

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 SYSTEMS CORPORATION RETIREMENT AND SAVINGS PLAN	<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;">013</td> </tr> <tr> <td colspan="2">1c Effective date of plan 04/01/1994</td> </tr> <tr> <td colspan="2">2b Employer Identification Number (EIN) 22-1522888</td> </tr> <tr> <td colspan="2">2c Sponsor's telephone number 719-637-5828</td> </tr> <tr> <td colspan="2">2d Business code (see instructions) 333200</td> </tr> </table>	1b Three-digit plan number (PN) ▶	013	1c Effective date of plan 04/01/1994		2b Employer Identification Number (EIN) 22-1522888		2c Sponsor's telephone number 719-637-5828		2d Business code (see instructions) 333200	
1b Three-digit plan number (PN) ▶	013										
1c Effective date of plan 04/01/1994											
2b Employer Identification Number (EIN) 22-1522888											
2c Sponsor's telephone number 719-637-5828											
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 SYSTEMS CORPORATION 655 SPACE CENTER DRIVE COLORADO SPRINGS, CO 80915											

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.	10/15/2014	FRANK PELOSO
	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)			Preparer's telephone number (optional)

3a Plan administrator's name and address ☐ Same as Plan Sponsor Name ☒ Same as Plan Sponsor Address BENEFITS ADMINISTRATION COMMITTEE OF EXELIS INC. EXELIS SYSTEMS CORPORATION		3b Administrator's EIN 22-1522888
		3c Administrator's telephone number 719-637-5828
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 EXELIS INC.		4b EIN 45-2083813
		4c PN 013
5 Total number of participants at the beginning of the plan year	5	3256
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	2133
b Retired or separated participants receiving benefits	6b	0
c Other retired or separated participants entitled to future benefits.....	6c	809
d Subtotal. Add lines 6a , 6b , and 6c	6d	2942
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	6e	0
f Total. Add lines 6d and 6e	6f	2942
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	6g	2942
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	6h	0
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....	7	
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2E 2F 2G 2J 2K 2T 3H		
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:		
9a Plan funding arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor		9b Plan benefit arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)		
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary		b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☒ <u>1</u> A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

SCHEDULE A (Form 5500) Department of the Treasury Internal Revenue Service <hr/> Department of Labor Employee Benefits Security Administration <hr/> Pension Benefit Guaranty Corporation	Insurance 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. ► Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).	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 SYSTEMS CORPORATION RETIREMENT AND SAVINGS PLAN	B Three-digit plan number (PN) ►	013
C Plan sponsor's name as shown on line 2a of Form 5500 EXELIS SYSTEMS CORPORATION	D Employer Identification Number (EIN) 22-1522888	

Part I	Information Concerning Insurance Contract Coverage, Fees, and Commissions Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.
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1 Coverage Information:

(a) Name of insurance carrier

PRUDENTIAL RETIREMENT INSURANCE & ANNUITY CO.

(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
06-1050034	93629	36645-001	2942	01/01/2013	12/31/2013

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in line 3 the agents, brokers, and other persons in descending order of the amount paid.

(a) Total amount of commissions paid	(b) Total amount of fees paid
0	216911

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

CBIZ BENEFITS & INSURANCE SERVICES
P.O. BOX 643792
CINNCINNATI, OH 45264

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	
0	216911	SERVICE TO PLAN	4

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4 Current value of plan's interest under this contract in the general account at year end	4	35049690
5 Current value of plan's interest under this contract in separate accounts at year end	5	78722617

6 Contracts With Allocated Funds:**a** State the basis of premium rates ▶

b Premiums paid to carrier	6b	
c Premiums due but unpaid at the end of the year	6c	
d If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount. Specify nature of costs ▶	6d	

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity
(3) ☐ other (specify) ▶

f If contract purchased, in whole or in part, to distribute benefits from a terminating plan, check here ☐**7 Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)**

a Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee
(3) ☐ guaranteed investment (4) ☒ other ▶ **GUARANTEED GENERAL ACCOUNT CONTRACT**

b Balance at the end of the previous year	7b	38257307
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c Additions: (1) Contributions deposited during the year	7c(1)	3842312	
(2) Dividends and credits	7c(2)		
(3) Interest credited during the year	7c(3)	697149	
(4) Transferred from separate account	7c(4)	2923712	
(5) Other (specify below)	7c(5)	1011296	
▶ LOAN REPAYMENTS, TRANSFER IN			

(6) Total additions	7c(6)	8474469
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d Total of balance and additions (add lines 7b and 7c(6))	7d	46731776
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e Deductions:

(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	7903634	
(2) Administration charge made by carrier	7e(2)	3447	
(3) Transferred to separate account	7e(3)	2402868	
(4) Other (specify below)	7e(4)	1372137	
▶ LOAN INITIATIONS, TRANSFERS OUT, FORFEITURE DEBIT			

(5) Total deductions	7e(5)	11682086
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f Balance at the end of the current year (subtract line 7e(5) from line 7d)	7f	35049690
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Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organizations(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

