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| <b>Form 5500</b><br><br>Department of the Treasury<br>Internal Revenue Service<br><br>Department of Labor<br>Employee Benefits Security<br>Administration<br><br>Pension Benefit Guaranty Corporation | <b>Annual Return/Report of Employee Benefit Plan</b><br><br>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).<br><br><b>▶ Complete all entries in accordance with the instructions to the Form 5500.</b> | OMB Nos. 1210-0110<br>1210-0089<br><br><b>2014</b><br><br><b>This Form is Open to Public Inspection</b> |
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| <b>Part I</b>                                                                                            | <b>Annual Report Identification Information</b>                                                                                                                                                                                                                                                                                                 |
| For calendar plan year 2014 or fiscal plan year beginning <u>01/01/2014</u> and ending <u>12/31/2014</u> |                                                                                                                                                                                                                                                                                                                                                 |
| <b>A</b> This return/report is for:                                                                      | <input type="checkbox"/> a multiemployer plan; <input type="checkbox"/> a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions); or<br><input checked="" type="checkbox"/> a single-employer plan; <input type="checkbox"/> a DFE (specify) _____ |
| <b>B</b> This return/report is:                                                                          | <input type="checkbox"/> the first return/report; <input type="checkbox"/> the final return/report;<br><input type="checkbox"/> an amended return/report; <input type="checkbox"/> a short plan year return/report (less than 12 months).                                                                                                       |
| <b>C</b> If the plan is a collectively-bargained plan, check here. ....                                  | <input checked="" type="checkbox"/>                                                                                                                                                                                                                                                                                                             |
| <b>D</b> Check box if filing under:                                                                      | <input checked="" type="checkbox"/> Form 5558; <input type="checkbox"/> automatic extension; <input type="checkbox"/> the DFVC program;<br><input type="checkbox"/> special extension (enter description)                                                                                                                                       |

|                                                                                                                                                                                                      |                                                                                                                                                                                                        |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Part II</b>                                                                                                                                                                                       | <b>Basic Plan Information</b> —enter all requested information                                                                                                                                         |
| <b>1a</b> Name of plan<br><u>EXELIS COMMUNICATION SOLUTIONS PENSION PLAN FOR EMPLOYEES IN THE BARGAINING UNIT</u>                                                                                    | <b>1b</b> Three-digit plan number (PN) ▶ <u>004</u><br><b>1c</b> Effective date of plan<br><u>12/01/1955</u>                                                                                           |
| <b>2a</b> Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan)<br><u>EXELIS INC.</u><br><br><u>1025 W NASA BLVD</u><br><u>MELBOURNE, FL 32919</u> | <b>2b</b> Employer Identification Number (EIN)<br><u>45-2083813</u><br><b>2c</b> Plan Sponsor's telephone number<br><u>321-724-3682</u><br><b>2d</b> Business code (see instructions)<br><u>333200</u> |

**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.

|                                                                                                                                                                                                |                                                          |                   |                                                               |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|-------------------|---------------------------------------------------------------|
| <b>SIGN HERE</b>                                                                                                                                                                               | <u>Filed with authorized/valid electronic signature.</u> | <u>10/14/2015</u> | <u>DAVID WATROUS</u>                                          |
|                                                                                                                                                                                                | <b>Signature of plan administrator</b>                   | Date              | Enter name of individual signing as plan administrator        |
| <b>SIGN HERE</b>                                                                                                                                                                               |                                                          |                   |                                                               |
|                                                                                                                                                                                                | <b>Signature of employer/plan sponsor</b>                | Date              | Enter name of individual signing as employer or plan sponsor  |
| <b>SIGN HERE</b>                                                                                                                                                                               |                                                          |                   |                                                               |
|                                                                                                                                                                                                | <b>Signature of DFE</b>                                  | Date              | Enter name of individual signing as DFE                       |
| Preparer's name (including firm name, if applicable) and address (include room or suite number) (optional)<br><u>DELOITTE TAX LLP</u><br><br><u>1633 BROADWAY</u><br><u>NEW YORK, NY 10019</u> |                                                          |                   | Preparer's telephone number (optional)<br><u>212-492-3600</u> |

|                                                                                                                                                                                                                                                                                                                                                                                                                                       |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |      |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|
| <b>3a</b> Plan administrator's name and address <input type="checkbox"/> Same as Plan Sponsor<br><br>ADMINISTRATION COMMITTEE OF EXELIS COMMUNICATION SOLUTIONS<br><br>1025 W NASA BLVD<br>MELBOURNE, FL 32919                                                                                                                                                                                                                        |  | <b>3b</b> Administrator's EIN<br>45-2083813                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                       |  | <b>3c</b> Administrator's telephone number<br>321-724-3682                                                                                                                                                                                                                                                                                                                                                                                                                                                   |      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                       |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |      |
| <b>4</b> 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:<br><br><b>a</b> Sponsor's name                                                                                                                                                                                                                 |  | <b>4b</b> EIN<br><br><b>4c</b> PN                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |      |
| <b>5</b> Total number of participants at the beginning of the plan year                                                                                                                                                                                                                                                                                                                                                               |  | <b>5</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 1025 |
| <b>6</b> Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines <b>6a(1)</b> , <b>6a(2)</b> , <b>6b</b> , <b>6c</b> , and <b>6d</b> ).                                                                                                                                                                                                                                      |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |      |
| <b>a(1)</b> Total number of active participants at the beginning of the plan year .....                                                                                                                                                                                                                                                                                                                                               |  | <b>6a(1)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 386  |
| <b>a(2)</b> Total number of active participants at the end of the plan year .....                                                                                                                                                                                                                                                                                                                                                     |  | <b>6a(2)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 348  |
| <b>b</b> Retired or separated participants receiving benefits .....                                                                                                                                                                                                                                                                                                                                                                   |  | <b>6b</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 362  |
| <b>c</b> Other retired or separated participants entitled to future benefits.....                                                                                                                                                                                                                                                                                                                                                     |  | <b>6c</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 291  |
| <b>d</b> Subtotal. Add lines <b>6a(2)</b> , <b>6b</b> , and <b>6c</b> . .....                                                                                                                                                                                                                                                                                                                                                         |  | <b>6d</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 1001 |
| <b>e</b> Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. ....                                                                                                                                                                                                                                                                                                                            |  | <b>6e</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 21   |
| <b>f</b> Total. Add lines <b>6d</b> and <b>6e</b> . .....                                                                                                                                                                                                                                                                                                                                                                             |  | <b>6f</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 1022 |
| <b>g</b> Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) .....                                                                                                                                                                                                                                                                                       |  | <b>6g</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |      |
| <b>h</b> Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....                                                                                                                                                                                                                                                                                            |  | <b>6h</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 5    |
| <b>7</b> Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....                                                                                                                                                                                                                                                                                                   |  | <b>7</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |      |
| <b>8a</b> If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:<br>1B 3H                                                                                                                                                                                                                                                                 |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |      |
| <b>b</b> If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:                                                                                                                                                                                                                                                                           |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |      |
| <b>9a</b> Plan funding arrangement (check all that apply)<br>(1) <input type="checkbox"/> Insurance<br>(2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts<br>(3) <input checked="" type="checkbox"/> Trust<br>(4) <input type="checkbox"/> General assets of the sponsor                                                                                                                                         |  | <b>9b</b> Plan benefit arrangement (check all that apply)<br>(1) <input type="checkbox"/> Insurance<br>(2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts<br>(3) <input checked="" type="checkbox"/> Trust<br>(4) <input type="checkbox"/> General assets of the sponsor                                                                                                                                                                                                                |      |
| <b>10</b> Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)                                                                                                                                                                                                                                                                     |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |      |
| <b>a Pension Schedules</b><br>(1) <input checked="" type="checkbox"/> <b>R</b> (Retirement Plan Information)<br><br>(2) <input type="checkbox"/> <b>MB</b> (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary<br><br>(3) <input checked="" type="checkbox"/> <b>SB</b> (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary |  | <b>b General Schedules</b><br>(1) <input checked="" type="checkbox"/> <b>H</b> (Financial Information)<br>(2) <input type="checkbox"/> <b>I</b> (Financial Information – Small Plan)<br>(3) <input type="checkbox"/> <b>A</b> (Insurance Information)<br>(4) <input checked="" type="checkbox"/> <b>C</b> (Service Provider Information)<br>(5) <input checked="" type="checkbox"/> <b>D</b> (DFE/Participating Plan Information)<br>(6) <input type="checkbox"/> <b>G</b> (Financial Transaction Schedules) |      |

**Part III****Form M-1 Compliance Information (to be completed by welfare benefit plans)**

**11a** If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ..... ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

**11b** Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ..... ☐ Yes ☐ No

**11c** Enter the Receipt Confirmation Code for the 2014 Form M-1 annual report. If the plan was not required to file the 2014 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code \_\_\_\_\_

|                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                   |                                                                                                |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
| <div>SCHEDULE SB<br/>(Form 5500)<br/><br/>Department of the Treasury<br/>Internal Revenue Service<br/><br/>Department of Labor<br/>Employee Benefits Security Administration<br/><br/>Pension Benefit Guaranty Corporation</div> | <div>Single-Employer Defined Benefit Plan<br/>Actuarial Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).</div> <div>▶ File as an attachment to Form 5500 or 5500-SF.</div> | <div>OMB No. 1210-0110</div> <div>2014</div> <div>This Form is Open to Public Inspection</div> |
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|                                                                                                                                    |                                                                                                                                                  |
|------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|
| For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014                                         |                                                                                                                                                  |
| ▶ Round off amounts to nearest dollar.                                                                                             |                                                                                                                                                  |
| ▶ Caution: A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.            |                                                                                                                                                  |
| A Name of plan<br>EXELIS COMMUNICATION SOLUTIONS PENSION PLAN FOR EMPLOYEES IN THE BARGAINING UNIT                                 | B Three-digit plan number (PN) ▶ 004                                                                                                             |
| C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF<br>EXELIS INC.                                                   | D Employer Identification Number (EIN)<br>45-2083813                                                                                             |
| E Type of plan: <input checked="" type="checkbox"/> Single <input type="checkbox"/> Multiple-A <input type="checkbox"/> Multiple-B | F Prior year plan size: <input type="checkbox"/> 100 or fewer <input type="checkbox"/> 101-500 <input checked="" type="checkbox"/> More than 500 |

|        |                                                                                                                                                                                                  |                            |                           |                          |
|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|---------------------------|--------------------------|
| Part I | Basic Information                                                                                                                                                                                |                            |                           |                          |
| 1      | Enter the valuation date: Month 01 Day 01 Year 2014                                                                                                                                              |                            |                           |                          |
| 2      | Assets:                                                                                                                                                                                          |                            |                           |                          |
| a      | Market value                                                                                                                                                                                     | 2a                         | 40020691                  |                          |
| b      | Actuarial value                                                                                                                                                                                  | 2b                         | 38353698                  |                          |
| 3      | Funding target/participant count breakdown                                                                                                                                                       | (1) Number of participants | (2) Vested Funding Target | (3) Total Funding Target |
| a      | For retired participants and beneficiaries receiving payment                                                                                                                                     | 343                        | 19082200                  | 19082200                 |
| b      | For terminated vested participants                                                                                                                                                               | 296                        | 4774091                   | 4774091                  |
| c      | For active participants                                                                                                                                                                          | 386                        | 16299133                  | 17625632                 |
| d      | Total                                                                                                                                                                                            | 1025                       | 40155424                  | 41481923                 |
| 4      | If the plan is in at-risk status, check the box and complete lines (a) and (b) <input type="checkbox"/>                                                                                          |                            |                           |                          |
| a      | Funding target disregarding prescribed at-risk assumptions                                                                                                                                       | 4a                         |                           |                          |
| b      | Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor | 4b                         |                           |                          |
| 5      | Effective interest rate                                                                                                                                                                          | 5                          | 6.51%                     |                          |
| 6      | Target normal cost                                                                                                                                                                               | 6                          | 719747                    |                          |

