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Introduction

Exelis is powering our success through our people. With the use of incentive dollars and rewards, we hope to motivate you to participate in the programs available so you can be at your best. At the end of the day, it’s all about the Power of YOU, but we’re here to support you every step of the way.

Why do we have an incentive program?

We want you to be healthy and participate in healthy actions. And, money talks, so we’re using it as a motivator to get you engaged in your health.

What is the difference between incentives and rewards?

Incentives refer to money that is deposited into either a Health Account or Health Savings Account (HSA) linked to your Cigna® health plan. Only Cigna members can earn incentives.

Rewards are gift cards and other prizes that you have the chance to win by participating in the wellness program. Generally, all employees and their spouses/domestic partners are eligible to earn rewards regardless of their participation in the Cigna plan.

Who is eligible to participate?

Generally, all employees and their spouses/domestic partners are eligible to participate in the wellness program and earn rewards (gift cards and prizes). However, only employees and their spouses/domestic partners enrolled in the Cigna health plan are eligible to earn incentive dollars that can be used toward eligible medical expenses.

When can I earn incentives?

Eligible employees and their spouses/domestic partners can participate in activities to earn incentive dollars starting September 2013. You’ll have until August 31, 2014 to earn incentive dollars that can be used toward your 2014 eligible medical expenses.

What if I’m a new hire?

If you just came on-board to Exelis, you have until August 31, 2014 to earn incentives that can be used toward your 2014 medical expenses.
How do I earn rewards?

Both Cigna-enrolled and non-Cigna enrolled employees and their spouses/domestic partners can earn rewards by participating in various wellness activities. Raffles will be held quarterly (December 2013, March 2014, June 2014 and September 2014), and the more you do the more entries you can earn. Completion of each of the below activities will earn you one raffle entry. Raffle entries are cumulative and carry over into future raffle drawings.

- Completion of the Personal Health Assessment
- Participation in a Biometric Screening
- Reach Level 1 of the Virgin HealthMiles Program
- Reach Level 2 of the Virgin HealthMiles Program
- Reach Level 3 of the Virgin HealthMiles Program
- Reach Level 4 of the Virgin HealthMiles Program
- Reach Level 5 of the Virgin HealthMiles Program
- Completion of the Tobacco Cessation Program

How do I earn incentives?

The first step toward earning incentive dollars is to complete two core activities:

1. Personal Health Assessment  AND
2. Biometric Screening

Once you complete these two core activities, you’re eligible for a payout of additional incentive dollars called **Power Up dollars** by participating in any combination of the below activities:

- Virgin HealthMiles Program
- Health Coaching
- Tobacco Cessation Program
- Healthy Pregnancies, Healthy Babies
- Treatment Decision Support

While you can work on completing your core activities concurrently with your **Power Up dollar** activities, and we encourage you to do so, you won’t be paid out for **Power Up dollar** activities until you actually complete both core activities. The following chart (**Steps 1, 2, 3**) provides additional details on what you need to do to earn incentives for 2014.
Participation in Virgin HealthMiles (amounts are cumulative)

<table>
<thead>
<tr>
<th>Activity</th>
<th>Criteria</th>
<th>Payout by Tier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Health Assessment (PHA)</td>
<td>Complete the PHA</td>
<td>$100 for EE and $100 for Sp/Dp Total of $200</td>
</tr>
<tr>
<td>Biometric Screening</td>
<td>Complete either an on-site or off-site biometric screening</td>
<td>$200 for EE</td>
</tr>
</tbody>
</table>

$100 for EE and $100 for Sp/Dp Total of $200

Total of $100

EE=Employee   Sp/Dp=Spouse/domestic partner

Step 1: Complete two core activities.

Core Activities = $100 for individuals/$200 for families

<table>
<thead>
<tr>
<th>Activity</th>
<th>Criteria</th>
<th>Payout by Tier</th>
</tr>
</thead>
<tbody>
<tr>
<td>EE Only</td>
<td>$100 for EE</td>
<td>$200 for EE</td>
</tr>
<tr>
<td>EE + Sp/Dp</td>
<td>$100 for EE and $100 for Sp/Dp Total of $200</td>
<td>$200 for EE</td>
</tr>
<tr>
<td>EE + Child(ren)</td>
<td>$200 for EE</td>
<td>$200 for EE</td>
</tr>
<tr>
<td>EE + Family</td>
<td>$100 for EE and $100 for Sp/Dp Total of $200</td>
<td>$200 for EE</td>
</tr>
</tbody>
</table>

Total of $100

EE=Employee   Sp/Dp=Spouse/domestic partner

Step 2: Earn Power Up Dollars. YOU choose which activities you want to complete.

