

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 <div style="font-size: 24pt; font-weight: bold;">2014</div> This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2014 or fiscal plan year beginning <u>01/01/2014</u> and ending <u>12/31/2014</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions); or ☒ a single-employer plan; ☐ a DFE (specify) _____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☒
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information			
1a Name of plan	EXELIS INFORMATION SYSTEMS PENSION PLAN FOR HOURLY EMPLOYEES AT PACIFIC MISSILE RANGE FACILITY		1b Three-digit plan number (PN) ▶	235
			1c Effective date of plan	10/01/1993
2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan)	EXELIS INC.		2b Employer Identification Number (EIN)	45-2083813
	1025 W NASA BLVD MELBOURNE, FL 32919		2c Plan Sponsor's telephone number	321-724-3682
			2d Business code (see instructions)	333200

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

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

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

3a Plan administrator's name and address ☐ Same as Plan Sponsor ADMIN COMMITTEE OF EXELIS INFO SYS PACIFIC MISSILE RANGE FACILITY 1025 W NASA BLVD MELBOURNE, FL 32919	3b Administrator's EIN 45-2083813 3c Administrator's telephone number 321-724-3682
4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
5 Total number of participants at the beginning of the plan year	5 402
6 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). a(1) Total number of active participants at the beginning of the plan year a(2) Total number of active participants at the end of the plan year b Retired or separated participants receiving benefits c Other retired or separated participants entitled to future benefits..... d Subtotal. Add lines 6a(2) , 6b , and 6c e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. f Total. Add lines 6d and 6e g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6a(1) 205 6a(2) 204 6b 106 6c 91 6d 401 6e 11 6f 412 6g 6h 3
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....	7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 1A 3H b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:	
9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)	
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☒ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

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 (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</div>	<div>Single-Employer Defined Benefit Plan 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 EXELIS INFORMATION SYSTEMS PENSION PLAN FOR HOURLY EMPLOYEES AT PACIFIC MISSILE RANGE FACILITY	B Three-digit plan number (PN) 235
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF EXELIS INC.	D Employer Identification Number (EIN) 45-2083813
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I Basic Information			
1 Enter the valuation date: Month 01 Day 01 Year 2014			
2 Assets:			
a Market value	2a	25158449	
b Actuarial value	2b	24127155	
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	95	7522300	7522300
b For terminated vested participants	102	4309225	4309225
c For active participants	205	13070147	13125751
d Total	402	24901672	24957276
4 If the plan is in at-risk status, check the box and complete lines (a) and (b)			
a Funding target disregarding prescribed at-risk assumptions	4a		
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	4b		
5 Effective interest rate	5	6.54%	
6 Target normal cost	6	1007085	

Statement by Enrolled Actuary	
To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.	
SIGN HERE	
Signature of actuary	09/17/2015
BARBARA H. VAUGHAN	Date
Type or print name of actuary	14-04686
BUCK CONSULTANTS, LLC	Most recent enrollment number
Firm name	201-902-2300
500 PLAZA DRIVE SECAUCUS, NJ 07096-1533	Telephone number (including area code)
Address of the firm	

Part II Beginning of Year Carryover and Prefunding Balances		
	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	0	0
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9 Amount remaining (line 7 minus line 8)	0	0
10 Interest on line 9 using prior year's actual return of 12.56%	0	0
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year)		167
b(1) 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 6.73%		11
b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return		0
c Total available at beginning of current plan year to add to prefunding balance		178
d Portion of (c) to be added to prefunding balance		0
12 Other reductions in balances due to elections or deemed elections	0	0
13 Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	0

Part III Funding Percentages		
14 Funding target attainment percentage	14	96.67 %
15 Adjusted funding target attainment percentage	15	96.67 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	96.53 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and Liquidity Shortfalls					
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
04/15/2014	300000	0			
07/02/2014	0	352446			
07/15/2014	300000	0			
10/15/2014	300000	0			
01/01/2015	300000	0			
08/31/2015	284000	0			
Totals ►			18(b)	1484000	18(c) 352446

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:		
a Contributions allocated toward unpaid minimum required contributions from prior years	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	1406574
20 Quarterly contributions and liquidity shortfalls:		
a Did the plan have a "funding shortfall" for the prior year? ☒ Yes ☐ No		
b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☒ Yes ☐ No		
c If line 20a is "Yes," see instructions and complete the following table as applicable:		
Liquidity shortfall as of end of quarter of this plan year		
(1) 1st	(2) 2nd	(3) 3rd
0	0	0
		(4) 4th
		0

