Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2012

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan; or
- [X] a single-employer plan;
- [ ] a DFE (specify) ____

B This return/report is:
- [ ] the first return/report;
- [ ] the final return/report;
- [ ] an amended return/report;
- [ ] a short plan year return/report (less than 12 months).

C If the plan is a collectively-bargained plan, check here. . . . . ▶ [ ]

D Check box if filing under:
- [X] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
EXELIS INFORMATION SYSTEMS PROFESSIONAL BENEFITS EMPLOYEES' SAVINGS PLAN

1b Three-digit plan number (PN) ▶ 237

1c Effective date of plan 10/01/2003

2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan)

EXELIS INC.

1650 TYSONS BLVD.
MCLEAN, VA 22102

2b Employer Identification Number (EIN)
45-2083813

2c Sponsor's telephone number
703-790-6300

2d Business code (see instructions)
333200

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/12/2013	WILLIAM BONK
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional)
DELOITTE TAX LLP

1633 BROADWAY
NEW YORK, NY 10019

Preparer's telephone number (optional)
212-492-3600

3a Plan administrator's name and address ☐ Same as Plan Sponsor Name ☐ Same as Plan Sponsor Address

ADMINISTRATION COMMITTEE OF EXELIS INFORMATION SYSTEMS

1761 BUSINESS CENTER DRIVE
RESTON, VA 20190

3b Administrator's EIN: 45-2083813

3c Administrator's telephone number: 703-438-7955

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:

a Sponsor's name

4b EIN

4c PN

5	Total number of participants at the beginning of the plan year	**5**	579
6	Number of participants as of the end of the plan year (welfare plans complete only lines **6a, 6b, 6c,** and **6d**).		
a	Active participants	**6a**	778
b	Retired or separated participants receiving benefits	**6b**	15
c	Other retired or separated participants entitled to future benefits	**6c**	85
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	878
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	0
f	Total. Add lines **6d** and **6e**	**6f**	878
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	867
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	49
7	Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:
2E 2F 2G 2J 2K 2T 3H

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:

9a Plan funding arrangement (check all that apply)

(1)	☐	Insurance
(2)	☐	Code section 412(e)(3) insurance contracts
(3)	☒	Trust
(4)	☐	General assets of the sponsor

9b Plan benefit arrangement (check all that apply)

(1)	☐	Insurance
(2)	☐	Code section 412(e)(3) insurance contracts
(3)	☒	Trust
(4)	☐	General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

(1)	☒	**R** (Retirement Plan Information)
(2)	☐	**MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
(3)	☐	**SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

(1)	☒	**H** (Financial Information)
(2)	☐	**I** (Financial Information – Small Plan)
(3)	☐	**A** (Insurance Information)
(4)	☐	**C** (Service Provider Information)
(5)	☒	**D** (DFE/Participating Plan Information)
(6)	☐	**G** (Financial Transaction Schedules)

SCHEDULE D (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

DFE/Participating Plan Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2012

This Form is Open to Public Inspection.

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan
EXELIS INFORMATION SYSTEMS PROFESSIONAL BENEFITS EMPLOYEES' SAVINGS PLAN

B Three-digit plan number (PN) ▶ 237

C Plan or DFE sponsor's name as shown on line 2a of Form 5500
EXELIS INC.

D Employer Identification Number (EIN)
45-2083813

Part I **Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs)**
(Complete as many entries as needed to report all interests in DFEs)

a Name of MTIA, CCT, PSA, or 103-12 IE: EXELIS INC. RET. SAV. MASTER TRUST

b Name of sponsor of entity listed in (a): EXELIS INC.

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
45-3304462-301	M	22633647

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

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c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

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c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

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a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2012

This Form is Open to Public Inspection

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan
EXELIS INFORMATION SYSTEMS PROFESSIONAL BENEFITS EMPLOYEES' SAVINGS PLAN

B Three-digit plan number (PN) ▶ 237

C Plan sponsor's name as shown on line 2a of Form 5500
EXELIS INC.

D Employer Identification Number (EIN)
45-2083813

Part I Asset and Liability Statement

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	90624	0
(2) Participant contributions	1b(2)	137323	0
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	268549	478438
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)	13805214	22633647
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

		(a) Beginning of Year	(b) End of Year
1d Employer-related investments:			
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	14301710	23112085
Liabilities			
g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through1j)	1k	0	0
Net Assets			
l Net assets (subtract line 1k from line 1f)	1l	14301710	23112085

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)	2795995	
(B) Participants	2a(1)(B)	4150098	
(C) Others (including rollovers)	2a(1)(C)	742595	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		7688688
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	15841	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		15841
(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		0
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		0
(5) Unrealized appreciation (depreciation) of assets: **(A)** Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)**	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		2435839
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		10140368
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	1336103	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines **2e(1)** through **(3)**	2e(4)		1336103
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		-6110
h Interest expense	2h		
i Administrative expenses: **(1)** Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines **2i(1)** through **(4)**	2i(5)		0
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		1329993
Net Income and Reconciliation			
k Net income (loss). Subtract line **2j** from line **2d**	2k		8810375
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) [ ] Unqualified **(2)** [ ] Qualified **(3)** [X] Disclaimer **(4)** [ ] Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? [X] Yes [ ] No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: DELOITTE & TOUCHE LLP **(2)** EIN: 13-3891517

d The opinion of an independent qualified public accountant is **not attached** because:

(1) [ ] This form is filed for a CCT, PSA, or MTIA. **(2)** [ ] It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

		Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	4a		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	4b		X	

			Yes	No	Amount
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e	Was this plan covered by a fidelity bond?	4e	X		15000000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m	X		
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n	X		

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If "Yes," enter the amount of any plan assets that reverted to the employer this year ☐ **Yes** ☒ **No** **Amount:**

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	**5b(2)** EIN(s)	**5b(3)** PN(s)

Part V Trust Information (optional)

6a Name of trust	**6b** Trust's EIN

SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Retirement Plan Information

This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2012

This Form is Open to Public Inspection.

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan
EXELIS INFORMATION SYSTEMS PROFESSIONAL BENEFITS EMPLOYEES' SAVINGS PLAN

B Three-digit plan number (PN) ▶ 237

C Plan sponsor's name as shown on line 2a of Form 5500
EXELIS INC.

D Employer Identification Number (EIN)
45-2083813

Part I Distributions

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions **1** 0

2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): 43-6389220

Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.

3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year. **3**

Part II Funding Information (If the plan is not subject to the minimum funding requirements of section of 412 of the Internal Revenue Code or ERISA section 302, skip this Part)

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

If the plan is a defined benefit plan, go to line 8.

5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____

If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.

6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived) **6a**

b Enter the amount contributed by the employer to the plan for this plan year **6b**

c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) **6c**

If you completed line 6c, skip lines 8 and 9.

7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

Part III Amendments

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box. ..... ☐ **Increase** ☐ **Decrease** ☐ **Both** ☐ **No**

Part IV ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... ☐ **Yes** ☐ **No**

11 a Does the ESOP hold any preferred stock? ..... ☐ **Yes** ☐ **No**

b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... ☐ **Yes** ☐ **No**

12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ..... ☐ **Yes** ☐ **No**

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

14 Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a	The current year	**14a**	
b	The plan year immediately preceding the current plan year	**14b**	
c	The second preceding plan year	**14c**	

15 Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a	The corresponding number for the plan year immediately preceding the current plan year	**15a**	
b	The corresponding number for the second preceding plan year	**15b**	

16 Information with respect to any employers who withdrew from the plan during the preceding plan year:

a	Enter the number of employers who withdrew during the preceding plan year	**16a**	
b	If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	**16b**	

17 If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

18 If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

19 If the total number of participants is 1,000 or more, complete lines (a) through (c)

a Enter the percentage of plan assets held as:
Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

Exelis Information Systems Professional Benefits Employees' Savings Plan (formerly the Exelis Advanced Engineering and Sciences Professional Benefits Employees' Savings Plan)

Sponsor EIN: 45-2083813
Plan Number: 237

Financial Statements as of December 31, 2012 and 2011
and for the Year Ended December 31, 2012 and
Supplemental Schedule as of December 31, 2012
and Independent Auditors' Report

EXELIS INFORMATION SYSTEMS PROFESSIONAL BENEFITS EMPLOYEES' SAVINGS PLAN (FORMERLY THE EXELIS ADVANCED ENGINEERING AND SCIENCES PROFESSIONAL BENEFITS EMPLOYEES' SAVINGS PLAN)

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NOTE: All other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

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INDEPENDENT AUDITORS' REPORT

To the Trustees and Participants of the
Exelis Information Systems Professional Benefits Employees' Savings Plan:

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Exelis Information Systems Professional Benefits Employees' Savings Plan (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2012 and 2011, and the related statement of changes in net assets available for benefits for the year ended December 31, 2012, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the Unites States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 5, which was certified by JP Morgan Chase Bank, N.A, the trustee and custodian of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the Plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The Plan administrator has obtained certifications from the trustee as of December 31, 2012 and 2011, and for the year ended December 31, 2012, that the information provided to the Plan administrator by the trustee is complete and accurate.

Disclaimer of Opinion

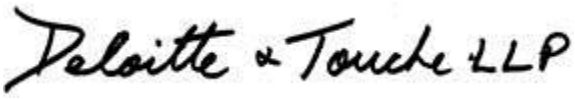
Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

The supplemental schedule of assets (held at end of year) as of December 31, 2012 is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on this supplemental schedule.

Report on Form and Content in Compliance with Department of Labor Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.