**Statement by Enrolled Actuary**

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

|                          |                                                                                                                                                                                                                                                    |                                                                                                                                                                              |
|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <div>SIGN<br/>HERE</div> | <div>Signature of actuary</div> <div>BARBARA H. VAUGHAN</div> <div>Type or print name of actuary</div> <div>BUCK CONSULTANTS, LLC</div> <div>Firm name</div> <div>500 PLAZA DRIVE<br/>SECAUCUS, NJ 07096-1533</div> <div>Address of the firm</div> | <div>09/17/2015</div> <div>Date</div> <div>14-04686</div> <div>Most recent enrollment number</div> <div>201-902-2300</div> <div>Telephone number (including area code)</div> |
|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

| <b>Part II Beginning of Year Carryover and Prefunding Balances</b>                                                                                                   |                       |                        |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|------------------------|
|                                                                                                                                                                      | (a) Carryover balance | (b) Prefunding balance |
| <b>7</b> Balance at beginning of prior year after applicable adjustments (line 13 from prior year) .....                                                             | 0                     | 0                      |
| <b>8</b> Portion elected for use to offset prior year's funding requirement (line 35 from prior year) .....                                                          | 0                     | 0                      |
| <b>9</b> Amount remaining (line 7 minus line 8) .....                                                                                                                | 0                     | 0                      |
| <b>10</b> Interest on line 9 using prior year's actual return of <u>12.52</u> % .....                                                                                | 0                     | 0                      |
| <b>11</b> Prior year's excess contributions to be added to prefunding balance:                                                                                       |                       |                        |
| <b>a</b> Present value of excess contributions (line 38a from prior year) .....                                                                                      |                       | 192803                 |
| <b>b(1)</b> Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of <u>6.70</u> % ..... |                       | 12918                  |
| <b>b(2)</b> Interest on line 38b from prior year Schedule SB, using prior year's actual return .....                                                                 |                       | 0                      |
| <b>c</b> Total available at beginning of current plan year to add to prefunding balance .....                                                                        |                       | 205721                 |
| <b>d</b> Portion of (c) to be added to prefunding balance .....                                                                                                      |                       | 205721                 |
| <b>12</b> Other reductions in balances due to elections or deemed elections .....                                                                                    | 0                     | 0                      |
| <b>13</b> Balance at beginning of current year (line 9 + line 10 + line 11d – line 12) .....                                                                         | 0                     | 205721                 |

| <b>Part III Funding Percentages</b>                                                                                                                                        |           |         |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|---------|
| <b>14</b> Funding target attainment percentage .....                                                                                                                       | <b>14</b> | 91.96 % |
| <b>15</b> Adjusted funding target attainment percentage .....                                                                                                              | <b>15</b> | 91.96 % |
| <b>16</b> Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement ..... | <b>16</b> | 94.10 % |
| <b>17</b> If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage .....                                        | <b>17</b> | %       |

| <b>Part IV Contributions and Liquidity Shortfalls</b>                                    |                                   |                                 |                          |                                   |                                 |
|------------------------------------------------------------------------------------------|-----------------------------------|---------------------------------|--------------------------|-----------------------------------|---------------------------------|
| <b>18</b> Contributions made to the plan for the plan year by employer(s) and employees: |                                   |                                 |                          |                                   |                                 |
| (a) Date<br>(MM-DD-YYYY)                                                                 | (b) Amount paid by<br>employer(s) | (c) Amount paid by<br>employees | (a) Date<br>(MM-DD-YYYY) | (b) Amount paid by<br>employer(s) | (c) Amount paid by<br>employees |
| 04/15/2014                                                                               | 358000                            | 0                               |                          |                                   |                                 |
| 07/15/2014                                                                               | 358000                            | 0                               |                          |                                   |                                 |
| 10/15/2014                                                                               | 142000                            | 0                               |                          |                                   |                                 |
| 01/15/2015                                                                               | 358000                            | 0                               |                          |                                   |                                 |
| 08/31/2015                                                                               | 473000                            | 0                               |                          |                                   |                                 |
|                                                                                          |                                   |                                 | <b>Totals ▶</b>          | <b>18(b)</b>                      | 1689000                         |
|                                                                                          |                                   |                                 |                          | <b>18(c)</b>                      | 0                               |

|                                                                                                                                                                                       |            |         |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|---------|
| <b>19</b> Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:                                                  |            |         |
| <b>a</b> Contributions allocated toward unpaid minimum required contributions from prior years .....                                                                                  | <b>19a</b> | 0       |
| <b>b</b> Contributions made to avoid restrictions adjusted to valuation date .....                                                                                                    | <b>19b</b> | 0       |
| <b>c</b> Contributions allocated toward minimum required contribution for current year adjusted to valuation date .....                                                               | <b>19c</b> | 1594102 |
| <b>20</b> Quarterly contributions and liquidity shortfalls:                                                                                                                           |            |         |
| <b>a</b> Did the plan have a "funding shortfall" for the prior year? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No                                              |            |         |
| <b>b</b> If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |            |         |
| <b>c</b> If line 20a is "Yes," see instructions and complete the following table as applicable:                                                                                       |            |         |
| Liquidity shortfall as of end of quarter of this plan year                                                                                                                            |            |         |
| (1) 1st                                                                                                                                                                               | (2) 2nd    | (3) 3rd |
| 0                                                                                                                                                                                     | 0          | 0       |
|                                                                                                                                                                                       |            | (4) 4th |
|                                                                                                                                                                                       |            | 0       |

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

|                                                                                                                                                                                              |                        |                        |                        |                                                     |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|------------------------|-----------------------------------------------------|
| <b>21</b> Discount rate:                                                                                                                                                                     |                        |                        |                        |                                                     |
| <b>a</b> Segment rates:                                                                                                                                                                      | 1st segment:<br>4.99 % | 2nd segment:<br>6.32 % | 3rd segment:<br>6.99 % | <input type="checkbox"/> N/A, full yield curve used |
| <b>b</b> Applicable month (enter code).....                                                                                                                                                  |                        |                        |                        | <b>21b</b> 4                                        |
| <b>22</b> Weighted average retirement age .....                                                                                                                                              |                        |                        |                        | <b>22</b> 63                                        |
| <b>23</b> Mortality table(s) (see instructions) <input type="checkbox"/> Prescribed - combined <input checked="" type="checkbox"/> Prescribed - separate <input type="checkbox"/> Substitute |                        |                        |                        |                                                     |

**Part VI Miscellaneous Items**

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

**Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years**

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

**Part VIII Minimum Required Contribution For Current Year**

|                                                                                                                                                                                      |                     |                    |               |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|--------------------|---------------|
| <b>31</b> Target normal cost and excess assets (see instructions):                                                                                                                   |                     |                    |               |
| <b>a</b> Target normal cost (line 6).....                                                                                                                                            | <b>31a</b>          | 719747             |               |
| <b>b</b> Excess assets, if applicable, but not greater than line 31a .....                                                                                                           | <b>31b</b>          | 0                  |               |
| <b>32</b> Amortization installments:                                                                                                                                                 | Outstanding Balance |                    |               |
| <b>a</b> Net shortfall amortization installment.....                                                                                                                                 | 3333946             | 1079677            |               |
| <b>b</b> Waiver amortization installment .....                                                                                                                                       | 0                   | 0                  |               |
| <b>33</b> If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount ..... | <b>33</b>           |                    |               |
| <b>34</b> Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33) ..                                                            | <b>34</b>           | 1799424            |               |
|                                                                                                                                                                                      | Carryover balance   | Prefunding balance | Total balance |
| <b>35</b> Balances elected for use to offset funding requirement.....                                                                                                                | 0                   | 205721             | 205721        |
| <b>36</b> Additional cash requirement (line 34 minus line 35).....                                                                                                                   | <b>36</b>           | 1593703            |               |
| <b>37</b> Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c).....                                                   | <b>37</b>           | 1594102            |               |
| <b>38</b> Present value of excess contributions for current year (see instructions)                                                                                                  |                     |                    |               |
| <b>a</b> Total (excess, if any, of line 37 over line 36) .....                                                                                                                       | <b>38a</b>          | 399                |               |
| <b>b</b> Portion included in line 38a attributable to use of prefunding and funding standard carryover balances .....                                                                | <b>38b</b>          | 399                |               |
| <b>39</b> Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37) .....                                                                      | <b>39</b>           | 0                  |               |
| <b>40</b> Unpaid minimum required contributions for all years .....                                                                                                                  | <b>40</b>           | 0                  |               |

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

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

|                                                                                                                                                                                                                           |                                                                                                                                                                                                                        |                                                |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|
| <b>SCHEDULE C</b><br><b>(Form 5500)</b><br><br>Department of the Treasury<br>Internal Revenue Service<br><br>Department of Labor<br>Employee Benefits Security Administration<br><br>Pension Benefit Guaranty Corporation | <b>Service Provider Information</b><br><br>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).<br><br>▶ <b>File as an attachment to Form 5500.</b> | OMB No. 1210-0110                              |
|                                                                                                                                                                                                                           |                                                                                                                                                                                                                        | <b>2014</b>                                    |
|                                                                                                                                                                                                                           |                                                                                                                                                                                                                        | <b>This Form is Open to Public Inspection.</b> |

For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

|                                                                                                                  |                                                                    |
|------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|
| <b>A</b> Name of plan<br><u>EXELIS COMMUNICATION SOLUTIONS PENSION PLAN FOR EMPLOYEES IN THE BARGAINING UNIT</u> | <b>B</b> Three-digit plan number (PN) ▶ <u>004</u>                 |
| <b>C</b> Plan sponsor's name as shown on line 2a of Form 5500<br><u>EXELIS INC.</u>                              | <b>D</b> Employer Identification Number (EIN)<br><u>45-2083813</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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**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<br>(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<br>(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<br>(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.

| <b>(a)</b> Enter name and EIN or address of service provider (see instructions) | <b>(b)</b> Nature of Service Code(s) | <b>(c)</b> 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)

|                                                                                                 |                                                                    |
|-------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|
| <b>a</b> Name: <span style="color: blue;">DELOITTE &amp; TOUCHE LLP</span>                      | <b>b</b> EIN: <span style="color: blue;">13-3891517</span>         |
| <b>c</b> Position: <span style="color: blue;">AUDITOR</span>                                    |                                                                    |
| <b>d</b> Address: <span style="color: blue;">30 ROCKEFELLER PLAZA<br/>NEW YORK, NY 10112</span> | <b>e</b> Telephone: <span style="color: blue;">212-492-4000</span> |
|                                                                                                 |                                                                    |
| Explanation: <span style="color: blue;">CHANGE IN SERVICE PROVIDER</span>                       |                                                                    |

|                    |                     |
|--------------------|---------------------|
| <b>a</b> Name:     | <b>b</b> EIN:       |
| <b>c</b> Position: |                     |
| <b>d</b> Address:  | <b>e</b> Telephone: |
|                    |                     |
| Explanation:       |                     |

|                    |                     |
|--------------------|---------------------|
| <b>a</b> Name:     | <b>b</b> EIN:       |
| <b>c</b> Position: |                     |
| <b>d</b> Address:  | <b>e</b> Telephone: |
|                    |                     |
| Explanation:       |                     |

|                    |                     |
|--------------------|---------------------|
| <b>a</b> Name:     | <b>b</b> EIN:       |
| <b>c</b> Position: |                     |
| <b>d</b> Address:  | <b>e</b> Telephone: |
|                    |                     |
| Explanation:       |                     |

|                    |                     |
|--------------------|---------------------|
| <b>a</b> Name:     | <b>b</b> EIN:       |
| <b>c</b> Position: |                     |
| <b>d</b> Address:  | <b>e</b> Telephone: |
|                    |                     |
| Explanation:       |                     |

|                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                              |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p style="text-align: center;"><b>SCHEDULE D</b><br/><b>(Form 5500)</b></p> <p style="text-align: center; font-size: small;">Department of the Treasury<br/>Internal Revenue Service</p> <hr/> <p style="text-align: center; font-size: small;">Department of Labor<br/>Employee Benefits Security Administration</p> | <p style="text-align: center;"><b>DFE/Participating Plan Information</b></p> <p style="text-align: center; font-size: small;">This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</p> <p style="text-align: center; font-weight: bold;">▶ File as an attachment to Form 5500.</p> | <p style="text-align: center; font-size: small;">OMB No. 1210-0110</p> <hr/> <p style="text-align: center; font-size: large; font-weight: bold;">2014</p> <hr/> <p style="text-align: center; font-size: small;">This Form is Open to Public Inspection.</p> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

|                                                                                                                                                     |                                                                                                       |  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|--|
| <p><b>A</b> Name of plan<br/><span style="color: blue;">EXELIS COMMUNICATION SOLUTIONS PENSION PLAN FOR EMPLOYEES IN THE BARGAINING UNIT</span></p> | <p><b>B</b> Three-digit plan number (PN) ▶ <span style="color: blue;">004</span></p>                  |  |
| <p><b>C</b> Plan or DFE sponsor's name as shown on line 2a of Form 5500<br/><span style="color: blue;">EXELIS INC.</span></p>                       | <p><b>D</b> Employer Identification Number (EIN)<br/><span style="color: blue;">45-2083813</span></p> |  |

|                                                                      |                                                                                                   |
|----------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| 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) |                                                                                                   |

|                                                                                                                         |                                                                 |                                                                                                                                                       |
|-------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE: <span style="color: blue;">INV MASTER TRUST OF EXELIS INC.</span></p> |                                                                 |                                                                                                                                                       |
| <p><b>b</b> Name of sponsor of entity listed in (a): <span style="color: blue;">EXELIS INC.</span></p>                  |                                                                 |                                                                                                                                                       |
| <p><b>c</b> EIN-PN <span style="color: blue;">36-6668234-300</span></p>                                                 | <p><b>d</b> Entity code <span style="color: blue;">M</span></p> | <p><b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <span style="color: blue;">41808247</span></p> |
| <p><b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE:</p>                                                                   |                                                                 |                                                                                                                                                       |
| <p><b>b</b> Name of sponsor of entity listed in (a):</p>                                                                |                                                                 |                                                                                                                                                       |
| <p><b>c</b> EIN-PN</p>                                                                                                  | <p><b>d</b> Entity code</p>                                     | <p><b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)</p>                                            |
| <p><b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE:</p>                                                                   |                                                                 |                                                                                                                                                       |
| <p><b>b</b> Name of sponsor of entity listed in (a):</p>                                                                |                                                                 |                                                                                                                                                       |
| <p><b>c</b> EIN-PN</p>                                                                                                  | <p><b>d</b> Entity code</p>                                     | <p><b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)</p>                                            |
| <p><b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE:</p>                                                                   |                                                                 |                                                                                                                                                       |
| <p><b>b</b> Name of sponsor of entity listed in (a):</p>                                                                |                                                                 |                                                                                                                                                       |
| <p><b>c</b> EIN-PN</p>                                                                                                  | <p><b>d</b> Entity code</p>                                     | <p><b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)</p>                                            |
| <p><b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE:</p>                                                                   |                                                                 |                                                                                                                                                       |
| <p><b>b</b> Name of sponsor of entity listed in (a):</p>                                                                |                                                                 |                                                                                                                                                       |
| <p><b>c</b> EIN-PN</p>                                                                                                  | <p><b>d</b> Entity code</p>                                     | <p><b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)</p>                                            |
| <p><b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE:</p>                                                                   |                                                                 |                                                                                                                                                       |
| <p><b>b</b> Name of sponsor of entity listed in (a):</p>                                                                |                                                                 |                                                                                                                                                       |
| <p><b>c</b> EIN-PN</p>                                                                                                  | <p><b>d</b> Entity code</p>                                     | <p><b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)</p>                                            |

