eligible to defer any portion of his Bonus earned in a subsequent Plan Year until such time as he shall once again become an Eligible Executive.
- (f) The Eligible Executive shall submit the Deferral Agreement in the manner specified by the Administrative Committee and a Deferral Agreement that is not timely filed shall be considered void and shall have no effect. The Administrative Committee shall establish procedures that govern deferral elections under the Plan.

### **3.02 Amount of Deferral**

- (a) The Compensation and Personnel Committee or its delegate may determine prior to June 30th of a calendar year commencing prior to January 1, 2011 that an Eligible Executive may defer all or a portion of his Bonus that is otherwise payable in the next Plan Year. An Eligible Executive shall be given written notice of the opportunity to defer all or a portion of his Bonus at least ten business days (or such other period as determined by the Administrative Committee) prior to the date the Deferral Agreement for the applicable Plan Year must be submitted to the Administrative Committee.
- (b) The Administrative Committee may establish maximum or minimum limits on the amount of any Bonus which may be deferred and/or the timing of such Deferral. Eligible Executives shall be given written notice of any such limits prior to the date they take effect.
- (c) Notwithstanding anything in this Plan to the contrary, if an Eligible Executive:
  - (i) receives a withdrawal of deferred cash contributions on account of hardship from any plan which is maintained by the Company or an Associated

Company and which meets the requirements of Code Section 401(k) (or any successor thereto), and

(ii) is precluded from making contributions to such 401(k) plan for at least 6 months after receipt of the hardship withdrawal,

the Eligible Executive's Deferral Agreement with respect to Bonus in effect at that time shall be cancelled. Any Bonus payment which would have been deferred pursuant to that Deferral Agreement but for the application of this Section 3.02(c) shall be paid to the Eligible Executive as if he had not entered into the Deferral Agreement.

### **3.03 Crediting to Deferral Account**

The amount of Deferrals shall be credited to such Participant's Deferral Account on the day such Bonus would have otherwise been paid to the Participant in the absence of a Deferral Agreement. Deferrals credited to a Participant's Deferral Account which are deemed invested in a Corporation phantom stock fund will be credited based on the fair market value of the Corporation's common stock on that day.

### **3.04 Excess Company Contributions**

#### **(a) Excess Matching Contributions**

With respect to Plan Years commencing on and after January 1, 2012, the amount of Excess Matching Contributions credited to a Participant's Company Contribution Account for each particular Plan Year shall be equal to the Company Matching Contributions (as defined under the provisions of the Savings Plan) for each particular Plan Year that would have otherwise been credited on the Eligible Executive's behalf under the provisions of the Savings Plan or the ITT Corporation Supplemental Retirement Savings Plan for Salaried Employees, as applicable, had the portion of an Eligible Executive's Bonus that would have otherwise been paid in that particular Plan Year not been deferred under the provisions of Section 3.01(a) above.

**(b) Excess Core Contributions**

With respect to Plan Years commencing on and after January 1, 2012, the amount of Excess Core Contributions credited to a Participant's Company Contribution Account for each particular Plan Year shall be equal to Company Core Contribution Rate applicable to the Eligible Executive in that particular Plan Year multiplied by the Eligible Executive's Bonus that would have otherwise been paid in that particular Plan Year had not been deferred under the provisions of Section 3.01(a) above.

**(c) Excess Transition Credit Contributions**

With respect to Plan Years commencing on and after January 1, 2012, the amount of Excess Transition Credit Contributions credited to a Participant's Company Contribution Account for each particular Plan Year shall be equal to Company Transition Credit Contribution Rate applicable to the Eligible Executive in that particular Plan Year multiplied by the Eligible Executive's Bonus that would have otherwise been paid in that particular Plan Year had it not been deferred under the provisions of Section 3.01(a) above.

**3.05 Crediting to Company Contribution Account**

The contributions credited on a Participant's behalf pursuant to Section 3.04(a), (b) and (c) above shall be credited to a Participant's Company Contribution Accounts at the same time as they would have been credited to his accounts under the Savings Plan if not for the Participant's election to defer said Bonus under the terms of this Plan.

**3.06 Vesting**

A Participant shall at all times be 100% vested in his Deferral and his Company Contribution Accounts.

**3.07 Unforeseeable Emergency**

Notwithstanding the foregoing provisions of this Article 3, the Compensation and Personnel Committee may completely cease Deferrals made under all Deferral

Agreements then in effect with respect to the Participant upon the Participant's providing the Compensation and Personnel Committee with such evidence of an Unforeseeable Emergency (as defined in Section 5.05) as the Compensation and Personnel Committee may deem appropriate. In the event the Compensation and Personnel Committee finds the Participant has incurred an Unforeseeable Emergency (as defined in Section 5.05), the Participant's Deferral Agreement in effect at that time shall be cancelled and subsequent Deferrals and any corresponding Excess Company Contributions shall cease as of the first practicable payroll period following the Compensation and Personnel Committee's decision. In the event the Participant wishes to recommence Deferrals starting in a subsequent calendar year, the Participant may do so by duly completing, executing, and filing the appropriate Deferral Agreement with the Administrative Committee in accordance with Section 3.01, provided said Participant is an Eligible Executive at that time.

## ARTICLE 4 — MAINTENANCE OF ACCOUNTS

### **4.01 Adjustment of Deferral and Grandfathered Deferral Account**

- (a) As of each Reporting Date, each Deferral Account (or subaccount thereof) and/or Grandfathered Deferral Account shall be credited or debited with the amount of earnings or losses with which such Deferral Account (or subaccounts thereof) and/or Grandfathered Deferral Account would have been credited or debited, assuming it had been invested in one or more investment funds, or earned the rate of return of one or more indices of investment performance, designated by the Plan Committee and elected by the Participant pursuant to Section 4.02 for purposes of measuring the investment performance of such Accounts. Any portion of a Participant's Deferral Account (or subaccount thereof) and/or Grandfathered Deferral Account deemed invested in a Corporation phantom stock fund shall be credited with dividend equivalents, as and when dividends are paid on the Corporation's common stock, which shall be deemed invested in additional shares of such phantom stock.
- (b) The Plan Committee shall designate at least one investment fund or index of investment performance and may designate other investment funds or investment indices (including a Corporation phantom stock fund) to be used to measure the investment performance of a Participant's Deferral Account and/or Grandfathered Deferral Account. The designation of any such investment funds or indices shall not require the Corporation to invest or earmark their general assets in any specific manner. The Plan Committee may change the designation of investment funds or indices from time to time, in its sole discretion, and any such change shall not be deemed to be an amendment affecting Participants' rights under Section 6.02.

