

Powerful Legacy.
Promising Future.

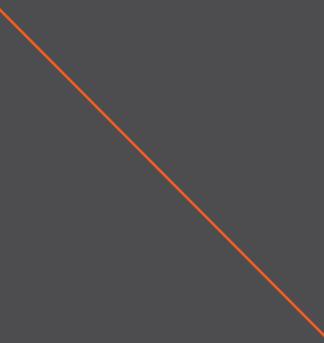
2011 Corporate Responsibility Report

ITT **EXELIS**

THE POWER OF INGENUITY



1	About this Report
2	Letter from the CEO
4	Company Profile
6	Corporate Responsibility Program
8	Governance & Ethics
12	Environmental Responsibility
16	Community Involvement
18	Employees & Workplace



Report Boundary

This report covers activities at all Exelis operations. Unless otherwise stated, it excludes the impacts of employees at non-Exelis-controlled facilities such as military bases and joint venture locations. Although the majority of our employees are located in the United States, Exelis has a number of smaller manufacturing, service and sales operations in other international locations as listed on page 5.

Frequency

We're committed to publishing an annual Corporate Responsibility report. This condensed report, published in August 2012, covers the full year of 2011. Note that, because Exelis was not a standalone company until October 31, 2011, we extracted data for the period prior to the spinoff from ITT Corporation. We've also highlighted some 2012 activities to demonstrate our commitment to continuous improvement until we can develop a report in 2013 that will cover an entire year as Exelis.

Global Reporting Initiative (GRI) Application Level

Although this report adheres to the core elements of the Global Reporting Initiatives (GRI) v3.1 framework, it does not meet C level requirements because we did not have year-long control of the entity. We intend that the 2012 report will attain a self-declared C level under the latest GRI version.

Printing Information

This report was printed in limited production on paper certified by the Forest Stewardship Council® and the Sustainable Forestry Initiative®, and produced using Green-e® certified renewable energy. For electronic versions, visit www.exelisinc.com/corpresp.

Contact

If you have questions about this report, contact: communications@exelisinc.com.

About this Report

“We’re acting strategically to protect and expand our business...To continue our success, we must live our values. I’m proud of our commitment to our values of respect, responsibility and integrity.”

DAVID F. MELCHER *Chief Executive Officer and President*

Letter from the CEO

Financial Success – and More

The Exelis values, “Respect, Responsibility and Integrity,” are more than words on a poster or website. They guide us in making business decisions; governing our organization; improving the environment and the communities where we live and work; and caring for our employees. I firmly believe they are also a critical performance benchmark. Delivering financial success is only the beginning of our obligation. We owe it to all of our stakeholders to conduct business ethically and maintain the trust of our customers, employees and shareholders.

Since Exelis spun off from ITT Corporation on October 31, 2011, we’ve seen plenty of challenges. The aerospace & defense industry faces continued uncertainty and austerity. We’re acting strategically to protect and expand our business: actively managing our portfolio, growing our international and non-DoD businesses, recruiting and retaining top talent, exploring adjacent markets and making smart cost-control decisions.

At the same time, we know that any lapse in ethics or compliance can tarnish our reputation and cause serious harm to the company's value. To continue our success, we must commit completely to living our values. I'm proud to report that in our first year as an independent company, we are building on the strong foundation of cultural values and corporate responsibility that has been in place for many years under ITT.

This report introduces the Exelis corporate responsibility program and offers examples of our employees living our vision and values every day. These accomplishments, while noteworthy, are simply the baseline. I, along with the more than 20,000 Exelis employees around the world, look forward to building on our powerful legacy and creating a promising future, guided by respect, responsibility and integrity.



David F. Melcher
Chief Executive Officer
and President



Company Profile

- > **For 2011, Exelis reported full-year sales of \$5.84 billion and adjusted operating income of \$583 million.**
- > **As a prime contractor, subcontractor, or preferred supplier, we participate in many high-priority U.S. defense and non-defense programs.**

Agile and Adaptive

Exelis launched on October 31, 2011, when ITT Corporation spun off its Defense & Information Solutions segment as an independent, publicly-traded company. We are built for rapid response – more agile, more attuned to opportunities and more adept at providing advanced solutions for everything from radio-controlled roadside bombs to recurrent brain cancer cells.