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

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

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

**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
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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**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN

|                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                              |                                                                                                          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| <b>SCHEDULE H</b><br><b>(Form 5500)</b><br><br><small>Department of the Treasury<br/>Internal Revenue Service</small><br><br><small>Department of Labor<br/>Employee Benefits Security Administration</small><br><br><small>Pension Benefit Guaranty Corporation</small> | <b>Financial Information</b><br><br>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).<br><br><b>► File as an attachment to Form 5500.</b> | <small>OMB No. 1210-0110</small><br><br><b>2014</b><br><br><b>This Form is Open to Public Inspection</b> |
| For calendar plan year 2014 or fiscal plan year beginning <u>01/01/2014</u> and ending <u>12/31/2014</u>                                                                                                                                                                 |                                                                                                                                                                                                                                                                              |                                                                                                          |
| <b>A</b> Name of plan<br><u>EXELIS COMMUNICATION SOLUTIONS PENSION PLAN FOR EMPLOYEES IN THE BARGAINING UNIT</u>                                                                                                                                                         |                                                                                                                                                                                                                                                                              | <b>B</b> Three-digit plan number (PN) <span style="float: right;">►</span> <u>004</u>                    |
| <b>C</b> Plan sponsor's name as shown on line 2a of Form 5500<br><u>EXELIS INC.</u>                                                                                                                                                                                      |                                                                                                                                                                                                                                                                              | <b>D</b> Employer Identification Number (EIN)<br><u>45-2083813</u>                                       |

| Part I                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Asset and Liability Statement |                       |                 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-----------------------|-----------------|
| <b>1</b> 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. <b>Round off amounts to the nearest dollar.</b> 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 |
| <b>a</b> Total noninterest-bearing cash .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>1a</b>                     |                       |                 |
| <b>b</b> Receivables (less allowance for doubtful accounts):                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                               |                       |                 |
| <b>(1)</b> Employer contributions.....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>1b(1)</b>                  | 536000                | 831000          |
| <b>(2)</b> Participant contributions .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>1b(2)</b>                  |                       |                 |
| <b>(3)</b> Other.....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>1b(3)</b>                  |                       |                 |
| <b>c</b> General investments:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                               |                       |                 |
| <b>(1)</b> Interest-bearing cash (include money market accounts & certificates of deposit).....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>1c(1)</b>                  |                       |                 |
| <b>(2)</b> U.S. Government securities .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>1c(2)</b>                  |                       |                 |
| <b>(3)</b> Corporate debt instruments (other than employer securities):                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                               |                       |                 |
| <b>(A)</b> Preferred .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>1c(3)(A)</b>               |                       |                 |
| <b>(B)</b> All other .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>1c(3)(B)</b>               |                       |                 |
| <b>(4)</b> Corporate stocks (other than employer securities):                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                               |                       |                 |
| <b>(A)</b> Preferred .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>1c(4)(A)</b>               |                       |                 |
| <b>(B)</b> Common.....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>1c(4)(B)</b>               |                       |                 |
| <b>(5)</b> Partnership/joint venture interests .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>1c(5)</b>                  |                       |                 |
| <b>(6)</b> Real estate (other than employer real property).....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>1c(6)</b>                  |                       |                 |
| <b>(7)</b> Loans (other than to participants) .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>1c(7)</b>                  |                       |                 |
| <b>(8)</b> Participant loans.....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>1c(8)</b>                  |                       |                 |
| <b>(9)</b> Value of interest in common/collective trusts .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>1c(9)</b>                  |                       |                 |
| <b>(10)</b> Value of interest in pooled separate accounts .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>1c(10)</b>                 |                       |                 |
| <b>(11)</b> Value of interest in master trust investment accounts .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>1c(11)</b>                 | 39489530              | 41808247        |
| <b>(12)</b> Value of interest in 103-12 investment entities.....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>1c(12)</b>                 |                       |                 |
| <b>(13)</b> Value of interest in registered investment companies (e.g., mutual funds).....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>1c(13)</b>                 |                       |                 |
| <b>(14)</b> Value of funds held in insurance company general account (unallocated contracts).....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>1c(14)</b>                 |                       |                 |
| <b>(15)</b> Other.....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>1c(15)</b>                 |                       |                 |

**1d** Employer-related investments:

|                                                                      |              | (a) Beginning of Year | (b) End of Year |
|----------------------------------------------------------------------|--------------|-----------------------|-----------------|
| (1) Employer securities .....                                        | <b>1d(1)</b> |                       |                 |
| (2) Employer real property .....                                     | <b>1d(2)</b> |                       |                 |
| <b>e</b> Buildings and other property used in plan operation .....   | <b>1e</b>    |                       |                 |
| <b>f</b> Total assets (add all amounts in lines 1a through 1e) ..... | <b>1f</b>    | 40025530              | 42639247        |

**Liabilities**

|                                                                           |           |       |       |
|---------------------------------------------------------------------------|-----------|-------|-------|
| <b>g</b> Benefit claims payable .....                                     | <b>1g</b> |       |       |
| <b>h</b> Operating payables .....                                         | <b>1h</b> | 47398 | 68187 |
| <b>i</b> Acquisition indebtedness .....                                   | <b>1i</b> |       |       |
| <b>j</b> Other liabilities .....                                          | <b>1j</b> |       |       |
| <b>k</b> Total liabilities (add all amounts in lines 1g through 1j) ..... | <b>1k</b> | 47398 | 68187 |

**Net Assets**

|                                                           |           |          |          |
|-----------------------------------------------------------|-----------|----------|----------|
| <b>l</b> Net assets (subtract line 1k from line 1f) ..... | <b>1l</b> | 39978132 | 42571060 |
|-----------------------------------------------------------|-----------|----------|----------|

**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 |
|------------------------------------------------------------------------------------------------------------|-----------------|------------|-----------|
| <b>a Contributions:</b>                                                                                    |                 |            |           |
| (1) Received or receivable in cash from: <b>(A)</b> Employers .....                                        | <b>2a(1)(A)</b> | 1689000    |           |
| <b>(B)</b> Participants .....                                                                              | <b>2a(1)(B)</b> |            |           |
| <b>(C)</b> Others (including rollovers) .....                                                              | <b>2a(1)(C)</b> |            |           |
| (2) Noncash contributions .....                                                                            | <b>2a(2)</b>    |            |           |
| (3) Total contributions. Add lines <b>2a(1)(A)</b> , <b>(B)</b> , <b>(C)</b> , and line <b>2a(2)</b> ..... | <b>2a(3)</b>    |            | 1689000   |
| <b>b Earnings on investments:</b>                                                                          |                 |            |           |
| (1) Interest:                                                                                              |                 |            |           |
| <b>(A)</b> Interest-bearing cash (including money market accounts and certificates of deposit) .....       | <b>2b(1)(A)</b> |            |           |
| <b>(B)</b> U.S. Government securities .....                                                                | <b>2b(1)(B)</b> |            |           |
| <b>(C)</b> Corporate debt instruments .....                                                                | <b>2b(1)(C)</b> |            |           |
| <b>(D)</b> Loans (other than to participants) .....                                                        | <b>2b(1)(D)</b> |            |           |
| <b>(E)</b> Participant loans .....                                                                         | <b>2b(1)(E)</b> |            |           |
| <b>(F)</b> Other .....                                                                                     | <b>2b(1)(F)</b> |            |           |
| (G) Total interest. Add lines <b>2b(1)(A)</b> through <b>(F)</b> .....                                     | <b>2b(1)(G)</b> |            | 0         |
| (2) Dividends: <b>(A)</b> Preferred stock .....                                                            | <b>2b(2)(A)</b> |            |           |
| <b>(B)</b> Common stock .....                                                                              | <b>2b(2)(B)</b> |            |           |
| <b>(C)</b> Registered investment company shares (e.g. mutual funds) .....                                  | <b>2b(2)(C)</b> |            |           |
| (D) Total dividends. Add lines <b>2b(2)(A)</b> , <b>(B)</b> , and <b>(C)</b> .....                         | <b>2b(2)(D)</b> |            | 0         |
| (3) Rents .....                                                                                            | <b>2b(3)</b>    |            |           |
| (4) Net gain (loss) on sale of assets: <b>(A)</b> Aggregate proceeds .....                                 | <b>2b(4)(A)</b> |            |           |
| <b>(B)</b> Aggregate carrying amount (see instructions) .....                                              | <b>2b(4)(B)</b> |            |           |
| <b>(C)</b> Subtract line <b>2b(4)(B)</b> from line <b>2b(4)(A)</b> and enter result .....                  | <b>2b(4)(C)</b> |            | 0         |
| (5) Unrealized appreciation (depreciation) of assets: <b>(A)</b> Real estate .....                         | <b>2b(5)(A)</b> |            |           |
| <b>(B)</b> Other .....                                                                                     | <b>2b(5)(B)</b> |            |           |
| (C) Total unrealized appreciation of assets. Add lines <b>2b(5)(A)</b> and <b>(B)</b> .....                | <b>2b(5)(C)</b> |            | 0         |

|                                                                                                |        | (a) Amount | (b) Total |
|------------------------------------------------------------------------------------------------|--------|------------|-----------|
| (6) Net investment gain (loss) from common/collective trusts.....                              | 2b(6)  |            |           |
| (7) Net investment gain (loss) from pooled separate accounts.....                              | 2b(7)  |            |           |
| (8) Net investment gain (loss) from master trust investment accounts.....                      | 2b(8)  |            | 2922800   |
| (9) Net investment gain (loss) from 103-12 investment entities.....                            | 2b(9)  |            |           |
| (10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)..... | 2b(10) |            |           |
| c Other income.....                                                                            | 2c     |            |           |
| d Total income. Add all <b>income</b> amounts in column (b) and enter total.....               | 2d     |            | 4611800   |

**Expenses**

|                                                                                     |       |         |         |
|-------------------------------------------------------------------------------------|-------|---------|---------|
| e Benefit payment and payments to provide benefits:                                 |       |         |         |
| (1) Directly to participants or beneficiaries, including direct rollovers.....      | 2e(1) | 2018872 |         |
| (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) |         | 2018872 |
| f Corrective distributions (see instructions).....                                  | 2f    |         |         |
| g Certain deemed distributions of participant loans (see instructions).....         | 2g    |         |         |
| h Interest expense.....                                                             | 2h    |         |         |
| i Administrative expenses: (1) Professional fees.....                               | 2i(1) |         |         |
| (2) Contract administrator fees.....                                                | 2i(2) |         |         |
| (3) Investment advisory and management fees.....                                    | 2i(3) |         |         |
| (4) Other.....                                                                      | 2i(4) |         |         |
| (5) Total administrative expenses. Add lines 2i(1) through (4).....                 | 2i(5) |         | 0       |
| j Total expenses. Add all <b>expense</b> amounts in column (b) and enter total..... | 2j    |         | 2018872 |

**Net Income and Reconciliation**

|                                                         |       |  |         |
|---------------------------------------------------------|-------|--|---------|
| k Net income (loss). Subtract line 2j from line 2d..... | 2k    |  | 2592928 |
| 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: BUCHBINDER TUNICK & COMPANY LLP

(2) EIN: 13-1578842

**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   |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|----|----------|
| <b>c</b> 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  |          |
| <b>4c</b>                                                                                                                                                                                                                     |     |    |          |
| <b>d</b> 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  |          |
| <b>4d</b>                                                                                                                                                                                                                     |     |    |          |
| <b>e</b> Was this plan covered by a fidelity bond? .....                                                                                                                                                                      | X   |    | 15000000 |
| <b>4e</b>                                                                                                                                                                                                                     |     |    |          |
| <b>f</b> Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty? .....                                                                                       |     | X  |          |
| <b>4f</b>                                                                                                                                                                                                                     |     |    |          |
| <b>g</b> 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  |          |
| <b>4g</b>                                                                                                                                                                                                                     |     |    |          |
| <b>h</b> 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  |          |
| <b>4h</b>                                                                                                                                                                                                                     |     |    |          |
| <b>i</b> Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.) .....                                                                |     | X  |          |
| <b>4i</b>                                                                                                                                                                                                                     |     |    |          |
| <b>j</b> 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  |          |
| <b>4j</b>                                                                                                                                                                                                                     |     |    |          |
| <b>k</b> Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC? .....                                                           |     | X  |          |
| <b>4k</b>                                                                                                                                                                                                                     |     |    |          |
| <b>l</b> Has the plan failed to provide any benefit when due under the plan? .....                                                                                                                                            |     | X  |          |
| <b>4l</b>                                                                                                                                                                                                                     |     |    |          |
| <b>m</b> If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.) .....                                                                                                  |     |    |          |
| <b>4m</b>                                                                                                                                                                                                                     |     |    |          |
| <b>n</b> 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. ....                                      |     |    |          |
| <b>4n</b>                                                                                                                                                                                                                     |     |    |          |