October 11, 2013

EXELIS INFORMATION SYSTEMS PROFESSIONAL BENEFITS EMPLOYEES' SAVINGS PLAN (FORMERLY THE EXELIS ADVANCED ENGINEERING AND SCIENCE PROFESSIONAL BENEFITS EMPLOYEES' SAVINGS PLAN)

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS AS OF DECEMBER 31, 2012 AND 2011

	2012	2011
ASSETS:		
Participant-directed investments at fair value — plan's interest in Exelis Retirement Savings Master Trust	$22,633,647	$13,805,214
Receivables:		
Participant		137,323
Employer		90,624
Notes receivable from participants	478,438	274,659
Total receivables	478,438	502,606
NET ASSETS REFLECTING ALL INVESTMENTS AT FAIR VALUE	23,112,085	14,307,820
ADJUSTMENT FROM FAIR VALUE TO CONTRACT VALUE FOR FULLY BENEFIT-RESPONSIVE STABLE VALUE FUNDS	(28,381)	(3,155)
NET ASSETS AVAILABLE FOR BENEFITS	$23,083,704	$14,304,665

See notes to financial statements.

EXELIS INFORMATION SYSTEMS PROFESSIONAL BENEFITS EMPLOYEES' SAVINGS PLAN (FORMERLY THE EXELIS ADVANCED ENGINEERING AND SCIENCE PROFESSIONAL BENEFITS EMPLOYEES' SAVINGS PLAN)

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED DECEMBER 31, 2012

PLAN INTEREST IN EARNINGS OF EXELIS INC RETIREMENT SAVINGS MASTER TRUST	$ 2,411,413
INTEREST INCOME ON NOTES RECEIVABLE FROM PARTICIPANTS	15,841
CONTRIBUTIONS:	
Participant	4,150,098
Employer — net of forfeitures	2,795,995
Rollover	742,595
Total contributions	7,688,688
DEDUCTIONS:	
Benefits paid to participants	(1,336,103)
Administrative expense	(800)
Total deductions	(1,336,903)
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS	8,779,039
NET ASSETS AVAILABLE FOR BENEFITS — Beginning of year	14,304,665
NET ASSETS AVAILABLE FOR BENEFITS — End of year	$23,083,704

See notes to financial statements.

1. DESCRIPTION OF PLAN

The following description of the Exelis Information Systems Professional Benefits Employees' Savings Plan (formerly the Exelis Advanced Engineering and Sciences Professional Benefits Employees' Savings Plan) (the "Plan") is provided for general information purposes only. Participants should refer to the Plan document for more complete information.

On October 31, 2011, ITT Corporation ("ITT") completed the previously announced spin-off (the "Spin-off") of Exelis Inc. (the "Company" or the "Plan Sponsor") and Xylem Inc., formerly ITT's Defense & Information Solutions and Fluid Technology segments respectively. Prior to October 31, 2011, ITT sponsored the Plan. The sponsorship of the Plan was transferred from ITT to the Company at Spin-off and the Company became the new sponsor of the Plan.

General — The Plan is a defined contribution plan sponsored by Exelis Information Systems Division (the "Plan Sponsor" or the "Company"). All regular full-time salaried employees who are employed under a government contract that has been designated as a participating unit under the Plan become eligible to participate in the Plan on the first day of the month following the completion of one full month of service. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

The investments are held in a trust account at JP Morgan Chase Bank, N.A ("JP Morgan"), which consists of investment accounts in the Exelis Inc. Retirement Savings Master Trust (the "Master Trust") a master trust established by the Company to serve this and other Company savings plans. JP Morgan is the trustee and custodian of the Master Trust.

Investments in the Master Trust at December 31, 2012 are shown on the Master Trust Schedule of Assets (Held at End of Year) as filed with the U.S. Department of Labor, Washington, D.C., under identification number 45-3304462. The Plan's proportionate share of the assets as of December 31, 2012 is also presented in that filing.

Contributions — Under the provisions of the Plan, allowable contributions are outlined as follows:

Participant Contributions — A participant may generally elect to save 2% to 25% of base salary. A participant may designate savings as before-tax savings, after-tax savings, or any combination of the two. A participant who is a highly compensated employee may be limited to less than 25% due to the operation of certain tests required under the Internal Revenue Code (the "Code").

Employer Contributions — The matching employer contribution for the Plan is 50% of the first 6% saved by a participant. The Company also contributes a floor contribution equal to 3% of a participant's base salary, whether or not the participant elects to save under the Plan.

Participant Accounts — Individual accounts are maintained for each Plan participant. Each participant's account is credited with the participant's contribution, the matching employer contribution,

employer floor contributions and investment earnings, and charged with withdrawals, loans and investment losses. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Investment Options — Participants designate the Plan funds in which their contributions and the matching employer contributions and employer floor contributions are to be invested. All investments are participant-directed. Participant contributions can be invested in any or all of the various investment funds available in the Master Trust. In addition, participants can elect to have all or a portion of their matching employer contributions and employer floor contributions invested in the Exelis Stock Fund (participant contributions may not be invested in the Exelis Stock Fund). Participants may elect to allocate contributions among these funds in multiples of 1%.

Vesting — Participant's interest in their contributions and employer floor contribution is fully vested at all times. The matching employer contribution portion of the participant's account is vested 20% per year. A participant's account is 100% vested after five years of service.

Benefits to Participants — Participants are entitled to the full vested value of their accounts following employment termination in a lump sum payment. In lieu of a lump sum payment, the participant can elect annual installments, life expectancy installment payments, or partial distributions.

