

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). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 2013 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2013 or fiscal plan year beginning <u>01/01/2013</u> and ending <u>12/31/2013</u>	
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 PENSION PLAN FOR HOURLY EMPLOYEES AT PACIFIC MISSILE RANGE FACILITY	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;">235</td> </tr> <tr> <td colspan="2">1c Effective date of plan 10/01/1993</td> </tr> <tr> <td colspan="2">2b Employer Identification Number (EIN) 45-2083813</td> </tr> <tr> <td colspan="2">2c Sponsor's telephone number 703-790-6300</td> </tr> <tr> <td colspan="2">2d Business code (see instructions) 333200</td> </tr> </table>	1b Three-digit plan number (PN) ▶	235	1c Effective date of plan 10/01/1993		2b Employer Identification Number (EIN) 45-2083813		2c Sponsor's telephone number 703-790-6300		2d Business code (see instructions) 333200	
1b Three-digit plan number (PN) ▶	235										
1c Effective date of plan 10/01/1993											
2b Employer Identification Number (EIN) 45-2083813											
2c Sponsor's telephone number 703-790-6300											
2d Business code (see instructions) 333200											
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											

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.	10/14/2014	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

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Form 5500 (2013)
v. 130118

3a Plan administrator's name and address ☐ Same as Plan Sponsor Name ☐ Same as Plan Sponsor Address ADMIN COMMITTEE OF EXELIS INFO SYS PACIFIC MISSILE RANGE FACILITY 4410 FOUNTAIN BLVD. COLORADO SPRINGS, CO 80935		3b Administrator's EIN 45-2083813 3c Administrator's telephone number 719-637-5711
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		5 407
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 205
b Retired or separated participants receiving benefits		6b 91
c Other retired or separated participants entitled to future benefits		6c 96
d Subtotal. Add lines 6a , 6b , and 6c		6d 392
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits		6e 10
f Total. Add lines 6d and 6e		6f 402
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)		6g
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested		6h 3
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: 1A 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 SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2013 This Form is Open to Public Inspection
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For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>EXELIS INFORMATION SYSTEMS PENSION PLAN FOR HOURLY EMPLOYEES AT PACIFIC MISSILE RANGE FACILITY</u>	B Three-digit plan number (PN) ▶ <u>235</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>EXELIS INC.</u>	D Employer Identification Number (EIN) <u>45-2083813</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information
1 Enter the valuation date: Month _____ Day _____ Year _____	
2 Assets:	
a Market value	2a <u>21863616</u>
b Actuarial value	2b <u>21837474</u>
3 Funding target/participant count breakdown:	
a For retired participants and beneficiaries receiving payment.....	3a <u>91</u> <u>6989463</u>
b For terminated vested participants.....	3b <u>95</u> <u>3899086</u>
c For active participants:	
(1) Non-vested benefits	3c(1) <u>64952</u>
(2) Vested benefits	3c(2) <u>11668208</u>
(3) Total active.....	3c(3) <u>221</u> <u>11733160</u>
d Total.....	3d <u>407</u> <u>22621709</u>
4 If the plan is in at-risk status, check the box and complete lines (a) and (b)..... ☐	
a Funding target disregarding prescribed at-risk assumptions	4a
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor.....	4b
5 Effective interest rate	5 <u>6.73</u> %
6 Target normal cost	6 <u>861842</u>

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE		<u>09/29/2014</u>
	Signature of actuary	Date
<u>BARBARA H. VAUGHAN</u>	Type or print name of actuary	<u>14-04686</u>
		Most recent enrollment number
<u>BUCK CONSULTANTS, LLC</u>	Firm name	<u>201-902-2300</u>
		Telephone number (including area code)
<u>500 PLAZA DRIVE SECAUCUS, NJ 07096-1533</u>	Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2013
v. 130118

Part II Beginning of Year Carryover and Prefunding Balances		
	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	0	0
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9 Amount remaining (line 7 minus line 8)	0	0
10 Interest on line 9 using prior year's actual return of <u>11.31</u> %	0	0
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year)		656
b Interest on (a) using prior year's effective interest rate of <u>7.08</u> % except as otherwise provided (see instructions)		46
c Total available at beginning of current plan year to add to prefunding balance		702
d Portion of (c) to be added to prefunding balance		0
12 Other reductions in balances due to elections or deemed elections	0	0
13 Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	0

Part III Funding Percentages		
14 Funding target attainment percentage	14	96.53 %
15 Adjusted funding target attainment percentage	15	92.30 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	98.87 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and Liquidity Shortfalls					
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
04/15/2013	267000	0	07/15/2014	60000	0
07/02/2013	0	409723	08/29/2014	73000	0
07/15/2013	267000	0			
10/15/2013	267000	0			
01/15/2014	267000	0			
04/15/2014	60000	0			
Totals ►			18(b)	1261000	18(c) 409723

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:		
a Contributions allocated toward unpaid minimum required contributions from prior years.	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	1198177
20 Quarterly contributions and liquidity shortfalls:		
a Did the plan have a "funding shortfall" for the prior year?	☒ Yes ☐ No	
b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☒ Yes ☐ No	
c If line 20a is "Yes," see instructions and complete the following table as applicable:		

Liquidity shortfall as of end of quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:				
a Segment rates:	1st segment: 5.23%	2nd segment: 6.51%	3rd segment: 7.16 %	☐ N/A, full yield curve used
b Applicable month (enter code).....				21b 4
22 Weighted average retirement age				22 66
23 Mortality table(s) (see instructions) ☒ Prescribed - combined ☐ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous Items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment.....	27

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

28 Unpaid minimum required contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):												
a Target normal cost (line 6).....	31a	861842										
b Excess assets, if applicable, but not greater than line 31a	31b	0										
32 Amortization installments:	<table border="1"> <thead> <tr> <th></th> <th>Outstanding Balance</th> <th>Installment</th> </tr> </thead> <tbody> <tr> <td>a Net shortfall amortization installment.....</td> <td>784235</td> <td>336168</td> </tr> <tr> <td>b Waiver amortization installment</td> <td>0</td> <td>0</td> </tr> </tbody> </table>				Outstanding Balance	Installment	a Net shortfall amortization installment.....	784235	336168	b Waiver amortization installment	0	0
	Outstanding Balance	Installment										
a Net shortfall amortization installment.....	784235	336168										
b Waiver amortization installment	0	0										
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33											
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)...	34	1198010										
		Carryover balance	Prefunding balance									
35 Balances elected for use to offset funding requirement.....	0	0	0									
36 Additional cash requirement (line 34 minus line 35).....	36	1198010										
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c).....	37	1198177										
38 Present value of excess contributions for current year (see instructions)												
a Total (excess, if any, of line 37 over line 36)	38a	167										
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	0										
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0										
40 Unpaid minimum required contributions for all years	40	0										

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:	
a Schedule elected	☐ 2 plus 7 years ☐ 15 years
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011
42 Amount of acceleration adjustment	42
43 Excess installment acceleration amount to be carried over to future plan years	43

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider 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
		2013
		This Form is Open to Public Inspection.