- a** ☐ Health (other than dental or vision)
 b ☐ Dental
 c ☐ Vision
 d ☐ Life insurance
e ☐ Temporary disability (accident and sickness)
 f ☐ Long-term disability
 g ☐ Supplemental unemployment
 h ☐ Prescription drug
i ☐ Stop loss (large deductible)
 j ☐ HMO contract
 k ☐ PPO contract
 l ☐ Indemnity contract
m ☐ Other (specify) ▶

9 Experience-rated contracts:

a Premiums: (1) Amount received.....	9a(1)		
(2) Increase (decrease) in amount due but unpaid.....	9a(2)		
(3) Increase (decrease) in unearned premium reserve	9a(3)		
(4) Earned ((1) + (2) - (3)).....		9a(4)	0
b Benefit charges (1) Claims paid.....	9b(1)		
(2) Increase (decrease) in claim reserves.....	9b(2)		
(3) Incurred claims (add (1) and (2)).....		9b(3)	0
(4) Claims charged		9b(4)	
c Remainder of premium: (1) Retention charges (on an accrual basis) --			
(A) Commissions	9c(1)(A)		
(B) Administrative service or other fees.....	9c(1)(B)		
(C) Other specific acquisition costs	9c(1)(C)		
(D) Other expenses.....	9c(1)(D)		
(E) Taxes	9c(1)(E)		
(F) Charges for risks or other contingencies.....	9c(1)(F)		
(G) Other retention charges	9c(1)(G)		
(H) Total retention		9c(1)(H)	0
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.).....		9c(2)	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement		9d(1)	
(2) Claim reserves		9d(2)	
(3) Other reserves.....		9d(3)	
e Dividends or retroactive rate refunds due. (Do not include amount entered in line 9c(2).).....		9e	

10 Nonexperience-rated contracts:

a Total premiums or subscription charges paid to carrier	10a	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, line 2 above, report amount.....	10b	

Specify nature of costs ▶

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☒ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

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 <u>EXELIS SYSTEMS CORPORATION RETIREMENT AND SAVINGS PLAN</u>	B Three-digit plan number (PN) <u>013</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>EXELIS SYSTEMS CORPORATION</u>	D Employer Identification Number (EIN) <u>22-1522888</u>

Part I Service Provider Information (see instructions)

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
PRUDENTIAL RETIREMENT INSURANCE

06-1050034

(b) Enter name and EIN or address of person who provided you disclosure 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)

PRUDENTIAL RETIREMENT INSURANCE

06-1050034

(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?
13 15 37 38 50 60 64	NONE	64891	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☒ No ☐

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

CBIZ

52-1396995

(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?
27	NONE	0	Yes ☒ No ☐	Yes ☒ No ☐	16362	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
CBIZ	27	16362
(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.
PRUDENTIAL INVESTMENT MGMT SVCS LLC 13-4122960		COMMISSIONS

(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: DELOITTE & TOUCHE LLP	b EIN: 13-3891517
c Position: ACCOUNTANT	
d Address: 2 JERICHO PLAZA JERICHO, NY 11753	e Telephone: 516-918-7000

Explanation: NEW ACCOUNTING FIRM SELECTED FROM ROUTINE BID PROCESS

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) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration	DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2013 This Form is Open to Public Inspection.
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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 <u>EXELIS SYSTEMS CORPORATION RETIREMENT AND SAVINGS PLAN</u>	B Three-digit plan number (PN) ►	<u>013</u>
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 <u>EXELIS SYSTEMS CORPORATION</u>	D Employer Identification Number (EIN) <u>22-1522888</u>	

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: <u>MID CAP GROWTH/ARTISAN</u>			
b Name of sponsor of entity listed in (a): <u>PRUDENTIAL RETIREMENT INS.</u>			
c EIN-PN <u>06-1050034-185</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>7233495</u>	
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>MID CAP VALUE/WELL MGMT</u>			
b Name of sponsor of entity listed in (a): <u>PRUDENTIAL RETIREMENT INS.</u>			
c EIN-PN <u>06-1050034-187</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>3163242</u>	
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>CORE PLUS BOND/PIMCO</u>			
b Name of sponsor of entity listed in (a): <u>PRUDENTIAL RETIREMENT INS.</u>			
c EIN-PN <u>06-1050034-299</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>3069676</u>	
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>SMALL CAP GROWTH/TIMESSQ</u>			
b Name of sponsor of entity listed in (a): <u>PRUDENTIAL RETIREMENT INS.</u>			
c EIN-PN <u>06-1050034-132</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>5780244</u>	
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>LARGE CAP VALUE /AJO FUND</u>			
b Name of sponsor of entity listed in (a): <u>PRUDENTIAL RETIREMENT INS.</u>			
c EIN-PN <u>06-1050034-129</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>3541085</u>	
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>RETIREMENT GOAL 2040</u>			
b Name of sponsor of entity listed in (a): <u>PRUDENTIAL RETIREMENT INS.</u>			
c EIN-PN <u>06-1050034-346</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>5070129</u>	
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>RETIREMENT GOAL 2020</u>			
b Name of sponsor of entity listed in (a): <u>PRUDENTIAL RETIREMENT INS.</u>			
c EIN-PN <u>06-1050034-344</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>6844305</u>	