### **4.02 Investment Performance Elections**

In the event the Plan Committee designates more than one investment fund or index of investment performance under Section 4.01, each Participant shall file an investment election with the Administrative Committee or its delegate with respect to the investment

of his Deferral Account (or subaccount thereof) and/or Grandfathered Deferral Account within such time period and in such manner as the Administrative Committee may prescribe. The election shall designate the investment fund or funds or index or indices of investment performance which shall be used to measure the investment performance of the Participant's Deferral Account (or subaccount thereof) and/or Grandfathered Deferral Account.

#### **4.03 Changing Investment Elections**

In the event the Plan Committee designates more than one investment fund or index of investment performance under Section 4.01, a Participant may change his election of the investment fund or funds or index or indices of investment performance used to measure the future investment performance of the existing account balance of his Deferral Account (or subaccount thereof) and/or his Grandfathered Deferral Account, by filing an appropriate written notice with the Administrative Committee or its delegate within such time periods and in such manner as prescribed by the Administrative Committee, in advance of the date such election is effective. The election shall be effective as soon as administratively practicable after the date on which notice is timely filed or at such other time as prescribed by the Administrative Committee on a basis uniformly applicable to all Participants similarly situated.

A Participant may change his or her election of the investment fund or funds or index or indices of investment performance used to measure the future investment performance of his future Deferrals within such time periods and in such manner prescribed by the Administrative Committee. The election shall be effective as soon as administratively practicable after the date in which notice is timely filed or at such other time as the Administrative Committee shall determine. In the absence of such an election, the Participant's future Deferrals will be invested in accordance with his existing investment election with respect to the current balance of his Deferral Account (or subaccount thereof), provided, however, if such Participant is an "insider" (as defined in Section 16 of the Securities Exchange Act of 1934) and his existing investment elections include an investment in the Corporation's phantom stock fund, his future Deferrals shall be

allocated pro rata among the other funds or indices on his existing investment election based on the proportions as designated on such existing investment election.

#### **4.04 Investment of the Company Contribution Account**

A Participant shall have no choice or election with respect to the investments of his Company Contribution Account. As of each Reporting Date, there shall be credited or debited an amount of earnings or losses on the balance of the Participant's Company Contribution Account as of such Reporting Date which would have been credited had the Participant's Company Contribution Account been invested in the Fixed Rate Option or such other investment option or options designated by the Plan Committee.

#### **4.05 Individual Accounts**

- (a) The Administrative Committee shall maintain, or cause to be maintained on the books of the Corporation, records showing the individual balance of each Participant's Deferral Account (or subaccount thereof) or Company Contribution Account and/or Grandfathered Deferral Account. The Participant's Deferral Account (or subaccount thereof) shall be credited with the Deferrals made by the Participant pursuant to the provisions of Article 3 and the Participant's Deferral Account (or subaccount thereof) and/or Grandfathered Deferral Account shall be credited and debited, as the case may be, with hypothetical investment results determined pursuant to this Article 4.

Effective with respect to Plan Years commencing on and after January 1, 2012, a Participant's Company Contribution Account shall be credited pursuant to the provisions of Section 3.04 and shall be credited and debited, as the case may be, with hypothetical investment results determined pursuant to Section 4.04.

At least once a year each Participant shall be furnished with a statement setting forth the value of his Deferral Account (or subaccount thereof) his Company Contribution Account and/or Grandfathered Deferral Account.



- (b) Within each Participant's Deferral Account, Company Contribution Account and/or Grandfathered Deferral Account, separate subaccounts shall be maintained to the extent necessary for the administration of the Plan.
- (c) The accounts established under this Article shall be hypothetical in nature and shall be maintained for bookkeeping purposes only so that hypothetical gains or losses on the deferrals made to the Plan can be credited or debited, as the case may be.

#### **4.06 Valuation of Accounts**

- (a) The Administrative Committee shall value or cause to be valued each Participant's Deferral Account, Company Contribution Account and/or Grandfathered Deferral Account at least monthly. On each Reporting Date there shall be allocated to the Deferral Account and/or Grandfathered Deferral Account of each Participant the appropriate amount determined in accordance with Sections 4.01, 4.02 and 4.03, and with respect to his Company Contribution Account, the appropriate amount determined in accordance with Section 4.04.
- (b) Whenever an event requires a determination of the value of a Participant's Deferral Account, Company Contribution Account and/or Grandfathered Deferral Account, the value shall be computed as of the Reporting Date immediately preceding the date of the event, except as otherwise specified in this Plan.

#### **4.07 Compliance with Securities Laws and Trading Policies and Procedures**

A Participant's ability to direct investments into or out of a Corporation phantom stock fund shall be subject to such terms, conditions and procedures as the Plan Administrator may prescribe from time to time to assure compliance with Rule 16b-3 promulgated under Section 16(b) of the Securities Exchange Act of 1934, as amended ("Rule 16b-3"), and other applicable requirements. Such procedures also may limit or restrict a Participant's ability to make (or modify previously made) Deferrals and distribution elections under the Plan. In furtherance, and not in limitation, of the foregoing, to the extent a Participant acquires any interest in an equity security under the Plan for purposes

of Section 16(b), the Participant shall not dispose of that interest within six (6) months, unless such disposition is exempted by Section 16(b) or any rules or regulations promulgated thereunder or with respect thereto. Any election by a Participant to invest any amount in a Corporation phantom stock fund, and any elections to transfer amounts from or to the Corporation phantom stock fund to or from any other investment fund or indices, shall be subject to all applicable securities law requirements, including but not limited to the those reflected in the prior sentence and Rule 16b-3, as well as all applicable stock trading policies and procedures of the Corporation. To the extent any election violates any securities law requirement, applicable trading policies and procedures of the Corporation, or any terms or conditions established from time to time by the Administrative Committee relating to such elections (whether or not reflected in the Plan), the election shall be void.

**ARTICLE 5 — PAYMENT OF BENEFITS**

**5.01 Commencement of Payment**

(a) Subject to the limitations in Section 5.01(b) and except as otherwise provided below, each time a Participant completes a Deferral Agreement, a Participant shall designate on each applicable Deferral Agreement whether the related Deferrals, adjusted in accordance with Article 4, will be allocated to one of the following subaccounts:

(i) **Termination Subaccount**

Except as otherwise provided in the Plan, amounts allocated to the Termination Subaccount (after adjustment pursuant to Article 4) will be paid on the first business day of the seventh month following the Participant's Termination of Employment.