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

21 Discount rate:				
a Segment rates:	1st segment: 4.99 %	2nd segment: 6.32 %	3rd segment: 6.99 %	☐ N/A, full yield curve used
b Applicable month (enter code).....				21b 4
22 Weighted average retirement age				22 66
23 Mortality table(s) (see instructions) ☒ Prescribed - combined ☐ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous Items

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

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

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

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6).....	31a	1007085	
b Excess assets, if applicable, but not greater than line 31a	31b	0	
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment.....	830121	398870	
b Waiver amortization installment	0	0	
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33		
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33) ..	34	1405955	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....	0	0	0
36 Additional cash requirement (line 34 minus line 35).....	36	1405955	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c).....	37	1406574	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	619	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	0	
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years	40	0	

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

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

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

For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014		
A Name of plan EXELIS INFORMATION SYSTEMS PENSION PLAN FOR HOURLY EMPLOYEES AT PACIFIC MISSILE RANGE FACILITY	B Three-digit plan number (PN) ▶	235
C Plan sponsor's name as shown on line 2a of Form 5500 EXELIS INC.	D Employer Identification Number (EIN) 45-2083813	

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

1 Information on Persons Receiving Only Eligible Indirect Compensation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Part I Service Provider Information (continued)

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

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

Part II Service Providers Who Fail or Refuse to Provide Information

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

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

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

a Name:	DELOITTE & TOUCHE LLP	b EIN:	13-3891517
c Position:	AUDITOR		
d Address:	30 ROCKEFELLER PLAZA NEW YORK, NY 10112	e Telephone:	212-492-4000

Explanation: CHANGE IN SERVICE PROVIDER

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

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

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

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

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

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	<small>OMB No. 1210-0110</small> 2014 This Form is Open to Public Inspection
For calendar plan year 2014 or fiscal plan year beginning <u>01/01/2014</u> and ending <u>12/31/2014</u>		
A Name of plan <u>EXELIS INFORMATION SYSTEMS PENSION PLAN FOR HOURLY EMPLOYEES AT PACIFIC MISSILE RANGE FACILITY</u>		B Three-digit plan number (PN) ▶ <u>235</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>EXELIS INC.</u>		D Employer Identification Number (EIN) <u>45-2083813</u>

Part I Asset and Liability Statement			
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions.....	1b(1)	460000	584000
(2) Participant contributions.....	1b(2)		
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit).....	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common.....	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property).....	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans.....	1c(8)		
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)	24705330	27129124
(12) Value of interest in 103-12 investment entities.....	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other.....	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	25165330	27713124

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h	55068	67504
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	55068	67504

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	25110262	27645620
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Part II Income and Expense Statement

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

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	1484000	
(B) Participants	2a(1)(B)	352446	
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		1836446
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		0
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts.....	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts.....	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts.....	2b(8)		1863559
(9) Net investment gain (loss) from 103-12 investment entities.....	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		3700005

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	1164647	
(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)		1164647
f Corrective distributions (see instructions).....	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees.....	2i(1)		
(2) Contract administrator fees.....	2i(2)		
(3) Investment advisory and management fees.....	2i(3)		
(4) Other.....	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		0
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		1164647

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		2535358
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	☒	☐	235448
4b	☐	☒	

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

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

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

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

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

Part V Trust Information (optional)

6a Name of trust INVESTMENT MASTER TRUST OF EXELIS INC.	6b Trust's EIN 366668234
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SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2014 This Form is Open to Public Inspection.
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For calendar plan year 2014 or fiscal plan year beginning 01/01/2014 and ending 12/31/2014

A Name of plan <u>EXELIS INFORMATION SYSTEMS PENSION PLAN FOR HOURLY EMPLOYEES AT PACIFIC MISSILE RANGE FACILITY</u>	B Three-digit plan number (PN) ▶ <u>235</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>EXELIS INC.</u>	D Employer Identification Number (EIN) <u>45-2083813</u>

Part I	Distributions
---------------	----------------------

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

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>45-2083813</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	<u>3</u>

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

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☒ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived).....	6a		
b Enter the amount contributed by the employer to the plan for this plan year.....	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?.....	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☒ N/A

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

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

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

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- a** Enter the percentage of plan assets held as:
 Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%
- b** Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more
- c** What duration measure was used to calculate line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

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

Sponsor EIN 45-2083813
Plan No. 235

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

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

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Notes to Financial Statements as of and for the Years Ended December 31, 2014 and 2013	5–17
SUPPLEMENTAL SCHEDULE:	
Form 5500, Schedule H, Part IV, Line 4a — Schedule of Delinquent Participant Contributions for the year ended December 31, 2014	18
NOTE: All other supplemental schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.	