For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013	
A Name of plan EXELIS INFORMATION SYSTEMS PENSION PLAN FOR HOURLY EMPLOYEES AT PACIFIC MISSILE RANGE FACILITY	B Three-digit plan number (PN) ▶ 235
C Plan sponsor's name as shown on line 2a of Form 5500 EXELIS INC.	D Employer Identification Number (EIN) 45-2083813

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☐ Yes ☒ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name: DYLAN PORTER	b EIN: 13-3954297
c Position: ENROLLED ACTUARY	
d Address: 353 SACRAMENTO STREET SUTIE 800 SAN FRANCISCO, CA 94111	e Telephone: 415-392-0616

Explanation: CHANGE IN SIGNING ACTUARY

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE D (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small>	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 <hr/> 2013 <hr/> This Form is Open to Public Inspection.
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For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013		
A Name of plan EXELIS INFORMATION SYSTEMS PENSION PLAN FOR HOURLY EMPLOYEES AT PACIFIC MISSILE RANGE FACILITY	B Three-digit plan number (PN) ►	235
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)
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a Name of MTIA, CCT, PSA, or 103-12 IE: INV MASTER TRUST OF EXELIS INC.

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

c EIN-PN 36-6668234-300	d Entity code M	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 24705330
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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)
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a Name of MTIA, CCT, PSA, or 103-12 IE:
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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)
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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:**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**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**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 2013 This Form is Open to Public Inspection		
For calendar plan year 2013 or fiscal plan year beginning <u>01/01/2013</u> and ending <u>12/31/2013</u>				
A Name of plan EXELIS INFORMATION SYSTEMS PENSION PLAN FOR HOURLY EMPLOYEES AT PACIFIC MISSILE RANGE FACILITY		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">B Three-digit plan number (PN) ►</td> <td style="width: 20%; text-align: center;">235</td> </tr> </table>	B Three-digit plan number (PN) ►	235
B Three-digit plan number (PN) ►	235			
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)	399000	460000
(2) Participant contributions	1b(2)		
(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)		
(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)	21472246	24705330
(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)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(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	21871246	25165330

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h	34863	55068
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	34863	55068

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	21836383	25110262
---	----	----------	----------

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 Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	1261000	
(B) Participants	2a(1)(B)	409723	
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A), (B), (C), and line 2a(2)	2a(3)		1670723

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)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		0

(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)		
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(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)		2546772
(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		4217495

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	943616	
(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)		943616
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
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		943616

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		3273879
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) ☐ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☐ 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:

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.)

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.)

	Yes	No	Amount
4a	X		119302
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.)		X	
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.)		X	
4d		X	
e Was this plan covered by a fidelity bond?	X		15000000
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?		X	
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?		X	
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?		X	
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.)		X	
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.)		X	
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?		X	
4k		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)		X	
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			

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)

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (see ERISA section 4021)? ☒ Yes ☐ No ☐ Not determined

Part V Trust Information (optional)

6a Name of trust INV. MASTER TRUST OF EXELIS INC.	6b Trust's EIN 366668234
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<div>SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</div>		<div>Retirement Plan Information</div> <div>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).</div> <div>▶ File as an attachment to Form 5500.</div>		<div>OMB No. 1210-0110</div> <div>2013</div> <div>This Form is Open to Public Inspection.</div>	
For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013					
A Name of plan EXELIS INFORMATION SYSTEMS PENSION PLAN FOR HOURLY EMPLOYEES AT PACIFIC MISSILE RANGE FACILITY				B Three-digit plan number (PN) ▶	235
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): 36-3046063					
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	0
Part II Funding Information (If the plan is not subject to the minimum funding requirements of section 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					
For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.					
Schedule R (Form 5500) 2013 v. 130118					

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 Pension Plan for Hourly Employees at Pacific Missile Range Facility

Sponsor EIN 45-2083813
Plan No. 235

Financial Statements as of and for the
Years Ended December 31, 2013 and 2012, Supplemental
Schedule for the Year Ended December 31, 2013, and
Independent Auditors' Report

EXELIS INFORMATION SYSTEMS PENSION PLAN FOR HOURLY EMPLOYEES AT PACIFIC MISSILE RANGE FACILITY

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NOTE: All other supplemental 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.	

INDEPENDENT AUDITORS' REPORT

To the Trustees of and Participants in
the Exelis Information Systems Pension Plan for Hourly Employees at Pacific Missile Range Facility:

We have audited the accompanying financial statements of the Exelis Information Systems Pension Plan for Hourly Employees at Pacific Missile Range Facility (the "Plan"), which comprise the statements of net assets available for pension benefits as of December 31, 2013 and 2012, and the related statements of changes in net assets available for pension benefits for the years then ended, 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 United 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 our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

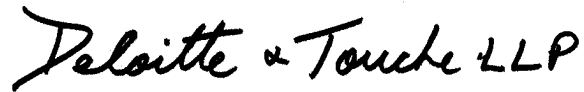
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, information regarding the Plan's net assets available for pension benefits as of December 31, 2013, and the changes therein for the year then ended and its financial status as of December 31, 2012, and the changes therein for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Schedule

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of Delinquent Participant Contributions for the year ended December 31, 2013 is presented for the purpose of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This schedule is the responsibility of the Plan's management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such schedule has been subjected to the auditing procedures applied in our audits of the financial statements and certain additional procedures, including comparing and reconciling such schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such schedule is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is written in a cursive, flowing style.

October 13, 2014

**EXELIS INFORMATION SYSTEMS PENSION PLAN
FOR HOURLY EMPLOYEES AT PACIFIC MISSILE RANGE FACILITY**

**STATEMENTS OF NET ASSETS AVAILABLE FOR PENSION BENEFITS
AS OF DECEMBER 31, 2013 AND 2012**

	2013	2012
ASSETS:		
Investment, at fair value — Plan's interest in the Master Trust	\$ 24,705,330	\$ 21,472,246
Employer contribution receivable	<u>460,000</u>	<u>399,000</u>
Total assets	<u>25,165,330</u>	<u>21,871,246</u>
LIABILITIES:		
Accrued administrative expenses	<u>55,068</u>	<u>34,863</u>
NET ASSETS AVAILABLE FOR PENSION BENEFITS	<u>\$ 25,110,262</u>	<u>\$ 21,836,383</u>

See notes to financial statements.

EXELIS INFORMATION SYSTEMS PENSION PLAN FOR HOURLY EMPLOYEES AT PACIFIC MISSILE RANGE FACILITY

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR PENSION BENEFITS FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
ADDITIONS:		
Plan's interest in the Master Trust investment income	\$ 2,741,721	\$ 2,165,582
Contributions:		
Employer contributions	1,261,000	1,119,000
Employee contributions	409,723	386,838
Total contributions	1,670,723	1,505,838
Total additions	4,412,444	3,671,420
DEDUCTIONS:		
Benefits paid to participants	943,616	775,177
Administrative expenses	194,949	91,270
Total deductions	1,138,565	866,447
NET INCREASE	3,273,879	2,804,973
NET ASSETS AVAILABLE FOR PENSION BENEFITS:		
Beginning of year	21,836,383	19,031,410
End of year	\$ 25,110,262	\$ 21,836,383

See notes to financial statements.

