

Information Regarding Tax Basis for the Distribution of Xylem Inc. Common Stock and Exelis Inc. Common Stock and the ITT Reverse Stock Split as of November 1, 2011

Prior to the opening of the market on October 31, 2011, ITT Corporation (“ITT”) distributed the common stock of Xylem Inc. (“Xylem”) and the common stock of Exelis Inc. to ITT shareholders (the “Distribution”). Pursuant to the terms of the Distribution, ITT shareholders as of 5 p.m., New York time, on the record date of October 17, 2011, received a share of Xylem common stock and a share of Exelis common stock for each share of ITT common stock they held. In addition, ITT completed a 1-for-2 reverse stock split (the “Reverse Stock Split”) that was effective as of 7 p.m., New York time, October 31, 2011.

CONSULT YOUR TAX ADVISOR

The information contained herein provides a general summary regarding the application of certain provisions of the U.S. Internal Revenue Code of 1986, as amended (the “Code”) and the Treasury regulations thereunder (the “Regulations”) relating to the allocation of tax basis among a shareholder’s ITT, Xylem and Exelis stock following the Distribution and the Reverse Stock Split. The information contained herein does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of shareholders. ITT does not provide tax advice to its shareholders. The example provided below is provided solely for illustrative purposes and as a convenience to shareholders and their tax advisors when establishing their specific tax position. You are urged to consult your own tax advisor regarding the particular consequences of the Distribution and Reverse Stock Split to you, including the applicability and effect of all U.S. Federal, state and local and foreign tax laws. We urge you to read the Information Statements for Xylem and Exelis dated October 11, 2011, in particular the discussions on pages 34-35 and 38-39, respectively, under the heading “*The Spin-Off—U.S. Federal Income Tax Consequences of the Spin-Off.*” You may access the Information Statements at our website at www.itt.com/investors.

If you did not receive the Distribution of Xylem common stock and Exelis common stock on October 31, 2011 or own shares as of the effective time of the Reverse Stock Split, this information does not apply to you.

TAX BASIS INFORMATION

As described in the Information Statements, ITT shareholders will be required to allocate the aggregate tax basis in their ITT common stock held immediately before the Distribution among the shares of Xylem common stock and Exelis common stock received in the Distribution and their shares of ITT common stock held immediately after the Distribution.

In general, a shareholder’s aggregate tax basis in his or her shares of ITT common stock held immediately prior to the Distribution should be allocated in proportion to the relative fair market value of the Xylem common stock, the Exelis common stock and the ITT common stock. Shareholders that acquired ITT common stock at different times or different prices will need to calculate their tax basis in each block of stock and then allocate a portion of that tax basis to the Xylem common stock and Exelis common stock received with respect to such shares.

Fair market value generally is the price at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of the facts. U.S. Federal income tax law does not specifically prescribe how you should determine the fair market values of the ITT common stock, the Xylem common stock and the Exelis common stock for purposes of allocating your tax basis. You should consult your tax advisor to determine what measure of fair market value is appropriate.

One possible approach to determining the fair market value of the ITT common stock, the Xylem common stock and the Exelis common stock may be to use (i) the New York Stock Exchange opening price per share of ITT common stock (\$17.02) on November 1, 2011, which was the first day ITT common stock, Xylem common stock and Exelis common stock traded regularly on the NYSE, (ii) the

New York Stock Exchange opening price per share of Xylem common stock (\$25.60) on November 1, 2011 and (iii) the New York Stock Exchange opening price per share of Exelis common stock (\$10.33) on November 1, 2011. Since ITT completed a 1-for-2 Reverse Stock Split prior to the opening of the market on November 1, 2011, you would divide the \$17.02 opening price per share of ITT common stock by two to arrive at a value (\$8.51) that takes the Reverse Stock Split ratio into account.

Based on such amounts, the relative value of the shares of ITT common stock, Xylem common stock and Exelis common stock is as follows:

$$\begin{array}{l} \text{ITT:} \quad \frac{\$8.51}{\$8.51 + \$25.60 + \$10.33} = 19.15\% \\ \\ \text{Xylem:} \quad \frac{\$25.60}{\$8.51 + \$25.60 + \$10.33} = 57.61\% \\ \\ \text{Exelis:} \quad \frac{\$10.33}{\$8.51 + \$25.60 + \$10.33} = 23.24\% \end{array}$$

Under this approach, 19.15% of an ITT shareholder's tax basis in his or her shares of ITT common stock prior to the Distribution would be allocated to such shareholder's shares of ITT common stock, 57.61% would be allocated to such shareholder's shares of Xylem common stock, and 23.24% would be allocated to such shareholder's shares of Exelis common stock. Other approaches to determine fair market value may also be possible, and you should determine, in consultation with your tax advisor, what approach to use in determining fair market values for ITT shares, Xylem shares and Exelis shares.