a Name of MTIA, CCT, PSA, or 103-12 IE: RETIREMENT GOAL 2050**b** Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

c EIN-PN 06-1050034-450	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 5189238
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a Name of MTIA, CCT, PSA, or 103-12 IE: RETIREMENT GOAL 2030**b** Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

c EIN-PN 06-1050034-345	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 12630587
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a Name of MTIA, CCT, PSA, or 103-12 IE: SA/T ROWE PR GR STK STRAT**b** Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

c EIN-PN 06-1050034-435	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 7156869
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a Name of MTIA, CCT, PSA, or 103-12 IE: SA/OFFII GLOBAL STRATEGY**b** Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

c EIN-PN 06-1050034-308	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 4686122
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a Name of MTIA, CCT, PSA, or 103-12 IE: DRYDEN S & P 500 INDEX FUND**b** Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

c EIN-PN 06-1050034-123	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 7984074
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a Name of MTIA, CCT, PSA, or 103-12 IE: RETIREMENT GOAL 2010 FUND**b** Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.

c EIN-PN 06-1050034-343	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 6373551
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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:**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)
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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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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
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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) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	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.	<small>OMB No. 1210-0110</small> 2013 This Form is Open to Public Inspection
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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 <u>EXELIS SYSTEMS CORPORATION RETIREMENT AND SAVINGS PLAN</u>	B Three-digit plan number (PN) ►	<u>013</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>EXELIS SYSTEMS CORPORATION</u>	D Employer Identification Number (EIN) <u>22-1522888</u>	

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)	308510	0
(2) Participant contributions.....	1b(2)	107437	0
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit).....	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common.....	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property).....	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans.....	1c(8)	3503355	3313319
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)	62802511	78722617
(11) Value of interest in master trust investment accounts	1c(11)		
(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)	6069897	9667088
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)	38257307	35049690
(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	111049017	126752714

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	111049017	126752714
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Part II Income and Expense Statement

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

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	5624819	
(B) Participants	2a(1)(B)	10072001	
(C) Others (including rollovers)	2a(1)(C)	786722	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		16483542
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)	142525	
(F) Other	2b(1)(F)	697150	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		839675
(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)	109162	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		109162
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts.....	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts.....	2b(7)		15714705
(8) Net investment gain (loss) from master trust investment accounts.....	2b(8)		
(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)		2137217
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		35284301

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	19532274	
(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)		19532274
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)	48330	
(3) Investment advisory and management fees.....	2i(3)		
(4) Other.....	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		48330
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		19580604

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		15703697
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: **ANTON COLLINS MITCHELL LLP**

(2) EIN: **01-0724563**

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	
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	
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	
e Was this plan covered by a fidelity bond?	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	
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	
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	
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		
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	
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	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)		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.			

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	6b Trust's EIN

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 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

A Name of plan <u>EXELIS SYSTEMS CORPORATION RETIREMENT AND SAVINGS PLAN</u>	B Three-digit plan number (PN) ▶ <u>013</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>EXELIS SYSTEMS CORPORATION</u>	D Employer Identification Number (EIN) <u>22-1522888</u>

Part I	Distributions
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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	<u>0</u>
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): <u>06-1050034</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 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
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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
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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.
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10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.).....	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

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

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

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

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

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

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

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

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

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

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

a Enter the percentage of plan assets held as:
 Stock: 0.0% 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 Systems Corporation Retirement and Savings Plan

Sponsor EIN: 22-1522888

Plan Number: 013

*Financial Statements as of December 31, 2013
and 2012, and for the Year Ended December 31, 2013,
and Supplemental Schedule as of December 31, 2013,
and Independent Auditor's Report*



Sponsor EIN # 22-1522888
Plan # 013



Exelis Systems Corporation Retirement and Savings Plan

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Form 5500, Schedule H, Part IV, Line 4i—Schedule of Assets (Held at End of Year) as of December 31, 2013	14

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



Independent Auditor's Report

To the Retirement Committee of the
Exelis Systems Corporation Retirement and Savings Plan
Colorado Springs, Colorado

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Exelis Systems Corporation Retirement and Savings Plan (the Plan), which comprise the statement of assets available for benefits as of December 31, 2013, and the related statement of changes in assets available for benefits for the year 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.

Auditor's Responsibility

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

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 5, which was certified by Prudential Retirement Insurance and Annuity Company and Prudential Bank & Trust, F.S.B., the custodian and trustee, respectively, of the Plan, except for comparing such information with the related information included in the 2013 financial statements. We have been informed by the plan administrator that the custodian and trustee hold the Plan's investment assets and execute investment transactions. The plan administrator has obtained certifications from the custodian and trustee as of and for the year ended December 31, 2013, that the information provided to the plan administrator by the custodian and trustee is complete and accurate.