**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  
 INVESTMENT MASTER TRUST OF EXELIS INC.

**6b** Trust's EIN  
 366668234

|                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                            |                                                                                            |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| <b>SCHEDULE R</b><br><b>(Form 5500)</b><br><br>Department of the Treasury<br>Internal Revenue Service<br><br>Department of Labor<br>Employee Benefits Security Administration<br><br>Pension Benefit Guaranty Corporation | <b>Retirement Plan Information</b><br><br>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).<br><br>▶ <b>File as an attachment to Form 5500.</b> | OMB No. 1210-0110<br><br><b>2014</b><br><br><b>This Form is Open to Public Inspection.</b> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|

For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

|                                                                                                                  |                                                                    |
|------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|
| <b>A</b> Name of plan<br><u>EXELIS COMMUNICATION SOLUTIONS PENSION PLAN FOR EMPLOYEES IN THE BARGAINING UNIT</u> | <b>B</b> Three-digit plan number (PN) ▶<br><u>004</u>              |
| <b>C</b> Plan sponsor's name as shown on line 2a of Form 5500<br><u>EXELIS INC.</u>                              | <b>D</b> Employer Identification Number (EIN)<br><u>45-2083813</u> |

|               |                      |
|---------------|----------------------|
| <b>Part I</b> | <b>Distributions</b> |
|---------------|----------------------|

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

|                                                                                                                                                                                                                                                                    |          |          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|----------|
| <b>1</b> Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....                                                                                                                              | <b>1</b> | <u>0</u> |
| <b>2</b> 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):<br><br>EIN(s): <u>45-2083813</u> |          |          |
| <b>Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.</b>                                                                                                                                                                                            |          |          |
| <b>3</b> Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....                                                                                                                                    | <b>3</b> | <u>6</u> |

|                |                                                                                                                                                                              |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Part II</b> | <b>Funding Information</b> (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) |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|                                                                                                                                                                                                                                                                                                                                                                           |                              |                                        |                                         |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|----------------------------------------|-----------------------------------------|
| <b>4</b> Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....                                                                                                                                                                                                                                                       | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | <input type="checkbox"/> N/A            |
| <b>If the plan is a defined benefit plan, go to line 8.</b>                                                                                                                                                                                                                                                                                                               |                              |                                        |                                         |
| <b>5</b> 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. <b>Date:</b> Month _____ Day _____ Year _____<br><b>If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.</b> |                              |                                        |                                         |
| <b>6 a</b> Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived).....                                                                                                                                                                                                                             | <b>6a</b>                    |                                        |                                         |
| <b>b</b> Enter the amount contributed by the employer to the plan for this plan year.....                                                                                                                                                                                                                                                                                 | <b>6b</b>                    |                                        |                                         |
| <b>c</b> 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) .....                                                                                                                                                                                                                          | <b>6c</b>                    |                                        |                                         |
| <b>If you completed line 6c, skip lines 8 and 9.</b>                                                                                                                                                                                                                                                                                                                      |                              |                                        |                                         |
| <b>7</b> Will the minimum funding amount reported on line 6c be met by the funding deadline?.....                                                                                                                                                                                                                                                                         | <input type="checkbox"/> Yes | <input type="checkbox"/> No            | <input type="checkbox"/> N/A            |
| <b>8</b> 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?.....                                                                                                | <input type="checkbox"/> Yes | <input type="checkbox"/> No            | <input checked="" type="checkbox"/> N/A |

|                 |                   |
|-----------------|-------------------|
| <b>Part III</b> | <b>Amendments</b> |
|-----------------|-------------------|

|                                                                                                                                                                                                                            |                                              |                                   |                               |                             |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|-----------------------------------|-------------------------------|-----------------------------|
| <b>9</b> 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..... | <input checked="" type="checkbox"/> Increase | <input type="checkbox"/> Decrease | <input type="checkbox"/> Both | <input type="checkbox"/> No |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|-----------------------------------|-------------------------------|-----------------------------|

|                |                                                                                                                                                   |
|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Part IV</b> | <b>ESOPs</b> (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. |
|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------|

|                                                                                                                                                                                             |                              |                             |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|-----------------------------|
| <b>10</b> Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? .....                                                     | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| <b>11 a</b> Does the ESOP hold any preferred stock? .....                                                                                                                                   | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| <b>b</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.)..... | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| <b>12</b> Does the ESOP hold any stock that is not readily tradable on an established securities market? .....                                                                              | <input type="checkbox"/> Yes | <input type="checkbox"/> 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:

|                                                                          |            |  |
|--------------------------------------------------------------------------|------------|--|
| <b>a</b> The current year .....                                          | <b>14a</b> |  |
| <b>b</b> The plan year immediately preceding the current plan year ..... | <b>14b</b> |  |
| <b>c</b> The second preceding plan year .....                            | <b>14c</b> |  |

- 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:

|                                                                                                       |            |  |
|-------------------------------------------------------------------------------------------------------|------------|--|
| <b>a</b> The corresponding number for the plan year immediately preceding the current plan year ..... | <b>15a</b> |  |
| <b>b</b> The corresponding number for the second preceding plan year .....                            | <b>15b</b> |  |

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

|                                                                                                                                                                        |            |  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|--|
| <b>a</b> Enter the number of employers who withdrew during the preceding plan year .....                                                                               | <b>16a</b> |  |
| <b>b</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 ..... | <b>16b</b> |  |

- 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: 67% Investment-Grade Debt: 0% High-Yield Debt: 0% Real Estate: 0% Other: 33%

- 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 Communication  
Solutions Pension Plan for  
Employees in the  
Bargaining Unit

Sponsor EIN 45-2083813  
Plan No. 004

Financial Statements as of and for the  
Years Ended December 31, 2014 and 2013, and  
Independent Auditors' Report

# EXELIS COMMUNICATIONS SOLUTIONS PENSION PLAN FOR EMPLOYEES IN THE BARGAINING UNIT

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## INDEPENDENT AUDITOR'S REPORT

To the Trustees of and Participants in  
the Exelis Communication Solutions Pension Plan for Employees in the Bargaining Unit

We have audited the accompanying financial statements of Exelis Communication Solutions Pension Plan for Employees in the Bargaining Unit (the "Plan"), which comprise the statements of net assets available for pension benefits as of December 31, 2014, the related statement of changes in net assets available for pension 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 our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, information regarding Exelis Communication Solutions Pension Plan for Employees in the Bargaining Unit's net assets available for pension benefits as of December 31, 2014, and changes therein for the year then ended and its financial status as of December 31, 2013, and changes therein for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Prior Period Financial Statements**

The statement of net assets available for pension benefits of Exelis Communication Solutions Pension Plan for Employees in the Bargaining Unit as of December 31, 2013, and the related statement of changes in net assets available for pension benefits for the year then ended were audited by other auditors whose report dated October 13, 2014 expressed an unmodified opinion on those statements.

*Buchbinder Tunick & Company LLP*

BUCHBINDER TUNICK & COMPANY LLP

Bethesda, MD

October 8, 2015

**STATEMENTS OF NET ASSETS AVAILABLE FOR PENSION BENEFITS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

---

|                                                                    | 2014                        | 2013                        |
|--------------------------------------------------------------------|-----------------------------|-----------------------------|
| ASSETS:                                                            |                             |                             |
| Investment, at fair value — Plan’s interest in the<br>Master Trust | \$ 41,808,247               | \$ 39,489,530               |
| Employer contribution receivable                                   | <u>831,000</u>              | <u>536,000</u>              |
| Total assets                                                       | <u>42,639,247</u>           | <u>40,025,530</u>           |
| LIABILITIES:                                                       |                             |                             |
| Accrued expenses                                                   | <u>68,187</u>               | <u>47,398</u>               |
| NET ASSETS AVAILABLE FOR PENSION BENEFITS:                         | <u><u>\$ 42,571,060</u></u> | <u><u>\$ 39,978,132</u></u> |

See notes to financial statements.

# **EXELIS COMMUNICATION SOLUTIONS PENSION PLAN FOR EMPLOYEES IN THE BARGAINING UNIT**

## **STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR PENSION BENEFITS FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

|                                                       | 2014                 | 2013                 |
|-------------------------------------------------------|----------------------|----------------------|
| ADDITIONS:                                            |                      |                      |
| Plan's interest in the Master Trust investment income | \$ 3,318,081         | \$ 4,431,707         |
| Employer contributions                                | <u>1,689,000</u>     | <u>1,700,000</u>     |
| Total additions                                       | <u>5,007,081</u>     | <u>6,131,707</u>     |
| DEDUCTIONS:                                           |                      |                      |
| Benefits paid to participants and beneficiaries       | 2,018,872            | 1,822,037            |
| Administrative expenses                               | <u>395,281</u>       | <u>264,607</u>       |
| Total deductions                                      | <u>2,414,153</u>     | <u>2,086,644</u>     |
| NET INCREASE                                          | 2,592,928            | 4,045,063            |
| NET ASSETS AVAILABLE FOR PENSION BENEFITS:            |                      |                      |
| Beginning of year                                     | <u>39,978,132</u>    | <u>35,933,069</u>    |
| End of year                                           | <u>\$ 42,571,060</u> | <u>\$ 39,978,132</u> |

See notes to financial statements.

# EXELIS COMMUNICATION SOLUTIONS PENSION PLAN FOR EMPLOYEES IN THE BARGAINING UNIT

## NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

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### 1. DESCRIPTION OF THE PLAN

The following description of the Exelis Communication Solutions Pension Plan for Employees in the Bargaining Unit (formerly known as the Exelis Electronic Systems Pension Plan for Employees in the Bargaining Unit) (the “Plan”) is provided for general information purposes only. Participants should refer to the Plan document for more complete information.

Effective January 1, 2013 the Plan changed its name from the Exelis Electronic Systems Pension Plan for Employees in the Bargaining Unit to the Exelis Communication Solutions Pension Plan for Employees in the Bargaining Unit.

**General** — The Plan is a defined benefit plan covering substantially all employees of Exelis Communication Solutions, a division of Exelis Inc. (the “Company”) a wholly owned subsidiary of Harris Corporation, who are represented by Local 84999, IUE the Industrial Division of the Communications Workers of America, AFL-CIO. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) as amended.

**Master Trust** — The Northern Trust Company (the “Trustee” or “Northern Trust”) serves as trustee of the Plan and administers the Plan’s investment assets. The Plan’s assets consist of an undivided interest in an investment account of the Master Trust, EIN 36-6668234, a master trust established by the Company and administered by the Trustee. The Master Trust includes the combined assets of the Plan as well as several other employee benefit plans of the Company. Although assets of the Plan are commingled in the Master Trust, the Trustee maintains supporting records for the purpose of allocating the net gain (loss) of the investment account to the participating plans. The net investment income (loss) of the investment assets is allocated by the Trustee to each participating plan based on the relationship of the interest of each plan to the total of the interests of the participating plans. A schedule of the Master Trust assets has been filed with the U.S. Department of Labor and includes the Plan’s proportionate share of such assets at December 31, 2014 and 2013.

**Eligibility** — All employees of Exelis Communication Solutions, a division of Exelis Inc., who are represented by Local 84999, IUE the Industrial Division of the Communications Workers of America, AFL-CIO, are eligible to participate as of their date of employment.

**Pension Benefits** — Participants are eligible for monthly benefit payments upon reaching age 65. The normal monthly benefit payments are determined by multiplying the benefit rate, which depends upon the participant’s date of termination, by the total number of years of credited service, not to exceed 42 years. A participant is 100% vested after five years of service. Prior to that time, the participant is not vested.

Participants are eligible to receive early retirement benefits between the ages of 55 and 65 upon the completion of 10 years of continuous service. Early retirement eligibility is age 55 and 10 years of continuous service.

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

An employee, who is age 40, with 10 years of credited service and who becomes totally and permanently disabled is eligible to receive a disability retirement benefit. The amount of the benefit is computed as it would be for normal retirement, based on the employee's years of credited service as of the date of disability, but not less than \$340 per month.

**Plan Amendments** — The Plan was amended so that the benefit unit per year of service participants' who's last day of employment was on or after October 1, 2013 from \$38.50 to \$40.50. Participants should refer to the Plan document for more complete information and definitions of terms included above.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**Use of Estimates** — The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein; disclosure of contingent assets and liabilities; and the actuarial present value of accumulated plan benefits and changes therein at the date of the financial statements. Actual results could differ from those estimates.

**Risks and Uncertainties** — The Plan, through the Master Trust utilizes various investment instruments, including common stock, U.S. government securities, corporate debt instruments, limited partnerships, collective trust funds, and registered investment companies. Investment securities, in general, are exposed to various risks, such as interest rate, 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 interest in the Master Trust is presented at fair value, which has been determined based on the fair value of the underlying investments of the Master Trust. Fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for description of valuation methods.