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Exelis Information Systems Pension Plan for Hourly Employees at Pacific Missile Range Facility (the "Plan"), which comprise the statements of net assets available for pension benefits as of December 31, 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 Information Systems Pension Plan for Hourly Employees at Pacific Missile Range Facility'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 Information Systems Pension Plan for Hourly Employees at Pacific Missile Range Facility 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of Delinquent Participant Contributions for the year ended December 31, 2014 is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Buchbinder Tunick & Company LLP

BUCHBINDER TUNICK & COMPANY LLP

Bethesda, MD
October 8, 2015

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

**STATEMENTS OF NET ASSETS AVAILABLE FOR PENSION BENEFITS
AS OF DECEMBER 31, 2014 AND 2013**

	2014	2013
ASSETS:		
Investment, at fair value — Plan's interest in the Master Trust	\$ 27,129,124	\$ 24,705,330
Employer contribution receivable	<u>584,000</u>	<u>460,000</u>
Total assets	<u>27,713,124</u>	<u>25,165,330</u>
LIABILITIES:		
Accrued expenses	<u>67,504</u>	<u>55,068</u>
NET ASSETS AVAILABLE FOR PENSION BENEFITS	<u>\$ 27,645,620</u>	<u>\$ 25,110,262</u>

See notes to financial statements.

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

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

	2014	2013
ADDITIONS:		
Plan's interest in the Master Trust investment income	\$ 2,110,928	\$ 2,741,721
Contributions:		
Employer contributions	1,484,000	1,261,000
Employee contributions	<u>352,446</u>	<u>409,723</u>
Total contributions	<u>1,836,446</u>	<u>1,670,723</u>
Total additions	<u>3,947,374</u>	<u>4,412,444</u>
DEDUCTIONS:		
Benefits paid to participants and beneficiaries	1,164,647	943,616
Administrative expenses	<u>247,369</u>	<u>194,949</u>
Total deductions	<u>1,412,016</u>	<u>1,138,565</u>
NET INCREASE	2,535,358	3,273,879
NET ASSETS AVAILABLE FOR PENSION BENEFITS:		
Beginning of year	<u>25,110,262</u>	<u>21,836,383</u>
End of year	<u>\$ 27,645,620</u>	<u>\$25,110,262</u>

See notes to financial statements.

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

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

1. DESCRIPTION OF THE PLAN

The following description of the Exelis Information Systems Pension Plan for Hourly Employees at Pacific Missile Range Facility (formerly known as the ITT Systems Corporation Pension Plan for Employees at Pacific Missile Range Facility) (the “Plan”) is provided for general information purposes only. Participants should refer to the Plan document for more complete information.

General — The Plan is a defined benefit plan covering substantially all hourly employees of Exelis Information Systems Pacific Missile Range Facility, a division of Exelis Inc., (the “Company”) a wholly owned subsidiary of Harris Corporation. 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 Exelis Information Systems hourly employees at the Company’s Pacific Missile Range Facility location are eligible to participate upon the later of (i) the attainment of age 21 or the completion of one year of service or (ii) upon the attainment of age 40. In addition, to enroll in the Plan and become a participant, an eligible employee must agree to make participant contributions equal to 3% of earnings during the plan year.

Pension Benefits — Participants are eligible for monthly benefit payments upon reaching age 65. The normal monthly benefit payment is equal to 2.25% of the participant’s earnings during each year of participation, divided by 12. A participant is immediately vested in their contributions into the Plan and 100% vested in company contributions after five years of service. Prior to that time, the participant is not vested but will, upon termination of employment, receive a return of his or her accumulated contributions, plus interest.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Risks and Uncertainties — The Plan, through the Master Trust utilizes various investment instruments, including common stock, U.S. government securities, corporate debt instruments, limited partnerships, collective trust funds, and registered investment companies. Investment securities, in general, are exposed to various risks, such as interest rate risk, credit risk, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the financial statements.

