



Exelis is a new company with a long legacy dating back to 1920. In the fall of 2011, Exelis “spun off” from ITT Corporation to become a stand-alone defense and technology company employing nearly 19,000 employees worldwide. Exelis took

the opportunity of our spinoff to re-examine our benefit strategy, and in 2012, we embarked on a benefit transformation focused on fostering a culture of health where employees and their families are empowered with the resources and knowledge they need to be engaged in a healthy lifestyle and to use their health benefits wisely.

Our transformation has touched every aspect of our benefits, from the development of a human resources brand to evaluating our supplier partners to overhauling benefit designs and adding new programs to support consumerism and health improvement.

In late 2012, we launched a wellness/incentive program, which provides employees and their families with a variety of opportunities to learn about their current health statuses and take action to maintain or improve their health. In 2013, we introduced new benefit plan designs aimed at increasing awareness of the cost of care, added price/quality transparency tools focused on putting our members in the driver’s seat of their health care choices and invested in educating our membership on how our health care plans work.

While our transformation continues to evolve and build momentum, we’ve already seen results that signal that we’re heading in the right direction and making a positive difference in the health of our Exelis community. Some of the results achieved include:

- ▶ We increased enrollment in the high-deductible plan by more than 10 times.
- ▶ In year one, 43 percent of incentive-eligible members completed all activities to earn their full incentives.
- ▶ In three short months, we increased the percentage of participants engaging in the recommended level of physical activity (150 minutes per week) from 58 to 68 percent.
- ▶ In select markets, nearly 40 percent of our claims spend has been with designated, higher-performing providers.
- ▶ While our biometric results are still immature, we’ve already seen modest improvements with some clinical indicators, including a nearly 5 percent increase in the number of individuals whose cholesterol and glucose levels are in the healthy range.

Looking forward, we are evaluating the installment of onsite health clinics, the feasibility of using telemedicine and how we can push the envelope to continue to increase member engagement.



David F. Melcher
Chief Executive Officer and President

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