Power Up Dollars = Any combination of activities for a maximum of $300 for individuals/$600 for families

<table>
<thead>
<tr>
<th>Activity</th>
<th>Criteria</th>
<th>Payout by Tier</th>
</tr>
</thead>
<tbody>
<tr>
<td>EE Only</td>
<td>$50 for EE</td>
<td>$100 for EE</td>
</tr>
<tr>
<td>EE + Sp/Dp</td>
<td>$50 for EE and $50 for Sp/Dp Total of $100</td>
<td>$100 for EE</td>
</tr>
<tr>
<td>EE + Child(ren)</td>
<td>$100 for EE and $100 for Sp/Dp Total of $200</td>
<td>$200 for EE</td>
</tr>
<tr>
<td>EE + Family</td>
<td>$50 for EE and $50 for Sp/Dp Total of $100</td>
<td>$200 for EE</td>
</tr>
</tbody>
</table>

Total of $100

EE=Employee   Sp/Dp=Spouse/domestic partner

Activity

4,000 - 9,999 HealthMiles

10,000 - 17,999 HealthMiles

18,000 - 27,999 HealthMiles

28,000+ HealthMiles

Health Coaching

1. Enrollment
2. Completion of 3 calls
3. Completion of health goal

Healthy Pregnancies, Healthy Babies

Treatment Decision Support

Tobacco Cessation

Completion of program

Completion of program

EE=Employee   Sp/Dp=Spouse/domestic partner
Earning HealthMiles

To earn HealthMiles, wear your GoZone (activity tracker) every day to track all of your activity. You can earn a total of 100 HealthMiles per day based on the number of steps or “active minutes” you upload to the website. Active minutes are considered more intense activity - on a treadmill an active minute would equate to moving 4.3 MPH or more for one minute. However, you don’t have to be a runner to rack up the HealthMiles, just about any kind of activity you do will register on your GoZone and earn you HealthMiles.

You can also earn bonus HealthMiles on top of the 100 max/day by doing the following:

- Participating in Virgin/Exelis-sponsored events/challenges – amount of HealthMiles varies
- Setting up your own personal challenge – 500 HealthMiles (limit one time per year)
- Logging into the Virgin HealthMiles portal – 10 HealthMiles per visit (max two times per week)

### Earning HealthMiles

<table>
<thead>
<tr>
<th>Activity</th>
<th>HealthMiles per day (100 maximum)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - 6,999 steps or less than 15 Active Minutes</td>
<td>20 HealthMiles</td>
</tr>
<tr>
<td>7,000 - 11,999 steps or 15 - 29 Active Minutes</td>
<td>60 HealthMiles</td>
</tr>
<tr>
<td>12,000 - 19,999 steps or 30 - 44 Active Minutes</td>
<td>80 HealthMiles</td>
</tr>
<tr>
<td>20,000+ steps or 45 Active Minutes</td>
<td>100 HealthMiles</td>
</tr>
<tr>
<td>Activity Journal entries</td>
<td>10 HealthMiles per entry - 2x/day</td>
</tr>
</tbody>
</table>
Health Coaching Programs

A variety of telephonic health coaching programs are available to address lifestyle management concerns and chronic conditions. Below is a list of programs available.

Health Coaching Programs (through our partnership with LiveHealthier):

- Stress Management
- Nutrition
- Exercise
- Weight
- High Blood Pressure
- High Cholesterol

Chronic Condition Management Programs (through our partnership with Cigna):

- Heart Disease (CAD, Heart Failure, Angina, Acute Myocardial Infarction)
- Diabetes Mellitus Type 1 & Type 2
- Depression (Anxiety, Bi-Polar Disorder)
- Asthma
- Metabolic Syndrome/Weight Complications
- Low Back Pain
- Osteoarthritis
- Chronic Obstructive Pulmonary Disease (COPD), including Emphysema and Chronic Bronchitis
- Peripheral Arterial Disease

Are all of the wellness program components free?

Yes, all of the wellness program components are free. Exelis not only pays for the program, we’ll also pay you to participate. You can’t lose.

Do I have to participate?

No, participation in the incentive program is voluntary—it’s your choice.
What’s the most I can earn?

How much you can earn in a year depends on your coverage level. Each eligible individual can only earn a maximum of $400 (except those enrolled at the “Employee + Child(ren)” level). In other words, if you and your spouse are enrolled, you each have to complete enough healthy actions to earn $400. No — you can’t make your spouse do all of the work!

<table>
<thead>
<tr>
<th>Max Annual Incentive Amount That Can Be Earned</th>
<th>Employee Only</th>
<th>Employee + Spouse/Domestic Partner</th>
<th>Employee + Child(ren)*</th>
<th>Family</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee</td>
<td>$400</td>
<td>$400</td>
<td>$800</td>
<td>$400</td>
</tr>
<tr>
<td>Spouse/Domestic Partner</td>
<td>N/A</td>
<td>$400</td>
<td>N/A</td>
<td>$400</td>
</tr>
<tr>
<td>Total/Maximum Amount That Can Be Earned</td>
<td>$400</td>
<td>$800</td>
<td>$800</td>
<td>$800</td>
</tr>
</tbody>
</table>

*Children are not eligible to earn incentives. To ensure all members have the opportunity to earn an equitable amount of incentive money, employees enrolled at the “Employee + Child(ren)” coverage level will have their dollars doubled.

