

Leidos Holdings, Inc.
Form S-4
April 18, 2016
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AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON APRIL 18, 2016

REGISTRATION NO. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

LEIDOS HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

11951 Freedom Drive, Reston,
Virginia
(571) 526-6000

20-3562868
(I.R.S. Employer
Identification Number)

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Vincent A. Maffeo

Executive Vice President and General Counsel

Leidos Holdings, Inc.

11951 Freedom Drive

Reston, Virginia 20190

(571) 526-6000

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

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Skadden, Arps, Slate, Meagher & Flom LLP

One Rodney Square, 920 N. King Street

Wilmington, Delaware 19801

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100 International Dr., Suite 2000

Baltimore, Maryland 21202

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable on or after the effective date of this registration statement and after all other conditions to the completion of the exchange offer and merger described herein have been satisfied or waived.

If the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. "

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act (check one):

Large accelerated filer Accelerated filer
 Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered(1)	Proposed maximum offering price per unit(2)	Proposed maximum aggregate offering price(2)	Amount of registration fee(2)
Common stock (\$.0001 par value per share)	76,958,918	\$50.90	\$3,917,208,926.20	\$394,462.94

(1) Represents an estimate of the maximum number of shares of Leidos Holdings, Inc. (Leidos) common stock, par value \$.0001 per share, issuable upon completion of the transactions contemplated by the Agreement and Plan of Merger dated as of January 26, 2016, among Lockheed Martin Corporation (Lockheed Martin), Abacus Innovations Corporation (Splitco), Leidos and Lion Merger Co. (the Merger Agreement), as described in this registration statement. Pursuant to Rule 416 under the Securities Act of 1933, as amended, this registration statement also covers an indeterminate number of additional shares of Leidos as may be issuable as a result of stock splits, stock dividends or similar transactions.

(2) Calculated pursuant to Rule 457(c) and Rule 457(f) under the Securities Act of 1933, as amended, based on the average of the high and low prices of shares of common stock of Leidos, into which shares of common stock of Splitco will be converted, as reported on The New York Stock Exchange on April 11, 2016 and

based on the expected merger exchange ratio.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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EXPLANATORY NOTE

On January 26, 2016, Leidos Holdings, Inc. (Leidos) announced that it had entered into a definitive agreement (the Merger Agreement), dated January 26, 2016, with Lockheed Martin Corporation (Lockheed Martin), Abacus Innovations Corporation, a Delaware corporation and a wholly owned subsidiary of Lockheed Martin (Splitco), and Lion Merger Co., a Delaware corporation and a wholly owned subsidiary of Leidos (Merger Sub), pursuant to which Leidos will combine with Lockheed Martin's realigned Information Systems & Global Solutions business (IS&GS) (collectively, the ISGS Business) in a Reverse Morris Trust transaction (the Lockheed Martin Transaction). Leidos is filing this registration statement on Form S-4 (Reg. No. 333-) to register the offer and sale of its shares of its common stock, par value \$.0001 per share, which will be issued in the merger (the Merger) of Merger Sub with and into Splitco, whereby the separate corporate existence of Merger Sub will cease and Splitco will continue as the surviving company and a wholly-owned subsidiary of Leidos. The shares of Splitco common stock will be immediately converted into shares of Leidos common stock in the Merger. Splitco will file a registration statement on Form S-4 and Form S-1 (Reg. No. 333-) to register the offer and sale of its shares of its common stock, par value \$0.001 per share, which common shares will be distributed to Lockheed Martin stockholders in connection with the Merger.

Based on market conditions prior to the closing of the Merger, Lockheed Martin will determine whether the shares of Splitco common stock will be distributed to Lockheed Martin stockholders in a spin-off or a split-off. In a spin-off, all Lockheed Martin stockholders would receive a pro rata number of shares of Splitco common stock. In a split-off, Lockheed Martin would offer its stockholders the option to exchange their shares of Lockheed Martin common stock for shares of Splitco common stock in an exchange offer, which shares would be converted immediately into shares of Leidos common stock in the Merger, resulting in a reduction in Lockheed Martin's outstanding shares. If the exchange offer is undertaken and consummated but the exchange offer is not fully subscribed because less than all shares of Splitco common stock owned by Lockheed Martin are exchanged, the remaining shares of Splitco common stock owned by Lockheed Martin would be distributed on a pro rata basis to Lockheed Martin stockholders whose shares of Lockheed Martin common stock remain outstanding after the consummation of the exchange offer. Leidos is filing this registration under the assumption that the shares of Splitco common stock will be distributed to Lockheed Martin stockholders pursuant to a split-off. This registration statement also assumes that the shares of Splitco common stock will be distributed to Lockheed Martin stockholders pursuant to a split-off. Once a final decision is made regarding the manner of distribution of the shares, this registration statement, and Splitco's registration statement on Form S-4 and Form S-1 will be amended to reflect that decision, if necessary.