Exelis leads in two key segments:

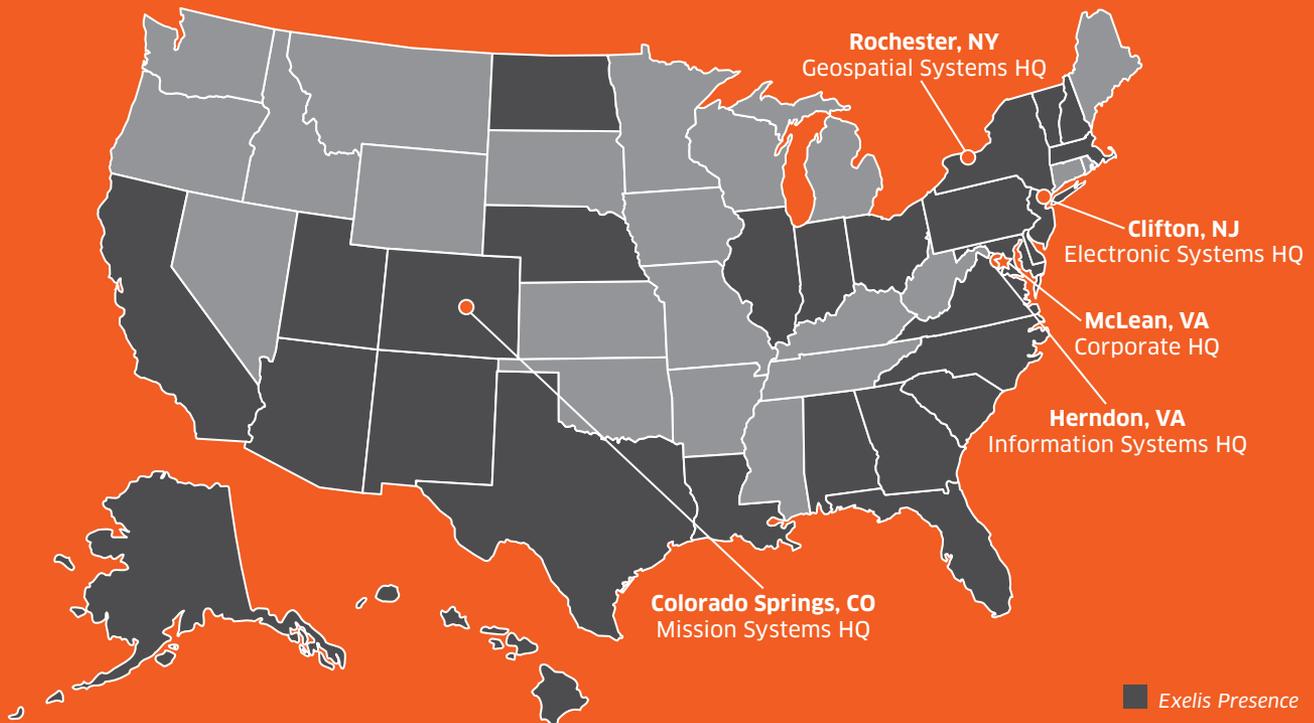
- > **C4ISR Electronics and Systems** (Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance) provides communications, electronic warfare, imaging and image-processing, radar and sonar systems, space systems, and aerostructures for government and commercial customers worldwide.
- > **Information and Technical Services** provides systems integration, network design and development, cyber, intelligence, operations, sustainment, advanced engineering, logistics, space launch and range-support solutions for the U.S. military and government.

Our customers include the United States Department of Defense (DoD), including the U.S. Army, Navy, Marines and Air Force, and its contractors; U.S. government intelligence agencies; the National Aeronautics and Space Administration (NASA); the Federal Aviation Administration (FAA); allied foreign governments; and domestic and foreign commercial customers. We participate as a contractor, subcontractor or supplier in many high-priority U.S. defense and non-defense programs.

For 2011, Exelis reported full-year sales of \$5.84 billion and adjusted operating income of \$583 million. International sales were \$534 million and comprised approximately 9% of total revenue. No single program accounted for more than 8% of our consolidated and combined revenue.

Exelis Locations

In addition to the 28 states and District of Columbia listed below, Exelis operates in the following countries: Afghanistan, Australia, Bahrain, Djibouti, France, Germany, India, Italy, Iraq, Japan, Kingdom of Saudi Arabia, Kuwait, Puerto Rico, Qatar, Spain, United Arab Emirates and United Kingdom.



Alabama
Huntsville
Maxwell AFB

Alaska
BMEWS

Arizona
Sierra Vista
Tempe

California
Goldstone
Los Angeles
Monrovia
Poway
San Diego
Tujunga
Van Nuys
Vandenberg AFB

Colorado
Aurora
Boulder
Colorado Springs
Yoder

Delaware
New Castle

Florida
Bay
Palm Coast
Palm Harbor
Panama City
Patrick AFB

Georgia
Albany
Fort Benning
Warner Robbins

Hawaii
PMRF

Illinois
Mount Prospect
Rock Island
Arsenal

Indiana
Crane
Ft. Wayne

Louisiana
Baton Rouge

Maryland
Aberdeen Proving
Ground
Abingdon
Annapolis Junction
Bowie
Columbia
Greenbelt
Lexington Park

Massachusetts
Chicopee
Lowell
West Springfield
Woburn

Nebraska
Bellevue
Omaha

New Hampshire
Nashua

New Jersey
Bloomfield
Clifton

New Mexico
Albuquerque
White Sands

New York
Bohemia
North Amityville
Rochester
Rome
Syracuse

North Carolina
Fort Bragg

North Dakota
Cavalier

Ohio
Beavercreek
Fairborn

Pennsylvania
Boalsburg
Easton
Philadelphia
Warminster

South Carolina
Greenville
Mt. Pleasant

Texas
Austin
El Paso
Ft. Worth

Utah
Salt Lake City

Vermont
Williston

Virginia
Alexandria
Arlington
Charlottesville
Chesapeake
City of Chesapeake
Dulles
Fredericksburg
Herndon
McLean (HQ)
Newport News
Roanoke
Suffolk
Virginia Beach

Washington, D.C.