Participants are allowed to withdraw, at any time, any portion of after-tax participant contributions, vested Company contributions and rollover contributions, subject to Plan provisions.

Forfeitures — Forfeitures result from termination of employment before full vesting has occurred. All forfeited nonvested accounts totaling $30,000 were used to reduce matching employer contributions during 2012.

Notes Receivable from Participant — Participants may borrow from their account balance in any whole dollar amount which must be at a minimum of $1,000 up to a maximum of the lesser of $50,000 or 50% of the participant's vested interest in their account, reduced by the highest outstanding loan balance, if any, during the prior 12-month period. Loan terms range up to 5 years. A participant who is using a loan for the purchase of a primary residence may elect to repay the loan over a period of whole years between 1 and 15. Participants may have two loans outstanding at the same time. The loans are collateralized by the balance in the participant's account and bear interest which is based on the prime rate as published in the Wall Street Journal on the last business day of the prior quarter plus 1%. Principal and interest are paid ratably through payroll deductions. The interest rate is determined at the time the loan is processed, and shall remain in effect for the term of the loan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting — The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates — The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Risks and Uncertainties — The Master Trust utilizes various investment instruments, including equities, mutual funds and common collective trusts which include a stable value fund. Investment securities, in general, are exposed to various risks, such as interest rate, credit risk, and overall market

volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the financial statements.

Investment Valuation and Income Recognition — The Master Trust's investments are measured at fair value except for its stable value funds which are stated at fair value and then adjusted to contract value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., an exit price). See Note 3 for further discussion of valuation techniques.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Master Trust's gains and losses on investment bought and sold as well as held during the year.

Administrative Expenses — The Plan Sponsor provides accounting and other administrative services to the Plan at no charge. Administrative expenses are paid by the Plan or the Company in accordance with the Plan document. Management fees charged to the Plan for investments in the registered investment companies are deducted from income on a daily basis and are not separately reflected. Consequently, management fees and operating expenses are reflected as a reduction of investment return for such investments.

Benefits Paid to Participants — Benefit payments to participants are recorded upon distribution.

Participant Loans — Participant loans are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are recorded as distributions based on the terms of the Plan document.

New Accounting Standards — The accounting standard initially adopted in 2012 is described below.

ASU No. 2011-04 — In May 2011, the FASB issued ASU No. 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*, which amends ASC 820. ASU 2011-04 also requires the categorization by level for items that are only required to be disclosed at fair value and information about transfers between Level 1 and Level 2. In addition, the ASU provides guidance on measuring the fair value of financial instruments managed within a portfolio and the application of premiums and discounts on fair value measurements. The ASU requires additional disclosure for Level 3 measurements regarding the sensitivity of fair value to changes in unobservable inputs and any interrelationships between those inputs. The effect of the adoption of ASU 2011-04 had no impact on the Plan's statements of assets available for benefits and statement of changes in assets available for benefits.

3. FAIR VALUE MEASUREMENT

Accounting Standards Codification 820, *Fair Value Measurements and Disclosures*, provides a framework for measuring fair value. This framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, as follows: Level 1, which refers to securities valued using unadjusted quoted prices from active markets for identical assets and liabilities; Level 2, which refers to securities not traded on an active market but for which observable market inputs are readily available or quoted prices in an active market for similar assets and liabilities; and Level 3, which refers to securities valued based on significant unobservable inputs. Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Asset Valuation Techniques — Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2012 and 2011.

Mutual funds — Valued at the daily closing price as reported by the fund. Mutual funds held by the Master Trust are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Master Trust are deemed to be actively traded. Investments in mutual funds are classified in Level 1 of the fair value hierarchy.

Equities — Common stock is valued at the closing price reported on the active market on which the individual securities are traded at the measurement date. Exelis Stock Fund invests primarily in Exelis Corporation common stock, which is traded on the New York Stock Exchange (NYSE) under the ticker symbol (XLS) and is valued at its NAV. The NAV of the Exelis Stock Fund is computed based on the closing price of Exelis common stock reported by the NYSE at the measurement date, plus the NAV of the short-term money market included in the Exelis Stock Fund, divided by the number of units outstanding. The money market portion of the Exelis Stock Fund provides liquidity, which enables participants to transfer money daily among all investment choices. As all equity securities held by the Master Trust are publicly traded in active markets, the securities are classified within Level 1 of the fair value hierarchy.

Common collective trusts ("CCTs") — CCTs are arrangements in which the funds of individual trusts are pooled to avail themselves of professional investment management and achieve greater diversification of investment, stability of income or other investment objectives. CCTs invest in debt and equity securities, and guaranteed investment contracts, the mix of which varies by fund, and report NAV as of the measurement date. Fair value is estimated based on the NAV practical expedient described below. CCTs are classified in Level 2 of the fair value hierarchy.

In certain instances, fair value is estimated using quoted market prices obtained from an external pricing service. In obtaining such data from the pricing service, the Plan has evaluated the methodologies used to develop the estimate of fair value in order to evaluate whether such valuations are representative of fair value, including NAV. Additionally, in certain circumstances, the Plan may adjust NAV reported by an asset manager when sufficient evidence indicates NAV is not representative of fair value.