(ii) **Special Purpose Subaccount**

Except as otherwise provided in the Plan, amounts allocated to the Special Purpose Subaccount (after adjustment pursuant to Article 4) will be paid as elected by the Participant, on either (1) the date specified by the Participant, or (2) the earlier of the date specified by the Participant or the first business day of the seventh month following the Participant's Termination of Employment. The Specified Distribution Date for the Special Purpose Subaccount shall be the month and year designated by the Participant on his or her initial Deferral Agreement establishing that Special Purpose Subaccount, unless otherwise modified in accordance with the provisions of Section 5.03.

A Participant may elect to have his entire deferred Bonus allocated to the Termination Retirement Subaccount or the Special Purpose Subaccount or to have a specified portion of his Bonus allocated to one or more Subaccounts.

- (b) A Participant's ability to elect to have his deferred Bonus allocated to the Special Purpose Subaccount and the Participant's selection of a Specified Distribution Date shall be subject to the following limitations:
- (i) deferred Bonus may only be allocated to the Participant's Special Purpose Subaccount if the Specified Distribution Date applicable to that subaccount is at least twelve (12) months after the day of the Plan Year in which the Bonus being deferred was earned; and
  - (ii) a Participant may have only two Special Purpose Subaccounts established on his behalf (and only one Specified Distribution Date applicable to each Special Purpose Subaccount) at any one time; provided, however, that if the Participant is prohibited from allocating any portion of a Deferral to his existing Special Purpose Subaccounts because of the limitation contained in Section 5.01(b)(i), the Participant may request pursuant to the procedures established by the Administrative Committee that a new Special Purpose Subaccount be established on his behalf in accordance with the provisions of Section 5.01. Effective as of June, 2009, a Participant may have only five Special Purpose Subaccounts established on his behalf (and only one Specified Distribution Date applicable to each Special Purpose Subaccount) at any one time.
- (c) (i) Except as otherwise provided below, and notwithstanding the foregoing with respect to an Eligible Executive who completed a Deferral Agreement with respect to the Plan Year beginning as of January 1, 2005, the distribution of the Participant's Deferral 2005 Subaccount (as defined below) shall commence, pursuant to Section 5.02, on the occurrence of the distribution event made available under procedures established from time to time by the Administrative Committee and as designated by the Participant on his 2005 Deferral Agreement ("Common Distribution Date"). For purposes of this Article a Participant Deferral 2005 Subaccount shall mean the bookkeeping

account maintained for each Participant to record the amount of Bonus deferred in 2005 by a Participant in accordance with Article 3, adjusted as provided in Article 4.

- (ii) Notwithstanding the foregoing, in the event a Participant incurs a Termination of Employment for reasons other than Retirement prior to his Common Distribution Date, the distribution of his Deferral 2005 SubAccount shall commence, pursuant to Section 5.02, on the first business day of the seventh month following his Termination of Employment; provided, however, if a Participant has prior to the date of his Termination of Employment, in accordance with the procedures prescribed by the Administrative Committee, made a special termination election, the distribution of his Deferral 2005 Account shall commence, pursuant to Section 5.02, on the later of (1) the occurrence of the Termination Distribution Date designated by the Participant on the appropriate special termination election form prescribed by the Administrative Committee ("Special Effective Termination Distribution Date") or (2) the first business day of the seventh month following such Participant's Termination of Employment.
- (iii) In the event a Participant elects pursuant to the foregoing provisions of this paragraph (c) to defer to a specific calendar date in a specific calendar year, he may not elect a calendar date which occurs prior to the close of the calendar year following the calendar year in which he executed the Deferral Agreement.
- (d) A Participant shall not change his designation of the distribution event made pursuant to the foregoing provisions of this Section 5.01 which entitles him to a distribution of his Deferral Account, except as otherwise provided in Section 5.03 below.

- (e) Notwithstanding any Plan provisions to the contrary, the distribution of a Participant's Grandfathered Deferral Account shall be made in accordance with provisions of the Plan as in effect on October 3, 2004, as modified in Appendix B and without regard to any Plan amendments after that date which would constitute a material modification for Code Section 409A purposes.
- (f) Except as otherwise provided in Section 5.04, a Participant shall be entitled to receive payment of his Company Contribution Account upon his Termination of Employment with the Company and all Associated Companies for any reason, other than death. The distribution of his Company Contribution Account shall be made in the seventh month following the date the Participant's Termination of Employment occurs.

## **5.02 Method of Payment**

- (a) Except as otherwise provided in paragraphs (b) and (c) below:
  - (i) At the time a Participant makes an election of his distribution event pursuant to the provisions of Sections 5.01(a) or (c) the Participant shall elect that the portion of his Deferral Account (or any subaccount thereof) to which such distribution event is applicable shall be made payable as of such distribution event under one of the following methods of payment:
    - (1) ratable annual cash installments for a period of years, not to exceed fifteen (15) years, designated by the Participant on his Deferral Agreement, or
    - (2) a single lump sum cash payment.
  - (ii) Notwithstanding the foregoing, at the time a Participant makes an election of a Special Effective Termination Distribution Date pursuant to the provisions of Section 5.01(c)(ii), the Participant shall elect that the portion of his Deferral Account be distributed on his Special Effective Termination Distribution Date shall be made payable under one of the following methods of payment:
    - (1) ratable annual cash installments for a period of five (5) years, or
    - (2) a single lump sum cash payment.

During an installment payment period, the Participant's Deferral Account (or subaccounts thereof) shall continue to be credited with earnings or losses as described in Section 4.01. The value of the first installment or lump sum payment shall be determined as of the first Reporting Date coincident with or next following the distribution event designated pursuant to Section 5.01 or 5.03 with respect to that portion of his Deferral Account. Subsequent installments, if any, shall be paid on the first business day following the anniversary of said distribution event in the following calendar year and each subsequent year of the installment period. The amount of each installment shall equal the balance in the applicable portion of the Participant's Deferral Account (or subaccounts) as of each Reporting Date of determination divided by the number of remaining installments (including the installment being determined).