EXELIS INFORMATION SYSTEMS PENSION PLAN FOR HOURLY EMPLOYEES AT PACIFIC MISSILE RANGE FACILITY

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

1. DESCRIPTION OF THE PLAN

The following description of the Exelis Information Systems Pension Plan for Hourly Employees at Pacific Missile Range Facility (formerly known as the ITT Systems Corporation Pension Plan for Employees at Pacific Missile Range Facility) (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. (“Exelis” or the “Company” or the “Plan Sponsor”) and Xylem Inc. (“Xylem”), formerly ITT’s Defense and 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. All assets in the Investment Master Trust of ITT Corporation related to plans that continued to be sponsored by ITT and Xylem after the Spin-off were transferred to the master trusts of ITT and Xylem, respectively.

General — The Plan is a defined benefit plan covering substantially all hourly employees of Exelis Information Systems Pacific Missile Range Facility, a division of Exelis. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) as amended.

Master Trust — Effective October 31, 2011 the Investment Master Trust of ITT Corporation was transferred from ITT to Exelis and renamed the Investment Master Trust of Exelis, Inc. (the “Master Trust”). Under a trust agreement dated July 1, 1977, The Northern Trust Company (the “Trustee” or “Northern Trust”) serves as trustee of the Plan and administers the Plan’s investment assets. The Plan’s assets consist of an undivided interest in an investment account of the Master Trust, EIN 36-6668234, a master trust established by the Company and administered by the Trustee. The Master Trust includes the combined assets of the Plan as well as several other employee benefit plans of the Company. Although assets of the Plan are commingled in the Master Trust, the Trustee maintains supporting records for the purpose of allocating the net gain (loss) of the investment account to the participating plans. The net investment income (loss) of the investment assets is allocated by the Trustee to each participating plan based on the relationship of the interest of each plan to the total of the interests of the participating plans. A schedule of the Master Trust assets has been filed with the U.S. Department of Labor and includes the Plan’s proportionate share of such assets at December 31, 2013 and 2012.

Eligibility — All Exelis Information Systems hourly employees at the Company’s Pacific Missile Range Facility location are eligible to participate upon the later of (i) the attainment of age 21 or the completion of one year of service or (ii) upon the attainment of age 40.

Pension Benefits — Participants are eligible for monthly benefit payments upon reaching age 65. The normal monthly benefit payment is equal to 2.25% of the participant’s earnings during each year of

participation, divided by 12. A participant is immediately vested in their contributions into the Plan and 100% vested in company contributions after five years of service. Prior to that time, the participant is not vested but will, upon termination of employment, receive a return of his or her accumulated contributions, plus interest.

Employees are eligible to receive early retirement benefits between the ages of 55 and 65. Early retirement benefits are computed in a manner similar to normal retirement at age 65, except that they are reduced by certain factors, as outlined in the Plan document, for each month that the early retirement date precedes the normal retirement date.

Death Benefits — A married employee who is a vested participant is automatically covered by the preretirement death benefit option, which will provide a benefit for the surviving spouse upon death prior to retirement, unless coverage is waived. The benefit would be equal to the benefit the spouse would have received had the employee retired on the date of death, computed under the normal form of payment and subject to certain limitations.

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; disclosure of contingent assets and liabilities; and the actuarial present value of accumulated plan benefits and changes therein at the date of the financial statements. Actual results could differ from those estimates.

Risks and Uncertainties — The Plan, through the Master Trust utilizes various investment instruments, including common stock, U.S. government securities, corporate debt instruments, limited partnerships, collective trust funds, and registered investment companies. Investment securities, in general, are exposed to various risks, such as interest rate risk, 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 Plan's interest in the Master Trust is presented at fair value, which has been determined based on the fair value of the underlying investments of the Master Trust. Fair value of a financial instrument is the amount 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. See Note 3 for description of valuation methods.

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 (depreciation) includes the Master Trust's gains and losses on investments bought and sold as well as held during the year.

Payment of Benefits — Benefit payments to participants are recorded upon distribution.

Administrative Expenses — Administrative expenses of the Plan are paid by the Master Trust on behalf of the Plan, as provided in the Plan document and the Master Trust agreement. Administrative expenses generally consist of consulting fees, auditing fees, recordkeeping fees, and investment

management fees. The Plan Sponsor provides accounting and other administrative services to the Plan and Master Trust at no charge.

3. FAIR VALUE MEASUREMENTS

Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, provides a framework for measuring fair value. That 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; Level 2 which refers to securities not traded on an active market, but for which observable market inputs are readily available; and Level 3 which refers to securities valued based on significant unobservable inputs. The Plan's financial statements as of December 31, 2013 and December 31, 2012, were prepared with actual reported values for all level 3 assets. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

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.

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, 2013 and 2012.

- *Domestic and international equity* - which include common and preferred stocks, domestic listed and foreign listed equity securities, open-ended and closed-ended mutual funds, exchange traded funds (registered investment companies), are generally valued at the closing price reported on the major market on which the individual securities are traded at the measurement date. Also included within this asset category are common collective trusts (CCTs) comprised of common and preferred shares. 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 are reported at net asset value (NAV) as of the measurement date. NAV is used as a practical expedient to estimate fair value. CCTs investing in common and preferred shares are classified as Level 2.
- *Private equity funds* - which include buy-out, mezzanine, venture capital, distressed asset, commodities, real estate and venture capital, are typically limited partnership investment structures and/or joint ventures. Private equity valuations are based on the valuation of the underlying investments, which include inputs such as cost, operating results, discounted future cash flows and market-based comparable data. NAV is used as a practical expedient to estimate fair value and is obtained from the audited financial statements provided by the fund manager.

- *Fixed income investments* - which include U.S. Government securities is generally valued using pricing models that use verifiable, observable market data such as interest rates, benchmark yield, bids provided by brokers or dealers, or quoted prices of securities with similar characteristics. Also included within this asset category are (CCTs) comprised of corporate bonds. 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 are reported at NAV as of the measurement date. NAV is used as a practical expedient to estimate fair value. CCTs investing in debt are classified as Level 2.
- *Hedge funds* - which include equity long/short, event driven, fixed income arbitrage and global macro, are typically limited partnership investment structures. Limited partnership interests in hedge funds are primarily valued using a market approach based on net asset value (NAV) calculated by the funds and are not publicly available. NAV is used as a practical expedient to estimate fair value and is obtained from audited financial statements provided by substantially all of the fund managers. Hedge funds that permit redemption on a quarterly or more frequent basis with 90 or fewer days notice are generally classified within Level 2 of the fair value hierarchy; all other hedge funds are classified as Level 3.
- *Other* - is primarily comprised of guaranteed insurance contracts valued at book value, which approximates fair value, and is calculated using the prior year balance adjusted for investment returns and changes in cash flows.
- *Cash and cash equivalents* - are primarily comprised of short-term money market funds valued at cost, which approximates fair value, or valued at quoted market prices of identical instruments.