Disclaimer of Opinion

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



Other Matter – Supplemental Schedule

The supplemental Schedule of Assets (Held at End of Year) as of December 31, 2013 is required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we do not express an opinion on this supplemental schedule.

Other Matter – 2012 Financial Statements

The financial statements of the Plan as of December 31, 2012 were audited by predecessor auditors. As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed the predecessor auditors not to perform, and they did not perform, any auditing procedures with respect to the information certified by Prudential Retirement Insurance and Annuity Company, the trustee. Their report, dated October 15, 2013, indicated that (a) because of the significance of the information that they did not audit, they were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion and accordingly, they did not express an opinion on the financial statements (b) the form and content of the information included in the financial statements other than that derived from the information certified by the trustee, were presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

Report on Form and Content in Compliance With DOL Rules and Regulations 2013

The form and content of the information included in the 2013 financial statements and supplemental schedule, other than that derived from the information certified by the custodian and trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Anton Collins Mitchell LLP

Denver, Colorado
October 8, 2014

Exelis Systems Corporation Retirement and Savings Plan

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

	2013	2012
ASSETS:		
Participant - directed investments at fair value:		
Pooled separate accounts	\$ 78,722,617	\$ 62,802,511
Mutual funds	9,667,088	6,069,897
Group annuity	35,049,690	38,257,307
	<u>123,439,395</u>	<u>107,129,715</u>
Receivables:		
Employer	0	308,510
Participant	0	107,437
Notes receivable from participants	3,313,319	3,533,483
Total receivables	<u>3,313,319</u>	<u>3,949,430</u>
ASSETS AVAILABLE FOR BENEFITS	<u>\$ 126,752,714</u>	<u>\$ 111,079,145</u>

See notes to financial statements.

Exelis Systems Corporation Retirement and Savings Plan

STATEMENT OF CHANGES IN ASSETS AVAILABLE FOR BENEFITS FOR THE YEAR ENDED DECEMBER 31, 2013

INVESTMENT ACTIVITY:

Net appreciation in fair value of investments	\$ 17,851,895	
Interest income	806,339	
Total net investment activity		18,658,234

Interest income on notes receivable from participants	142,525
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CONTRIBUTIONS:

Participant	10,072,001	
Employer	5,624,819	
Rollovers	786,722	
Total contributions		16,483,542

DEDUCTIONS:

Benefits paid to participants	(19,562,402)	
Administrative expenses	(48,330)	
Total deductions		(19,610,732)

INCREASE IN ASSETS AVAILABLE FOR BENEFITS	15,673,569
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ASSETS AVAILABLE FOR BENEFITS - Beginning of year	111,079,145
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ASSETS AVAILABLE FOR BENEFITS - End of year	\$ 126,752,714
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See notes to financial statements.

Exelis Systems Corporation Retirement and Savings Plan
NOTES TO FINANCIAL STATEMENTS AS OF DECEMBER 31, 2013 AND 2012,
AND FOR THE YEAR ENDED DECEMBER 31, 2013

1. DESCRIPTION OF THE PLAN

The following description of the Exelis Systems Corporation Retirement and Savings Plan (the "Plan") is provided for general information purposes only. Participants should refer to the Plan document for more complete information.

General—The Plan is a defined contribution plan sponsored by the Exelis Systems Corporation (the "Company"). An Eligible Employee shall become a Participant on the day he becomes an Eligible Employee as defined in the Eligibility section below. Prudential Bank & Trust, F.S.B. and Prudential Retirement Insurance and Annuity Company ("Prudential") are the trustee and custodian, respectively, of the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

Eligibility—An "Eligible Employee" means an Employee described in (a) below excluding any Employee described in (b) below.

- (a) An Eligible Employee is any Employee of the Employer included in a benefit group or project (i.e., SCA contract, union or management group) specified in Appendix A of the Plan document, who satisfies either (1),(2) or, effective May 7, 2012, (3) below, but who is not otherwise excluded under (b) below:

(1) An Employee who is paid from a payroll maintained in the continental United States, Hawaii or Alaska and whose place of employment is within the continental United States, Hawaii or Alaska.

(2) An Employee who is not eligible under (1) above and is paid in United States currency and is a United States citizen or tax resident as defined in Section 7701(b) of the Internal Revenue Code (the "Code").

(3) Effective May 7, 2012, an Employee who is not eligible under (1) above and who is not eligible under (2) above solely because he is not paid in United States currency, provided:

(A) He is paid in the currency prescribed under the applicable contract;

(B) He is a United States citizen or tax resident as defined in Section 7701(b) of the Code; and

(C) He is subject to United States employment and income taxes and his United States employment and income taxes and his contributions to employee benefit plans are calculated and deducted from pay on the basis of United States currency. If such Employee's status is subsequently reclassified so that he is subject to employment or other residency tax obligations in his host country, he shall immediately cease to be an Eligible Employee.