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

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

**Administrative Expenses** — Administrative expenses of the Plan are paid by the Master Trust on behalf of the Plan, as provided in the Plan document and the Master Trust agreement. Administrative expenses generally consist of consulting fees, auditing fees, recordkeeping fees, and investment management fees. The Plan Sponsor provides accounting and other administrative services to the Plan and Master Trust at no charge.

### 3. FAIR VALUE MEASUREMENTS

Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, as follows: Level 1, which refers to securities valued using unadjusted quoted prices from active markets for identical assets; Level 2, which refers to securities not traded on an active market but for which observable market inputs are readily available; and Level 3, which refers to securities valued based on significant unobservable inputs. The Plan's financial statements as of December 31, 2014 and December 31, 2013 were prepared with actual reported values for all level 3 assets. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

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

We evaluate the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits.

**Asset Valuation Techniques** — Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2014 and 2013.

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

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

The following tables sets forth by level within the fair value hierarchy a summary of the Master Trust's investments measured at fair value on a recurring basis at December 31, 2014 and 2013 (in thousands):

|                                         | December 31, 2014                                                             |                                                           |                                                    |              |
|-----------------------------------------|-------------------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------|--------------|
|                                         | Quoted<br>Prices in<br>Active Markets<br>for Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Total        |
| Asset category:                         |                                                                               |                                                           |                                                    |              |
| Domestic equity                         |                                                                               |                                                           |                                                    |              |
| Large cap                               | \$ 601,862                                                                    | \$ 194,087                                                | \$ -                                               | \$ 795,949   |
| Mid cap                                 | 527,942                                                                       | 49,454                                                    | -                                                  | 577,396      |
| Small/Micro cap                         | 52,309                                                                        | 62,520                                                    | -                                                  | 114,829      |
| Subtotal — Domestic equity              | 1,182,113                                                                     | 306,061                                                   | -                                                  | 1,488,174    |
| International equity                    | 341,008                                                                       | 289,040                                                   | -                                                  | 630,048      |
| Private equity                          |                                                                               |                                                           |                                                    |              |
| Buyout funds                            | -                                                                             | -                                                         | 710,747                                            | 710,747      |
| Mezzanine funds                         | -                                                                             | -                                                         | 36,680                                             | 36,680       |
| Venture capital funds                   | -                                                                             | -                                                         | 82,765                                             | 82,765       |
| Distressed asset investments            | -                                                                             | -                                                         | 144,760                                            | 144,760      |
| Commodities and Real Estate             | -                                                                             | -                                                         | 50,723                                             | 50,723       |
| Subtotal — Private equity               | -                                                                             | -                                                         | 1,025,675                                          | 1,025,675    |
| Fixed Income Investments                |                                                                               |                                                           |                                                    |              |
| U.S. Government securities              | -                                                                             | 609,904                                                   | -                                                  | 609,904      |
| Core bonds                              | -                                                                             | 52,245                                                    | -                                                  | 52,245       |
| Corporate bonds                         | -                                                                             | 53,124                                                    | -                                                  | 53,124       |
| Subtotal — Fixed Income Investments     | -                                                                             | 715,273                                                   | -                                                  | 715,273      |
| Hedge Funds                             | -                                                                             | 75,509                                                    | 482,126                                            | 557,635      |
| Other                                   | -                                                                             | 68,790                                                    | 11,832                                             | 80,622       |
| Cash and cash equivalents               | 13,907                                                                        | 177,697                                                   | -                                                  | 191,604      |
| Total                                   | \$ 1,537,028                                                                  | \$ 1,632,370                                              | \$ 1,519,633                                       | \$ 4,689,031 |
| Receivable/(payables), net              |                                                                               |                                                           |                                                    | 3,887        |
| Total fair value of Master Trust assets |                                                                               |                                                           |                                                    | \$ 4,692,918 |

December 31, 2013

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

The following tables present a reconciliation of the beginning and ending balances of the fair value measurements using significant unobservable inputs (Level 3) for the years ended December 31, 2014 and 2013 (in thousands):

|                                     | <b>Hedge<br/>Fund</b> | <b>Private<br/>Equity</b> | <b>Other</b>     | <b>Total</b>        |
|-------------------------------------|-----------------------|---------------------------|------------------|---------------------|
| Beginning balance — January 1, 2014 | \$ 653,562            | \$ 1,278,851              | \$ 12,119        | \$ 1,944,532        |
| Total gains and losses              | (21,582)              | 121,923                   | (335)            | 100,006             |
| Purchases                           | 10,615                | 61,402                    | 1,412            | 73,429              |
| Sales                               | (141,196)             | (49,697)                  | (1,577)          | (192,470)           |
| Settlements                         | (22,230)              | (227,648)                 | -                | (249,878)           |
| Issuances                           | 2,957                 | (159,156)                 | 213              | (155,986)           |
| Ending balance — December 31, 2014  | <u>\$ 482,126</u>     | <u>\$ 1,025,675</u>       | <u>\$ 11,832</u> | <u>\$ 1,519,633</u> |

|                                                                                                                                                                                                 | <b>Hedge<br/>Fund</b> | <b>Private<br/>Equity</b> | <b>Other</b> | <b>Total</b> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|---------------------------|--------------|--------------|
| The amount of total gains or losses for the period included in changes in net assets attributable to the change in unrealized gains or losses related to assets still held at December 31, 2014 | \$ (31,142)           | \$ (30,011)               | \$ 56        | \$ (61,097)  |

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

(a) In 2013, a hedge fund investment of \$66,327 was transferred out of level 2 to level 3 due to certain investments in the hedge fund being deemed illiquid.

There were no other transfers between levels other than those indicated in the table above

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

The following table presents information regarding the nature and risks of the investments, including redemption restrictions for investments where fair value is based on the NAV as of December 31, 2014 and 2013 (in thousands):

|                                     | Fair Value   |              | Redemption<br>Frequency<br>(If Eligible) | Redemption<br>Notice Period (a) |
|-------------------------------------|--------------|--------------|------------------------------------------|---------------------------------|
|                                     | 2014         | 2013         |                                          |                                 |
| Domestic equity                     |              |              |                                          |                                 |
| Large Cap                           | \$ 194,087   | \$ 171,414   | daily                                    | N/A                             |
| Mid Cap                             | 49,454       | 45,331       | daily                                    | N/A                             |
| Small Cap                           | 62,520       | 58,052       | daily                                    | N/A                             |
| Subtotal — Domestic equity          | 306,061      | 274,797      |                                          |                                 |
| International equity                | 289,040      | 114,441      | daily                                    | N/A                             |
| Private Equity (b)                  |              |              |                                          |                                 |
| Buyout funds                        | 710,747      | 878,447      | N/A                                      | N/A                             |
| Mezzanine funds                     | 36,680       | 40,724       | N/A                                      | N/A                             |
| Venture capital funds               | 82,765       | 100,567      | N/A                                      | N/A                             |
| Distressed asset investments        | 144,760      | 198,401      | N/A                                      | N/A                             |
| Commodities and Real Estate         | 50,723       | 60,712       | N/A                                      | N/A                             |
| Subtotal — Private equity           | 1,025,675    | 1,278,851    |                                          |                                 |
| Fixed Income Investments            |              |              |                                          |                                 |
| Core bonds                          | 52,245       | -            | daily                                    | N/A                             |
| Corporate bonds                     | 53,124       | 51,106       | daily                                    | N/A                             |
| Subtotal — Fixed Income Investments | 105,369      | 51,106       |                                          |                                 |
| Hedge Funds                         | 557,635      | 727,510      | quarterly, annually                      | 30 - 91 days                    |
| Cash and cash equivalents           | 177,697      | 189,484      | daily                                    | N/A                             |
| Other                               | 68,790       | 70,710       | quarterly, annually                      | 30 days                         |
| Total                               | \$ 2,530,267 | \$ 2,706,899 |                                          |                                 |

(a) Redemption restrictions vary by investment management agreement but are based on the initial investment date and take into account liquidity terms, notice periods, redemption schedules, withdrawal with or without penalties and lock-ups, if any. In certain cases, full redemption may extend over a period of time.

(b) Limited partnership interests in private equity funds are not redeemable from the general partner. Private equity interests can be sold through a secondary sale to a third party.

The following table presents information regarding the unfunded commitments and redemption restrictions for partnerships and joint ventures held by the Plan as of December 31, 2014 and 2013 (in thousands):

|                                  | <b>Unfunded Commitments</b> |                   | <b>Redemption<br/>Frequency<br/>(If Eligible)</b> | <b>Redemption<br/>Notice Period</b> |
|----------------------------------|-----------------------------|-------------------|---------------------------------------------------|-------------------------------------|
|                                  | <b>2014</b>                 | <b>2013</b>       |                                                   |                                     |
| Private Equity (a)               |                             |                   |                                                   |                                     |
| Buyout funds (b)                 | \$ 149,749                  | \$ 185,183        | N/A                                               | N/A                                 |
| Distressed asset investments (c) | 24,731                      | 28,082            | N/A                                               | N/A                                 |
| Venture capital funds (d)        | 17,038                      | 23,823            | N/A                                               | N/A                                 |
| Mezzanine funds (e)              | 20,020                      | 25,645            | N/A                                               | N/A                                 |
| Commodities (f)                  | 550                         | 550               | N/A                                               | N/A                                 |
| Real estate (g)                  | <u>4,932</u>                | <u>4,932</u>      | N/A                                               | N/A                                 |
| Total                            | <u>\$ 217,020</u>           | <u>\$ 268,215</u> |                                                   |                                     |

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

- (g) Real estate investments are partnership investment vehicles that invest in commercial, industrial and residential real estate. Investments are realized through the sale of the underlying assets to a strategic or financial buyer.

#### **4. FUNDING POLICY**

Contributions to provide benefits under the Plan are made solely by the Company. The Company's funding policy is to make cash contributions to the Plan in amounts as determined by the Plan's independent actuary. The Company met the minimum funding requirements of ERISA for the years ended December 31, 2014 and 2013.

#### **5. ACCUMULATED PLAN BENEFITS**

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

The following amounts were calculated as of the latest actuarial valuation date, which was January 1, 2014.

The actuarial present value of accumulated plan benefits as of January 1, 2014 is as follows:

|                                                                        |                      |
|------------------------------------------------------------------------|----------------------|
| Vested accumulated plan benefits:                                      |                      |
| Retired participants and/or beneficiaries currently receiving benefits | \$ 17,104,184        |
| Other participants                                                     | <u>17,332,185</u>    |
| Total vested accumulated plan benefits                                 | 34,436,369           |
| Nonvested accumulated plan benefits                                    | <u>1,050,106</u>     |
| Total actuarial present value of accumulated plan benefits             | <u>\$ 35,486,475</u> |

The changes in the actuarial present value of the Plan's accumulated plan benefits for the year ended January 1, 2014, are as follows:

|                                                                         |                     |
|-------------------------------------------------------------------------|---------------------|
| Actuarial present value of accumulated plan benefits at January 1, 2013 | \$30,944,815        |
| Increase (decrease) during the year attributable to:                    |                     |
| Benefits accumulated                                                    | 667,863             |
| Plan changes                                                            | 667,706             |
| Change in mortality assumption                                          | 1,669,634           |
| Other assumption changes                                                | 804,042             |
| Benefits paid                                                           | (1,822,037)         |
| Interest                                                                | <u>2,554,452</u>    |
| Actuarial present value of accumulated plan benefits at January 1, 2014 | <u>\$35,486,475</u> |

The actuarial cost method used to measure the present value of accumulated plan benefits is the accrued benefit method. The significant actuarial assumptions used in the January 1, 2014 valuation were:

- Mortality: For 2014, the mortality assumption used is RP-2014 with MP-2014 adjusted.
- Retirement age: Age 65.
- Investment return was 8.25% per annum for 2014.
- Discount rate was 8.25% per annum for 2014.