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The information in this document may change. The exchange offer and issuance of securities being registered pursuant to the registration statement of which this document forms a part may not be completed until the registration statement is effective. This document is not an offer to sell these securities, and it is not soliciting an offer to buy these securities, in any state where such offer or sale is not permitted.

SUBJECT TO COMPLETION

DATED APRIL 18, 2016

PRELIMINARY PROSPECTUS OFFER TO EXCHANGE

LOCKHEED MARTIN CORPORATION

Offer to Exchange All Shares of Common Stock of

Abacus Innovations Corporation

which are owned by Lockheed Martin Corporation

and will be converted into Shares of Common Stock of

Leidos Holdings, Inc.

for

Shares of Common Stock of Lockheed Martin Corporation

Lockheed Martin Corporation (Lockheed Martin) is offering to exchange all shares of common stock of Abacus Innovations Corporation (Splitco) owned by Lockheed Martin for shares of common stock of Lockheed Martin that are validly tendered and not properly withdrawn. None of Lockheed Martin, Splitco, Leidos Holdings, Inc. (Leidos), any of their respective directors or officers or any of their respective representatives makes any recommendation as to whether you should participate in this exchange offer. You must make your own decision after reading this document and consulting with your advisors.

Immediately following the consummation of this exchange offer, a special purpose merger subsidiary of Leidos named Lion Merger Co. (Merger Sub) will be merged with and into Splitco, and Splitco, as the surviving company, will become a wholly-owned subsidiary of Leidos (the Merger). In the Merger, each issued and outstanding share of Splitco common stock will be converted into the right to receive one share of Leidos common stock. Accordingly, shares of Splitco common stock will not be transferred to participants in this exchange offer; participants instead will receive shares of Leidos common stock in the Merger. No trading market currently exists or will ever exist for shares

of Splitco common stock.

The value of Lockheed Martin common stock and Splitco common stock (by reference to Leidos common stock) will be determined by Lockheed Martin by reference to the simple arithmetic average of the daily volume-weighted average prices on each of the last three trading days ending on and including the third trading day preceding the expiration date of the exchange offer period (the Valuation Dates) of Lockheed Martin common stock and Leidos common stock on the New York Stock Exchange (NYSE). In the case of Splitco common stock, the value will be reduced by \$ per share, which approximates the per-share amount of the special dividend that Leidos will declare prior to the closing of the Merger. Based on an expiration date of , 2016, the Valuation Dates are expected to be , 2016, , 2016 and , 2016.

This exchange offer is designed to permit you to exchange your shares of Lockheed Martin common stock for a number of shares of Splitco common stock that corresponds to a percent discount in value, calculated as set forth in this document, to the equivalent amount of Leidos common stock based on the Merger exchange ratio described above.

For each \$100 in value of Lockheed Martin common stock accepted in this exchange offer, you will receive approximately \$ in value of Splitco common stock, subject to an upper limit of shares of Splitco common stock per share of Lockheed Martin common stock. This exchange offer does not provide for a lower limit or minimum exchange ratio. If the upper limit is in effect, then the exchange ratio will be fixed at that limit. **IF THE UPPER LIMIT IS IN EFFECT, UNLESS YOU PROPERLY WITHDRAW YOUR SHARES, YOU ULTIMATELY WILL RECEIVE LESS THAN \$ IN VALUE OF SPLITCO COMMON STOCK FOR EACH \$100 IN VALUE OF LOCKHEED MARTIN COMMON STOCK THAT YOU TENDER, AND YOU COULD RECEIVE MUCH LESS.**

Lockheed Martin common stock is listed on the NYSE under the symbol LMT. Leidos common stock is listed on the NYSE under the symbol LDOS. On April 15, 2016, the last reported sale price of Lockheed Martin common stock on the NYSE was \$225.81, and the last reported sale price of Leidos common stock on the NYSE was \$51.92. The market price of Lockheed Martin common stock and of Leidos common stock will fluctuate prior to the completion of this exchange offer and therefore may be higher or lower at the expiration date than the prices set forth above.

THIS EXCHANGE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 8:00 A.M., NEW YORK CITY TIME, ON , 2016, UNLESS THE OFFER IS TERMINATED OR EXTENDED. SHARES OF LOCKHEED MARTIN COMMON STOCK TENDERED PURSUANT TO THIS EXCHANGE OFFER MAY BE WITHDRAWN AT ANY TIME PRIOR TO THE EXPIRATION OF THIS EXCHANGE OFFER.