Investment Valuation and Income Recognition — The Plan's interest in the Master Trust is presented at fair value, which has been determined based on the fair value of the underlying investments of the Master Trust. Fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for description of valuation methods.

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

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

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

3. FAIR VALUE MEASUREMENTS

Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows: Level 1 which refers to securities valued using unadjusted quoted prices from active markets for identical assets; Level 2 which refers to securities not traded on an active market, but for which observable market inputs are readily available; and Level 3 which refers to securities valued based on significant unobservable inputs.

The Plan's financial statements as of December 31, 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.

A summary of the Master Trust's investments measured at fair value on a recurring basis, set forth by level within the fair value hierarchy, as of December 31, 2014 and 2013, is as follows (in thousands):

	December 31, 2014			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Asset category:				
Domestic equity				
Large cap	\$ 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 Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Asset category:				
Domestic equity				
Large cap	\$ 541,711	\$ 171,414	\$ -	\$ 713,125
Mid cap	486,818	45,331	-	532,149
Small/Micro cap	50,809	58,052	-	108,861
Subtotal — Domestic equity	1,079,338	274,797	-	1,354,135
International equity	346,345	114,441	-	460,786
Private equity				
Buyout funds	-	-	878,447	878,447
Mezzanine funds	-	-	40,724	40,724
Venture capital funds	-	-	100,567	100,567
Distressed asset investments	-	-	198,401	198,401
Commodities and Real Estate	-	-	60,712	60,712
Subtotal — Private equity	-	-	1,278,851	1,278,851
Fixed Income Investments				
U.S. Government securities	-	416,832	-	416,832
Corporate bonds	-	51,106	-	51,106
Subtotal — Fixed Income Investments	-	467,938	-	467,938
Hedge Funds	-	73,948	653,562	727,510
Other	-	70,710	12,119	82,829
Cash and cash equivalents	17,626	189,484	-	207,110
Total	\$ 1,443,309	\$ 1,191,318	\$ 1,944,532	\$ 4,579,159
Receivable/(payables), net				5
Total fair value of 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):

	Hedge Fund	Private Equity	Other	Total
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>

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

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

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

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

	Fair Value		Redemption Frequency (If Eligible)	Redemption 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.

- (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):

	Unfunded Commitments		Redemption Frequency (if eligible)	Redemption Notice Period
	2014	2013		
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 service rendered by employees as of the valuation date. Accumulated plan benefits include benefits expected to be paid to: (1) retired or terminated employees, (2) beneficiaries of employees who have died, and (3) present employees or their beneficiaries. The actuarial present value of accumulated plan benefits is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements, such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

The following amounts were calculated as of the latest actuarial valuation date, which was January 1, 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	\$ 6,780,956
Other participants	<u>14,500,315</u>
Total vested accumulated plan benefits	21,281,271
Nonvested accumulated plan benefits	<u>42,257</u>
Total actuarial present value of accumulated plan benefits	<u>\$21,323,528</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	\$ 18,478,355
Increase (decrease) during the year attributable to:	
Benefits accumulated	899,948
Change in mortality assumption	815,398
Other assumption changes	542,069
Benefits paid	(943,616)
Interest	<u>1,531,374</u>
Actuarial present value of accumulated plan benefits at January 1, 2014	<u>\$ 21,323,528</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>\$ 27,129</u>	<u>\$ 24,705</u>
Plan's interest in the Master Trust as a percentage of the total	<u>0.58 %</u>	<u>0.54 %</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>\$ 2,111</u>	<u>\$ 2,742</u>

7. EXEMPT PARTY-IN-INTEREST TRANSACTIONS

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

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

8. NONEXEMPT PARTY-IN-INTEREST TRANSACTIONS

The Company remitted participant contributions for eight payroll periods for a total of \$116,146 in 2014 in an untimely manner, which was later than required by Department of Labor Regulation 2510.3-102. In addition, during 2015 the Company corrected for untimely contributions made in 2013 for a total of \$119,302. Management has corrected the late remittances, filed the Form 5330 directly with the Internal Revenue Service (IRS), and paid applicable excise taxes.

9. FEDERAL INCOME TAX STATUS

The 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 provision for income taxes has been included in the Plan's financial statements.

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

10. PLAN TERMINATION

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

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

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

11. SUBSEQUENT EVENTS

For the year ended December 31, 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.