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

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

## 6. INTEREST IN MASTER TRUST

The net assets of the Master Trust at December 31, 2014 and 2013 are summarized as follows (in thousands):

|                                                                  | 2014                | 2013                |
|------------------------------------------------------------------|---------------------|---------------------|
| Assets:                                                          |                     |                     |
| Investments:                                                     |                     |                     |
| Common collective trusts                                         | \$ 846,595          | \$ 644,981          |
| Common and preferred stocks                                      | 1,392,115           | 1,278,089           |
| Corporate debt                                                   | 1,324               | -                   |
| U.S. Government securities                                       | 609,904             | 416,832             |
| Partnerships/joint ventures                                      | 1,177,828           | 1,454,938           |
| Hedge funds                                                      | 385,889             | 483,225             |
| Registered investment companies                                  | 229,966             | 258,926             |
| Cash and cash equivalents                                        | <u>45,410</u>       | <u>42,168</u>       |
|                                                                  | 4,689,031           | 4,579,159           |
| Receivable/(payables), net                                       | <u>3,887</u>        | <u>5</u>            |
| Total assets of the Master Trust                                 | <u>\$ 4,692,918</u> | <u>\$ 4,579,164</u> |
| Plan's interest in net assets of the Master Trust                | <u>\$ 41,808</u>    | <u>\$ 39,490</u>    |
| Plan's interest in the Master Trust as a percentage of the total | <u>0.89 %</u>       | <u>0.86 %</u>       |

The net investment earnings and change in net assets of the Master Trust for the years ended December 31, 2014 and 2013 are summarized below (in thousands):

|                                                               | 2014                | 2013                |
|---------------------------------------------------------------|---------------------|---------------------|
| Net appreciation (depreciation) in fair value of investments: |                     |                     |
| Common collective trusts                                      | \$ (15,431)         | \$ 1,230            |
| Common and preferred stocks                                   | 86,000              | 323,862             |
| Corporate debt                                                | (25)                | -                   |
| U.S. government securities                                    | 193,641             | (110,924)           |
| Partnerships/joint ventures                                   | 110,856             | 132,732             |
| Hedge funds                                                   | 25,697              | 91,563              |
| Registered investment companies                               | (7,267)             | (3,241)             |
| Other                                                         | <u>1,490</u>        | <u>53,126</u>       |
| Net appreciation in fair value of investments                 | 394,961             | 488,348             |
| Interest income                                               | 514                 | 1,599               |
| Dividend income                                               | 27,368              | 23,548              |
| Other income                                                  | 17,724              | 29,866              |
| Net transfers                                                 | (293,818)           | (273,980)           |
| Administrative expenses                                       | <u>(32,995)</u>     | <u>(37,816)</u>     |
| Increase in net assets                                        | <u>\$ 113,754</u>   | <u>\$ 231,565</u>   |
| Net assets:                                                   |                     |                     |
| Beginning of year                                             | <u>\$ 4,579,164</u> | <u>\$ 4,347,599</u> |
| End of year                                                   | <u>\$ 4,692,918</u> | <u>\$ 4,579,164</u> |
| Plan's interest in the Master Trust investment income         | <u>\$ 3,318</u>     | <u>\$ 4,432</u>     |

## 7. EXEMPT PARTY-IN-INTEREST TRANSACTIONS

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

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

## **8. FEDERAL INCOME TAX STATUS**

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated August 20, 2014, that the Plan and related trust are designed in accordance with the applicable sections of the IRC. The Plan administrator believes that the Plan is currently designed and is currently being operated in compliance with the applicable requirements of the IRC and the Plan and related trust continue to be tax exempt. Therefore, no provisions for income taxes have been included in the Plan's financial statements.

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

## **9. PLAN TERMINATION**

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

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

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

## **10. SUBSEQUENT EVENTS**

For the year ended December 31, 2014, subsequent events were evaluated through October 8, 2015, the date the financial statements were available to be issued. No subsequent events were noted.

On May 29, 2015, the Harris Corporation completed the acquisition of the Company: Exelis Inc. became a wholly owned subsidiary of Harris Corporation. Each outstanding share of Exelis common stock converted into the right to receive \$16.625 in cash and 0.1025 of a share of Harris Corporation common stock. The Company continues to be the Plan Sponsor of the Plan.

\* \* \* \* \*

|                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                    |                                                                                           |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|
| <b>SCHEDULE SB</b><br><b>(Form 5500)</b><br><br><small>Department of the Treasury<br/>Internal Revenue Service</small><br><br><small>Department of Labor<br/>Employee Benefits Security Administration<br/>Pension Benefit Guaranty Corporation</small> | <b>Single-Employer Defined Benefit Plan</b><br><b>Actuarial Information</b><br><br>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).<br><br><b>► File as an attachment to Form 5500 or 5500-SF.</b> | OMB No. 1210-0110<br><br><b>2014</b><br><br><b>This Form is Open to Public Inspection</b> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|

For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

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

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

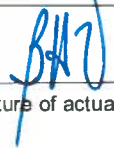
|                                                                                                                                                                                                                                                                                                   |                                                                 |     |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|-----|
| <b>A</b> Name of plan<br>Exelis Communications Solutions Pension Plan for Employees in the Bargaining Unit                                                                                                                                                                                        | <b>B</b> Three-digit plan number (PN) ►                         | 004 |
| <b>C</b> Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF<br><br>EXELIS INC.                                                                                                                                                                                                       | <b>D</b> Employer Identification Number (EIN)<br><br>45-2083813 |     |
| <b>E</b> Type of plan: <input checked="" type="checkbox"/> Single <input type="checkbox"/> Multiple-A <input type="checkbox"/> Multiple-B <b>F</b> Prior year plan size: <input type="checkbox"/> 100 or fewer <input type="checkbox"/> 101-500 <input checked="" type="checkbox"/> More than 500 |                                                                 |     |

**Part I Basic Information**

|   |                                                                                                                                                                                                                 |                                                                                                         |
|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|
| 1 | Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2014</u>                                                                                                                                        |                                                                                                         |
| 2 | Assets:                                                                                                                                                                                                         |                                                                                                         |
|   | <b>a</b> Market value .....                                                                                                                                                                                     | 2a 40020691                                                                                             |
|   | <b>b</b> Actuarial value .....                                                                                                                                                                                  | 2b 38353698                                                                                             |
| 3 | Funding target/participant count breakdown                                                                                                                                                                      |                                                                                                         |
|   | <b>a</b> For retired participants and beneficiaries receiving payment .....                                                                                                                                     | (1) Number of participants 343   (2) Vested Funding Target 19082200   (3) Total Funding Target 19082200 |
|   | <b>b</b> For terminated vested participants .....                                                                                                                                                               | 296   4774091   4774091                                                                                 |
|   | <b>c</b> For active participants .....                                                                                                                                                                          | 386   16299133   17625632                                                                               |
|   | <b>d</b> Total .....                                                                                                                                                                                            | 1025   40155424   41481923                                                                              |
| 4 | If the plan is in at-risk status, check the box and complete lines (a) and (b) ..... <input type="checkbox"/>                                                                                                   |                                                                                                         |
|   | <b>a</b> Funding target disregarding prescribed at-risk assumptions .....                                                                                                                                       | 4a                                                                                                      |
|   | <b>b</b> Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor ..... | 4b                                                                                                      |
| 5 | Effective interest rate .....                                                                                                                                                                                   | 5 6.51%                                                                                                 |
| 6 | Target normal cost .....                                                                                                                                                                                        | 6 719747                                                                                                |

**Statement by Enrolled Actuary**

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

|                  |                                                                                                                                |                                                        |
|------------------|--------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|
| <b>SIGN HERE</b> | BARBARA H. VAUGHAN <br>Signature of actuary | 09/17/2015<br>Date                                     |
|                  | BARBARA H. VAUGHAN<br>Type or print name of actuary                                                                            | 1404686<br>Most recent enrollment number               |
|                  | BUCK CONSULTANTS, LLC<br>Firm name                                                                                             | 201-902-2300<br>Telephone number (including area code) |
|                  | 500 PLAZA DRIVE<br>SECAUCUS NJ 07096-1533<br>Address of the firm                                                               |                                                        |

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

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

**Schedule SB (Form 5500) 2014 v. 140124**

| <b>Part II Beginning of Year Carryover and Prefunding Balances</b> |                                                                                                                                                                      | (a) Carryover balance | (b) Prefunding balance |
|--------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|------------------------|
| <b>7</b>                                                           | Balance at beginning of prior year after applicable adjustments (line 13 from prior year).....                                                                       | 0                     | 0                      |
| <b>8</b>                                                           | Portion elected for use to offset prior year's funding requirement (line 35 from prior year) .....                                                                   | 0                     | 0                      |
| <b>9</b>                                                           | Amount remaining (line 7 minus line 8) .....                                                                                                                         | 0                     | 0                      |
| <b>10</b>                                                          | Interest on line 9 using prior year's actual return of <u>12.52</u> % .....                                                                                          | 0                     | 0                      |
| <b>11</b>                                                          | Prior year's excess contributions to be added to prefunding balance:                                                                                                 |                       |                        |
|                                                                    | <b>a</b> Present value of excess contributions (line 38a from prior year).....                                                                                       |                       | 192803                 |
|                                                                    | <b>b(1)</b> Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of <u>6.70</u> % ..... |                       | 12918                  |
|                                                                    | <b>b(2)</b> Interest on line 38b from prior year Schedule SB, using prior year's actual return .....                                                                 |                       | 0                      |
|                                                                    | <b>c</b> Total available at beginning of current plan year to add to prefunding balance .....                                                                        |                       | 205721                 |
|                                                                    | <b>d</b> Portion of (c) to be added to prefunding balance.....                                                                                                       |                       | 205721                 |
| <b>12</b>                                                          | Other reductions in balances due to elections or deemed elections .....                                                                                              | 0                     | 0                      |
| <b>13</b>                                                          | Balance at beginning of current year (line 9 + line 10 + line 11d – line 12) .....                                                                                   | 0                     | 205721                 |

| <b>Part III Funding Percentages</b> |                                                                                                                                                                 |           |        |
|-------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|--------|
| <b>14</b>                           | Funding target attainment percentage .....                                                                                                                      | <b>14</b> | 91.96% |
| <b>15</b>                           | Adjusted funding target attainment percentage .....                                                                                                             | <b>15</b> | 91.96% |
| <b>16</b>                           | Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement..... | <b>16</b> | 94.10% |
| <b>17</b>                           | If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage. ....                                       | <b>17</b> | %      |

| <b>Part IV Contributions and Liquidity Shortfalls</b>                                    |                                   |                                 |                          |                                   |                                 |
|------------------------------------------------------------------------------------------|-----------------------------------|---------------------------------|--------------------------|-----------------------------------|---------------------------------|
| <b>18</b> Contributions made to the plan for the plan year by employer(s) and employees: |                                   |                                 |                          |                                   |                                 |
| (a) Date<br>(MM-DD-YYYY)                                                                 | (b) Amount paid by<br>employer(s) | (c) Amount paid by<br>employees | (a) Date<br>(MM-DD-YYYY) | (b) Amount paid by<br>employer(s) | (c) Amount paid by<br>employees |
| 04/15/2014                                                                               | 358000                            | 0                               |                          |                                   |                                 |
| 07/15/2014                                                                               | 358000                            | 0                               |                          |                                   |                                 |
| 10/15/2014                                                                               | 142000                            | 0                               |                          |                                   |                                 |
| 01/15/2015                                                                               | 358000                            | 0                               |                          |                                   |                                 |
| 08/31/2015                                                                               | 473000                            | 0                               |                          |                                   |                                 |
|                                                                                          |                                   |                                 |                          |                                   |                                 |
|                                                                                          |                                   |                                 |                          |                                   |                                 |
|                                                                                          |                                   |                                 |                          |                                   |                                 |
|                                                                                          |                                   |                                 |                          |                                   |                                 |
|                                                                                          |                                   |                                 |                          |                                   |                                 |
|                                                                                          |                                   |                                 |                          |                                   |                                 |
|                                                                                          |                                   |                                 |                          |                                   |                                 |
|                                                                                          |                                   |                                 |                          |                                   |                                 |
|                                                                                          |                                   |                                 |                          |                                   |                                 |
|                                                                                          |                                   |                                 |                          |                                   |                                 |
|                                                                                          |                                   |                                 |                          |                                   |                                 |
| <b>Totals ►</b>                                                                          |                                   |                                 | <b>18(b)</b>             | 1689000                           | <b>18(c)</b>                    |
|                                                                                          |                                   |                                 |                          |                                   | 0                               |

|                                                                                                                                                                                             |            |         |         |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|---------|---------|
| <b>19</b> Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:                                                        |            |         |         |
| <b>a</b> Contributions allocated toward unpaid minimum required contributions from prior years.....                                                                                         | <b>19a</b> | 0       |         |
| <b>b</b> Contributions made to avoid restrictions adjusted to valuation date .....                                                                                                          | <b>19b</b> | 0       |         |
| <b>c</b> Contributions allocated toward minimum required contribution for current year adjusted to valuation date .....                                                                     | <b>19c</b> | 1594102 |         |
| <b>20</b> Quarterly contributions and liquidity shortfalls:                                                                                                                                 |            |         |         |
| <b>a</b> Did the plan have a "funding shortfall" for the prior year? ..... <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No                                              |            |         |         |
| <b>b</b> If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ..... <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |            |         |         |
| <b>c</b> If line 20a is "Yes," see instructions and complete the following table as applicable:                                                                                             |            |         |         |
| Liquidity shortfall as of end of quarter of this plan year                                                                                                                                  |            |         |         |
| (1) 1st                                                                                                                                                                                     | (2) 2nd    | (3) 3rd | (4) 4th |
| 0                                                                                                                                                                                           | 0          | 0       | 0       |

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

|                                                                                                                                                                                              |                       |                       |                       |                                                     |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------------------------------------|
| <b>21</b> Discount rate:                                                                                                                                                                     |                       |                       |                       |                                                     |
| <b>a</b> Segment rates:                                                                                                                                                                      | 1st segment:<br>4.99% | 2nd segment:<br>6.32% | 3rd segment:<br>6.99% | <input type="checkbox"/> N/A, full yield curve used |
| <b>b</b> Applicable month (enter code).....                                                                                                                                                  |                       |                       |                       | <b>21b</b> 4                                        |
| <b>22</b> Weighted average retirement age .....                                                                                                                                              |                       |                       |                       | <b>22</b> 63                                        |
| <b>23</b> Mortality table(s) (see instructions) <input type="checkbox"/> Prescribed - combined <input checked="" type="checkbox"/> Prescribed - separate <input type="checkbox"/> Substitute |                       |                       |                       |                                                     |