The following tables set forth by level within the fair value hierarchy a summary of the Master Trust investments measured at fair value on a recurring basis at December 31, 2012 and 2011.

	Fair Value Measurements at December 31, 2012			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Master Trust investments:				
Equities — employer securities	$ 3,754,812	$ -	$ -	$ 3,754,812
Mutual funds:				
Fixed income	9,370,834			9,370,834
Large cap equity	5,747,053			5,747,053
International stocks	1,145,598			1,145,598
Mid cap	2,719,571			2,719,571
Small cap	1,421,819			1,421,819
Total mutual funds	20,404,875	-	-	20,404,875
Common collective trusts (a) - (d)		87,365,779		87,365,779
Total investments in Master Trust	$ 24,159,687	$ 87,365,779	$ -	$ 111,525,466

	Fair Value Measurements at December 31, 2011			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Master Trust investments:				
Equities:				
Employer securities	$ 3,169,465	$ -	$ -	$ 3,169,465
Other common shares*	12,225,082			12,225,082
Total equities	15,394,547			15,394,547
Mutual funds:				
Fixed income	6,526,135			6,526,135
Large cap equity	3,953,646			3,953,646
International stocks	778,358			778,358
Mid cap	1,517,849			1,517,849
Small cap	1,227,197			1,227,197
Total mutual funds	14,003,185	-	-	14,003,185
Common collective trusts (a) - (d)		66,046,255		66,046,255
Total investments in Master Trust	$ 29,397,732	$ 66,046,255	$ -	$ 95,443,987

(a) – (d) See page 9 for breakout of common collective trust

*Other common shares represent holdings in the ITT and Xylem common stock funds which are a result of the ITT spin-off on October 31, 2011. The ITT and Xylem stock funds were eliminated in 2012.

Transfers between Levels — The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

We evaluate the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits. There were no transfers between levels for the years ended December 31, 2012 and 2011.

There are no unfunded commitments related to the CCTs. Investments in the CCTs can be redeemed on a daily basis. The following table sets forth a summary of the Master Trust's investment in CCTs reported at fair value using NAV per share at December 31, 2012 and 2011:

		Fair Value Estimated Using Net Asset Value per Share Fair Value at December 31,	
		2012	2011
	Master Trust Investments:		
(a)	JPMCB Stable Asset Income Fund-SELECT	$22,567,306	$20,405,262
(b)	JPMCB Smartretirement Income Funds	2,688,122	1,029,900
(c)	JPMCB Target Retirement Date Funds	28,707,621	14,756,863
(d)	US SmartIndex	33,402,730	29,854,230
	Total	$87,365,779	$66,046,255

(a) Stable Asset Income Fund seeks to preserve the value of money invested, perform better than the average money market fund, and earn consistent, reliable returns.

(b) The fund is designed to provide exposure to a variety of asset classes through investments in underlying funds with emphasis on fixed income funds over equity and other funds. The fund seeks current income and some capital appreciation. The Plan must provide 180 days advance notice to terminate the fund.

(c) Target retirement date funds seek total return with a shift to current income and some capital appreciation over time as the fund approaches and passes the target date. These funds generally reach their most conservative target allocations close to the target retirement date. The Plan must provide 180 days advance notice to terminate the fund.

(d) The fund seeks to provide capital appreciation from a portfolio of large-company U.S. stocks.

4. EXEMPT PARTY-IN-INTEREST TRANSACTIONS

At December 31, 2012 and 2011, all Master Trust investments are held in funds managed by JP Morgan. JP Morgan is the trustee of the Master Trust and is the custodian of the Plan. Therefore, these investments and related transactions qualify as exempt party-in-interest transactions.

Fees paid by the Plan for trustee services and administrative fees provided by the trustees amounted to approximately $800 for the year ended December 31, 2012.

Notes receivable from participants also qualify as party-in-interest transactions and amounted to $478,438 and $274,659 at December 31, 2012 and 2011, respectively.

The Plan's investment in the Exelis Stock Fund consists of an undivided interest in an investment account of the Master Trust. The Exelis Stock Fund is invested predominately in Exelis Inc. common stock. As Exelis Inc is the Plan Sponsor, these transactions qualify as exempt party-in-interest transactions. Certain administrative functions are performed by the officers and employees of the Company (who may also be participants in the Plan) at no cost to the Plan.

These transactions are not deemed prohibited party-in-interest transactions, because they are covered by statutory or administrative exceptions from the Code and ERISA's rules on prohibited transactions.

5. INFORMATION CERTIFIED BY THE TRUSTEES AND CUSTODIAN

The following is a summary of the unaudited information regarding the Plan as of December 31, 2012 and 2011, and for the year ended December 31, 2012, included in the Plan's financial statements and supplemental schedule, that was prepared by or derived from information prepared by JP Morgan, the trustee of the Plan which was furnished to the Plan administrator. The Plan administrator has obtained certifications from the trustees and custodian that such information is complete and accurate.