* * * * *

Exelis Information Systems Pension Plan for Hourly Employees at Pacific Missile Range Facility
Schedule H, Part IV, Line 4a
Schedule of Delinquent Participant Contributions
For the Year Ended December 31, 2014
Sponsor EIN 45-2083813
Plan No. 235

	Total That Constitute Nonexempt Prohibited Transactions			Total Fully Corrected under VFCP and PTE 2002-51
	Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	
Participant Contributions Transferred Late to the Plan				
Check here if late participant loan contributions are included	\$ -	\$ -	\$ -	\$ 235,448

See accompanying Independent Auditors' Report.

SCHEDULE SB (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2014 This Form is Open to Public Inspection
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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 Exelis Information Systems Pension Plan For Hourly Employees At Pacific Missile Range Facility	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:70%;">B Three-digit plan number (PN) ►</td> <td style="width:30%; text-align: center;">235</td> </tr> <tr> <td colspan="2" style="height: 20px;"></td> </tr> </table>	B Three-digit plan number (PN) ►	235		
B Three-digit plan number (PN) ►	235				
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF EXELIS INC.	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td>D Employer Identification Number (EIN) 45-2083813</td> </tr> </table>	D Employer Identification Number (EIN) 45-2083813			
D Employer Identification Number (EIN) 45-2083813					
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500					

Part I Basic Information

1	Enter the valuation date:	Month <u>01</u>	Day <u>01</u>	Year <u>2014</u>	
2	Assets:				
	a Market value	2a	25158449		
	b Actuarial value	2b	24127155		
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.....	95	7522300	7522300	
	b For terminated vested participants.....	102	4309225	4309225	
	c For active participants.....	205	13070147	13125751	
	d Total.....	402	24901672	24957276	
4	If the plan is in at-risk status, check the box and complete lines (a) and (b) ☐				
	a Funding target disregarding prescribed at-risk assumptions	4a			
	b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	4b			
5	Effective interest rate.....	5	6.54%		
6	Target normal cost.....	6	1007085		

Statement by Enrolled Actuary

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

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

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

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

Schedule SB (Form 5500) 2014 v. 140124

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

21 Discount rate:				
a Segment rates:	1st segment: 4.99%	2nd segment: 6.32%	3rd segment: 6.99%	☐ N/A, full yield curve used
b Applicable month (enter code)				21b 4
22 Weighted average retirement age				22 66
23 Mortality table(s) (see instructions) ☒ Prescribed - combined ☐ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous Items

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

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

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

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6)	31a	1007085	
b Excess assets, if applicable, but not greater than line 31a	31b	0	
32 Amortization installments:	Outstanding Balance		Installment
a Net shortfall amortization installment	830121		398870
b Waiver amortization installment	0		0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33		
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33) ...	34	1405955	
		Carryover balance	Prefunding balance
35 Balances elected for use to offset funding requirement		0	0
36 Additional cash requirement (line 34 minus line 35)	36	1405955	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	1406574	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	619	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	0	
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years	40	0	

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

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

Exelis Information Systems Pension Plan For Hourly Employees At Pacific Missile Range Facility

EIN / PN: 45-2083813 / 235

Schedule SB, Line 22 – Description of Weighted Average Retirement Age

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

(1) Age	(2) Expected Active Headcount	(3) Retirement Rate	(4) Expected Retirements (2)*(3)	(5) Weighted Age (1)*(4)
55	84.6357	0.0203	1.7181	94.4958
56	88.7321	0.0205	1.8190	101.8644
57	94.6774	0.0207	1.9598	111.7099
58	101.4270	0.0214	2.1705	125.8912
59	109.8975	0.0219	2.4068	141.9985
60	118.0490	0.0228	2.6921	161.5276
61	122.7917	0.0235	2.8871	176.1142
62	127.2218	0.0257	3.2706	202.7768
63	127.1413	0.0283	3.5981	226.6802
64	129.6235	0.0307	3.9794	254.6843
65	126.5845	0.5000	63.2923	4,113.9963
66	68.1207	0.3000	20.4362	1,348.7891
67	50.9566	0.3000	15.2870	1,024.2286
68	36.0611	0.3000	10.8183	735.6467
69	25.7723	0.3000	7.7317	533.4870
70	21.6678	1.0000	21.6678	1,516.7467
71	0.0000	1.0000	0.0000	0.0000
72	0.0000	1.0000	0.0000	0.0000
73	1.0000	1.0000	1.0000	73.0000
74	1.0000	1.0000	<u>1.0000</u>	<u>74.0000</u>
Total			167.7349	11,017.6373
Weighted Average Retirement Age = 11,017.6373 / 167.7349				65.68
Rounded Weighted Average Retirement Age				66

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

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

General note: The table presents values rounded to fewer significant digits than used in the calculation.