- (b) Notwithstanding the foregoing, in the event payment of a Participant's Deferral 2005 Subaccount is to be made pursuant to Section 5.01(c) to a Participant who does not have a Special Effective Termination Distribution Date election in effect as of his date of Termination of Employment, a lump sum payment of his Deferral 2005 Subaccount shall be made as of the first business day of the seventh month following the Participant's Termination of Employment.
- (c) A Participant shall not change his method of payment, except as otherwise provided in Section 5.03.
- (d) Notwithstanding any Plan provision to the contrary, the form of distribution of a Participant's Grandfathered Deferral Account shall be made in accordance with the provisions of the Plan as in effect on October 3, 2004, as modified in Appendix B and without regard to any Plan amendments after that date which would constitute a material modification for Code Section 409A purposes.

- (e) Notwithstanding any Plan provision to the contrary, payment of a Participant's Company Contribution Account shall be made in a single lump sum payment.

### **5.03 Change of Distribution Election**

#### **(a) Changes in Election**

In accordance with such procedures as the Administrative Committee may prescribe, a Participant may elect to delay the payment of Deferrals by specifying a new Common Distribution Date, a Special Effective Termination Distribution Date or a Specified Distribution Date applicable to a portion of his Deferral Account (or subaccounts thereof) payable at said dates by duly completing, executing and filing with the Administrative Committee a new election, on an appropriate form designated by the Administrative Committee, subject to the following limitations:

- (i) such new election must be made at least twelve (12) months prior to the Common Distribution Date, Special Effective Termination Distribution Date or Specified Distribution Date, whichever is then in effect with respect to that portion of his Deferral Account (or subaccounts thereof), and such election will not become effective until at least twelve (12) months after the date on which the new election is made, and
- (ii) the new Common Distribution Date, Special Effective Termination Distribution Date or Specified Distribution Date, whichever is applicable, shall be a date that is not less than five (5) years from the Common Distribution Date, Special Effective Termination Distribution Date or Specified Distribution Date then in effect.

A Participant may elect to delay a Common Distribution Date, Special Effective Termination Distribution Date or Specified Distribution Date applicable to a specified portion of his Deferral Account pursuant to this Section 5.03(a) more than once, provided that all such elections comply with the provisions of this Section 5.03(a).



- (b) In accordance with such procedures as the Administrative Committee may prescribe, a Participant may elect to change the form of payment election under Section 5.02 applicable to the portion of his Deferral Account (or subaccounts thereof) that is deferred to a Common Distribution Date, Special Effective Termination Distribution Date or Specified Distribution Date by duly completing, executing and filing with the Administrative Committee a new form of payment election, subject to the following limitations:
  - (i) such new election must be made at least twelve (12) months prior to the Common Distribution Date, Special Effective Termination Distribution Date or Specified Distribution Date, whichever is then in effect with respect to that portion of his Deferral Account (or subaccounts thereof), and such election will not become effective until at least twelve (12) months after the date on which the election is made, and
  - (ii) the distribution of that portion of his Deferral Account (or subaccounts thereof) shall be deferred for five (5) years from the date such amount would otherwise have been paid absent this new election.
- (c) A Participant may change the election as applicable to his Grandfathered Deferral Accounts pursuant to the provisions of the Plan as in effect on October 3, 2004, as modified in Appendix B and without regard to any Plan amendments after that date which would constitute a material modification for Code Section 409A purposes.
- (d) It is the Company's intent that the provisions of Section 5.03(a) and Section 5.03(b) comply with the subsequent election provisions in Code Section 409A(a)(4)(C), related regulations and other applicable guidance, and this Section 5.03(a) and Section 5.03(b) shall be interpreted accordingly. The Administrative Committee may impose additional restrictions or conditions on a Participant's ability to elect a new specified distribution year pursuant to this Section 5.03(a) and Section 5.03(b). The Participant may revoke or change his election pursuant to this Section 5.03(a) and

Section 5.03(b) at any time prior to the deadline for making such election, subject to such restrictions as the Administrative Committee may establish from time to time. Any such revocation or change shall be made in a form and manner determined by the Administrative Committee. For avoidance of doubt, a Participant may not elect to change the form of payment or delay payment of amounts deferred to Retirement or Termination of Employment. In addition a Participant may not transfer amounts between his Termination Subaccount and any Special Purpose Subaccount, or between Special Purposes Subaccounts.

**(e) Transition Rules**

Notwithstanding anything in the Plan to the contrary, the Administrative Committee may, in its discretion and subject to such terms and conditions as it may from time to time prescribe, allow Participants to change the time of payment or portion of payment of all or a portion of their Deferral Accounts (or subaccounts) prior to January 1, 2009 in accordance with applicable transition relief provided with respect to Code Section 409A, dated regulations and other applicable guidance.

**5.04 Death**

Notwithstanding any Plan provisions to the contrary, if a Participant dies before payment of the entire balance of his Deferral Account and his Company Contribution Account, an amount equal to the unpaid portion thereof as of the date of his death shall be payable in one lump sum to his Beneficiary. Such payment will be made in the month following the month the Participant's death occurs.

**5.05 Hardship**

Notwithstanding anything in the Plan or in a Deferral Agreement to the contrary, the Administrative Committee may, if it determines an Unforeseeable Emergency exists which cannot be satisfied from other sources, approve a request by the Participant for a withdrawal from his Deferral Account. Such request shall be made in a time and manner determined by the Administrative Committee. The payment made from a Participant's Deferral Account pursuant to the provisions of this Section 5.05 shall be limited to the

amount reasonably necessary to satisfy the emergency need (which may include amounts necessary to pay any Federal, state, local or foreign income taxes or penalties reasonably anticipated to result from the distribution). Determinations of amounts necessary to satisfy the emergency need must take into account any additional compensation that is available, other than additional compensation that, due to the Unforeseeable Emergency, is available under another nonqualified deferred compensation plan but that has not actually been paid. This Section 5.05 is intended to comply with Code Section 409A, related regulations and any other applicable guidance and shall be interpreted accordingly so that distributions shall be permitted under this Section 5.05 only to the extent they comply with Code Section 409A and the regulations promulgated thereunder. For purposes of this Section 5.05 an "Unforeseeable Emergency" shall mean a severe financial hardship to a Participant resulting from (a) an illness or accident of the Participant or the Participant's spouse, beneficiary or dependent (as defined in Code Section 152, without regard to Section 152(b)(1), (b)(2) and (d)(1)(B)), (b) loss of the Participant's property due to casualty (including the need to rebuild a home following damage to the home not otherwise covered by insurance) or (c) other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant; provided, however, that an Unforeseeable Emergency shall only exist to the extent the severe financial hardship would constitute an Unforeseeable Emergency under Code Section 409A, related regulations and other applicable guidance. Such payments shall be paid in a single lump sum within ninety (90) days of the date the Unforeseeable Emergency payment is approved by the Administrative Committee.