	2012	2011
Statements of net assets available for benefits:		
Investments at fair value:		
Plan's Interest in Exelis Retirement Savings Master Trust	$22,633,647	$13,805,214
Adjustment from fair value to contract value for fully benefit-responsive stable value funds	(28,381)	(3,155)
Statement of changes in net assets available for benefits:		
Plan interest in earnings of Exelis Inc Retirement Savings Master Trust	$ 2,411,413	
Interest income on notes receivable from participants	15,841	

Notes 3, 6 and 7: All investment balances and investment information, excluding the classification of investments in Note 3

6. MASTER TRUST

All of the Plan's investments consist of an undivided interest in an investment account of the Master Trust established by the Company and administered by JP Morgan as of December 31, 2012 and 2011. Use of the Master Trusts permits the commingling of trust assets with the assets of certain other Company savings plans for investment and administrative purposes. Although assets of participating plans are commingled in the Master Trust, supporting records for the purpose of allocating the net gain or loss of the investment account to the participating plans are maintained. The net investment income of the investment assets is allocated by the trustees to each participating plan based on the relationship of the interest of each plan to the total of the interests of the participating plans.

The following table presents the fair value of investments in the Master Trust at December 31, 2012 and 2011:

	2012	2011
Master Trust:		
Exelis Stock Fund	$ 3,754,812	$ 3,169,465
Equities		12,225,082
Common collective trusts	87,365,779	66,046,255
Mutual funds	20,404,875	14,003,185
Total investments	$111,525,466	$95,443,987
Plan's interest in the Master Trust	$ 22,633,647	$13,805,214
Plan's interest in the Master Trust as percentage of total	20.29 %	14.46 %

The net investment gain of the Master Trust, for the year ended December 31, 2012, is summarized below:

Investment gain in the Master Trust:	
Appreciation in:	
Equities:	
Employer securities	$ 878,447
Other common shares	71,119
Mutual funds:	
Fixed income funds	202,270
Large cap equity funds	775,151
International stock funds	144,584
Mid cap stock funds	279,825
Small cap equity funds	117,306
Common Collective Trusts	8,414,718
Dividends	696,679
Net investment gain in the Master Trust	$ 11,580,099
Plan's interest in the Master Trust investment gain	$ 2,411,413

The Master Trust investments that represented 5% or more of the Master Trusts net assets available for benefits as of December 31, 2012 and 2011, respectively are as follows:

	2012	2011
Master Trust		
* US SmartIndex	$ 33,402,730	$ 29,854,230
* JPMCB SAIF-Select	22,567,306	20,405,262
* JPMCB SmartRetirement 2025	13,722,351	9,186,145
Xylem Stock Fund	**	8,777,636
PIMCO Total Return - Admin	7,057,122	5,481,053

* Permitted party-in-interest
** Fund not in existence at the end of this period

7. STABLE VALUE FUND

The Master Trust invests in the J.P. Morgan JPMCB Stable Asset Income Fund ("SAIF" or the "Fund"). The Fund is a common collective trust fund that is considered to be a stable value fund with underlying investments in investment contracts and are valued at fair value and then adjusted by the issuer to contract value. Fair value of the Fund is the NAV of its underlying investments and the contract value is principal plus accrued interest. Individual participant accounts invested in the Fund are maintained on a unit value basis. Participants do not have beneficial ownership in specific underlying securities or other assets in the Fund, but have an interest therein represented by units valued as of the last business day of the period. Participants can ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value. Contract value represents contributions made to the Fund, plus earnings, less participant withdrawals and administrative expenses.

The Fund is primarily comprised of investment contracts called benefit responsive wraps ("wrap contracts") that are issued by banks and insurance companies. The wrap contracts help to stabilize the

value and returns of the stable value funds. These contracts are backed by fixed income portfolios that primarily consist of U.S. Treasury, agency, investment grade corporate, mortgage-backed and asset-backed securities. The Fund's primary objective is to seek the preservation of principal, while providing current income and liquidity. The Fund also invests in other commingled pension trust funds established, operated and maintained by the trustee. The investment objectives of these underlying funds of the SAIF are as follows:

- The Commingled Pension Trust Fund (Intermediate Bond) of J.P. Morgan invests primarily in investment grade debt securities.

- The Commingled Pension Trust Fund (Liquidity) of J.P. Morgan invests primarily in traditional money market investments, with the goal of current income, preservation of principal, providing liquidity and maintaining a stable net asset value.

The SAIF imposes certain restrictions on the Plan, and the SAIF itself may be subject to circumstances that affect its ability to transact at contract value. Plan management believes that the occurrence of events that would cause the SAIF to transact at less than contract value is not probable.