- (b) Notwithstanding anything contained herein to the contrary an Eligible Employee does not include:

- (1) An Employee who is eligible to participate in any other 401(k) plan sponsored by the Employer or any Affiliated Employer, including but not limited to a salaried Employee classified by the Employer as a management-benefited employee who is eligible to participate in the Exelis Salaried Investment and Savings Plan ("ISP") and including any employee who is eligible to participate in a multiemployer plan to which the Employer or any Affiliated Employer is obligated to remit and/or make contributions;
- (2) An Employee working in Puerto Rico;
- (3) A salaried employee who is classified as a non-Exelis management-benefited employee (non-ITT management-benefited employee prior to October 31, 2011) of Pacific Missile Range Facility ("PMRF") who is considered a temporary Employee (i.e., a CAT III employee as defined in the PMRF contract);
- (4) An Employee working for Federal Services International, LTD; or
- (5) An Employee of an Affiliated Employer, unless such Affiliated Employer has adopted the Plan pursuant to Section 12.03 of the Plan document.

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

- **Participant Contributions**—Participants can contribute on a pre-tax basis, as permitted by Section 401(k) of the Code, an amount from 1% to 70% of their compensation as defined by the Plan, limited by the requirements of the Code. Participants can also make Roth contributions. Roth contributions are deducted on an after taxes basis. Total pre-tax and Roth contributions may not exceed the 70% limit of compensation. Employees may contribute "rollover" contributions from another qualified plan upon becoming an eligible employee. Participation in employee contributions may begin the first day of the month following the completion of 30 days of employment from date of hire.
- **Employer Contributions**—The Company may make a contribution to the Plan on behalf of each participant in an amount equal to the specifications outlined in Appendix A of the Plan Document. The governing contract or collective bargaining agreement will dictate the amount of the Employer matching and Employer non-matching contributions. Participation in employer non-matching contributions begins on their date of hire, if applicable. Participation in the employer matching contributions, if applicable, begins on the same date as participant contributions.

Participant Accounts—Individual accounts are maintained for each Plan participant. Each participant's account is credited with the participant's contribution, the Employer's matching contribution, and allocations of Employer non-matching contributions, and Plan earnings, and charged with withdrawals and an allocation of Plan losses and administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Investment Options—Participants designate the funds in which their contributions and Employer contributions are to be invested. All investments are participant-directed.

Vesting—Participant's interest in their contributions and Employer contributions is fully vested at all times.

Notes Receivable from Participants—Participants may borrow from their fund account balance in any whole dollar amount which must be a minimum of \$1,000 up to a maximum of the lesser of \$50,000 or 50% of the participant's vested interest in their account, reduced by the highest outstanding loan balance, if any, during the prior 12 month period. Loan terms range up to 4 years. A participant who is using loan for the purchase of a primary residence may elect to repay the loan over a period of whole years between 1 and 9. A

Participant's Roth Account balance will be taken into consideration for purposes of calculating a Participant's available loan balance; however, loans may not be taken from the Participant's Roth Account. The interest rate for loans issued by the Plan shall be computed by adding one percent to the prime rate from the Wall Street Journal for the last business day of the quarter preceding the quarter in which the loan is processed. Principal and interest are paid ratably through payroll deductions. Participants may have one loan outstanding at any given time. The interest rate is determined at the time the loan is processed, and shall remain in effect for the term of the loan with the exception of loans while the participant is on leave under the Uniformed Services Employment and Reemployment Rights Act.

Payments of Benefits—On termination of employment (including death, disability, or retirement), a participant or his/her surviving spouse beneficiary may elect to receive a lump-sum amount equal to the value of the participant's vested interest in his/her account paid in cash or as a rollover to another qualified plan or an individual retirement account, or periodic payments under one of two alternative installment options. In any case, a participant or his/her surviving spouse beneficiary whose vested account balance is more than \$5,000 may elect to keep his/her account balance in the Plan until the year in which the participant reaches/would have reached age 70½.

Notwithstanding any provision of the Plan to the contrary, no withdrawal may be made from the Participant's Roth Account unless the withdrawal is made after the close of the five-consecutive-calendar-year period that began on the first day of the first calendar year in which the Participant made a Roth Contribution to this Plan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Risks and Uncertainties— The Plan utilizes various investment instruments, including mutual funds, pooled separate accounts and group annuity. Investment securities, in general, are exposed to various risks, such as interest rate, credit, 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 investment in pooled separate accounts are recorded at fair value which is based on the net asset value of the units held by the Plan at year end. Mutual funds are recorded at fair value. The fair value of the Guaranteed Income Fund is recorded at contract value which estimates fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market members at the measurement date (i.e. an exit price). A more detailed description of the individual types of securities can be found in Note 3.

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

The Plan has entered into a benefit-responsive investment contract (the Guaranteed Income Fund) with Prudential. The Guaranteed Income Fund represents 28.4% and 34.4% of total assets available as of December 31, 2013 and 2012, respectively. Prudential maintains the contributions in a general account. The account is credited with earnings on the underlying investments and charged for participant

withdrawals and administrative expenses. The guaranteed investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan.