Mission Statement

Guided by our commitment to respect, responsibility and integrity, Exelis works to create shareholder value, keep employees safe, protect the environment and improve our communities. We seek vendors and suppliers who share our values, and we're committed to improving our performance every year.

Corporate Responsibility Program

Adding Value for Stakeholders

The Exelis Corporate Responsibility (CR) program is based on our vision and values, which guide our approach to organizational leadership, environmental protection, community involvement and the well-being of our employees.

Corporate responsibility is an integral part of all we do, and we hold each other accountable for carrying out our CR program in our day-to-day business. The result is added value for all stakeholders, including our customers; employees; contractors and suppliers; investors; and others who affect or are affected by Exelis operations.

Ultimately our CR program is intended to benefit not only our business, but also society at large – carrying out our responsibilities for today, and for tomorrow.

Program at a Glance

The Exelis Corporate Responsibility program has four primary elements:

1. Governance & Ethics

Comprehensive best-practice policies and procedures support Exelis leadership and colleagues in operating ethically, promoting the best interests of our customers and creating long-term shareholder value.



2. Environmental Responsibility

The Exelis environmental program emphasizes regulatory compliance and rigorous self-audits to achieve efficient energy use and minimize our impact on the environment.



3. Community Involvement

Caring for our community is part of our core values. We provide financial support to many community organizations, and our employees demonstrate our values by giving their time, talent and resources to support worthy causes in their communities.



4. Employees & Workplace

With more than 20,000 employees on four continents, Exelis seeks to be an employer of choice, employing diverse, ingenious, adaptive people who serve our customers' critical needs while developing professionally and growing our business.





Board of Directors

Back row, left to right:

John J. Hamre

- > *President and CEO, Center for Strategic & International Studies*
- > *Chair, Nominating and Governance Committee*

Steven R. Loranger*

- > *Chairman Emeritus, Xylem; Former Chairman, President and CEO, ITT Corporation*
- > *Nominating and Governance Committee¹*

Christina A. Gold

- > *Former CEO, The Western Union Company*
- > *Chair, Audit Committee*

R. David Yost

- > *Former CEO of AmerisourceBergen Corporation*
- > *Compensation and Personnel Committee*

Patrick J. Moore

- > *President and CEO of PJM Advisors, LLC*
- > *Audit Committee²*

Mark L. Reuss

- > *President of General Motors, North America*
- > *Compensation and Personnel Committee*

Herman E. Bulls

- > *Founder and CEO of the Public Institutions Group at Jones Lang LaSalle*
- > *Nominating and Governance Committee*

Front row, left to right:

Paul J. Kern

- > *Senior Counselor, The Cohen Group*
- > *Chair, Compensation and Personnel Committee; Nominating and Governance Committee*

Ralph F. Hake

- > *Former Chairman and CEO, Maytag Corporation*
- > *Non-executive Chair, Audit Committee; Compensation and Personnel Committee*

David F. Melcher*

- > *CEO and President, Exelis*

Billie I. Williamson

- > *Audit Partner and Americas Inclusiveness Officer, Ernst & Young*
- > *Audit Committee*

* Not Independent

¹ Rotates off Nominating and Governance Committee after October to comply with NYSE rules

² Audit Committee Financial Expert

Governance & Ethics

Structure, Selection and Independence

Exelis launched as a public company with a deliberate focus on good corporate governance. Business is conducted by our employees, managers and corporate officers, with oversight from the Board of Directors. Exelis seeks persons of integrity with significant accomplishments and business stature, representing diverse viewpoints, professional experience, education and skills as well as diversity in race, gender and national origin to become board members. Furthermore, nominees should complement existing members' attributes and must satisfy the Corporate Governance Principles and charters we've adopted at <http://www.exelisinco.com/investors/Pages/Corporate-Governance.aspx>. Key elements of our governance principles include independent board oversight, accountability and transparency, integrity, diversity and strict adherence to applicable laws and NYSE rules.

Our bylaws require a majority of directors to be independent; among current directors, eight of the ten are independent. Moreover, all of our Committees meet the independence standards of the NYSE. We maintain active communications with investors through several channels, including regulatory filings, press releases, publicly available earnings calls, social media and personal contact.