Lockheed Martin's obligation to exchange shares of Splitco common stock for shares of Lockheed Martin common stock is subject to the satisfaction of certain conditions, including conditions to the consummation of the Transactions, which include approval by the stockholders of Leidos of the issuance of shares of common stock of Leidos in the Merger.

The terms and conditions of this exchange offer and the Transactions are described in this document, which you should read carefully.

In reviewing this document, you should carefully consider the risk factors set forth in the section entitled Risk Factors beginning on page 37 of this document.

Neither the Securities and Exchange Commission (the SEC) nor any state securities commission has approved or disapproved of these securities or determined if this Prospectus Offer to Exchange is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this Prospectus Offer to Exchange is , 2016.

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This document incorporates by reference important business and financial information about Lockheed Martin and Leidos from documents filed with the SEC that have not been included in or delivered with this document. This information is available at the website that the SEC maintains at www.sec.gov, as well as from other sources. See **Where You Can Find More Information; Incorporation by Reference. You also may ask any questions about this exchange offer or request copies of the exchange offer documents from Lockheed Martin, without charge, upon written or oral request to Lockheed Martin Corporation's Information Agent, Georgeson LLC, located at 1290 Avenue of the Americas, 9th Floor, New York, New York 10104, or at telephone number (866) 482-4931. To receive timely delivery of the documents, your request must be received no later than three business days prior to the _____, 2016 expiration date.**

All information contained or incorporated by reference in this document with respect to Leidos and Merger Sub and their respective subsidiaries, as well as information about Leidos after the consummation of the Transactions, has been provided by Leidos. All other information contained or incorporated by reference in this document with respect to Lockheed Martin and Splitco and their respective subsidiaries, or the Splitco Business, and with respect to the terms and conditions of the exchange offer has been provided by Lockheed Martin. This document incorporates by reference or contains references to trademarks, trade names and service marks, including Lockheed Martin and Sikorsky, which are owned by Lockheed Martin and its related entities.

This document is not an offer to sell or exchange and it is not a solicitation of an offer to buy any shares of Lockheed Martin common stock, Splitco common stock or Leidos common stock in any jurisdiction in which the offer, sale or exchange is not permitted. Non-U.S. stockholders and U.S. stockholders residing outside of the United States should consult their advisors in considering whether they may participate in the exchange offer in accordance with the laws of their home countries or countries of residence, as applicable, and, if they do participate, whether there are any restrictions or limitations on transactions in the shares of Splitco common stock or Leidos common stock that may apply in such countries. Lockheed Martin, Splitco and Leidos cannot provide any assurance about whether such limitations may exist. See **This Exchange Offer Certain Matters Relating to Non-U.S. Jurisdictions** for additional information about limitations on the exchange offer outside the United States.

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HELPFUL INFORMATION

In this document:

2011 IPAP means the Lockheed Martin Amended and Restated 2011 Incentive Performance Award Plan;

Additional Agreements means the Assignment and Assumption Agreements, the Intellectual Property Matters Agreement, the Shared Contracts Agreements, the Subcontract Pending Novation, the Supply Agreements, the Transition Services Agreements, and the other agreements contemplated by the Separation Agreement to effect the lease, sublease, license and leaseback of various real estate used in the Splitco Business;

Assignment and Assumption Agreements means any Bills of Sale, Assignment and Assumption Agreements (Parent to Splitco), any Bills of Sale, Assignment and Assumption Agreements (Splitco to Parent) and any Assignments and Assumptions of Lease, and any similar documents entered into the effect the Transactions, each as contemplated by the Separation Agreement;

business day means, for purposes of the exchange offer, any day other than a Saturday, Sunday or U.S. federal holiday and consists of the time period from 12:00 a.m. through 12:00 midnight, New York City time;

CDI Shares means Lockheed Martin common stock in uncertificated form held under Lockheed Martin Direct Invest, the stock purchase and dividend reinvestment plan administered by Computershare Trust Company, N.A., Lockheed Martin's transfer agent;

Code means the Internal Revenue Code of 1986, as amended;

Commitment Parties means, collectively, the Leidos Commitment Parties and the Splitco Commitment Parties;

Cut-Off Time means 11:59 p.m. on the day immediately prior to the date of the Distribution;