As a result of the Reverse Stock Split, an ITT shareholder's tax basis in a share of ITT common stock will generally equal twice the tax basis of such share after the Distribution but prior to the Reverse Stock Split.

Following is an example of how the basis allocation would be so applied:

Assumptions:

Shares of ITT common stock owned	1,000
Shareholder's tax basis in those 1,000 ITT shares	\$8,000
Shares of Xylem common stock received in the Distribution	1,000
Shares of Exelis common stock received in the Distribution	1,000
Shares of ITT common stock following the Distribution but prior to the Reverse Stock Split	1,000
Shares of ITT common stock following the Reverse Stock Split (1,000 shares divided by 2)	500*

Tax Basis Allocation:

	# Shares Owned	Percentage of Total Fair Market Value	Allocated Tax Basis
ITT common stock	1,000 (prior to the Reverse Stock Split) or 500 (following the Reverse Stock Split)	19.15%	\$1,532.00 (19.15% x \$8,000)
Xylem common stock	1,000	57.61%	\$4,608.80 (57.61% x \$8000)

Exelis common stock	1,000	23.24%	\$1,859.20 (23.24% x \$8000)
Totals		100%	\$8,000.00

- * Shareholders owning odd numbers of ITT shares prior to the Reverse Stock Split will receive cash in lieu of fractional shares.

Please note that some brokerage houses might not use the information provided in this document, and the information is only provided as an example of one potential method. There are various ways brokerage houses may calculate the cost basis, including but not limited to November 1, 2011 opening, closing, or average prices. Please contact your individual brokerage house to determine which calculation they may have used and contact your tax advisor for additional information and clarification.

INFORMATION REQUIRED UNDER CODE SECTION 6045B

Code Section 6045B and the Regulations thereunder provide that effective January 1, 2011, corporations that engage in certain actions that affect the basis of their stock have 45 days after the date of such action to file with the Internal Revenue Service (“IRS”) an information return describing, among other things, the action and the action’s quantitative effect on the basis of their stock. As an alternative to filing this information return with the IRS, an issuer may post the information return to its public website. Although the Code and Regulations contemplate a specific form of the information return, the IRS has not yet provided such form. Nonetheless, the information below is being provided to comply with Code Section 6045B to the extent possible with respect to the Distribution and Reverse Stock Split.

Reporting issuer Reg. § 1.6045B-1(a)(1)(i)	ITT Corporation Taxpayer Identification # 13-5158950
Security identifiers Reg. § 1.6045B-1(a)(1)(ii)	ITT Corporation Common Stock CUSIP # 450911 201 Ticker Symbol: ITT Xylem Inc. Common Stock CUSIP # 98419M 100 Ticker Symbol: XYL Exelis Inc. Common Stock CUSIP # 30162A 108 Ticker Symbol: XLS
Contact at reporting issuer Reg. § 1.6045B-1(a)(1)(iii)	Investor Relations ITT Corporation 1133 Westchester Avenue White Plains, New York 10604 Melissa.trombetta@itt.com 914-641-2032
Information about action Reg. § 1.6045B-1(a)(1)(iv)	Distribution of the common stock of Xylem and Exelis by ITT prior to the opening of the market on October 31, 2011. Reverse Stock Split of ITT common stock effective as of 7 p.m., New York time, October 31, 2011.
Effect of the action Reg. § 1.6045B-1(a)(1)(v)	As a result of the Distribution, ITT shareholders will be required to allocate the aggregate tax basis in their ITT common stock held immediately before the Distribution among the shares of Xylem common stock and Exelis common stock received in the Distribution

	<p>and their shares of ITT common stock held immediately after the Distribution. In general, a shareholder's aggregate tax basis in his or her shares of ITT common stock held immediately prior to the Distribution should be allocated in proportion to the relative fair market value of the Xylem common stock, the Exelis common stock and the ITT common stock held after the Distribution under Code Section 358.</p> <p>As a result of the Reverse Stock Split, an ITT shareholder's tax basis in a share of ITT's common stock will generally equal twice the tax basis of such share after the Distribution but prior to the Reverse Stock Split under Code Section 358.</p> <p>For additional information on the quantitative effect of the Distribution and Reverse Stock Split on the basis of ITT common stock and an example of a detailed calculation for determining basis, please see the discussion above under "Tax Basis Information."</p> <p>ITT shareholders generally will not recognize gain or loss for U.S. federal income tax purposes in the Distribution or Reverse Stock Split, except to the extent of cash received in lieu of fractional shares in the Reverse Stock Split.</p>
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IRS Circular 230 disclosure: To ensure compliance with requirements imposed by the IRS, we inform you that any tax advice contained in this communication was not intended or written to be used, and cannot be used, for the purpose of (i) avoiding tax-related penalties under federal, state or local tax law or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.