Executive Compensation

To promote long-term shareholder value creation without undue risk, Exelis ties substantial executive compensation to internal business and share price performance. Annual incentive plan (AIP) payments are based on performance against business goals. Further details on our compensation practices are available in our Proxy Statement.

Communication with the Board of Directors

Anyone may communicate with the Exelis Board of Directors via the Corporate Secretary by either writing using a sealed letter in a large envelope or by emailing using the addresses listed below:

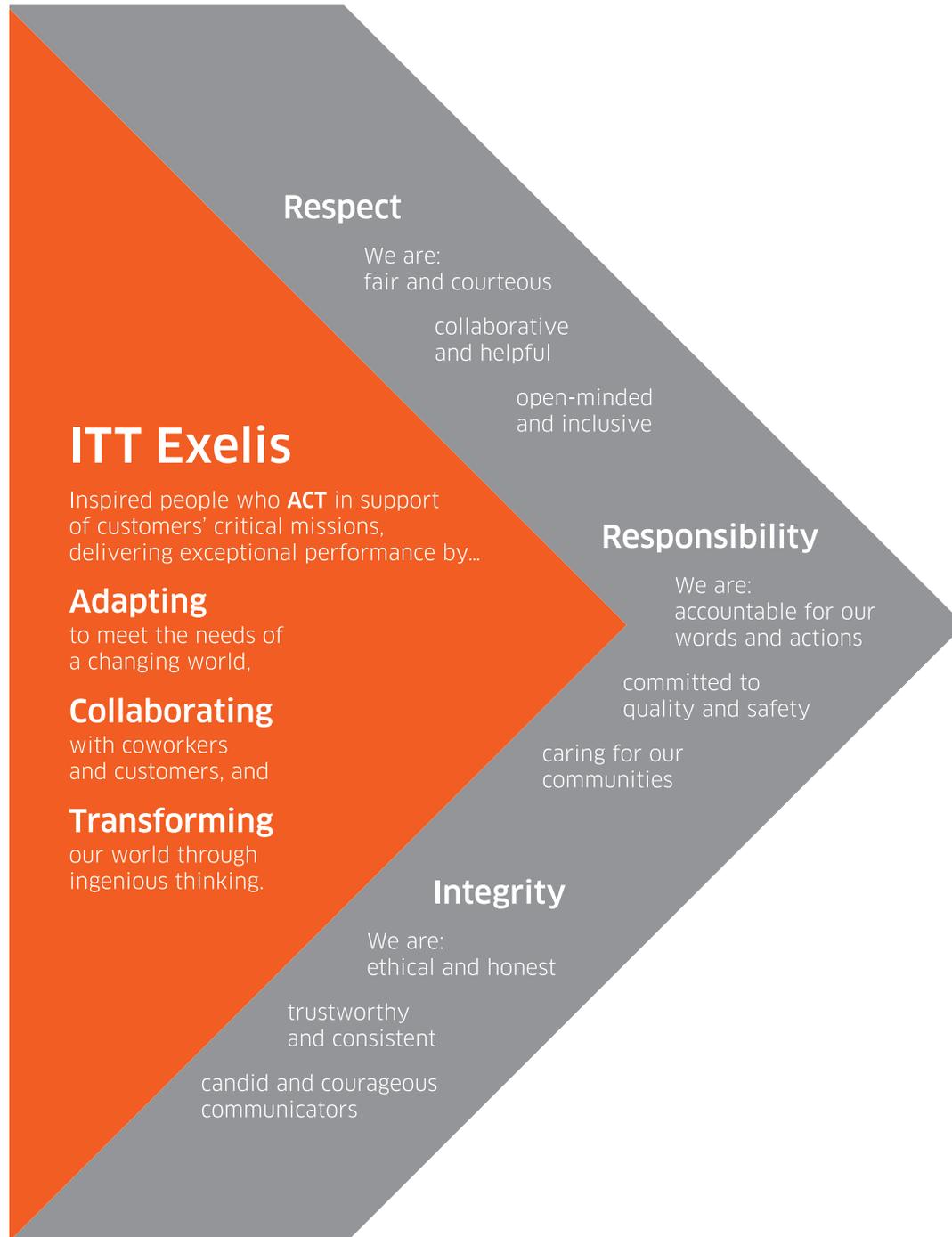
> **Write:**
Exelis Inc.
ATTN: Corporate Secretary
1650 Tysons Blvd.
Suite 1600
McLean, VA 22102

> **Email:**
boardofdirectors@exelisinco.com

Shareholders may submit annual meeting proposals as detailed in the 2012 Exelis Proxy Statement, found by searching <http://www.sec.gov/edgar/searchedgar/webusers.htm>.

Our Values

Exelis governance and ethics – and every other aspect of our Corporate Responsibility program – are built on the solid foundation of our values:



Ethics & Compliance

The most critical elements in creating an ethical culture are for employees to know leaders are committed to living our values and for employees to hold each other accountable for potential ethical misconduct and compliance violations.