How do I get my incentive dollars?

Your incentive dollars will be deposited into a Health Savings Account (HSA) if you’re enrolled in the Exelis Health Savings Plan, or a Health Account if you’re enrolled in the Exelis Health Plan.

How can I use my incentive dollars?

It depends on the plan you’re enrolled in:

**Exelis Health Savings Plan** — Incentives are loaded into your Health Savings Account (HSA). YOU choose how to spend this money (on eligible medical/drug expenses) or save and invest it. For a full list of eligible expenses, go to [http://www.irs.gov/pub/irs-pdf/p502.pdf](http://www.irs.gov/pub/irs-pdf/p502.pdf)

**Exelis Health Plan** — Incentives are loaded into a Health Account. Money is used automatically to pay for eligible medical expenses that count toward your deductible. You do nothing.

How can I check on the status of my incentives/rewards?

To see which activities you’ve been given credit for completing, log in to your Wellness Bank on the LiveHealthier Portal — [thePowerofYOU.livehealthier.com](http://thePowerofYOU.livehealthier.com)

To access your HSA or Health Account and track your actual incentive money balance and usage, log in to the Cigna website — [myCigna.com](http://myCigna.com)
What’s the difference between the Health Savings Account and the Health Account?

There are several differences between the two types of Accounts that come with the 2014 medical plans. Here are the five things you should know:

<table>
<thead>
<tr>
<th></th>
<th>Exelis Health Savings Plan With HSA</th>
<th>Exelis Health Plan With Health Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Who owns the money in the Account?</td>
<td>You do. Any money in the Account is yours, even if you leave Exelis. You can treat it as a tax-free savings vehicle for future health care expenses, including during retirement.</td>
</tr>
<tr>
<td>2</td>
<td>How can I use the money in my Account?</td>
<td>You use the funds to pay for eligible expenses at the point of service, just like an FSA. You can use your HSA debit card or checkbook, or complete a reimbursement form through Cigna.</td>
</tr>
<tr>
<td>3</td>
<td>Who can contribute to the Account?</td>
<td>You and Exelis. In addition to the money Exelis contributes when you participate in the incentive program, you can make pre-tax monthly contributions to the Account.</td>
</tr>
<tr>
<td>4</td>
<td>Can I still use a Health Care FSA?</td>
<td>No. IRS regulations do not allow employees to participate in both Accounts at the same time.</td>
</tr>
<tr>
<td>5</td>
<td>Can I invest the money in the Account?</td>
<td>Yes. You have the option to invest with JPMorgan Chase if the money in your Account totals more than $2,000.</td>
</tr>
</tbody>
</table>

When will I receive my incentive dollars?

Generally, it will take up to six weeks after you complete a healthy activity for the money to show up in your Health Savings Account (HSA) or Health Account. Activities completed in the 4th quarter of 2013 won’t be paid out until 2014.

Payout for participation in the Virgin HealthMiles program is done quarterly, not as you reach each level. There are four upload deadlines during the incentive year. Payout will be done several weeks after each of these deadlines and will be based on the number of HealthMiles you’ve earned as of that date.

- Friday, November 29, 2013 @11:59 p.m. ET
- Friday, February 28, 2014 @11:59 p.m. ET
- Friday, May 30, 2014 @11:59 p.m. ET
- Friday, August 29, 2014 @11:59 p.m. ET
Can I roll over unused incentive dollars from year-to-year?

Yes, you can roll over unused incentive dollars from year-to-year. There is no lifetime maximum.

What if I change coverage levels in the middle of the year?

If you make a coverage level change in the middle of an incentive year that impacts your potential incentive earnings, Exelis will adjust your incentive earnings going forward, as appropriate, but will not make any changes retroactively.

For example, let’s say you start the year with individual coverage and earn your full incentive amount ($400). Then, you have a baby and change your coverage level to “Employee + Child”. In this case, your incentive earnings would not be retro-adjusted to $800 and would stay at the original $400.

However, in this same example, if you had not yet earned the full incentive amount (i.e., you only completed the core activities and earned $100) before having the baby and changed your coverage level to “Employee + Child”, then your Power Up dollars incentive amounts would be based on your new coverage level (i.e., participation in Health Coaching would equate to $400 instead of $200).

Can I take my incentive money with me?

It depends. If you choose the Exelis Health Savings Plan with the HSA, the money is yours to keep forever – even if you leave the plan or company.

If you choose the Exelis Health Plan with the Health Account, your incentive dollars are generally forfeited if you leave the plan or company, or if you retire.

Waiver

If you cannot complete one or more requirements for earning the incentive, Exelis will provide a waiver. To receive a waiver, you must have a medical professional complete Exelis’ “Wellness Exception Form” certifying that it would be unreasonably difficult or inadvisable due to a medical condition for you to participate in the activity or activities necessary to earn incentives. This form is available by request by emailing PowerofYOUBenefits@exelisinc.com.