Exelis Information Systems Pension Plan For Hourly Employees At Pacific Missile Range Facility

EIN / PN: 45-2083813 / 235

Schedule SB, Line 24 – Change in Actuarial Assumptions

- 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.

Exelis Information Systems Pension Plan For Hourly Employees At Pacific Missile Range Facility

EIN / PN: 45-2083813 / 235

Schedule SB, Line 26 – Schedule of Active Participant Data

Distribution of Active Participants as of January 1, 2014 – Age by Benefit Service¹

Age	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	Total
Under 25	0	1	0	0	0	0	0	0	0	0	1
25-29	0	2	2	0	0	0	0	0	0	0	4
30-34	0	3	6	0	0	0	0	0	0	0	9
35-39	0	3	8	9	2	0	0	0	0	0	22
40-44	0	2	1	2	3	3	0	0	0	0	11
45-49	0	7	3	10	4	5	2	0	0	0	31
50-54	0	2	3	0	7	5	8	8	0	0	33
55-59	0	1	4	3	7	4	5	11	4	3	42
60-64	0	0	4	1	3	4	6	4	5	6	33
65-69	0	0	0	1	2	5	0	0	1	8	17
70+	0	0	1	0	0	0	0	0	0	1	2
TOTAL	0	21	32	26	28	26	21	23	10	18	205

¹ Includes participants on leave of absence and transferred participants.

Exelis Information Systems Pension Plan For Hourly Employees At Pacific Missile Range Facility
EIN / PN: 45-2083813 / 235
Schedule SB, Line 32 – Schedule of Amortization Bases

Shortfall Amortization Summary

Date Established	Type Of Base	Years Remaining	Shortfall Amortization Installment	Present Value of Remaining Installments as of January 1, 2014
January 1, 2009	Shortfall	2	\$ 223,931	\$ 437,219
January 1, 2010	Shortfall	3	\$ 258,760	\$ 739,969
January 1, 2011	Shortfall	4	\$ 185,969	\$ 692,504
January 1, 2012	Shortfall	5	\$ (465,004)	\$ (2,114,268)
January 1, 2013	Shortfall	6	\$ 132,512	\$ 700,042
January 1, 2014	Shortfall	7	\$ 62,702	\$ 374,655

Exelis Information Systems Pension Plan For Hourly Employees At Pacific Missile Range Facility
EIN / PN: 45-2083813 / 235
Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

Prescribed Funding Assumptions and Methods

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 6.54%

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 6.73%

* 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, using the blended annuitant/non-annuitant table applicable to small plans.

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 Information Systems Pension Plan For Hourly Employees At Pacific Missile Range Facility
EIN / PN: 45-2083813 / 235
Schedule SB, Part V – Statement of Actuarial Assumptions/Methods (continued)

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 \$197,962.

Frequency of optional payment forms

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

Marital percentage

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

Mortality table

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

Exelis Information Systems Pension Plan For Hourly Employees At Pacific Missile Range Facility
EIN / PN: 45-2083813 / 235
Schedule SB, Part V – Statement of Actuarial Assumptions/Methods (continued)

Retirement rates

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

Terminated vested participants are assumed to retire at age 60.

Disability rates

None assumed.

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.

Employee Contribution

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

Exelis Information Systems Pension Plan For Hourly Employees At Pacific Missile Range Facility
EIN / PN: 45-2083813 / 235
Schedule SB, Part V – Statement of Actuarial Assumptions/Methods (continued)

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%

Exelis Information Systems Pension Plan For Hourly Employees At Pacific Missile Range Facility
EIN / PN: 45-2083813 / 235
Schedule SB, Part V – Summary Of Plan Provisions

Effective Date

October 1, 1993.

Actuarial Equivalent

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

Eligibility for Participation

Earlier of:

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

Normal Retirement Pension

Eligibility

Age 65.

Basic Monthly Benefit

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

Early Retirement Pension

Eligibility

Age 55 and 5 years of service.