A summary of the Master Trust's investments measured at fair value on a recurring basis, set forth by level within the fair value hierarchy, as of December 31, 2013 and 2012, is as follows (in thousands):

	December 31, 2013			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Asset category:				
Domestic equity				
Large cap	\$ 541,711	\$ 171,414	\$ -	\$ 713,125
Mid cap	486,818	45,331		532,149
Small/Micro cap	50,809	58,052	-	108,861
Subtotal — Domestic equity	1,079,338	274,797	-	1,354,135
International equity	346,345	114,441		460,786
Private equity				
Buyout funds			878,447	878,447
Mezzanine funds			40,724	40,724
Venture capital funds			100,567	100,567
Distressed asset investments			198,401	198,401
Commodities and Real Estate			60,712	60,712
Subtotal — Private equity	-	-	1,278,851	1,278,851
Fixed Income Investments				
U.S. Government securities		416,832		416,832
Corporate bonds		51,106		51,106
Subtotal — Fixed Income Investments	-	467,938	-	467,938
Hedge Funds	-	73,948	653,562	727,510
Other		70,710	12,119	82,829
Cash and cash equivalents	17,626	189,484		207,110
Total	\$ 1,443,309	\$ 1,191,318	\$ 1,944,532	\$ 4,579,159
Receivable/(payables), net				5
Total fair value of Plan assets				\$ 4,579,164

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
Asset category:				
Domestic equity				
Large cap	\$ 406,789	\$ -	\$ -	\$ 406,789
Mid cap	408,053	34,780		442,833
Small/Micro cap	<u>43,658</u>	<u>42,828</u>	<u>-</u>	<u>86,486</u>
Subtotal — Domestic equity	<u>858,500</u>	<u>77,608</u>	<u>-</u>	<u>936,108</u>
International equity	<u>311,377</u>	<u>185,730</u>	<u>-</u>	<u>497,107</u>
Private equity				
Buyout funds			899,549	899,549
Mezzanine funds			42,460	42,460
Venture capital funds			88,835	88,835
Distressed asset investments			238,242	238,242
Commodities and Real Estate			<u>67,721</u>	<u>67,721</u>
Subtotal — Private equity	<u>-</u>	<u>-</u>	<u>1,336,807</u>	<u>1,336,807</u>
Fixed Income Investments				
U.S. Government securities		527,596		527,596
Corporate bonds		<u>47,402</u>		<u>47,402</u>
Subtotal — Fixed Income Investments	<u>-</u>	<u>574,998</u>	<u>-</u>	<u>574,998</u>
Hedge Funds	<u>-</u>	<u>236,850</u>	<u>526,279</u>	<u>763,129</u>
Other	<u>1,744</u>		<u>9,507</u>	<u>11,251</u>
Cash and cash equivalents	<u>19,051</u>	<u>176,511</u>		<u>195,562</u>
Total	<u>\$ 1,190,672</u>	<u>\$ 1,251,697</u>	<u>\$ 1,872,593</u>	<u>\$ 4,314,962</u>
Receivable/(payables), net				<u>32,637</u>
Total fair value of Plan assets				<u>\$ 4,347,599</u>

Sponsor EIN 45-2083813
Plan No. 235

The following tables present a reconciliation of the beginning and ending balances of the fair value measurements using significant unobservable inputs (Level 3) for the years ended December 31, 2013 and 2012 (in thousands):

	Hedge Fund	Private Equity	Other	Total
Beginning balance — January 1, 2013	\$ 526,279	\$ 1,336,807	\$ 9,507	\$ 1,872,593
Total gains and losses	53,300	155,874	2,747	211,921
Purchases	93,107	86,818	2,926	182,851
Sales	(62,726)		(3,239)	(65,965)
Settlements	(18,156)	(192,657)		(210,813)
Issuances	(4,569)	(107,991)	178	(112,382)
Transfers in/or out of Level 3 (a)	<u>66,327</u>	<u></u>	<u></u>	<u>66,327</u>
Ending balance — December 31, 2013	<u>\$ 653,562</u>	<u>\$ 1,278,851</u>	<u>\$ 12,119</u>	<u>\$ 1,944,532</u>

(a) In 2013, a hedge fund investment of \$66,327 was transferred out of level 2 to level 3 due to certain investments in the hedge fund being deemed illiquid
There were no other transfers between levels other than those indicated in the table above

	Hedge Fund	Private Equity	Other	Total
The amount of total gains or losses for the period included in changes in net assets attributable to the change in unrealized gains or losses related to assets still held at December 31, 2013	\$ 53,109	\$ 59,061	\$ 1,851	\$ 114,021

	Hedge Fund	Private Equity	Other	Total
Beginning balance — January 1, 2012	\$ 651,595	\$ 1,340,118	\$ 8,335	\$ 2,000,048
Total gains and losses	(507)	(19,353)	1,092	(18,768)
Purchases	23,503	141,792	1,516	166,811
Sales	(140,123)		(1,583)	(141,706)
Settlements	(7,689)	(171,388)		(179,077)
Issuances	(4,000)	3,930	153	83
Transfers in/or out of Level 3 (b)	<u>3,500</u>	<u>41,708</u>	<u>(6)</u>	<u>45,202</u>
Ending balance — December 31, 2012	<u>\$ 526,279</u>	<u>\$ 1,336,807</u>	<u>\$ 9,507</u>	<u>\$ 1,872,593</u>

(b) In 2012, certain investments were reclassified due to refinements in the Plan's valuation process
There were no other transfers between levels other than those indicated in the table above

	Hedge Fund	Private Equity	Other	Total
The amount of total gains or losses for the period included in changes in net assets attributable to the change in unrealized gains or losses related to assets still held at December 31, 2012	\$ 5,242	\$ 33,379	\$ 1,003	\$ 39,624

The following table presents information regarding the nature and risks of the investments, including redemption restrictions for investments where fair value is estimated based on the NAV as of December 31, 2013 and 2012 (in thousands):

	Fair Value		Redemption Frequency (If Eligible)	Redemption Notice Period (a)
	2013	2012		
Domestic equity				
Large Cap	\$ 171,414	\$ -	daily	N/A
Mid Cap	45,331	34,780	daily	N/A
Small Cap	58,052	42,828	daily	N/A
Subtotal — Domestic equity	274,797	77,608		
International equity	114,441	185,730	daily	N/A
Private Equity (b)				
Buyout funds	878,447	899,549	N/A	N/A
Mezzanine funds	40,724	42,460	N/A	N/A
Venture capital funds	100,567	88,835	N/A	N/A
Distressed asset investments	198,401	238,242	N/A	N/A
Commodities and Real Estate	60,712	67,721	N/A	N/A
Subtotal — Private equity	1,278,851	1,336,807		
Fixed Income Investments				
Corporate Bonds	51,106	47,402	daily	N/A
Subtotal — Fixed Income Investments	51,106	47,402		
Hedge Funds	727,510	763,129	quarterly, annually	30 - 91 days
Cash and cash equivalents	189,484	176,511	daily	N/A
Other	70,710		quarterly, annually	30 days
Total	<u>\$ 2,706,899</u>	<u>\$ 2,587,187</u>		

- (a) Redemption restrictions vary by investment management agreement but are based on the initial investment date and take into account liquidity terms, notice periods, redemption schedules, withdrawal with or without penalties and lock-ups, if any.
- (b) Limited partnership interests in private equity funds are not redeemable from the general partner. Private equity interests can be sold through a secondary sale to a third party.