#### **5.06 Payment upon the Occurrence of a Change in Control**

Notwithstanding the foregoing provisions of this Article 5, upon the occurrence of a Change in Control, every Participant who is an Eligible Executive or a former Eligible Executive shall automatically receive the entire balance of his Deferral Accounts and his Company Contribution Account in a single lump sum payment. Such lump sum payment shall be made as soon as practicable on or after the Change in Control. If such Participant dies after such Change in Control, but before receiving such payment, it shall be made to his Beneficiary.

For avoidance of doubt, upon the occurrence of an Acceleration Event (either prior, after or simultaneously with the occurrence of a Change of Control), the provisions of Section 5.06 of the Plan as in effect on October 3, 2004 without regard to any Plan amendments after October 3, 2004 which would constitute a material modification for Code Section 409A purposes, shall be applicable to a Participant's Grandfathered Deferral Account.

#### **5.07 Acceleration of or Delay in Payments**

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

#### **5.08 Designation of Beneficiary**

Each Participant shall file with the Administrative Committee a written designation of one or more persons as the Beneficiary who shall be entitled to receive the amount, if any, payable under the Plan upon his death pursuant to Section 5.04 or 5.06. A Participant may, from time to time, revoke or change his Beneficiary designation without the consent of any prior Beneficiary by filing a new designation with the Administrative Committee. The last such designation received by the Administrative Committee shall be controlling; provided, however, that no designation, or change or revocation thereof, shall be effective unless received by the Administrative Committee prior to the Participant's death, and in no event shall it be effective as of a date prior to such receipt. If no such Beneficiary designation is in effect at the time of a Participant's death, or if no designated Beneficiary survives the Participant, the Participant's surviving spouse, if any, shall be his Beneficiary, otherwise the person designated as beneficiary by the Participant under the ITT Salaried Group Life Insurance Plan shall be his Beneficiary, and shall receive the payment of the amount, if any, payable under the Plan upon his death; provided, however, that if the life insurance benefit has been assigned, the Beneficiary shall be the Participant's estate.

## **5.09 Debiting Accounts**

Any amounts debited from a Participant's Deferral Account, Company Contribution Account, or Grandfathered Deferral Account by reason of a distribution, withdrawal, or otherwise under this Article 5, shall be debited from the Participant's Deferral Account, Company Contribution Account, and/or Grandfathered Deferral Account and the investment options under which such amount is credited, and such other accounts, subaccounts, options, or other allocations, as determined by the Administrative Committee on a basis uniformly applicable to all Participants similarly situated.

## ARTICLE 6 — AMENDMENT OR TERMINATION

### **6.01 Right to Terminate**

Notwithstanding any Plan provision to the contrary, the Corporation may, by action of the Board of Directors, terminate this Plan and the related Deferral Agreements at any time. To the extent consistent with the rules relating to plan terminations and liquidations in Treasury Regulation Section 1.409A-3(j)(4)(ix) or otherwise consistent with Code Section 409A, the Board may provide that, without the prior written consent of Participants, all of the Participants' Deferral Accounts and Company Contribution Account shall be distributed in a lump sum upon termination of the Plan. Unless so distributed, in the event of a Plan termination, the Corporation shall continue to maintain the Deferral Accounts until distributed pursuant to the terms of the Plan and Participants shall remain 100% vested in all amounts credited to their Deferral Accounts and their Company Contribution Account. For avoidance of doubt, in the event of a Plan termination, distribution of a Grandfathered Deferral Account shall be governed by the provisions of the Plan as in effect on October 3, 2004.

### **6.02 Right to Amend**

The Compensation and Personnel Committee or its delegate may amend or modify this Plan and the related Deferral Agreements in any way either retroactively or prospectively. However, except that without the consent of the Participant or Beneficiary, if applicable, no amendment or modification shall reduce or diminish such person's right to receive any benefit accrued hereunder prior to the date of such amendment or modification, and after the occurrence of an Acceleration Event, no modification or amendment shall be made to Section 5.06 or Section 6.01 under Appendix A, attached hereto and made part hereof. A change in any investment fund or index under Sections 4.01 or 4.04 shall not be deemed to adversely affect any Participant's rights to his Deferral Accounts, Company Contribution Account or Grandfathered Deferral Account. Notice of an amendment or modification to the Plan shall be given in writing to each Participant and Beneficiary of a deceased Participant having an interest in the Plan.

## ARTICLE 7 — GENERAL PROVISIONS

### **7.01 Funding**

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

### **7.02 No Contract of Employment**

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

### **7.03 Unsecured Interest**

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

#### **7.04 Facility of Payment**

In the event that the Administrative Committee shall find that a Participant or Beneficiary is incompetent to care for his affairs or has died, or if a Beneficiary is a minor, the Administrative Committee may direct that any benefit payment due him, unless claim shall have been made therefore by a duly appointed legal representative, be paid on his behalf to his spouse, a child, a parent or other relative, and any such payment so made shall thereby be a complete discharge of the liability of the Corporation, the Company and the Plan for that payment.

#### **7.05 Withholding Taxes**

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

#### **7.06 Nonalienation**

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

#### **7.07 Transfers**

- (a) Notwithstanding any Plan provision to the contrary, in the event the Corporation (i) sells, causes the sale of, or sold the stock or assets of any employing company in the controlled group of the Corporation to a third party or (ii) distributes or distributed to the holders of shares of the Corporation's common stock all of the outstanding shares of common stock of a subsidiary or subsidiaries of the Corporation and, as a result of such sale or distribution, such company or its employees are no longer eligible to participate hereunder, the Compensation and Personnel Committee, in its sole



discretion, may treat such event as not constituting a Termination of Employment and direct that the liabilities with respect to the benefits accrued under this Plan for a Participant who, as a result of such sale or distribution, is no longer eligible to participate in this Plan, shall (with the approval of the new employer), be transferred to a similar plan of such new employer and become a liability thereunder, provided that no provisions of such new plan or amendment thereof shall reduce the balance of the Participants' Deferral Accounts, Company Contribution Account and/or Grandfathered deferral Accounts as of the date of such transfer, as adjusted for investment gains or losses. Upon such transfer (and acceptance thereof), the liabilities for such transferred benefits shall become the obligation of the new employer and the liability under this Plan for such benefits shall cease.