Limitations on the Ability of the SAIF to Transact at Contract Value:

Restrictions on the Plan — Participant-initiated transactions are those transactions allowed by the Plan, including withdrawals for benefits, loans, or transfers to noncompeting funds within a plan, but excluding withdrawals that are deemed to be caused by the actions of the Plan Sponsor. The transfer of assets from SAIF directly into a competing option is prohibited without a 90-day equity wash rule and may limit the ability of SAIF to transact at contract value. The following employer-initiated events may limit the ability of the SAIF to transact at contract value:

- A failure of the Plan or its trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA;

- Any communication given to Plan participants designed to influence a participant not to invest in the SAIF or to transfer assets out of the SAIF;

- The establishment of a defined contribution plan that competes with the Plan for employee contributions; and

- Complete or partial termination of the Plan or its merger with another plan.

Circumstances that affect the SAIF — The SAIF invests in assets, typically fixed income securities or bond funds, and enters into wrap contracts issued by third parties. A wrap contract is an agreement by another party, such as a bank or insurance company to make payments to the SAIF in certain circumstances. Wrap contracts are designed to allow a stable value portfolio to maintain a constant NAV and protect a portfolio in extreme circumstances. In a typical wrap contract, the wrap issuer agrees to pay a portfolio the difference between the contract value and the market value of the underlying assets once the market value has been totally exhausted.

The wrap contracts generally contain provisions that limit the ability of the SAIF to transact at contract value upon the occurrence of certain events. These events include:

- Any substantive modification of the SAIF or the administration of the SAIF that is not consented to by the wrap issuer;

- Any change in law, regulation, or administrative ruling applicable to a plan that could have a material adverse effect on the SAIF's cash flow; and

- Employer-initiated transactions by participating plans as described above.

In the event that wrap contracts fail to perform as intended, the SAIF's NAV may decline if the market value of its assets declines. The SAIF's ability to receive amounts due pursuant to these wrap contracts is dependent on the third-party issuer's ability to meet their financial obligations. The wrap issuer's ability to meet its contractual obligations under the wrap contracts may be affected by future economic and regulatory developments.

The SAIF is unlikely to maintain a stable NAV if, for any reason, it cannot obtain or maintain wrap contracts covering all of its underlying assets. This could result from the SAIF's inability to promptly find a replacement wrap contract following termination of a wrap contract. Wrap contracts are not transferable and have no trading market. There are a limited number of wrap issuers. The SAIF may lose the benefit of wrap contracts on any portion of its assets in default in excess of a certain percentage of portfolio assets.

8. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500 as of December 31, 2012 and 2011:

`	2012	2011
Net assets available for benefits from the financial statements	$23,083,704	$14,304,665
Adjustments from fair value to contract value for fully benefit-responsive stable value funds	28,381	3,155
Amounts deemed distributed for tax purposes		(6,110)
Net assets available for benefits per Form 5500	$23,112,085	$14,301,710

The following is a reconciliation of the increase in net assets available for benefits per the financial statements to net income per the Form 5500 for the year ended December 31, 2012:

Increase in net assets available for benefits per the financial statements	$ 8,779,039
Change in the adjustment from fair value to contract value for fully benefit-responsive stable value fund	25,226
Add: Amounts deemed distributed for tax purposes, December 31, 2011	6,110
Less: Amounts deemed distributed for tax purposes, December 31, 2012	
Net income per Form 5500	$8,810,375

9. PLAN TERMINATION

Although it has not expressed to do so, the Company has the right to terminate the Plan subject to the provisions set forth in ERISA. If the Plan is terminated for any reason, all accounts shall become fully vested and non-forfeitable. At the time of termination, the Plan shall be valued and distributions to participants shall be made.

10. FEDERAL INCOME TAX STATUS

The Internal Revenue Service (IRS) has determined and informed the Plan administrator by a letter dated October 5, 2012, that the Plan is qualified and the Master Trusts established under the Plan is tax-exempt, under the appropriate sections of the Code. The Plan has been amended since receiving the determination letter. However, the Plan administrator believes that the Plan and Master Trusts continue to qualify under the applicable provisions of the Code and, as a result, the Plan's net investment income is exempt from taxation. Therefore, no provision for income taxes has been included in the Plan's financial statements. The Plan was amended and restated in 2010 and an application for a determination letter was filed on January 31, 2011, under Filing Cycle E.

GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is not subject to income tax examinations for years prior to 2011 because of the Spin-off. The Company became the Plan's sponsor effective October 31, 2011. ITT, the prior sponsor of the Plan, may be subject to income tax examinations for years prior to 2011. The Company and ITT entered into a Tax Matters Agreement, which generally provides that ITT shall indemnify the Company for consolidated income taxes relating to any pre Spin-off period up to a certain amount.

11. SUBSEQUENT EVENTS

For the year ended December 31, 2012, subsequent events were evaluated through October 11, 2013, the date the financial statements were available to be issued.