Benefit

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

Deferred Vested Pension

Eligibility

5 years of service.

Benefit

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

Withdrawal of Participant Contributions

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

Exelis Information Systems Pension Plan For Hourly Employees At Pacific Missile Range Facility
EIN / PN: 45-2083813 / 235
Schedule SB, Part V – Summary Of Plan Provisions (continued)

Spouse's Benefit

Eligibility

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

Benefit

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

Normal Form of Benefit

Single

Life annuity.

Married

Reduced 50% joint and survivorship annuity.

Optional Forms of Benefit

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

Contributions

Employer

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

Employee

3% of the Participants' base compensation.

Plan Name	Exelis Information Systems Pension Plan for Hourly Employees At Pacific Missile Range Facility
Plan Sponsor EIN	45-2083813
ERISA Plan #	235
Plan Year Ending	12 / 31 / 2014

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

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

Plan Name	Exelis Information Systems Pension Plan for Hourly Employees At Pacific Missile Range Facility
Plan Sponsor EIN	45-2083813
ERISA Plan #	235
Plan Year Ending	12 / 31 / 2014

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

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

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4085 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 <div style="text-align: center; font-size: 1.5em; font-weight: bold;">2014</div> This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2014 or fiscal plan year beginning <u>01/01/2014</u> and ending <u>12/31/2014</u>	
A This return/report is for: <div style="display: flex; justify-content: space-between;"> <div> ☐ a multiemployer plan; </div> <div> ☐ 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> <div style="display: flex; justify-content: space-between;"> <div> ☒ a single-employer plan; </div> <div> ☐ a DFE (specify) ____ </div> </div>	
B This return/report is: <div style="display: flex; justify-content: space-between;"> <div> ☐ the first return/report; </div> <div> ☐ the final return/report; </div> </div> <div style="display: flex; justify-content: space-between;"> <div> ☐ an amended return/report; </div> <div> ☐ a short plan year return/report (less than 12 months). </div> </div>	
C If the plan is a collectively-bargained plan, check here. ☒	
D Check box if filing under: <div style="display: flex; justify-content: space-between;"> <div> ☒ Form 5558; </div> <div> ☐ automatic extension; </div> <div> ☐ the DFVC program; </div> </div> <div style="display: flex; justify-content: space-between;"> <div> ☐ special extension (enter description) </div> </div>	

Part II	Basic Plan Information—enter all requested information		
1a Name of plan Exelis Information Systems Pension Plan for Hourly Employees at Pacific Missile Range Facility	1b Three-digit plan number (PN) ▶	235	
2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan) Exelis Inc. 1025 W Nasa Blvd Melbourne FL 32919	1c Effective date of plan 10/01/1993	2b Employer Identification Number (EIN) 45-2083813	2c Plan Sponsor's telephone number (321) 724-3682
		2d Business code (see instructions) 333200	

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

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

SIGN HERE	 Signature of plan administrator	10/13/15 Date	David Watrous Enter name of individual signing as plan administrator
SIGN HERE	 Signature of employer/plan sponsor	10/13/15 Date	David Watrous Enter name of individual signing as employer or plan sponsor
SIGN HERE	Signature of DFE	Date	Enter name of individual signing as DFE
Preparer's name (including firm name, if applicable) and address (include room or suite number) (optional) Deloitte Tax LLP 1633 Broadway New York NY 10019			Preparer's telephone number (optional) (212) 492-3600

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

Form 5500 (2014)
v. 140124

3a Plan administrator's name and address ☐ Same as Plan Sponsor Admin Committee of Exelis Info Sys Pacific Missile Range Facility 1025 W Nasa Blvd Melbourne FL 32919	3b Administrator's EIN 45-2083813 3c Administrator's telephone number (321) 724-3682
4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
5 Total number of participants at the beginning of the plan year	5 402
6 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).	
a(1) Total number of active participants at the beginning of the plan year.....	6a(1) 205
a(2) Total number of active participants at the end of the plan year	6a(2) 204
b Retired or separated participants receiving benefits	6b 106
c Other retired or separated participants entitled to future benefits.....	6c 91
d Subtotal. Add lines 6a(2), 6b, and 6c.	6d 401
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e 11
f Total. Add lines 6d and 6e.	6f 412
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	6g
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	6h 3
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....	7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 1A 3H	
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:	
9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)	
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☒ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information - Small Plan) (3) ☐ A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

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 _____