The following table presents information regarding the unfunded commitments and redemption restrictions for partnerships and joint ventures held by the Plan as of December 31, 2013 and 2012 (in thousands):

	Unfunded Commitments		Redemption Frequency (if eligible)	Redemption Notice Period
	2013	2012		
Private Equity (a)				
Buyout funds (b)	\$ 185,183	\$ 221,734	N/A	N/A
Distressed asset investments (c)	28,082	32,851	N/A	N/A
Venture capital funds (d)	23,823	32,710	N/A	N/A
Mezzanine funds (e)	25,645	31,685	N/A	N/A
Commodities (f)	550	1,983	N/A	N/A
Real estate (g)	<u>4,932</u>	<u>2,313</u>	N/A	N/A
Total	<u>\$ 268,215</u>	<u>\$ 323,276</u>		

- (a) Limited partnership interests in private equity funds are not redeemable from the general partner. Private equity interests can be sold through a secondary sale to a third party.
- (b) Buyout funds are partnership investment vehicles that take a controlling interest primarily in private companies with the intent of developing them for future sale at a higher price to a strategic or financial buyer or through an initial public offering. The nature of the investments in this category is that distributions are received through the liquidation of the underlying assets of the fund. These partnership vehicles are expected to be liquidated over the next three to 10 years.
- (c) Distressed asset investments are partnership investment vehicles that purchase debt or preferred equity instruments of companies that are distressed, near bankrupt, or bankrupt. The nature of the investments in this category is that distributions are received through the liquidation of the underlying assets of the fund. These partnership vehicles are expected to be liquidated over the next seven to nine years.
- (d) Venture capital funds are partnership investment vehicles that provide seed or growth capital to start-ups and early stage companies, usually in high growth industries, such as information and clean technology, health care, and biotechnology. The nature of the investments in this category is that distributions are received through the liquidation of the underlying assets of the fund. These partnership vehicles are expected to be liquidated over the next six to nine years.
- (e) Mezzanine private equity funds provide mezzanine loans to companies that need capital, but do not want to sell or dilute their equity interests. Mezzanine loans are subordinated debt or preferred equity securities that represent a claim on the borrower's assets, which is senior to the common equity, but

subordinate to senior secured and unsecured debt. The nature of the investments in this category is that distributions are received through coupon payments and the liquidation of the underlying assets of the fund. These partnership vehicles are expected to be liquidated over the next eight to 10 years.

- (f) Commodities are partnership investment vehicles that invest in businesses engaged in commodity related sectors, including as energy, natural resources, and agriculture. Investments are realized through the sale of the underlying assets to a strategic or financial buyer, or through an initial public offering.
- (g) Real estate investments are partnership investment vehicles that invest in commercial, industrial, and residential real estate. Investments are realized through the sale of the underlying assets to a strategic or financial buyer.

4. FUNDING POLICY

Contributions to provide benefits under the Plan are made solely by the Company. The Company's funding policy is to make cash contributions to the Plan in amounts as determined by the Plan's independent actuary. The Company met the minimum funding requirements of ERISA for the years ended December 31, 2013 and 2012.

5. ACCUMULATED PLAN BENEFITS

Accumulated plan benefits are those future periodic payments, including lump-sum distributions that are attributable under the Plan's provisions to service rendered by employees as of the valuation date. Accumulated plan benefits include benefits expected to be paid to: (1) retired or terminated employees, (2) beneficiaries of employees who have died, and (3) present employees or their beneficiaries. The actuarial present value of accumulated plan benefits is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements, such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

The following amounts were calculated as of the latest actuarial valuation date, which was January 1, 2013.

The actuarial present value of accumulated plan benefits as of January 1, 2013 is as follows:

Vested accumulated plan benefits:	
Retired participants and/or beneficiaries currently receiving benefits	\$ 6,025,536
Other participants	<u>12,407,476</u>
Total vested accumulated plan benefits	18,433,012
Nonvested accumulated plan benefits	<u>45,343</u>
Total actuarial present value of accumulated plan benefits	<u>\$ 18,478,355</u>

The changes in the actuarial present value of the Plan's accumulated plan benefits for the year ended January 1, 2013, are as follows:

Actuarial present value of accumulated plan benefits at January 1, 2012	\$ 15,907,557
Increase (decrease) during the year attributable to:	
Benefits accumulated	960,649
Assumption changes	987,777
Benefits paid	(775,177)
Interest	<u>1,397,549</u>
Actuarial present value of accumulated plan benefits at January 1, 2013	<u>\$ 18,478,355</u>

The actuarial cost method used to measure the present value of accumulated plan benefits is the accrued benefit method. The significant actuarial assumptions used in the January 1, 2013 valuation were:

- Mortality: For 2013, the mortality assumption was updated according to the projection specified in IRS Regulation 1.430(h)(3)-1, applied on a static basis, projected 7 years from the valuation date for annuitants and 15 years for non-annuitants.
- Retirement age: Age 65.
- Investment return was 8.50% per annum for 2013.
- Discount rate was 8.50% per annum for 2013.

Actuarial assumptions for the period before normal retirement include factors for mortality, termination of employment, early retirement, and disability.

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. If the Plan were to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits. The actuarial present value and the actuarial value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change which may have an impact on the Plan contributions. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that certain changes in these estimates and assumptions could be material to the financial statements.

6. INTEREST IN MASTER TRUST

The net assets of the Master Trust at December 31, 2013 and 2012 are summarized as follows (in thousands):

	2013	2012
Assets:		
Investments:		
Common collective trusts	\$ 644,981	\$ 389,078
Common and preferred stocks	1,278,089	1,009,053
U.S. Government securities	416,832	527,596
Partnerships/joint ventures	1,454,938	1,510,065
Hedge funds	483,225	552,289
Registered investment companies	258,926	213,760
Cash and cash equivalents	42,168	113,121
	<u>\$4,579,159</u>	<u>\$4,314,962</u>
Receivable/(payables), net	<u>5</u>	<u>32,637</u>
Total assets of the Master Trust	<u>\$4,579,164</u>	<u>\$4,347,599</u>
Plan's interest in net assets of the Master Trust	<u>\$ 24,705</u>	<u>\$ 21,472</u>
Plan's interest in the Master Trust as a percentage of the total	<u>0.54 %</u>	<u>0.49 %</u>

The net investment earnings of the Master Trust for the years ended December 31, 2013 and 2012 are summarized below (in thousands):

	2013	2012
Net appreciation (depreciation) in fair value of investments:		
Common collective trusts	\$ 1,230	\$ (2,634)
Common and preferred stocks	323,862	167,673
U.S. government securities	(110,924)	78,320
Partnerships/joint ventures	132,732	147,905
Hedge funds	91,563	(14,673)
Registered investment companies	(3,241)	26,158
Other	<u>53,126</u>	<u>10,943</u>
Net appreciation (depreciation) in fair value of investments	488,348	413,692
Interest income	1,599	1,723
Dividend income	23,548	26,005
Other income	29,866	25,725
Administrative expenses	<u>(37,816)</u>	<u>(30,640)</u>
Investment income of the Master Trust	<u>\$ 505,545</u>	<u>\$ 436,505</u>
Plan's interest in the Master Trust investment income	<u>\$ 2,742</u>	<u>\$ 2,166</u>

7. EXEMPT PARTY-IN-INTEREST TRANSACTIONS

Certain Master Trust investments are shares of registered investment companies managed by the Trustee. These assets and related transactions qualify as exempt party-in-interest transactions.

Certain administrative functions are performed by officers and employees of the Company (who may also be a participant in the Plan) at no cost to the Plan or Master Trust. These transactions are not deemed prohibited party-in-interest transactions because they are covered by the statutory administrative exemptions from the IRC and ERISA's rules on prohibited transactions.