Daily VWAP means, on any given day, the daily VWAP on the NYSE during the period beginning at 9:30 a.m., New York City time (or such other time as is the official open of trading on the NYSE) and ending at 4:00 p.m., New York City time (or such other time as is the official close of trading on the NYSE), provided that the Daily VWAP will only take into account adjustments made to reported trades included by 4:10 p.m., New York City time, as reported by Bloomberg Finance L.P. and displayed under the heading Bloomberg VWAP on the Bloomberg pages LMT UN < Equity > VWAP for Lockheed Martin and LDOS UN < Equity

> VWAP for Leidos, or their equivalent successor pages if such pages are not available;

DGCL means the General Corporation Law of the State of Delaware, as amended;

Distribution means the distribution by Lockheed Martin of the shares of Splitco common stock to Lockheed Martin stockholders by way of an exchange offer or by way of a *pro rata* dividend and, with respect to any shares of Splitco common stock that are not subscribed for in any such exchange offer, a *pro rata* dividend to the Lockheed Martin stockholders;

Employee Matters Agreement means the Employee Matters Agreement dated as of January 26, 2016, among Lockheed Martin, Leidos and Splitco;

ERISA means the Employee Retirement Income Security Act of 1974, as amended;

Exchange Act means the Securities Exchange Act of 1934, as amended;

Former Splitco Business Employee means any former employee who performed substantially all of his or her services in connection with the Splitco Business;

GAAP means generally accepted accounting principles in the United States;

HSR Act means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended;

Intellectual Property Matters Agreement means the Intellectual Property Matters agreement as contemplated by the Separation Agreement;

Internal Reorganization means the internal reorganization within Lockheed Martin of the Splitco Business in anticipation of the Distribution as contemplated by the Separation Agreement;

IRS means the United States Internal Revenue Service;

IS&GS means the Information Systems & Global Solutions business segment of Lockheed Martin;

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Leidos means Leidos Holdings, Inc., a Delaware corporation, and, unless the context otherwise requires, its subsidiaries, which, after consummation of the Merger, will include Splitco and the Splitco Subsidiaries;

Leidos Board means the board of directors of Leidos;

Leidos Borrower means Leidos, Inc., a wholly-owned subsidiary of Leidos Holdings, Inc. and the borrower under the Leidos Facilities;

Leidos Bylaws means the Bylaws of Leidos, as amended;

Leidos Charter means the Amended and Restated Certificate of Incorporation of Leidos, as amended;

Leidos Commitment Letter means the Commitment Letter dated January 26, 2016, among Citigroup Global Markets Inc., The Bank of Tokyo-Mitsubishi UFJ, Ltd., Bank of America, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated, JPMorgan Chase Bank, N.A., J.P. Morgan Securities, LLC, Goldman Sachs Bank USA and Leidos, and any associated fee letters, in respect of loans in the aggregate principal amount of \$1,440,000,000, together in each case with any amendments, supplements and joinders thereto;

Leidos Commitment Parties means, collectively, Citigroup Global Markets Inc., The Bank of Tokyo-Mitsubishi UFJ, Ltd., Bank of America, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated, JPMorgan Chase Bank, N.A., J.P. Morgan Securities, LLC, and Goldman Sachs Bank USA, together with all additional lenders added to the Commitment Letter from time to time;

Leidos common stock means the common stock, par value \$0.0001 per share, of Leidos;

Leidos preferred stock means the preferred stock, par value \$0.0001 per share, of Leidos;

Leidos Special Dividend means a special dividend in an amount equal to \$1,029,210,261 in the aggregate to be declared by Leidos prior to the Merger, as of a record date prior to the closing date of the Merger, as described more fully in The Merger Agreement **Leidos Special Dividend** ;

Leidos stockholders means the holders of Leidos common stock;

Leidos Stock Plans means the Leidos 2006 Equity Incentive Plan, the Leidos 2006 Employee Stock Purchase Plan and each other employee benefit plan of Leidos providing for the grant by Leidos of stock options, restricted stock units, performance share units, stock equivalents or other equity or equity-based awards;

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Leidos Tax Opinion means an opinion from Skadden, Arps, Slate, Meagher & Flom LLP, tax counsel to Leidos, to the effect that the Merger will be treated for U.S. federal income Tax purposes as a reorganization within the meaning of Section 368(a) of the Code and that each of Leidos, Merger Sub and Splitco will be a party to the reorganization within the meaning of Section 368(b) of the Code;

Lockheed Martin means Lockheed Martin Corporation, a Maryland corporation, and, unless the context otherwise requires, its subsidiaries, which, after consummation of the Distribution, will not include Splitco and the Splitco Subsidiaries;

Lockheed Martin Board means the board of directors of Lockheed Martin;