* * * * * *

SUPPLEMENTAL SCHEDULE

EXELIS INFORMATION SYSTEMS PROFESSIONAL BENEFITS EMPLOYEES' SAVINGS PLAN (FORMERLY THE EXELIS ADVANCED ENGINEERING AND SCIENCE PROFESSIONAL BENEFITS EMPLOYEES' SAVINGS PLAN)

EIN: 45-2083813
PN: 237

FORM 5500, SCHEDULE H, LINE 4i — SCHEDULE OF ASSETS (HELD AT END OF YEAR)
AS OF DECEMBER 31, 2012

(a)	(b) Identity of Issue, Borrower, Lessor or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	(d) Cost	(e) Current Value
	Participant loans			
*	Participant loans receivable (net of deemed loans)	Loans to participants with interest rates ranging between 4.25% and 9.25% with various dates of maturity from February 15, 2013 through September 11, 2021. (net of deemed distributions of $0)	**	$ 478,438
	Total investments per Form 5500			$ 478,438

* Represents a party-in-interest
** Cost information is not required for participant-directed investments and, therefore, is not included.

See accompanying independent auditor's report.

Plan Name	**Exelis Information Systems Professional Benefits Employees' Savings Plan**
Plan Sponsor EIN	**45-2083813**
ERISA Plan #	**237**
Plan Year Ending	**12/31/2012**

The required attachment marked with an "X" in the Attachment column is included within the Accountant's Opinion attachment to Sch. H, Part III, Line 3, which consists of the entire audit report issued by the plan's Independent Qualified Public Accountant (IQPA).

Form/Schedule	Line #	Description	Attachment
5500 Sch. H	Line 3	Financial statements used in formulating the IQPA's opinion	X
5500 Sch. H	Line 4i	Schedule of Assets (Held at End of Year)	X
5500 Sch. H	Line 4i	Schedule of Assets (Acquired and Disposed of Within Year)	
5500 Sch. H	Line 4j	Schedule of Reportable Transactions	
5500 Sch. H	Line 4a	Schedule of Delinquent Participant Contributions	

Plan Name	**Exelis Information Systems Professional Benefits Employees' Savings Plan**
Plan Sponsor EIN	**45-2083813**
ERISA Plan #	**237**
Plan Year Ending	**12/31/2012**

The required attachment marked with an "X" in the Attachment column is included within the Accountant's Opinion attachment to Sch. H, Part III, Line 3, which consists of the entire audit report issued by the plan's Independent Qualified Public Accountant (IQPA).

Form/Schedule	Line #	Description	Attachment
5500 Sch. H	Line 3	Financial statements used in formulating the IQPA's opinion	X
5500 Sch. H	Line 4i	Schedule of Assets (Held at End of Year)	X
5500 Sch. H	Line 4i	Schedule of Assets (Acquired and Disposed of Within Year)	
5500 Sch. H	Line 4j	Schedule of Reportable Transactions	
5500 Sch. H	Line 4a	Schedule of Delinquent Participant Contributions	

Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2012

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A This return/report is for: ☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ___

B This return/report is: ☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).

C If the plan is a collectively-bargained plan, check here. . . . . ▶ ☐

D Check box if filing under: ☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan Exelis Information Systems Professional Benefits Employees' Savings Plan

1b Three-digit plan number (PN) ▶ 237

1c Effective date of plan 10/01/2003

2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan)

Exelis Inc.

1650 Tysons Blvd.

McLean VA 22102

2b Employer Identification Number (EIN) 45-2083813

2c Sponsor's telephone number (703) 790-6300

2d Business code (see instructions) 333200

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	[signature]	10/10/2013	William Bonk
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	[signature]	10/10/13	Greg Kudla
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional)

Deloitte Tax LLP

1633 Broadway

New York NY 10019

Preparer's telephone number (optional) (212) 492-3600

3a Plan administrator's name and address ☐ Same as Plan Sponsor Name ☐ Same as Plan Sponsor Address

Administration Committee of
Exelis Information Systems

1761 Business Center Drive

Reston VA 20190

3b Administrator's EIN: 45-2083813

3c Administrator's telephone number: (703) 438-7955

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:

a Sponsor's name

4b EIN

4c PN

5	Total number of participants at the beginning of the plan year	**5**	579
6	Number of participants as of the end of the plan year (welfare plans complete only lines **6a, 6b, 6c,** and **6d**).		
a	Active participants	**6a**	778
b	Retired or separated participants receiving benefits	**6b**	15
c	Other retired or separated participants entitled to future benefits	**6c**	85
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	878
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	**6e**	0
f	Total. Add lines **6d** and **6e**.	**6f**	878
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	867
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	49
7	Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:
2E 2F 2G 2J 2K 2T 3H

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:

9a Plan funding arrangement (check all that apply)

- (1) ☐ Insurance
- (2) ☐ Code section 412(e)(3) insurance contracts
- (3) ☒ Trust
- (4) ☐ General assets of the sponsor

9b Plan benefit arrangement (check all that apply)

- (1) ☐ Insurance
- (2) ☐ Code section 412(e)(3) insurance contracts
- (3) ☒ Trust
- (4) ☐ General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1) ☒ **R** (Retirement Plan Information)
- (2) ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- (3) ☐ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1) ☒ **H** (Financial Information)
- (2) ☐ **I** (Financial Information – Small Plan)
- (3) ☐ ___ **A** (Insurance Information)
- (4) ☐ **C** (Service Provider Information)
- (5) ☒ **D** (DFE/Participating Plan Information)
- (6) ☐ **G** (Financial Transaction Schedules)