As described above, because the guaranteed investment contract is fully benefit responsive, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the guaranteed investment contract. Contract value, as reported to the Plan by Prudential, represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

There are no reserves against contract value for credit risk of the contract issuer or otherwise. The crediting interest rate is based on a formula agreed upon with the issuer, but may not be less than 1.50%. Such interest rates are reviewed on a semiannual basis for resetting. The fair value of the investments in these funds is estimated to be equal to the contract value as of December 31, 2013 and 2012. The average effective yield of the Guaranteed Income Fund for the years ended December 31, 2013 and 2012 was 1.85% and 2.20%, respectively, and the crediting interest rate was 1.85% and 2.20%, respectively. Generally, there are not any events that could limit the ability of the Plan to transact at contract value. In addition, there are not any events that allow the issuer to terminate the contract and that require the plan sponsor to settle at an amount different from contract value; however, there are certain limitations upon certain pool transfers and discontinuance transfers which are in excess of 10% of total assets as of the beginning of the year of the event. If such an event occurs Prudential has the right under the contract to defer the payments, which typically is 90 days, but could be up to 5 years. Plan management does not believe the occurrence of such events is probable as of December 31, 2013.

Contributions– Participant contributions and related employer matching contributions are recognized in the period during which the Company makes the respective payroll deduction from Participants’ compensation.

Administrative Expenses– The Plan Sponsor provides accounting and other administrative services to the Plan at no charge. Administrative expenses are paid by the Plan or the Company in accordance with the Plan document. Certain investment related expenses reduce investment income in the accompanying statements of changes in assets available for benefits. During the year ended December 31, 2013, Prudential contributed to the Plan certain amounts which were used to pay plan expenses, including investment advisory fees. These amounts are shown net of expenses on the statement of changes in assets available for benefits and were immaterial to the Plan’s financial statements. Administrative fees not paid directly by participants or the Company are paid by the Plan. Expenses paid by the Company have been excluded from these financial statements.

Benefits Paid to Participants–Benefit payments to participants are recorded upon distribution. Additionally, for loans declared in default the principle and accrued interest are recorded as a distribution.

Notes Receivable from Participants – Participant loans are measured at their unpaid principal balance. Any accrued but unpaid interest was de minimis. Delinquent participant loans are recorded as distributions based on the terms of the Plan Document. No allowance for credit losses has been recorded as of December 31, 2013 or 2012.

3. FAIR VALUE MEASUREMENTS

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

Asset Valuation Techniques – Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2013 and 2012.

- Mutual funds – Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.
- Pooled separate accounts (“PSAs”) – Fair value is estimated based on NAV, which is used as a practical expedient to estimate fair value. NAV is calculated based on the fair value of the underlying investments of the PSA. While NAV for a PSA is quoted in a market that is not active; classification in the fair value hierarchy is based on the observability of the investments held in the PSA. Accordingly, the Plan has classified PSAs based on the lowest level input that is significant to NAV. There are no unfunded commitments related to the PSAs and investments in PSAs can be redeemed on a daily basis.
- Group annuity – The fair value is based on unobservable inputs and is valued by Prudential Retirement Insurance and Annuity Company at contract value, which represents deposits to the contract, plus earnings at guaranteed crediting rates, less withdrawals and fees as discussed in Note 2. The Plan was transacting at contract value on the measurement date.

Fair Value Measurements at 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
Prudential Financial Group Pooled Separate Accounts:				
Fixed Income	\$ -	\$ 3,069,676	\$ -	\$ 3,069,676
Large Cap	-	18,682,028	-	18,682,028
International Stock	-	4,686,122	-	4,686,122
Mid Cap	-	10,396,737	-	10,396,737
Small Cap	-	5,780,244	-	5,780,244
Target Funds	-	36,107,810	-	36,107,810
Mutual Funds:				
International Stock	2,251,661	-	-	2,251,661
Small Cap	7,415,427	-	-	7,415,427
Group Annuity	-	35,049,690	-	35,049,690
Total	<u>\$ 9,667,088</u>	<u>\$ 113,772,307</u>	<u>\$ -</u>	<u>\$ 123,439,395</u>

Fair Value Measurements at December 31, 2012

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Prudential Financial Group Pooled Separate Accounts:				
Fixed Income	\$ -	\$ 3,364,617	\$ -	\$ 3,364,617
Large Cap	-	13,501,888	-	13,501,888
International Stock	-	3,745,915	-	3,745,915
Mid Cap	-	7,686,023	-	7,686,023
Small Cap	-	3,616,557	-	3,616,557
Target Funds	-	30,887,511	-	30,887,511
Mutual Funds:				
International Stock	1,771,150	-	-	1,771,150
Small Cap	4,298,747	-	-	4,298,747
Group Annuity	-	38,257,307	-	38,257,307
Total	<u>\$ 6,069,897</u>	<u>\$ 101,059,818</u>	<u>\$ -</u>	<u>\$ 107,129,715</u>

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 evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits. There were no transfers between levels for the years ended December 31, 2013 and 2012.

4. EXEMPT PARTY-IN-INTEREST TRANSACTIONS

Plan investments include PSAs and a group annuity managed by Prudential. Prudential is the trustee and custodian, as defined by the Plan and, therefore, these transactions qualify as party-in-interest.