To have an effective ethics and compliance program, we must help our employees do the right thing and carry out these values. Here are program elements we have established to prevent and detect potential ethical misconduct and compliance violations:

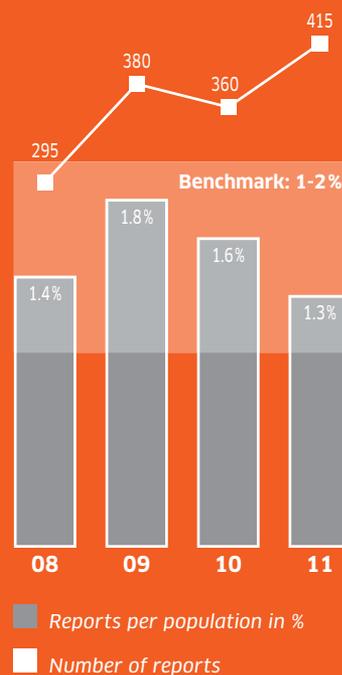
- > Provide easy access to printed and electronic versions of guidance materials, such as the Code of Conduct, policies and procedures, wallet cards and employee expectations summaries.
- > Maintain and promote a variety of anonymous and confidential reporting mechanisms such as an external hotline and website, Ombudsperson network, internal hotline and email, HR and Legal Departments and governmental hotlines.
- > Make certain that investigations into potential misconduct and violations are addressed swiftly and impartially, have appropriate consequences and remediation action and are disclosed to the government/authorities when necessary.
- > Assign key leadership at all levels to be accountable for overseeing, maintaining and continuously improving the program including Chief Ethics and Compliance Officer (CECO), E&C Managers and Ethics & Compliance Review Boards (ECRBs).
- > Engage employees routinely via newsletters, posters, emails, mandatory annual training and in-person leadership meetings.
- > Communicate and enforce our policy of zero tolerance for retaliation.
- > Monitor and audit the program through routine employee surveys, quarterly performance measurements and annual risk assessment.
- > Continuously improve the program through benchmarking and strategic partnerships, such as our membership with the Defense Industry Initiative.

Through activities like these, we give our employees every opportunity to come forward in an environment that is non-retaliatory, confidential/anonymous and reliable, thereby deterring and detecting potential violations.

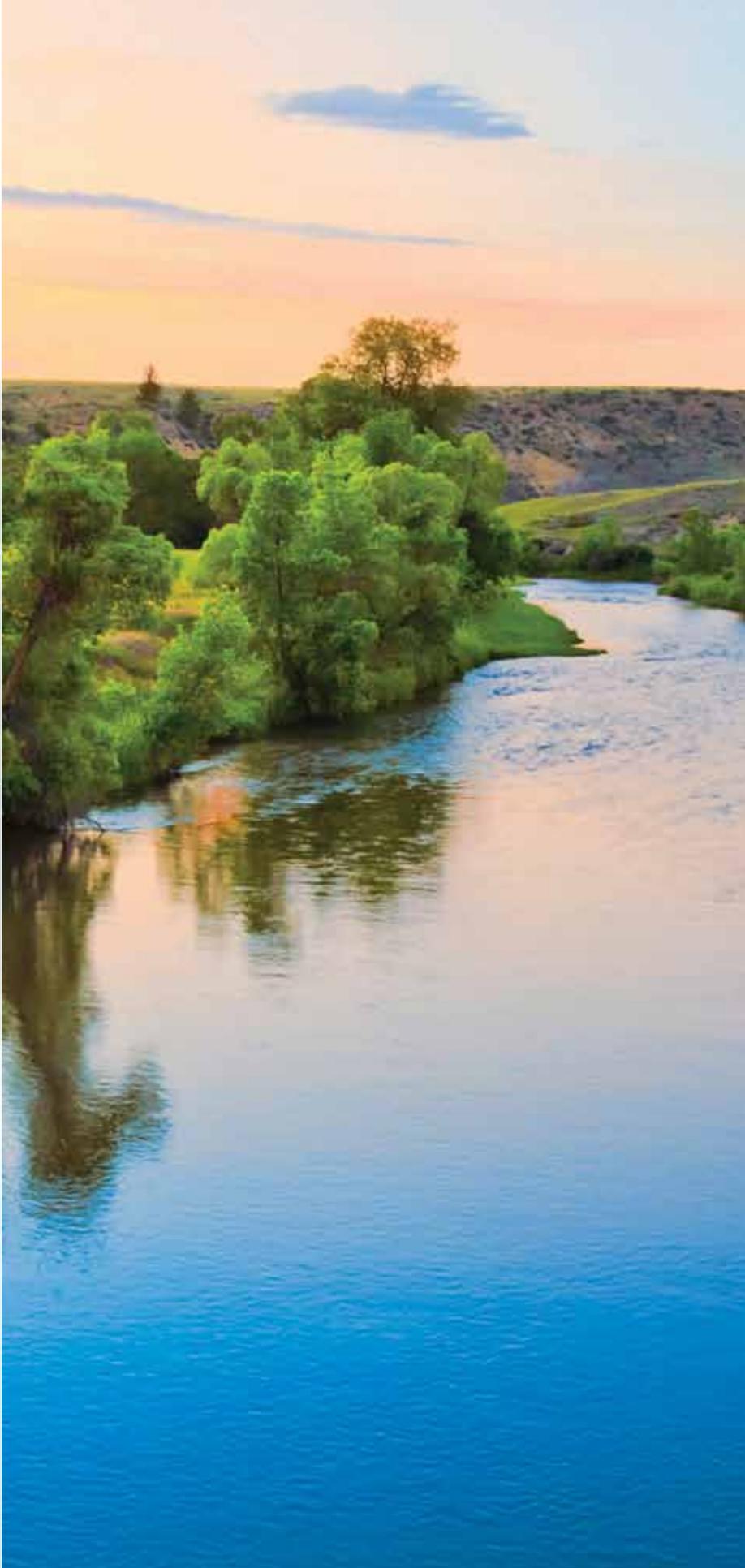
EthicsPoint Helpline:

- > **Phone**
US – 866.294.8691
Int'l – 503.748.0662
(collect calls accepted)
- > **Web**
www.exelisinc.ethicspoint.com

Violation Reports Opened



Consistent results show that Exelis has adequate program awareness for employees.



Exelis minimizes our impact on the environment through a rigorous management system that has earned us an excellent reputation with regulators and other stakeholders.

Environmental Responsibility

A Rigorous, Respected Program

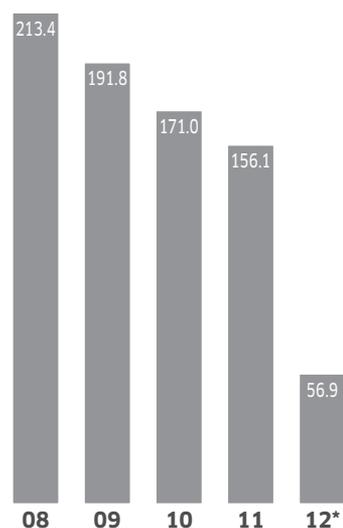
Exelis minimizes our impact on the environment with a rigorous program that has earned us an excellent reputation with regulators and other stakeholders. We're committed to going beyond baseline regulatory compliance to enhance sustainable practices throughout our business. Our Environment, Safety and Health Management System (ESHMS) includes:

- > Leadership participation
- > Training all employees in their ESH responsibilities
- > Comprehensive policies regularly enforced with reviews and self-audits

All Exelis locations have access to regional or resident ESH professionals to put our environmental program into action. Our strategy includes specific goals to reduce energy use, water use, emissions and waste. Active remediation matters comprise 92% of our environmental reserves, and no new matters have been created in more than 20 years. In 2011, we significantly beat our annual 5% stretch goal for most environmental metrics. Here's a closer look at our efforts.

- > **While changes associated with our 2011 spinoff make precise comparisons difficult this year, our calculations show we've reduced energy use approximately 10% since 2010.**

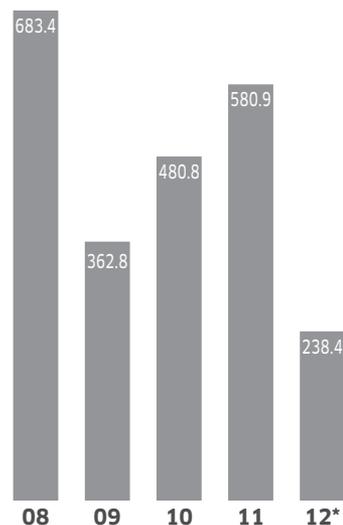
Water Use (millions of gallons)



Since 2008 we have successfully reduced our water consumption by 27%.

*2012 data through June

Hazardous Waste Disposal (thousands of pounds)



Despite a 21% increase in hazardous waste disposal in 2011 due to facility consolidations and demolition, we've achieved an overall 15% reduction since 2008.

*2012 data through June

Energy

As a new company, we're required to set a new baseline for measuring energy use. We have a strong history to draw from, and, looking at the operations combined to form Exelis, we're confident that we significantly improved metrics from 2010 to 2011. While the separation makes it difficult to measure this change precisely, we calculate an energy use reduction of about 10%.

As an example, our Roanoke, Virginia operations installed a Siemens Demand Flow chilled water plant and now uses a third less electricity every year for those operations. Our Geospatial Systems team optimized the plant's chillers, pumps and cooling tower fans, holistically controlling each component to operate at maximum efficiency for any load. The result: system uptime increased, capacity grew and energy use dropped 33.4%, even more than projected, reducing operating costs and improving sustainability.

Water

All new projects at Exelis undergo a rigorous Safety Project Review, which includes an analysis of potential consumption of natural resources. That process, along with evaluations of existing operations, cut water use across Exelis by 9% from 2010 through 2011. Since 2008, we've reduced water consumption by 27%.