**Part VI Miscellaneous Items**

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

**Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years**

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

**Part VIII Minimum Required Contribution For Current Year**

|                                                                                                                                                                                      |                     |                    |               |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|--------------------|---------------|
| <b>31</b> Target normal cost and excess assets (see instructions):                                                                                                                   |                     |                    |               |
| <b>a</b> Target normal cost (line 6).....                                                                                                                                            | <b>31a</b>          | 719747             |               |
| <b>b</b> Excess assets, if applicable, but not greater than line 31a .....                                                                                                           | <b>31b</b>          | 0                  |               |
| <b>32</b> Amortization installments:                                                                                                                                                 | Outstanding Balance | Installment        |               |
| <b>a</b> Net shortfall amortization installment .....                                                                                                                                | 3333946             | 1079677            |               |
| <b>b</b> Waiver amortization installment .....                                                                                                                                       | 0                   | 0                  |               |
| <b>33</b> If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount ..... | <b>33</b>           |                    |               |
| <b>34</b> Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)...                                                            | <b>34</b>           | 1799424            |               |
|                                                                                                                                                                                      | Carryover balance   | Prefunding balance | Total balance |
| <b>35</b> Balances elected for use to offset funding requirement.....                                                                                                                | 0                   | 205721             | 205721        |
| <b>36</b> Additional cash requirement (line 34 minus line 35) .....                                                                                                                  | <b>36</b>           | 1593703            |               |
| <b>37</b> Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c) .....                                                  | <b>37</b>           | 1594102            |               |
| <b>38</b> Present value of excess contributions for current year (see instructions)                                                                                                  |                     |                    |               |
| <b>a</b> Total (excess, if any, of line 37 over line 36) .....                                                                                                                       | <b>38a</b>          | 399                |               |
| <b>b</b> Portion included in line 38a attributable to use of prefunding and funding standard carryover balances .....                                                                | <b>38b</b>          | 399                |               |
| <b>39</b> Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37).....                                                                       | <b>39</b>           | 0                  |               |
| <b>40</b> Unpaid minimum required contributions for all years .....                                                                                                                  | <b>40</b>           | 0                  |               |

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

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

**Exelis Communications Solutions Pension Plan for Employees in the Bargaining Unit**  
**EIN/PN: 45-2083813 / 004**  
**Schedule SB, line 22 – Description of Weighted Average Retirement Age**

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

| (1)                                                           | (2)                       | (3)             | (4)                             | (5)                     |
|---------------------------------------------------------------|---------------------------|-----------------|---------------------------------|-------------------------|
| Age                                                           | Expected Active Headcount | Retirement Rate | Expected Retirements<br>(2)*(3) | Weighted Age<br>(1)*(4) |
| 55                                                            | 136.4733                  | 0.0471          | 6.4333                          | 353.8323                |
| 56                                                            | 142.3590                  | 0.1012          | 14.4087                         | 806.8890                |
| 57                                                            | 141.1271                  | 0.0663          | 9.3516                          | 533.0433                |
| 58                                                            | 149.6375                  | 0.0539          | 8.0588                          | 467.4083                |
| 59                                                            | 155.0328                  | 0.0622          | 9.6423                          | 568.8937                |
| 60                                                            | 156.8570                  | 0.0803          | 12.5887                         | 755.3225                |
| 61                                                            | 153.2771                  | 0.0603          | 9.2387                          | 563.5599                |
| 62                                                            | 151.5817                  | 0.1635          | 24.7831                         | 1,536.5546              |
| 63                                                            | 135.4854                  | 0.0612          | 8.2948                          | 522.5720                |
| 64                                                            | 137.2932                  | 0.0613          | 8.4172                          | 538.7039                |
| 65                                                            | 130.6725                  | 0.7127          | 93.1333                         | 6,053.6670              |
| 66                                                            | 37.9094                   | 0.3257          | 12.3480                         | 814.9696                |
| 67                                                            | 27.3627                   | 0.3387          | 9.2687                          | 621.0049                |
| 68                                                            | 17.9447                   | 0.3000          | 5.3834                          | 366.0715                |
| 69                                                            | 12.4534                   | 0.3000          | 3.7360                          | 257.7846                |
| 70                                                            | 8.6388                    | 1.0000          | 8.6388                          | 604.7143                |
| <b>Total</b>                                                  |                           |                 | <b>243.7256</b>                 | <b>15,364.9913</b>      |
| <b>Weighted Average Retirement Age = 15,364.9913/243.7256</b> |                           |                 |                                 | <b>63.04</b>            |
| <b>Rounded Weighted Average Retirement Age</b>                |                           |                 |                                 | <b>63</b>               |

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

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

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



**Exelis Communications Solutions Pension Plan for Employees in the Bargaining Unit**

**EIN/PN: 45-2083813 / 004**

**Schedule SB, line 24 – Change in Actuarial Assumptions**

- The expected return on plan assets changed from 8.50% per annum to 8.25% per annum to better align with the expectation of returns based on the investment allocations of the Plan assets and advice from the investment advisors of the plan.

**Excelis Communications Solutions Pension Plan for Employees in the Bargaining Unit**  
**EIN/PN: 45-2083813 / 004**  
**Schedule SB, line 26 – Schedule of Active Participant Data**

**Distribution of Active Participants as of January 1, 2014 – Age by Benefit Service<sup>1</sup>**

| Age          | Under 1   | 1-4       | 5-9       | 10-14     | 15-19     | 20-24     | 25-29      | 30-34    | 35-39    | 40+      | Total      |
|--------------|-----------|-----------|-----------|-----------|-----------|-----------|------------|----------|----------|----------|------------|
| Under 25     | 0         | 0         | 0         | 0         | 0         | 0         | 0          | 0        | 0        | 0        | 0          |
| 25-29        | 0         | 2         | 0         | 0         | 0         | 0         | 0          | 0        | 0        | 0        | 2          |
| 30-34        | 3         | 6         | 0         | 0         | 0         | 0         | 0          | 0        | 0        | 0        | 9          |
| 35-39        | 2         | 8         | 2         | 0         | 0         | 0         | 0          | 0        | 0        | 0        | 12         |
| 40-44        | 1         | 8         | 5         | 4         | 4         | 3         | 1          | 0        | 0        | 0        | 26         |
| 45-49        | 1         | 10        | 10        | 5         | 11        | 10        | 16         | 0        | 0        | 0        | 63         |
| 50-54        | 2         | 23        | 17        | 7         | 16        | 13        | 31         | 0        | 0        | 0        | 109        |
| 55-59        | 2         | 8         | 13        | 5         | 10        | 13        | 39         | 0        | 1        | 0        | 91         |
| 60-64        | 1         | 7         | 13        | 9         | 2         | 6         | 24         | 1        | 1        | 5        | 69         |
| 65-69        | 0         | 0         | 2         | 1         | 0         | 1         | 0          | 0        | 0        | 1        | 5          |
| 70+          | 0         | 0         | 0         | 0         | 0         | 0         | 0          | 0        | 0        | 0        | 0          |
| <b>TOTAL</b> | <b>12</b> | <b>72</b> | <b>62</b> | <b>31</b> | <b>43</b> | <b>46</b> | <b>111</b> | <b>1</b> | <b>2</b> | <b>6</b> | <b>386</b> |

<sup>1</sup> Includes participants on leave of absence and transferred participants.



**Exelis Communications Solutions Pension Plan for Employees in the Bargaining Unit**

**EIN/PN: 45-2083813 / 004**

**Schedule SB, line 32 – Schedule of Amortization Bases**

**Shortfall Amortization Summary**

| Date<br>Established | Type<br>Of Base | Years<br>Remaining | Shortfall<br>Amortization<br>Installment | Present Value of<br>Remaining Installments<br>as of January 1, 2014 |
|---------------------|-----------------|--------------------|------------------------------------------|---------------------------------------------------------------------|
| January 1, 2009     | Shortfall       | 2                  | \$ 427,517                               | \$ 834,715                                                          |
| January 1, 2010     | Shortfall       | 3                  | \$ 403,460                               | \$ 1,153,764                                                        |
| January 1, 2011     | Shortfall       | 4                  | \$ 495,621                               | \$ 1,845,573                                                        |
| January 1, 2012     | Shortfall       | 5                  | \$ (808,468)                             | \$ (3,675,922)                                                      |
| January 1, 2013     | Shortfall       | 6                  | \$ 259,314                               | \$ 1,369,918                                                        |
| January 1, 2014     | Shortfall       | 7                  | \$ 302,233                               | \$ 1,805,898                                                        |

**Exelis Communications Solutions Pension Plan for Employees in the Bargaining Unit**  
**EIN/PN: 45-2083813 / 004**  
**Schedule SB, Part V – Actuarial Assumptions and Methods**

**Prescribed Funding Assumptions and Methods**

The following assumptions and methods are prescribed by ERISA, as amended by PPA, MAP-21 and HATFA.

**Funding interest rates**

For 2014 Plan Year: Segment Rates with four-month lookback, constrained in accordance with MAP-21 and HATFA as follows:

|                     | Unconstrained Rates* | Rates Reflecting MAP-21 Corridor | Rates Reflecting HATFA Corridor** |
|---------------------|----------------------|----------------------------------|-----------------------------------|
| First Segment Rate  | 1.37%                | 4.43%                            | 4.99%                             |
| Second Segment Rate | 4.05%                | 5.62%                            | 6.32%                             |
| Third Segment Rate  | 5.06%                | 6.22%                            | 6.99%                             |

Effective Interest Rate  
Based on HATFA rates 6.51%

For 2013 Plan Year: Segment Rates with four-month lookback, constrained in accordance with MAP-21 and HATFA as follows:

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

Effective Interest Rate  
Based on HATFA rates 6.70%

\* Used for maximum tax deduction purposes

\*\* Used for minimum funding and benefit restriction purposes

**Mortality**

Mortality tables mandated by PPA as specified in IRS Regulation 1.430(h)(3)-1, applied on a static basis, projected 7 years from the valuation date for annuitants and 15 years for non-annuitants.

**Actuarial cost method**

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

**Exelis Communications Solutions Pension Plan for Employees in the Bargaining Unit**  
**EIN/PN: 45-2083813 / 004**  
**Schedule SB, Part V – Actuarial Assumptions and Methods**

**Non-Prescribed Funding Assumptions and Methods**

The following assumptions were selected by the plan's enrolled actuary. The asset valuation method was selected by the plan sponsor with the actuary's advice and is an acceptable method under PPA.

**Expenses**

Expected plan related expenses equal to prior year plan related expenses, excluding the prior year PBGC premiums plus current year PBGC premium were added to Target Normal Cost. This amount is equal to \$294,796.

**Frequency of optional payment forms**

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

**Marital percentage**

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

**Mortality table**

The mortality table is applied on a static basis. Separate annuitant and non-annuitant tables were used.

**Retirement rates**

| Age | Unreduced Assumption | Reduced Assumption |
|-----|----------------------|--------------------|
| 55  | 4.00%                | 2.03%              |
| 56  | 4.25%                | 2.05%              |
| 57  | 4.50%                | 2.07%              |
| 58  | 4.75%                | 2.14%              |
| 59  | 5.25%                | 2.19%              |
| 60  | 6.00%                | 2.30%              |
| 61  | 4.50%                | 2.37%              |
| 62  | 20.00%               | 2.59%              |
| 63  | 5.00%                | 2.83%              |
| 64  | 5.00%                | 3.07%              |
| 65  | 70.00%               | 70.00%             |
| 66  | 30.00%               | 30.00%             |
| 67  | 30.00%               | 30.00%             |
| 68  | 30.00%               | 30.00%             |
| 69  | 30.00%               | 30.00%             |
| 70  | 100.00%              | 100.00%            |

Terminated vested participants are assumed to retire at age 60.

**Exelis Communications Solutions Pension Plan for Employees in the Bargaining Unit**  
**EIN/PN: 45-2083813 / 004**  
**Schedule SB, Part V – Actuarial Assumptions and Methods**

**Non-Prescribed Funding Assumptions and Methods (Continued)**

**Disability rates**

| Age | Rates |
|-----|-------|
| 25  | 0.03% |
| 30  | 0.03% |
| 35  | 0.03% |
| 40  | 0.04% |
| 45  | 0.08% |
| 50  | 0.21% |
| 55  | 0.45% |
| 60  | 1.01% |
| 65  | 0.00% |

**Withdrawal rates for active participants not eligible for retirement**

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

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

**Asset valuation method**

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

|                      | Actuary's Assumption | Third Segment Rate | Reflecting PPA Limit |
|----------------------|----------------------|--------------------|----------------------|
| 2014 Expected Return | 8.25%                | 6.99%              | 6.99%                |
| 2013 Expected Return | 8.50%                | 7.16%              | 7.16%                |
| 2012 Expected Return | 9.00%                | 7.52%              | 7.52%                |

Future actuarial measurements may differ significantly from current measurements due to plan experience differing from that anticipated by the economic and demographic assumptions, changes expected as part of the natural operation of the methodology used for these measurements, and changes in plan provisions, applicable law or regulations. An analysis of the potential range of such future differences is beyond the scope of this document.

**Exelis Communications Solutions Pension Plan for Employees in the Bargaining Unit**  
**EIN/PN: 45-2083813 / 004**  
**Schedule SB, Part V – Summary of Plan Provisions**

**Effective date**

December 31, 1955.

**Eligibility**

Immediate.

**Covered employees**

An hourly paid production and maintenance employee of the Company who is represented by the Union, other than a Non-Benefits Employee. Includes hourly paid Employees who are on leave of absence or layoff from employment at the Fort Wayne plants and warehouses in accordance with rules of uniform application established from time to time by the Company or by agreement with the Union representing the Employees covered by this Plan.