Certain administrative functions are performed by the officers and employees of the Company (who may also be participants in the Plan) at no cost to the Plan.

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

5. INFORMATION CERTIFIED BY THE TRUSTEE AND CUSTODIAN

The following is a summary of the unaudited information regarding the Plan as of December 31, 2013 and 2012 and for the year ended December 31, 2013 included in the Plan's financial statements and supplemental schedule, that was prepared by or derived from information prepared by Prudential, the trustee and custodian of the Plan, and furnished to the Plan administrator. The Plan administrator has obtained certifications from the trustee that such information is complete and accurate.

	2013	2012
Statements of assets available for benefits:		
Participant - directed investments at fair value:		
Pooled separate accounts	\$ 78,722,617	\$ 62,802,511
Mutual funds	9,667,088	6,069,897
Group annuity	35,049,690	38,257,307
Statement of change in assets available for benefits:		
Net appreciation in fair value of investments	\$ 17,851,895	
Interest income	806,339	
Interest income on notes receivable	142,525	

All investment balances and investment information in Notes 3 and 6, except for the classification of each investment in the fair value hierarchy as of December 31, 2013 and 2012 as disclosed in Note 3.

All investment balances and information included in the supplemental schedule of assets (held at end of year).

6. INVESTMENTS

The Plan's investments that represented 5% or more of the Plan's assets available for benefits as of December 31, 2013 and 2012 are as follows:

	2013	2012
Group Annuity:		
* Guaranteed Income Fund	\$ 35,049,690	\$ 38,257,307
Pooled Separate Accounts:		
* Retirement Goal 2030	12,630,587	10,445,305
* Dryden S&P 500 Index Fund	7,984,074	5,747,604
* Middle Capital Growth/Artisan	7,233,495	5,649,575
T Rowe Price Growth Stock	7,156,869	**
* Retirement Goal 2020	6,844,305	6,266,720
* Retirement Goal 2010	6,373,551	6,498,682

* Permitted party-in-interest

** Not over 5%

During the year ended December 31, 2013, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$17,851,895 as follows:

Pooled Separate Accounts	\$ 15,714,679
Mutual Funds	2,137,216
Net appreciation in fair value of investments	<u>\$ 17,851,895</u>

7. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of assets available for benefits per the Statement of Assets Available for Benefits to the net assets available for benefits per Form 5500 as of December 31, 2013 and 2012:

	2013	2012
Assets available for benefits from the Statements of Assets Available for Benefits	\$ 126,752,714	\$ 111,079,145
Less: Amounts deemed distributed for tax purposes	-	(30,128)
Assets available for benefits from Form 5500	<u>\$ 126,752,714</u>	<u>\$ 111,049,017</u>

The following is a reconciliation of the increase in assets from the Statement of Changes in Assets Available for Benefits to the Form 5500 for the year ended December 31, 2012:

Increase in assets available for benefits from the Statement of Changes in Assets Available for Benefits	\$ 15,673,569
Add: Amounts deemed distributed for tax purposes, December 31, 2012	30,128
Net income from Form 5500	<u>\$ 15,703,697</u>

Participant loans are reported as notes receivable from participants in the accompanying financial statements as required by current authoritative guidance; however, for Form 5500 purposes and reporting on the supplemental Schedule of Assets (Held at End of Year) they are shown as investments.

8. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right to terminate the Plan. At the time of termination, the Plan shall be valued and distributions to participants shall be made.

9. FEDERAL INCOME TAX STATUS

The Internal Revenue Service ("IRS") has determined and informed the Plan administrator by a letter dated October 16, 2012, that the Plan is qualified and therefore is tax-exempt, under the appropriate sections of the Code. The Plan has been amended since the date of this letter; however, Plan management believes the Plan and Trust continue to be tax exempt.

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

10. SUBSEQUENT EVENTS

The Plan sponsor has evaluated subsequent events through October 8, 2014, which is the date the financial statements were available to be issued.

The Plan sponsor amended the Plan effective January 1, 2014 to incorporate all previous amendments. The Plan sponsor subsequently amended the Plan effective February 2, 2014, March 24, 2014, April 14, 2014, August 24, 2014 and September 25, 2014. The Plan was amended to change the contracted employees that are participating in the Plan and to allow for the spin-off of the assets of the employees that are no longer participating to another Plan sponsored by Exelis, Inc. In 2014, assets of approximately \$80,000,000 were spun-off from the Plan. The Plan was also amended to allow for participants to contribute to the Plan on an after tax basis.

On September 27, 2014, Exelis, Inc. spun-off Exelis Systems Corporation (the Plan sponsor), a division of Exelis, Inc., and renamed the Company Vectrus Systems Corporation. Vectrus, Inc. is the parent company of Vectrus Systems Corporation. The Plan was amended and restated effective September 27, 2014. The Plan name changed to Vectrus 401(k) Plan and the Plan sponsor became Vectrus Systems Corporation. Exelis, Inc. became a participating employer of the Plan. The provisions of the Plan were amended to allow for the transfer of accounts of all active management benefitted employees that are participants in the Exelis Salaried Investment and Savings Plan. These employees will receive a matching contribution of \$.50 up to 8% but are not eligible for the employer contributions defined in Note 1.