- (b) Notwithstanding any Plan provision to the contrary, at the discretion and direction of the Corporation, liabilities with respect to benefits accrued by a Participant under a plan maintained by such Participant's former employer may be transferred to this Plan and upon such transfer become the obligation of the Corporation.

## **7.08 Claims Procedure**

### **(a) Submission of Claims**

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

### **(b) Denial of Claim**

If any claim for benefits is wholly or partially denied, the claimant shall be given written notice within ninety (90) days following the date on which the claim is filed, which notice shall set forth the following:

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

- (iii) A description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary;
- (iv) An explanation of the Plan's claim review procedure; and
- (v) The time limits for requesting a review under this Section.

If special circumstances require an extension of time for processing the claim, written notice of an extension shall be furnished to the claimant prior to the end of the initial period of ninety (90) days following the date on which the claim is filed. Such an extension may not exceed a period of ninety (90) days beyond the end of said initial period.

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

**(c) Claim Review Procedure**

The claimant or his authorized representative shall have sixty (60) days after receipt of written notification of denial of a claim to request a review of the denial by making written request to the Administrative Committee, and may review pertinent documents and submit issues and comments in writing within such 60-day period.

Not later than sixty (60) days after receipt of the request for review, the persons designated by the Company to hear such appeals (the "Appeals Committee") shall render and furnish to the claimant a written decision, which shall include specific reasons for the decision and shall make specific references to pertinent Plan provisions on which it is based. If special circumstances require an extension of time for processing, the decision shall be rendered as soon as possible, but not later than 120 days after receipt of the request for review, provided that written notice and explanation of the delay are given to the claimant prior to commencement of the

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

**(d) Exhaustion of Remedy**

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

**7.09 Payment of Expenses**

All administrative expenses of the Plan and all benefits under the Plan shall be paid from the general assets of the Corporation, except as otherwise may be provided herein.

**7.10 Discharge of Corporation's Obligation**

The payment by the Corporation of the benefits due under each and every Deferral Agreement and/or Section 3.04 to the Participant or his Beneficiary shall discharge the Corporation's obligation under the Plan, and the Participant or Beneficiary shall have no further rights under this Plan or the Deferral Agreements upon receipt by the appropriate person of all such benefits.

**7.11 Successors**

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

**7.12 Construction**

- (a) The Plan is intended to constitute an unfunded deferred compensation arrangement for a select group of management or highly compensated employees and, therefore, is exempt from the requirements of parts 2, 3 and 4 of Subtitle B of Title I of ERISA (pursuant to Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA), and all rights hereunder shall be governed by ERISA. Subject to the preceding sentence, the Plan

shall be construed, regulated and administered in accordance with the laws of the State of New York, subject to the provisions of applicable federal laws.

- (b) The masculine pronoun shall mean the feminine wherever appropriate.
- (c) The illegality of any particular provision of this document shall not affect the other provisions, and the document shall be construed in all respects as if such invalid provision were omitted.

## ARTICLE 8 — ADMINISTRATION

### **8.01 Administration**

- (a) The Administrative Committee shall mean the ITT Benefits Administration Committee established from time to time pursuant to the terms of the ITT Salaried Retirement Plan (effective on and after January 1, 2012, the Savings Plan). The Administrative Committee shall have the exclusive responsibility and complete discretionary authority to control the operation, management and administration of the Plan, with all powers necessary to enable it properly to carry out such responsibilities, including, but not limited to, the power to interpret the Plan and any related documents, to establish procedures for making any elections called for under the Plan, to make factual determinations regarding any and all matters arising hereunder, including, but not limited to, the right to determine eligibility for benefits, the right to construe the terms of the Plan, the right to remedy possible ambiguities, inequities, inconsistencies or omissions, and the right to resolve all interpretive, equitable or other questions arising under the Plan. The decisions of the Administrative Committee or such other party as is authorized under the terms of any grantor trust on all matters shall be final, binding and conclusive on all persons to the extent permitted by law.
- (b) To the extent permitted by law, all agents and representatives of the Administrative Committee shall be indemnified by the Corporation and held harmless against any claims and the expenses of defending against such claims, resulting from any action or conduct relating to the administration of the Plan, except claims arising from gross negligence, willful neglect or willful misconduct.
- (c) With respect to benefits hereunder subject to Code Section 409A, the Plan is intended to comply with the requirements of Code Section 409A and the provisions hereof shall be interpreted in a manner that satisfies the requirements of Code Section 409A and the regulations thereunder, and the Plan shall be operated accordingly. If any provision of the Plan would otherwise frustrate or

conflict with this intent, the provision will be interpreted and deemed amended so as to avoid this conflict. The Plan has been administered in good faith compliance with Section 409A and the guidance issued thereunder from January 1, 2005 through December 31, 2008.

**APPENDIX A**

**SPECIAL PROVISIONS APPLICABLE TO CERTAIN PARTICIPANTS  
WHO DEFERRED BASE SALARY UNDER THIS PLAN**

This Appendix A constitutes a part of this Plan and is applicable only with respect to a Participant who deferred all or a portion of his Base Salary under the provisions of this Plan and who (i) lost matching or other employer contributions under the ITT Industries Investment and Savings Plan for Salaried Employees (or any predecessor plan) due to the deferral of his Base Salary under this Plan, or (ii) had salary deferrals attributable to such Base Salary credited on his behalf to the ITT Industries Excess Savings Plan (or a predecessor plan) prior to January 1, 1996.

**SECTION 1 — DEFINITIONS**

- 1.01 “Accounts”** shall mean the Deferred Account, Floor Contribution Account and the Matching Contribution Account.
- 1.02 “Deferred Account”** shall mean the bookkeeping account maintained for each Participant covered under this Appendix A to record the portion of Base Salary deferred under this Plan which was credited as a Salary Deferral under the ITT Industries Excess Savings Plan (or any predecessor plan) prior to January 1, 1996.
- 1.03 “Matching Contribution Account”** shall mean the bookkeeping account maintained for each Participant covered under this Appendix A to record the Excess Matching Contribution (as defined under the ITT Industries Excess Savings Plan) credited on such Participant’s behalf due to his deferral of Base Salary under this Plan.
- 1.04 “Floor Contribution Account”** shall mean the bookkeeping account maintained for each Participant covered under this Appendix A to record the Excess Floor Contributions (as defined under the ITT Industries Excess Savings Plan) credited on such Participant’s behalf due to his deferral of Base Salary under this Plan.