**Continuous service**

The total number of years and fractions thereof of uninterrupted employment, measured from date of employment to date of termination. One year of Continuous Service is granted for each calendar year in which the participant completes at least 1,000 hours. In any year in which the participant completes less than 1,000 hours, he shall receive 1/10th of a year credit for each 168 hours or major fraction thereof so completed.

**Credited service**

One year of Credited Service will accrue for each calendar year in which a participant completes at least 1,680 hours; and if a participant completes less than 1,680 hours, he shall receive 1/10th of a year credit for each 168 hours or major portion thereof completed. Maximum service is 42 years.

**Actuarial equivalent**

The determination of actuarially equivalent annuity benefits is based on the mortality table 1974 GBB and interest at 6.5% per annum.

**Normal retirement pension**

**Eligibility**

Age 65.

**Basic monthly benefit**

| Last Day of Employment                        | Benefit Unit<br>Per Year of Service |
|-----------------------------------------------|-------------------------------------|
| Before January 1, 2008                        | \$32.00                             |
| During 2008                                   | \$33.50                             |
| During 2009                                   | \$34.50                             |
| During 2010                                   | \$35.50                             |
| During 2011                                   | \$37.00                             |
| During 2012                                   | \$38.00                             |
| January 1, 2013 through<br>September 30, 2013 | \$38.50                             |
| On or After October 1, 2013                   | \$40.50                             |

**Exelis Communications Solutions Pension Plan for Employees in the Bargaining Unit**  
**EIN/PN: 45-2083813 / 004**  
**Schedule SB, Part V – Summary of Plan Provisions (continued)**

**Early retirement pension**

**Eligibility**

Age 55 and 3 years of Credited Service for participants hired on or prior to August 28, 1983. Age 55 and 10 years of Continuous service for participants hired after August 28, 1983.

**Benefit**

Prior to attainment of age 62 and completion of 30 years of Credited Service: Accrued pension deferred to age 65, or immediate pension equal to accrued pension reduced by  $1/180$  for each of the first 60 months and  $1/360$  for each month in excess of 60 months by which commencement precedes normal retirement date.

After completion of 30 years of Credited Service: Accrued pension deferred to age 62, or immediate pension equal to the accrued pension reduced by  $1/180$  for each of the first 24 months and  $1/360$  for each month in excess of 24 months by which commencement precedes age 62.

**Disability retirement pension**

**Eligibility**

Total and permanent disability after age 40 and 10 years of Credited Service.

**Benefit**

Accrued pension payable immediately, not less than \$340 per month or benefit accrued to August 28, 1974 if greater.

**Deferred vested pension**

**Eligibility**

5 years of Continuous Service.

**Benefit**

Accrued pension deferred to age 65, or reduced pension after age 55. Reduction same as for early retirement.

**Spouse's benefit**

**Eligibility**

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

**Benefit**

Accrued benefit at time of death, adjusted as if participant had retired on date payments to spouse commence under joint and 50% survivor option, and then died. For a terminated vested participant there is a charge for each year coverage is in effect after termination date. Coverage for which a charge is made may be waived with consent of the spouse.

**Exelis Communications Solutions Pension Plan for Employees in the Bargaining Unit**  
**EIN/PN: 45-2083813 / 004**  
**Schedule SB, Part V – Summary of Plan Provisions (continued)**

**Normal form of benefit**

**Single**

Life annuity.

**Married**

Reduced joint at 50% survivor annuity.

**Optional forms of benefit**

- (1) Life annuity.
- (2) Joint and 50% survivor annuity.
- (3) Joint and 75% survivor annuity.
- (4) Joint and 100% survivor annuity (N/A for terminations).
- (5) Social Security level income option.

**Contributions**

Noncontributory.

|                         |                                                                                          |
|-------------------------|------------------------------------------------------------------------------------------|
| <b>Plan Name</b>        | <b>Exelis Communications Solutions Pension Plan for Employees in the Bargaining Unit</b> |
| <b>Plan Sponsor EIN</b> | <b>45-2083813</b>                                                                        |
| <b>ERISA Plan #</b>     | <b>004</b>                                                                               |
| <b>Plan Year Ending</b> | <b>12 / 31 / 2014</b>                                                                    |

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

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

|                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                       |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Form 5500</b><br><br>Department of the Treasury<br>Internal Revenue Service<br><br>Department of Labor<br>Employee Benefits Security<br>Administration<br><br>Pension Benefit Guaranty Corporation | <b>Annual Return/Report of Employee Benefit Plan</b><br><br>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).<br><br><p style="text-align: center;">▶ <b>Complete all entries in accordance with the instructions to the Form 5500.</b></p> | OMB Nos. 1210-0110<br>1210-0089<br><br><div style="text-align: center; font-size: 1.5em; font-weight: bold;">2014</div><br><br>This Form is Open to Public Inspection |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                     |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Part I Annual Report Identification Information</b>                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                     |
| For calendar plan year 2014 or fiscal plan year beginning                                                                                                                                                                                                                                                                                                                           | 01/01/2014 and ending 12/31/2014                                                                                                                                                    |
| <b>A</b> This return/report is for: <div style="display: flex; justify-content: space-between;"> <div> <input type="checkbox"/> a multiemployer plan;         </div> <div> <input type="checkbox"/> a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions); or         </div> </div> | <input checked="" type="checkbox"/> a single-employer plan; <div style="margin-left: 100px;"> <input type="checkbox"/> a DFE (specify) ____         </div>                          |
| <b>B</b> This return/report is: <div style="display: flex; justify-content: space-between;"> <div> <input type="checkbox"/> the first return/report;         </div> <div> <input type="checkbox"/> the final return/report;         </div> </div>                                                                                                                                   | <input type="checkbox"/> an amended return/report; <div style="margin-left: 100px;"> <input type="checkbox"/> a short plan year return/report (less than 12 months).         </div> |
| <b>C</b> If the plan is a collectively-bargained plan, check here. <span style="float: right;"><input checked="" type="checkbox"/></span>                                                                                                                                                                                                                                           |                                                                                                                                                                                     |
| <b>D</b> Check box if filing under: <div style="display: flex; justify-content: space-between;"> <div> <input checked="" type="checkbox"/> Form 5558;         </div> <div> <input type="checkbox"/> automatic extension;         </div> <div> <input type="checkbox"/> the DFVC program;         </div> </div>                                                                      |                                                                                                                                                                                     |
| <input type="checkbox"/> special extension (enter description)                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                     |

|                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                          |     |                                                |  |                                                              |  |                                                             |  |                                                      |  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|-----|------------------------------------------------|--|--------------------------------------------------------------|--|-------------------------------------------------------------|--|------------------------------------------------------|--|
| <b>Part II Basic Plan Information—enter all requested information</b>                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                          |     |                                                |  |                                                              |  |                                                             |  |                                                      |  |
| <b>1a</b> Name of plan<br><br>Exelis Communication Solutions Pension Plan for Employees in the Bargaining Unit                                                                             | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;"><b>1b</b> Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;">004</td> </tr> <tr> <td colspan="2"><b>1c</b> Effective date of plan<br/>12/01/1955</td> </tr> <tr> <td colspan="2"><b>2b</b> Employer Identification Number (EIN)<br/>45-2083813</td> </tr> <tr> <td colspan="2"><b>2c</b> Plan Sponsor's telephone number<br/>(321) 724-3682</td> </tr> <tr> <td colspan="2"><b>2d</b> Business code (see instructions)<br/>333200</td> </tr> </table> | <b>1b</b> Three-digit plan number (PN) ▶ | 004 | <b>1c</b> Effective date of plan<br>12/01/1955 |  | <b>2b</b> Employer Identification Number (EIN)<br>45-2083813 |  | <b>2c</b> Plan Sponsor's telephone number<br>(321) 724-3682 |  | <b>2d</b> Business code (see instructions)<br>333200 |  |
| <b>1b</b> Three-digit plan number (PN) ▶                                                                                                                                                   | 004                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                          |     |                                                |  |                                                              |  |                                                             |  |                                                      |  |
| <b>1c</b> Effective date of plan<br>12/01/1955                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                          |     |                                                |  |                                                              |  |                                                             |  |                                                      |  |
| <b>2b</b> Employer Identification Number (EIN)<br>45-2083813                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                          |     |                                                |  |                                                              |  |                                                             |  |                                                      |  |
| <b>2c</b> Plan Sponsor's telephone number<br>(321) 724-3682                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                          |     |                                                |  |                                                              |  |                                                             |  |                                                      |  |
| <b>2d</b> Business code (see instructions)<br>333200                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                          |     |                                                |  |                                                              |  |                                                             |  |                                                      |  |
| <b>2a</b> Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan)<br><br>Exelis Inc.<br><br><br>1025 W Nasa Blvd<br><br>Melbourne FL 32919 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                          |     |                                                |  |                                                              |  |                                                             |  |                                                      |  |

**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<br>HERE                                                                                                                                                                     | <br>Signature of plan administrator    | 10/13/15<br>Date | David Watrous<br>Enter name of individual signing as plan administrator       |
| SIGN<br>HERE                                                                                                                                                                     | <br>Signature of employer/plan sponsor | 10/13/15<br>Date | David Watrous<br>Enter name of individual signing as employer or plan sponsor |
| SIGN<br>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)<br><br>Deloitte Tax LLP<br><br>1633 Broadway<br><br>New York NY 10019 |                                        |                  | Preparer's telephone number (optional)<br><br>(212) 492-3600                  |

|                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>3a</b> Plan administrator's name and address <input type="checkbox"/> Same as Plan Sponsor<br><br>Administration Committee of Exelis<br>Communication Solutions<br><br>1025 W Nasa Blvd<br><br>Melbourne FL 32919                                                                                                                                                                                                                  | <b>3b</b> Administrator's EIN<br>45-2083813<br><b>3c</b> Administrator's telephone number<br>(321) 724-3682                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>4</b> 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:<br><b>a</b> Sponsor's name                                                                                                                                                                                                                     | <b>4b</b> EIN<br><br><b>4c</b> PN                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>5</b> Total number of participants at the beginning of the plan year                                                                                                                                                                                                                                                                                                                                                               | <b>5</b> 1,025                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>6</b> Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1), 6a(2), 6b, 6c, and 6d).                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>a(1)</b> Total number of active participants at the beginning of the plan year.....                                                                                                                                                                                                                                                                                                                                                | <b>6a(1)</b> 386                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>a(2)</b> Total number of active participants at the end of the plan year .....                                                                                                                                                                                                                                                                                                                                                     | <b>6a(2)</b> 348                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>b</b> Retired or separated participants receiving benefits .....                                                                                                                                                                                                                                                                                                                                                                   | <b>6b</b> 362                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>c</b> Other retired or separated participants entitled to future benefits.....                                                                                                                                                                                                                                                                                                                                                     | <b>6c</b> 291                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>d</b> Subtotal. Add lines 6a(2), 6b, and 6c. ....                                                                                                                                                                                                                                                                                                                                                                                  | <b>6d</b> 1,001                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>e</b> Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....                                                                                                                                                                                                                                                                                                                             | <b>6e</b> 21                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>f</b> Total. Add lines 6d and 6e. ....                                                                                                                                                                                                                                                                                                                                                                                             | <b>6f</b> 1,022                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>g</b> Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) .....                                                                                                                                                                                                                                                                                       | <b>6g</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>h</b> Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested .....                                                                                                                                                                                                                                                                                           | <b>6h</b> 5                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>7</b> Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....                                                                                                                                                                                                                                                                                                   | <b>7</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>8a</b> If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:<br><br>1B 3H<br><br><b>b</b> If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>9a</b> Plan funding arrangement (check all that apply)<br>(1) <input type="checkbox"/> Insurance<br>(2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts<br>(3) <input checked="" type="checkbox"/> Trust<br>(4) <input type="checkbox"/> General assets of the sponsor                                                                                                                                         | <b>9b</b> Plan benefit arrangement (check all that apply)<br>(1) <input type="checkbox"/> Insurance<br>(2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts<br>(3) <input checked="" type="checkbox"/> Trust<br>(4) <input type="checkbox"/> General assets of the sponsor                                                                                                                                                                                                                |
| <b>10</b> Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>a Pension Schedules</b><br>(1) <input checked="" type="checkbox"/> <b>R</b> (Retirement Plan Information)<br><br>(2) <input type="checkbox"/> <b>MB</b> (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary<br><br>(3) <input checked="" type="checkbox"/> <b>SB</b> (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary | <b>b General Schedules</b><br>(1) <input checked="" type="checkbox"/> <b>H</b> (Financial Information)<br>(2) <input type="checkbox"/> <b>I</b> (Financial Information - Small Plan)<br>(3) <input type="checkbox"/> <b>A</b> (Insurance Information)<br>(4) <input checked="" type="checkbox"/> <b>C</b> (Service Provider Information)<br>(5) <input checked="" type="checkbox"/> <b>D</b> (DFE/Participating Plan Information)<br>(6) <input type="checkbox"/> <b>G</b> (Financial Transaction Schedules) |

**Part III****Form M-1 Compliance Information (to be completed by welfare benefit plans)**

**11a** If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ..... ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

**11b** Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ..... ☐ Yes ☐ No

**11c** Enter the Receipt Confirmation Code for the 2014 Form M-1 annual report. If the plan was not required to file the 2014 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code \_\_\_\_\_