8. NONEXEMPT PARTY-IN-INTEREST TRANSACTIONS

The Company remitted participant contributions for nine payroll runs for a total of \$119,302 in an untimely matter, which was later than required by Department of Labor Regulation 2510.3-102. Management will correct the late remittances, file Form 5330 directly with the Internal Revenue Service (IRS), and pay applicable excise taxes.

9. FEDERAL INCOME TAX STATUS

The IRS has determined and informed the Company by a letter dated June 14, 2012 and subsequent to year end by letter dated August 20, 2014, that the Plan and related trust are designed in accordance with the applicable sections of the IRC. The Plan administrator believes that the Plan is currently designed

and is currently being operated in compliance with the applicable requirements of the IRC and the Plan and related trust continue to be tax exempt. Therefore, no provision for income taxes has been included in the Plan's financial statements.

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 no longer 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 Corporation, 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 Exelis for consolidated income taxes relating to any pre Spin-off period up to a certain amount.

10. PLAN TERMINATION

Although it has not expressed any intention to do so, the Company has the right under the Plan, in certain circumstances, to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. In the event that the Plan is terminated, the net assets of the Plan will be allocated for payment of plan benefits to the participants in an order of priority determined in accordance with ERISA, applicable regulations there under, and the Plan document.

Certain benefits under the Plan are insured by the Pension Benefit Guaranty Corporation ("PBGC") if the Plan terminates. Generally, the PBGC guarantees most vested normal age retirement benefits, early retirement benefits, and certain disability and survivor's pensions. However, the PBGC does not guarantee all types of benefits under the Plan and the amount of benefit protection is subject to certain limitations. Vested benefits under the Plan are guaranteed at the level in effect on the date of the Plan's termination, subject to a statutory ceiling on the amount of an individual's monthly benefit.

Whether all participants receive their benefits should the Plan be terminated at some future time will depend on the sufficiency, at that time, of the Plan's net assets to provide those benefits, the priority of those benefits to be paid, and the level and type of benefits guaranteed by the PBGC at that time. Some benefits may be fully or partially provided for by the existing assets and the PBGC guaranty while other benefits may not be provided for at all.

11. SUBSEQUENT EVENTS

For the year ended December 31, 2013, subsequent events were evaluated through October 13, 2014, the date the financial statements were available to be issued. No subsequent events were noted other than as disclosed in footnote 9.

* * * * *

Exelis Information Systems Pension Plan for Hourly Employees at Pacific Missile Range Facility
Schedule H, Part IV, Line 4a
Schedule of Delinquent Participant Contributions
For the Year Ended December 31, 2013
Sponsor EIN 45-2083813
Plan No. 235

	Total That Constitute Nonexempt Prohibited Transactions			Total Fully Corrected under VFCP and PTE 2002-51
	Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	
Participant Contributions Transferred Late to the Plan				
Check here if late participant loan contributions are included	\$ 119,302	\$ -	\$ -	\$ -

See accompanying Independent Auditors' Report.

SCHEDULE SB (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2013 This Form Is Open to Public Inspection
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For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013

► **Round off amounts to nearest dollar.**

► **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan Exelis Information Systems Pension Plan For Hourly Employees At Pacific Missile Range Facility	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:60%;">B Three-digit plan number (PN) ►</td> <td style="width:40%; text-align: center;">235</td> </tr> </table>	B Three-digit plan number (PN) ►	235
B Three-digit plan number (PN) ►	235		
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF EXELIS INC.	D Employer Identification Number (EIN) 45-2083813		
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500		

Part I Basic Information			
1 Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2013</u>			
2 Assets:			
a Market value	2a		21863616
b Actuarial value	2b		21837474
3 Funding target/participant count breakdown:			
		(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment.....	3a	91	6989463
b For terminated vested participants.....	3b	95	3899086
c For active participants:			
(1) Non-vested benefits	3c(1)		64952
(2) Vested benefits	3c(2)		11668208
(3) Total active.....	3c(3)	221	11733160
d Total.....	3d	407	22621709
4 If the plan is in at-risk status, check the box and complete lines (a) and (b)..... ☐			
a Funding target disregarding prescribed at-risk assumptions	4a		
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor.....	4b		
5 Effective interest rate	5		6.73%
6 Target normal cost.....	6		861842

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	BARBARA H. VAUGHAN Signature of actuary	<u>09/29/2014</u> Date
	BARBARA H. VAUGHAN Type or print name of actuary	<u>1404686</u> Most recent enrollment number
	BUCK CONSULTANTS, LLC Firm name	<u>201-902-2300</u> Telephone number (including area code)
	500 PLAZA DRIVE SECAUCUS NJ 07096-1533 Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2013

Part II Beginning of Year Carryover Prefunding Balances

		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	0	0
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9	Amount remaining (line 7 minus line 8)	0	0
10	Interest on line 9 using prior year's actual return of <u>11.31%</u>	0	0
11	Prior year's excess contributions to be added to prefunding balance:		
a	Present value of excess contributions (line 38a from prior year)		656
b	Interest on (a) using prior year's effective interest rate of <u>7.08%</u> except as otherwise provided (see instructions).....		46
c	Total available at beginning of current plan year to add to prefunding balance		702
d	Portion of (c) to be added to prefunding balance		0
12	Other reductions in balances due to elections or deemed elections	0	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	0

Part III | Funding Percentages

14	Funding target attainment percentage.....	14	96.53 %
15	Adjusted funding target attainment percentage	15	92.30 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	98.87 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.....	17	%

Part IV Contributions and liquidity shortfalls

18 Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
04/15/2013	267000	0			
07/02/2013	0	409723			
07/15/2013	267000	0			
10/15/2013	267000	0			
01/15/2014	267000	0			
04/15/2014	60000	0			
07/15/2014	60000	0			
08/29/2014	73000	0			
			Totals ►	18(b) 1261000	18(c) 409723

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contributions from prior years	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	1198177

20 Quarterly contributions and liquidity shortfalls:

- a** Did the plan have a "funding shortfall" for the prior year? ☒ Yes ☐ No
- b** If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☒ Yes ☐ No
- c** If 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V Assumptions Used to Determine Funding Target and Target Normal Cost**21** Discount rate:**a** Segment rates:1st segment:
5.23%2nd segment:
6.51%3rd segment:
7.16%☐ N/A, full yield curve used**b** Applicable month (enter code)..... **21b** 4**22** Weighted average retirement age **22** 66**23** Mortality table(s) (see instructions) ☒ Prescribed - combined ☐ Prescribed - separate ☐ Substitute**Part VI Miscellaneous Items****24** Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment. ☒ Yes ☐ No**25** Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment. ☐ Yes ☒ No**26** Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment. ☒ Yes ☐ No**27** If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment **27****Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years****28** Unpaid minimum required contributions for all prior years **28** 0**29** Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a) **29** 0**30** Remaining amount of unpaid minimum required contributions (line 28 minus line 29) **30** 0**Part VIII Minimum Required Contribution For Current Year****31** Target normal cost and excess assets (see instructions):**a** Target normal cost (line 6) **31a** 861842**b** Excess assets, if applicable, but not greater than line 31a **31b** 0

32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment.....	784235	336168
b Waiver amortization installment.....	0	0