## **SECTION 2. — INVESTMENT OF ACCOUNTS**

- 2.01** A Participant shall have no choice or election with respect to the investments of his Accounts. There shall be credited or debited an amount of earnings or losses on the balance of the Participant's Accounts which would have been credited had the Participant's Accounts been invested in the Stable Value Fund maintained under the ITT Salaried Investment and Savings Plan.

## **SECTION 3. — VESTING OF ACCOUNTS**

- 3.01** A Participant shall be fully vested in his Deferred Account and Floor Contribution Account. The Participant shall vest in the amounts credited to his Matching Contribution Account at the same rate and under the same conditions at which such contributions would have vested under the ITT Salaried Investment and Savings Plan had they been contributed thereunder. In the event the Participant terminates employment prior to vesting in all or any part of the amount credited on his behalf to his Matching Contribution Account, such contributions and earnings thereon shall be forfeited and shall not be restored in the event the Participant is subsequently reemployed by the Company.
- 3.02** Notwithstanding any provisions of this Plan or Appendix A to the contrary, upon the occurrence of an Acceleration Event, (as such term is defined in Article I of the Plan) a Participant shall become fully vested in the amounts credited to his Matching Contribution Account.

## **SECTION 4. — COMMENCEMENT OF PAYMENT**

- 4.01** A Participant shall be entitled to receive payment of his Deferred Account, Floor Contribution Account and the vested portion of his Matching Contribution Account, as determined under Section 3.01, upon his termination of employment for any reason, other than death. The distribution of such Accounts shall be made as soon as practicable following such termination of employment.



**4.02** In the event of the death of a Participant prior to the full payment of his Accounts, the unpaid portion of his Accounts shall be paid to his Beneficiary (as defined in Section 1.05 of the Plan) as soon as practicable following his date of death.

**SECTION 5. — METHOD OF PAYMENT**

**5.01** Payment of a Participant's Deferred Account, Floor Contribution Account, and the vested portion of his Matching Contribution Account shall be made in a single lump sum payment.

**SECTION 6. — PAYMENT UPON THE OCCURRENCE OF AN ACCELERATION EVENT**

**6.01** Upon the occurrence of an Acceleration Event, all Participants shall automatically receive the entire balance of their Accounts in a single lump sum payment. Such lump sum payment shall be made as soon as practicable on or after the Acceleration Event. If the Participant dies after such Acceleration Event, but before receiving such payment, it shall be made to his Beneficiary.

## **APPENDIX B**

### **PROVISIONS APPLICABLE TO A PARTICIPANT'S GRANDFATHERED DEFERRAL ACCOUNT**

This Appendix B constitutes an integral part of the Plan and is applicable with respect to the Grandfathered Deferral Account of those individuals who were Participants in the Plan on December 31, 2004. The Grandfathered Deferral Account is subject to all the terms and conditions of the Plan as set forth on October 3, 2004, without regard to any Plan amendments after October 3, 2004, which would constitute a material modification for Code Section 409A. Section references in this Appendix B correspond to appropriate Sections of the Plan as set forth on October 3, 2004 as set forth in Appendix C.

#### **ARTICLE 1 — DEFINITIONS**

**1.13 “Deferral Account”** means the Participant’s Grandfathered Deferral Account as set forth in Section 1.21 of the foregoing provisions of the Plan.

#### **ARTICLE 3 — DEFERRALS**

The provisions of Section 3.03, 3.04 and 3.05 shall continue to apply to a Participant’s Grandfathered Deferral Account.

#### **ARTICLE 4 — MAINTENANCE OF ACCOUNTS**

The provisions of Section 4 as set forth in the foregoing provisions of the Plan as amended and restated effective as December 31, 2008, shall be applicable to a Participant’s Grandfathered Deferral Account on and after January 1, 2009.

#### **ARTICLE 5 — PAYMENT OF BENEFITS**

For purposes of this Article 5 — Payment of Benefits, the term “termination of employment” or any other similar language means, with respect to a Participant, the complete cessation of providing service to the Company and all Associated Companies as an employee.

Except as provided in the preceding sentence and below, the provisions of Article 5 shall continue to apply to a Participant's Grandfathered Deferral Account.

**5.04 Hardship**

A distribution shall not be made pursuant to this Section 5.04, unless the Participant incurs an "unforeseeable emergency" as such term is defined in Section 5.06 of the foregoing provisions of this Plan.

**5.07 Designation of Beneficiary**

The provisions of Section 5.07 as set forth in the foregoing provisions of the Plan as amended and restated effective as December 1, 2008, shall be applicable to a Participant's Grandfathered Deferral Account on and after January 1, 2009.

**5.08 Debiting Accounts**

The provisions of Section 5.08 as set forth in the foregoing provisions of the Plan as amended and restated effective as December 1, 2008, shall be applicable to a Participant's Grandfathered Deferral Account on and after January 1, 2009.

**APPENDIX C**

**PROVISIONS OF THE PLAN AS IN EFFECT ON OCTOBER 3, 2004**

This Appendix C constitutes a part of this Plan and contains the Plan provisions as in effect on October 3, 2004.

October 28, 2011

ITT Corporation  
1133 Westchester Avenue  
White Plains, NY 10604

Ladies and Gentlemen:

We have acted as special Indiana counsel to ITT Corporation (the "Company") in connection with the Registration Statement on Form S-8 (the "Registration Statement") filed by the Company with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended (the "Securities Act"), relating to the registration of up to 9,200,000 additional shares of the Company's common stock, par value \$1.00 per share (the "Shares"), authorized for issuance pursuant to the ITT Corporation 2011 Omnibus Incentive Plan effective October 31, 2011 (the "Plan").

We have examined the originals or copies, certified or otherwise, identified to our satisfaction of (a) the Registration Statement, (b) the Plan and (c) such corporate records of the Company and such other documents and certificates as we have deemed necessary as a basis for the opinions hereinafter expressed. In our review, we have assumed (i) the genuineness of all signatures on original documents, (ii) the conformity to original documents of all copies submitted to us, (iii) the accuracy and completeness of all corporate and public documents and records made available to us, and (iv) the legal capacity of all individuals who have executed any of such documents.