Hazardous Waste Disposal

Each Exelis location has programs to eliminate and reduce our use of hazardous materials. Where those materials must be used, we strive to minimize any waste produced. Although hazardous waste disposal increased 21% in 2011, due to facility consolidations and demolition required by our split from ITT, we have reduced hazardous waste 15% overall since 2008.

We also provide hazardous waste services at customer locations, such as the U.S. Army's Camp Arifjan, in Kuwait. In 40 hours in the desert heat, our Exelis team packaged and removed 457 oxidizers, weighing a total of 54.5 tons. The oxidizers were shipped by barge to Denmark, one of the few locations in Europe which can dispose of such a large shipment.

Waste Management

Exelis is a proud founding member of CHWMEG, Inc., a non-profit trade association of manufacturing and industrial companies. All CHWMEG members seek first to reduce, recycle and reuse waste associated with their operations, but when that isn't feasible, they emphasize responsible waste management. Our membership entitles Exelis to comprehensive, independent facility reviews and evaluation of disposal sites, as well as participation in educational seminars and conferences. It's a natural outgrowth of our commitment to environmental stewardship.

The services we provide further carry out that commitment. Our Kuwait Base Operations and Security Support Services (K-BOSSS) for the U.S. Army include environmental management. We've removed tons of recyclable cardboard and hazardous materials and promoted reuse of other materials, for a total value that can approach a million dollars a month.

Chemicals

While Exelis is not a major consumer of chemicals, we work to minimize both the volume and toxicity of any used in our operations.

All Geospatial Systems sites are ISO 14001/OHSAS 18001 certified

In 2011, Exelis completed ISO 14001:2004 and OHSAS 18001:2007 certification for all Geospatial Systems sites, as part of an integration strategy launched in 2008. Each site's environmental, safety and health (ESH) procedures were reviewed and merged into standard procedures, limiting site-specific procedures. Third-party audits were conducted and a third-party registration process completed.

ISO and OHSAS certifications are globally recognized and streamline the ESH process for new business proposals. They assure management that it is in control of activities and processes that affect the environment or pose a risk to employee health and safety. And they assure employees, customers, stakeholders, the community and regulatory agencies that Exelis is focused on environmental sustainability and occupational health and safety.



Our Variable Flow Demand Drives use patented algorithms to optimize the total chill water system at Siemens', Roanoke, Virginia plant.



An Exelis team in Kuwait prepares to remove more than 54 tons of oxidizers from a lot at Camp Arifan.



An Exelis employee displays just some of the recyclable cardboard removed from our base operations in Kuwait.



We're Proud to Support These Organizations:

Air Force Charity Ball
 Air Force Association Foundation
 American Red Cross
 Army Distaff Foundation
 Army War College Foundation
 Army Women's Foundation
 AUSA B-Day Ball
 AUSA Fairfax Lee Foundation
 Berkeley County Meals on Wheels
 CAMMO – Wounded Warrior Fund
 Construction
 Fields of Honor Foundation
 Fisher House
 Ft. Belvoir Science Fair
 Girls on the Run
 Hampton Roads Sponsor
 Hope for the Warriors
 Huntsville Rotary Club Project
 Langley Chapter AF Assoc.
 Foundation
 Leukemia & Lymphoma Society
 Marine Corps Community Fund
 Marine Corps Foundation
 Maryland Crime Victims
 Resource Center
 Medal of Honor Foundation
 Military Bowl Sponsor
 (Wounded Warriors)
 MS Challenge Walk
 National Chamber Foundation
 National Defense Univ. Foundation
 National Guard Youth Foundation
 National Veterans Network
 NDIA ROTC Scholarship Fund
 NYC Society of American Engineers
 Pacific Aviation Museum
 Foundation
 Pets for Vets
 SCAN NOVA Children's Fund
 Special Hockey Washington
 Special Olympics Virginia
 Still Serving Veterans
 Student Veterans of America
 Summer Camp
 Team America Rocketry Challenge
 US Navy Memorial Foundation
 USO DC Chapter
 USO Gala
 Vietnam Memorial
 VII Corps Desert Storm Veterans
 Association
 Young Playwrights Theater

Our focus is to engage Exelis employees, making them proud of their company and inspiring them to make greater contributions to worthy causes.

Community Involvement

A Vital Corporate Value

Exelis recognizes the vital link between serving our communities and creating long-term success for our customers and stakeholders. Good citizenship is a priority, built into our corporate values and strategy.

Our focus here is to engage Exelis employees, making them proud of their company and inspiring them to make greater contributions to worthy causes. We offer financial support and encourage employees to volunteer their time and talents. The list at left highlights just a few of the many organizations we're proud to support.