33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount **33****34** Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33) ... **34** 1198010

	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....	0	0	0

36 Additional cash requirement (line 34 minus line 35) **36** 1198010**37** Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c) **37** 1198177**38** Present value of excess contributions for current year (see instructions)**a** Total (excess, if any, of line 37 over line 36) **38a** 167**b** Portion included in line 38a attributable to use of prefunding and funding standard carryover balances **38b** 0**39** Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37) **39** 0**40** Unpaid minimum required contributions for all years **40** 0**Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)****41** If an election was made to use PRA 2010 funding relief for this plan:**a** Schedule elected ☐ 2 plus 7 years ☐ 15 years**b** Eligible plan year(s) for which the election in line 41a was made ☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011**42** Amount of acceleration adjustment **42****43** Excess installment acceleration amount to be carried over to future plan years **43**

**Exelis Information Systems Pension Plan for Hourly Employees at Pacific Missile Range
Facility**

EIN/PN: 45-2083813 / 235

Schedule SB, line 22 – Description of Weighted-Average Retirement Age

This table calculates the weighted average retirement age for all active persons in the plan

(1) Age	(2) Expected Active Headcount	(3) Retirement Rate	(4) Expected Retirements (2)*(3)	(5) Weighted Age (1)*(4)
55	94.1624	0.0203	1.9115	105.1323
56	100.0412	0.0205	2.0508	114.8473
57	107.7206	0.0207	2.2298	127.0995
58	116.1555	0.0214	2.4857	144.1722
59	124.2530	0.0215	2.6773	157.9631
60	130.0257	0.0228	2.9682	178.0914
61	134.4296	0.0235	3.1635	192.9757
62	135.5120	0.0257	3.4859	216.1288
63	138.1552	0.0283	3.9098	246.3170
64	136.2346	0.0307	4.1824	267.6738
65	136.9257	0.5000	68.4628	4,450.0839
66	72.1809	0.3000	21.6543	1,429.1817
67	51.7464	0.3000	15.5239	1,040.1027
68	36.5978	0.3000	10.9793	746.5944
69	29.1353	0.3000	8.7406	603.1005
70	19.9674	1.0000	19.9674	1,397.7150
71	0.0000	1.0000	0.0000	0.0000
72	1.0000	1.0000	1.0000	72.0000
73	1.0000	1.0000	1.0000	73.0000
Total			176.3934	11,562.1792
Weighted Average Retirement Age = 11,562.1792 / 176.3934				65.5477
Rounded Weighted Average Retirement Age				66

Note to Column 2: The Expected Active Headcount for each age includes persons who are eligible to retire and persons who are not eligible to retire at each age.

Note to Column 3: At each age, these retirement rates are a weighted average of the rates shown in Attachment to Part V for active participants eligible to retire at the age and zero for all other active participants.

Note: The table presents values rounded to fewer significant digits than used in the calculations.

**Exelis Information Systems Pension Plan for Hourly Employees at Pacific Missile Range
Facility**

EIN/PN: 45-2083813 / 235

Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

Prescribed Funding Assumptions and Methods

Funding interest rates

Current Year: Segment Rates with four-month lookback, constrained in accordance with MAP-21 and HATFA as follows:

	Unconstrained Rates*	Rates Reflecting MAP-21 Corridor	Rates Reflecting HATFA Corridor
First Segment Rate	1.75%	4.94%	5.23%
Second Segment Rate	4.62%	6.15%	6.51%
Third Segment Rate	5.72%	6.76%	7.16%

*Used for maximum tax-deduction purposes

Effective Interest Rate
Based on HATFA rates 6.73%

Prior Year: Segment Rates with four month lookback:
First Segment Rate 2.06%
Second Segment Rate 5.25%
Third Segment Rate 6.32%

In accordance with MAP-21, the first, second and third Segment Rates are constrained to a 90%-110% Corridor around the average Segment Rates for the 25-year period ending September 30, 2011, or **5.54%**, **6.85%** and **7.52%**, respectively for minimum funding and benefit restrictions but not for maximum tax-deductible purposes.

Effective Interest Rate 7.08%
(Based on MAP-21 rates)

Mortality

Mortality tables mandated by PPA as specified in IRS Regulation 1.430(h)(3)-1, applied on a static basis, using the blended annuitant/non-annuitant table applicable to small plans.

Actuarial cost method

The Funding Target is the present value of accrued benefits based on compensation and service to date. The Target Normal Cost is the present value of benefits expected to be accrued during the current plan year, reflecting the effect of expected compensation increases during the year and including expected plan related expenses to be paid from plan assets during the year.

**Exelis Information Systems Pension Plan for Hourly Employees at Pacific Missile Range
Facility**

EIN/PN: 45-2083813 / 235

Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

Non-Prescribed Funding Assumptions and Methods

Expenses

Expected plan related expenses of \$102,949 were added to Target Normal Cost.

Frequency of optional payment forms

70% of future retirees and terminations are assumed to take a life annuity. Those future retirees who are assumed not to take a life annuity are assumed to take a Joint and Survivor 50%, 75%, or 100% Option with equal probability. Those terminations who are assumed not to take a life annuity are assumed to take a Joint and Survivor 50% or 75% Option with equal probability.

Marital percentage

85% of participants are assumed to be married at death. Husbands are assumed to be 3 years older than their wives.

Mortality table

The mortality table is applied on a static basis. A combined annuitant and non-annuitant table was used.

Retirement rates

Age	Assumption
55	2.03%
56	2.05%
57	2.07%
58	2.14%
59	2.19%
60	2.30%
61	2.37%
62	2.59%
63	2.83%
64	3.07%
65	50.00%
66	30.00%
67	30.00%
68	30.00%
69	30.00%
70	100.00%

Terminated vested participants are assumed to retire at age 60.

Disability rates

None assumed.

**Exelis Information Systems Pension Plan for Hourly Employees at Pacific Missile Range
Facility**

EIN/PN: 45-2083813 / 235

Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

Non-Prescribed Funding Assumptions and Methods (continued)

Withdrawal rates¹

Age	Rates
25	8.36%
30	6.30%
35	4.77%
40	3.76%
45	3.00%
50	2.35%
55	2.03%
60	2.30%
65	0.00%

The rates shown are the ultimate withdrawal rates for participants with 3 or more years of service. For ages 45 or less, the rates for the first, second, and third year of employment are the above multiplied by 1.838 plus 0.0343, 1.393 plus 0.0056 and 1.240 minus 0.0046, respectively.

Employee Contribution

Employee contributions for the coming year are assumed to equal 3% of beginning of year salary, no increase is assumed.

Asset valuation method

The Actuarial Value of Assets is Market Value as of the valuation date, including discounted receivable contributions, reduced by 2/3 and 1/3 of the of the gain/(loss) in the prior 2 years, respectively. The gain/(loss) for each period is determined as the actual return on Market Value during the period less the expected return on Market Value based on an assumed earnings rate chosen by the actuary but required by PPA to be not greater than the applicable third segment rate. The resulting value is constrained to be within a corridor of 90% to 110% of Market Value, including discounted receivable contributions.

The expected return on plan assets is 9.00% per annum for 2011 and 2012, and 8.50% for 2013 and later years limited by PPA to the applicable Third Segment Rate as follows:

2012 measurement period:	7.52%
2011 measurement period:	6.57%

¹ For active participants not eligible for retirement.