Based upon the foregoing, we are of the opinion that the Shares have been duly authorized and, when the Registration Statement shall have become effective and the Shares have been issued in accordance with the Plan, the Shares will be validly issued, fully paid and nonassessable.

This opinion letter is limited to the current internal laws of the State of Indiana (without giving any effect to the conflict of law principles thereof) and we have not considered, and express no opinion on, the laws of any other jurisdiction. This opinion letter is dated and speaks as of the date of delivery. We have no obligation to advise you or any third parties of changes in law or fact that may hereafter come to our attention, even though legal analysis or legal conclusions contained in this opinion letter may be affected by such changes. This opinion is furnished to you in support of the Registration Statement and is not to be used, circulated, quoted or otherwise referred to for any other purpose.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement referred to above. In giving such consent, we do not thereby concede that we are within the category of persons whose consent is required under Section 7 of the Act or the Rules and Regulations of the Commission thereunder.

Very truly yours,

/s/ Barnes & Thornburg LLP

BARNES & THORNBURG LLP



1700 Pacific Avenue, Suite 2250 | Dallas, TX 75201-4617 | p 214-217-8888 | f 214-217-8851 | cwlaw.com

Robert J. Stokes | Attorney at Law  
p 214-217-8057 | f 214-217-8052 | BStokes@cwlaw.com

October 28, 2011

ITT Corporation  
1133 Westchester Ave.  
White Plains, NY 10604

RE: ITT Deferred Compensation Plan as Amended and Restated as of October 31, 2011 — Registration Statement on Form S-8

Ladies and Gentlemen:

We have acted as counsel to ITT Corporation (the “Company”) in connection with the filing of the above-referenced registration statement (the “Registration Statement”) and we have been asked to provide this opinion letter regarding the ITT Deferred Compensation Plan as amended and restated as of October 31, 2011, (the “Plan”). The Registration Statement relates to the proposed offering of \$30,000,000 of deferred compensation obligations pursuant to the Plan.

In connection with this opinion letter, we have examined: (i) the Plan document in its amended and restated form dated as of October 31, 2011, (ii) the Board resolution of October 5, 2011, adopting the Plan and (iii) such other documents, records and instruments as we have deemed appropriate for the purposes of the opinion set forth herein.

We have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of the documents submitted to use as originals, the conformity to the original documents of all documents submitted to us as certified, facsimile or photostatic copies, and the authenticity of the originals of all documents submitted to us as copies.

Based on the foregoing, we are of the opinion that the Plan document is designed to be a “top hat plan” under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), which is a plan that is unfunded and maintained primarily by an employer for the purpose of providing deferred compensation for a select group of management or highly compensated employees. We are also of the opinion that the provisions of the Plan comply with the requirements of ERISA applicable to top hat plans.

We are not providing an opinion as to whether (i) the Plan is being operated by the Company as a top hat plan under ERISA, or (ii) the employees whom the Company has deemed eligible to participate in the Plan would constitute a select group of management or highly compensated employees.

Conner & Winters, LLP | Attorneys and Counselors at Law  
Dallas, TX | Houston, TX | NW Arkansas | Oklahoma City, OK | Santa Fe, NM | Tulsa, OK | Washington, DC

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We consent to the filing of this opinion as an Exhibit to the Registration Statement by the Company under the Securities Act of 1933, as amended, of deferred compensation obligations under the Plan and the filing with the Securities and Exchange Commission of a Registration Statement on Form S-8 relating to the deferred compensation obligations.

Very truly yours,

Conner & Winters, LLP

By: /s/ Robert J. Stokes

Robert J. Stokes

RJS:sam

Conner & Winters, LLP | Attorneys and Counselors at Law  
Dallas, TX | Houston, TX | NW Arkansas | Oklahoma City, OK | Santa Fe, NM | Tulsa, OK | Washington, DC

[ITT Letterhead]

October 28, 2011

ITT Corporation  
1133 Westchester Avenue  
White Plains, NY 10604

Ladies and Gentlemen:

I am the Vice President and General Counsel of ITT Corporation, an Indiana corporation (the "Company"), and as such I have acted as counsel to the Company in connection with the Registration Statement on Form S-8 (the "Registration Statement") filed by the Company with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Act"), relating to the registration by the Company of \$30,000,000 of deferred compensation obligations ("Obligations"), which represent unsecured obligations of the Company to pay deferred compensation to eligible participants in the future in accordance with the terms of the ITT Deferred Compensation Plan (the "Plan").

I have examined the Registration Statement, the Plan, the Company's Articles of Amendment of the Restated Articles of Incorporation and the Company's Amended and Restated Bylaws. I also have examined the originals, or duplicates or certified or conformed copies, of such corporate and other records, agreements, documents and other instruments and have made such other investigations as I have deemed relevant and necessary in connection with the opinion hereinafter set forth. As to questions of fact material to this opinion, I have relied upon

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certificates or comparable documents of public officials and of officers and representatives of the Company.

In rendering the opinion set forth below, I have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of all documents submitted to me as originals, the conformity to original documents of all documents submitted to me as duplicates or certified or conformed copies and the authenticity of the originals of such latter documents.

Based upon the foregoing, and subject to the qualifications, assumptions and limitations stated herein, I am of the opinion that if and when the Obligations are issued in accordance with the terms and conditions of the Plan, the Obligations will be valid and binding obligations of the Company, enforceable in accordance with their terms, except as enforcement thereof may be limited by the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally or by general equitable principles (whether considered in a proceeding in equity or at law).

I do not express any opinion herein concerning any law other than the law of the State of New York and federal law of the United States.

I hereby consent to the filing of this opinion letter as Exhibit 5.3 to the Registration Statement.

Very truly yours,

/s/ Frank R. Jimenez

Frank R. Jimenez, Esq.

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in this Registration Statement on Form S-8 of our reports relating to the financial statements of ITT Corporation and the effectiveness of ITT Corporation's internal control over financial reporting dated February 24, 2011, appearing in the Annual Report on Form 10-K of ITT Corporation for the year ended December 31, 2010, and our report dated June 20, 2011 appearing in the Annual Report on Form 11-K of ITT Salaried Investment and Savings Plan for the year ended December 31, 2010.

/s/ Deloitte & Touche LLP

Stamford, Connecticut

October 28, 2011