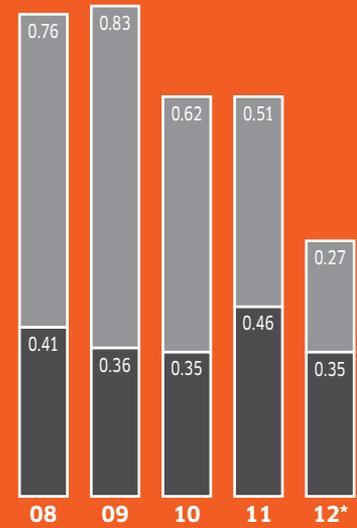
Scout Safety Day

For more than a decade, we have hosted an annual Scout Safety Awareness Day at our Roanoke, Virginia NVI facility. This year, more than 600 scouts, chaperones, volunteers and instructors attended the day-long event, coming from throughout Virginia as well as from other states. Boy and Girl Scouts learned skills in radio, communications, railroad, environmental science, finger printing, traffic safety, dog care, personal defense, crime prevention, fire safety, weather, public relations, horsemanship, CPR, first aid and knife and ax safety. Participants earned nearly 700 merit badges and other certifications.



In the first six months of 2012, we achieved significant improvements over the last two years in injury frequency and severity.

Injury Frequency



*2012 data through June

■ Total Lost Workday
■ Total No Lost Workday

Injury Severity



*2012 data through June

Employees & Workplace

Safety

Exelis continued its progress toward zero accidents with an injury frequency rate of 0.63 through June 2012, a 34% improvement over 2011. Our success in reducing accidents and their impact is supported by three primary initiatives:

- > **Accountability** – Safety responsibilities are defined for and communicated to each Exelis employee, with training or additional resources provided as needed.
- > **ESHMS** – Our management system has been deployed through most of the organization. It focuses on establishing clear policies wherever necessary and developing standard, repeatable procedures to ensure those policies are followed.
- > **Accept Only Zero** – This corporate-wide program focuses on the causes of and prevention of accidents. It includes measurement of desired activities rather than negative outcomes, cultural assessments and interventions and increased management communication.

Our ultimate goal is to ensure that all employees leave work at least as healthy as when they arrived.

PAWS Panda Encourages Participation

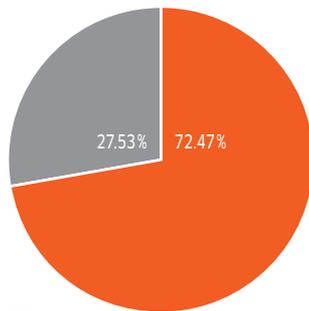
Exelis employees at Camp Phoenix in Afghanistan have come up with a creative way to promote safety. Building on the well-established “Prevent Accidents With Safety” (PAWS) program, they’ve introduced the Safety Panda. The panda interacts with all base personnel, encouraging accident prevention. Employees and others following safety best practices are photographed with the panda and can earn rewards such as certificates, pins, t-shirts and gift cards.



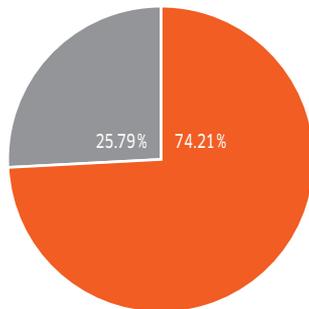
The PAWS Panda works to spread the word of safety at Camp Phoenix.

Ultimately, our diversity and inclusion focus will not only increase employee productivity, engagement and innovation, but also deliver greater value to our customers and our shareholders.

Overall Representation



Male
Female



White
Minority

A Diverse Workforce

Exelis is committed to building a corporate culture of inclusion and making diversity part of our business model. A diverse workforce differentiates us in the marketplace; we believe our adaptive ingenuity is fueled by how we value individuality as well as how we collaborate with each other, our customers and our partners. Ultimately, our diversity and inclusion focus will not only increase employee productivity, engagement and innovation, but also deliver greater value to our customers and our shareholders.

Key strategies. In 2012 we formed a Diversity Council composed of leaders from each division and from corporate headquarters, sponsored by a senior executive reporting directly to the Exelis CEO. Chaired by the director of talent management, the council focuses on employee engagement, talent acquisition and learning. The council has also established partnerships with NACME, Women in Aerospace, Careers and the Disabled and other diversity-based professional associations.

In 2012 the council will roll out “Optimizing Inclusion & Diversity” learning programs targeting supervisors, individual contributors and HR business partners to reinforce how a culture of inclusion and diversity fosters innovation, motivation, productivity and supports high-performance teams.

We’re working to create a diverse pipeline for senior leadership positions and have continued our leadership review process to ensure we identify high-potential diverse employees internally.

Achievements

- > **Top Military-Friendly Employer**
(*G.I. Jobs* magazine)
- > **Diversity Leader Award**
(*Profiles in Diversity Journal*)
- > **Top 50 Employer**
(*Minority Engineer* magazine)
- > **A Best Diversity Company**
(*Diversity/Careers in Engineering & Information Technology* magazine)