**Exelis Information Systems Pension Plan for Hourly Employees at Pacific Missile Range
Facility**

EIN/PN: 45-2083813 / 235

Schedule SB, Part V – Summary of Plan Provisions

Effective Date

October 1, 1993.

Actuarial Equivalent

The determination of actuarially equivalent annuity benefits is based on the mortality table 1971 GAM and interest at 5.25% per annum.

Eligibility for Participation

Earlier of:

- (a) age 40, or
- (b) age 21 with one year of service.

Normal Retirement Pension

Eligibility

Age 65.

Basic Monthly Benefit

2.25% of the participant's annual earnings during each year of participation in the Plan, divided by 12.

Early Retirement Pension

Eligibility

Age 55 and 5 years of service.

Benefit

Accrued pension deferred to 65, or immediate pension equal to accrued pension reduced by 6% per year for each year by which commencement date precedes Normal Retirement Date.

Deferred Vested Pension

Eligibility

5 years of service.

Benefit

Accrued pension deferred to age 65, or reduced pension after early retirement age if eligible with reduction equal to 5% per year for each year by which commencement date precedes Normal Retirement Date.

Withdrawal of Participant Contributions

- (a) Non-vested participants (less than 5 years of service) will receive a return of their contributions plus interest.
- (b) Vested participants may withdraw their contributions plus interest at age 55 or any time before annual payments commence. Withdrawal of participant contributions will reduce the annual benefit payable to the participant.

Exelis Information Systems Pension Plan for Hourly Employees at Pacific Missile Range

Facility

EIN/PN: 45-2083813 / 235

Schedule SB, Part V – Summary of Plan Provisions

Spouse's Benefit

Eligibility

Death after becoming eligible for a vested benefit. Benefit commences no earlier than earliest retirement date which could have been elected by deceased participant.

Benefit

Accrued benefit at time of death, adjusted as if participant had retired on date payments to spouse commence under joint and 50% survivorship option, and then died.

Normal Form of Benefit

Single

Life annuity.

Married

Reduced 50% joint and survivorship annuity.

Optional Forms of Benefit

- (1) Life annuity.
- (2) 50% joint and survivorship annuity.
- (3) 75% joint and survivorship annuity.
- (4) 100% joint and survivorship annuity (N/A for terminations).
- (5) 5 or 10 years period certain life.

Contributions

Employer

The Company will contribute amounts required for Plan benefits not provided for by employee contributions.

Employee

3% of the Participants' base compensation.

**Exelis Information Systems Pension Plan for Hourly Employees at Pacific Missile Range
Facility**

EIN/PN: 45-2083813 / 235

Schedule SB, line 24 – Change in Actuarial Assumptions

- To better reflect the expected plan related expenses added to the Target Normal Cost, the amount was updated from \$188,758 to 102,949.
- To better reflect the expected return on plan assets, the assumption was changed from 9.00% per annum to 8.50% per annum.

Exelis Information Systems Pension Plan for Hourly Employees at Pacific Missile Range Facility

EIN / PN: 45-2083813 / 235

Schedule SB, line 26 - Schedule of Active Participant Data¹

	BENEFIT SERVICE										
AGE	Under 1	1 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40+	Total
Under 25	0	2	0	0	0	0	0	0	0	0	2
25 - 29	1	2	3	0	0	0	0	0	0	0	6
30 - 34	1	3	9	3	0	0	0	0	0	0	16
35 - 39	3	2	4	8	1	0	0	0	0	0	18
40 - 44	3	2	2	2	4	3	0	0	0	0	16
45 - 49	3	5	6	7	7	5	4	0	0	0	37
50 - 54	1	2	2	3	2	3	9	7	0	0	29
55 - 59	0	2	3	6	7	3	6	12	8	2	49
60 - 64	0	0	5	1	5	1	5	4	5	6	32
65 - 69	0	0	1	2	4	0	1	0	1	5	14
70+	0	0	1	0	0	0	0	0	0	1	2
Total	12	20	36	32	30	15	25	23	14	14	221

¹ Includes participants on leave of absence and transferred participants

Exelis Information Systems Pension Plan for Hourly Employees at Pacific Missile Range Facility

EIN / PN: 45-2083813 / 235

Schedule SB, line 32 - Schedule of Amortization Bases

Type of Base	Present Value of Remaining Installments as of January 1, 2013	Date Established	Remaining Installments	Shortfall Amortization Installment
Shortfall	\$787,329	1/1/2013	7	\$132,512
Shortfall	(\$2,444,352)	1/1/2012	6	(\$465,004)
Shortfall	\$841,898	1/1/2011	5	\$185,969
Shortfall	\$960,402	1/1/2010	4	\$258,760
Shortfall	\$638,958	1/1/2009	3	\$223,931

**Exelis Information Systems Pension Plan for Hourly Employees at Pacific Missile Range
Facility**

EIN/PN: 45-2083813 / 235

Schedule SB, line 15 – Adjusted funding attainment percentage

Adjusted funding target attainment percentage presented was based on segment rates in effect prior to the passage of the Highway and Transportation Trust Fund Act (HATFA). Results for this Plan reflecting the segment rates allowed under HATFA resulted in the Adjusted funding target attainment percentage increasing to 96.53%.

Plan Name	Exelis Information Systems Pension Plan for Hourly Employees At Pacific Missile Range Facility
Plan Sponsor EIN	45-2083813
ERISA Plan #	235
Plan Year Ending	12 / 31 / 2013

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)	
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	x

Plan Name	Exelis Information Systems Pension Plan for Hourly Employees At Pacific Missile Range Facility
Plan Sponsor EIN	45-2083813
ERISA Plan #	235
Plan Year Ending	12 / 31 / 2013

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)	
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5500 Sch. H	Line 4a	Schedule of Delinquent Participant Contributions	x

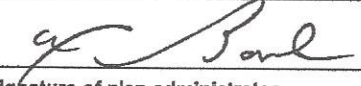
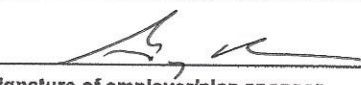
Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the 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 2013 This Form Is Open to Public Inspection
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Part I Annual Report Identification Information			
For calendar plan year 2013 or fiscal plan year beginning 01/01/2013 and ending 12/31/2013			
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 Pension Plan for Hourly Employees at Pacific Missile Range Facility	1b Three-digit plan number (PN) ►	235	
	1c Effective date of plan	10/01/1993	
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		10-13-2014	William Bonk
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE		10-13-14	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

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Form 5500 (2013)
v. 130118

3a Plan administrator's name and address ☐ Same as Plan Sponsor Name ☐ Same as Plan Sponsor Address Admin Committee of Exelis Info Sys Pacific Missile Range Facility 4410 Fountain Blvd. Colorado Springs CO 80935	3b Administrator's EIN 45-2083813 3c Administrator's telephone number (719) 637-5711
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	5 407
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 205
b Retired or separated participants receiving benefits.....	6b 91
c Other retired or separated participants entitled to future benefits.....	6c 96
d Subtotal. Add lines 6a, 6b, and 6c.....	6d 392
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e 10
f Total. Add lines 6d and 6e.....	6f 402
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h 3
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:
 1A 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
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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)
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