EXELIS SYSTEMS CORPORATION RETIREMENT AND SAVINGS FORM 5500,
SCHEDULE H, PART IV, LINE 4i – SCHEDULE OF ASSETS (HELD AT END OF
YEAR) AS OF DECEMBER 31, 2013

EIN: 22-1522888
Plan # 013

(c)				
(a)	(b)	(c)	(d)	(e)
	Identity of Issuer, Borrower, Lessor or Similar Party	Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	Cost	Current Value
*	Prudential Retirement Insurance and Annuity Company:			
	Group Annuity	Guaranteed Income Fund	**	\$ 35,049,690
	Pooled Separate Accounts	Dryden S&P 500 Index Fund	**	7,984,074
	Pooled Separate Accounts	Retirement Goal 2040	**	5,070,129
	Pooled Separate Accounts	T Rowe Price Growth Stock	**	7,156,869
	Pooled Separate Accounts	Core Plus Bond/ PIMCO	**	3,069,676
	Pooled Separate Accounts	Small Capital Growth/Timessquare	**	5,780,244
	Pooled Separate Accounts	Retirement Goal 2020	**	6,844,305
	Pooled Separate Accounts	Oppenheimer Global Fund	**	4,686,122
	Pooled Separate Accounts	Middle Capital Value/Well Managment	**	3,163,242
	Pooled Separate Accounts	Middle Capital Growth/Artisan	**	7,233,495
	Pooled Separate Accounts	Large Capital Value/John A. Levin	**	3,541,085
	Pooled Separate Accounts	Retirement Goal 2050	**	5,189,238
	Pooled Separate Accounts	Retirement Goal 2030	**	12,630,587
	Pooled Separate Accounts	Retirement Goal 2010	**	6,373,551
	Mutual Funds:			
	JP Morgan	JP Morgan Small Cap Value Select	**	4,422,995
	Vanguard	Vanguard Small Cap Index	**	2,992,432
	American Funds	American Fund EuroPacific Growth	**	2,251,661
	Total investments			123,439,395
	Participant Loans			
*	Participant loans receivable	Loans to participants with interest rates ranging between 4.25% and 6.00% with various dates of maturity from January 3, 2013 through December 22, 2022 (net of deemed distributions of \$15,082).	**	3,313,319
	Total assets			<u><u>\$126,752,714</u></u>

*Represents a party-in-interest as defined by ERISA.

**The cost of participant – directed investments is not required to be disclosed.

See accompanying independent auditor's report and notes to financial statements.

EXELIS SYSTEMS CORPORATION RETIREMENT AND SAVINGS FORM 5500,
SCHEDULE H, PART IV, LINE 4i – SCHEDULE OF ASSETS (HELD AT END OF
YEAR) AS OF DECEMBER 31, 2013

EIN: 22-1522888
Plan # 013

(c)				
(a)	(b)	(c)	(d)	(e)
	Identity of Issuer, Borrower, Lessor or Similar Party	Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	Cost	Current Value
*	Prudential Retirement Insurance and Annuity Company:			
	Group Annuity	Guaranteed Income Fund	**	\$ 35,049,690
	Pooled Separate Accounts	Dryden S&P 500 Index Fund	**	7,984,074
	Pooled Separate Accounts	Retirement Goal 2040	**	5,070,129
	Pooled Separate Accounts	T Rowe Price Growth Stock	**	7,156,869
	Pooled Separate Accounts	Core Plus Bond/ PIMCO	**	3,069,676
	Pooled Separate Accounts	Small Capital Growth/Timessquare	**	5,780,244
	Pooled Separate Accounts	Retirement Goal 2020	**	6,844,305
	Pooled Separate Accounts	Oppenheimer Global Fund	**	4,686,122
	Pooled Separate Accounts	Middle Capital Value/Well Managment	**	3,163,242
	Pooled Separate Accounts	Middle Capital Growth/Artisan	**	7,233,495
	Pooled Separate Accounts	Large Capital Value/John A. Levin	**	3,541,085
	Pooled Separate Accounts	Retirement Goal 2050	**	5,189,238
	Pooled Separate Accounts	Retirement Goal 2030	**	12,630,587
	Pooled Separate Accounts	Retirement Goal 2010	**	6,373,551
	Mutual Funds:			
	JP Morgan	JP Morgan Small Cap Value Select	**	4,422,995
	Vanguard	Vanguard Small Cap Index	**	2,992,432
	American Funds	American Fund EuroPacific Growth	**	2,251,661
	Total investments			123,439,395
	Participant Loans			
*	Participant loans receivable	Loans to participants with interest rates ranging between 4.25% and 6.00% with various dates of maturity from January 3, 2013 through December 22, 2022 (net of deemed distributions of \$15,082).	**	3,313,319
	Total assets			<u><u>\$126,752,714</u></u>

*Represents a party-in-interest as defined by ERISA.

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