Lockheed Martin Bylaws means the Bylaws of Lockheed Martin, as amended;

Lockheed Martin Cash Distribution means the distribution of cash in an amount equal to the Splitco Special Cash Payment, by Lockheed Martin to its creditors in retirement of outstanding Lockheed Martin indebtedness, or to Lockheed Martin stockholders in repurchase of, or distribution with respect to, shares of Lockheed Martin common stock;

Lockheed Martin Charter means the Charter of Lockheed Martin, as amended;

Lockheed Martin common stock means the common stock, par value \$1.00 per share, of Lockheed Martin;

Lockheed Martin Savings Plans means the Lockheed Martin Corporation Salaried Savings Plan, the Lockheed Martin Corporation Operations Support Savings Plan, the Lockheed Martin Corporation Hourly Savings Plan Plus, the Lockheed Martin Corporation Performance Sharing Plan for Bargaining Employees, the Lockheed Martin Corporation Capital Accumulation Plan, the Lockheed Martin Corporation Capital Accumulation Plan for Hourly Employees and the Lockheed Martin Corporation Basic Benefit Plan for Hourly Employees, each of which is sponsored by Lockheed Martin and for which State Street Bank and Trust Company serves as trustee;

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Lockheed Martin stockholders means the holders of Lockheed Martin common stock;

Lockheed Martin Tax Opinions means opinions from Davis Polk & Wardwell LLP, tax counsel to Lockheed Martin, to the effect that (i) the Merger will be treated for U.S. federal income Tax purposes as a reorganization within the meaning of Section 368(a) of the Code and that each of Leidos, Merger Sub and Splitco will be a party to the reorganization within the meaning of Section 368(b) of the Code, and (ii) (a) the Splitco Transfer and the Distribution, taken together, will qualify as a reorganization within the meaning of Section 368(a)(1)(D) of the Code and that each of Lockheed Martin and Splitco will be a party to the reorganization within the meaning of Section 368(b) of the Code, (b) the Distribution, as such, will qualify as a distribution of Splitco common stock to Lockheed Martin stockholders pursuant to Section 355 of the Code, (c) the Merger will not cause Section 355(e) of the Code to apply to the Distribution, and (d) the Lockheed Martin Cash Distribution will qualify as money distributed to Lockheed Martin creditors or stockholders in connection with the reorganization for purposes of Section 361(b) of the Code;

MBCA means the Maryland Business Combination Act, as amended;

Merger means the merger of Merger Sub with and into Splitco, whereby the separate corporate existence of Merger Sub will cease and Splitco will continue as the surviving company and as a wholly-owned subsidiary of Leidos, as contemplated by the Merger Agreement;

MGCL means the Maryland General Corporation Law, as amended;

Merger Agreement means the Agreement and Plan of Merger dated as of January 26, 2016, among Lockheed Martin, Splitco, Leidos and Merger Sub;

Merger Sub means Lion Merger Co., a Delaware corporation and a wholly-owned subsidiary of Leidos;

NYSE means The New York Stock Exchange;

Sandia Savings Plan means the Sandia Corporation Savings and Income Plan, which is sponsored by Sandia Corporation, a wholly-owned subsidiary of Lockheed Martin and for which Fidelity Management Trust Company serves as trustee and Evercore Trust Company, N.A. serves as the independent fiduciary for certain matters (including matters relating to proxies, voting and the elections of participants to participate in this exchange offer);

SEC means the United States Securities and Exchange Commission;

Securities Act means the Securities Act of 1933, as amended;

Separation means the separation of the Splitco Business from the remaining businesses of Lockheed Martin and its subsidiaries pursuant to the Separation Agreement;

Separation Agreement means the Separation Agreement dated as of January 26, 2016, between Lockheed Martin and Splitco;

Share Issuance means the issuance of shares of Leidos common stock to the stockholders of Splitco in the Merger;

Shared Contracts Agreements means the Shared Contracts Agreement Shared Contracts (Parent Companies) and the Shared Contracts Agreements Shared Contracts (Splitco Companies), each as contemplated by the Separation Agreement;

Splitco means Abacus Innovations Corporation, a Delaware corporation, and, prior to the Distribution, a wholly-owned subsidiary of Lockheed Martin;

Splitco Business means the business and operations of IS&GS;

Splitco Business Employee means, collectively, (i) each employee who performed substantially all of his or her services in connection with the Splitco Business as of January 26, 2016, (ii) each individual hired after January 26, 2016 and before the Distribution who performs substantially all of his or her services in connection with the Splitco Business and (iii) each shared services individual who, immediately before the Distribution, performs substantially all of his or her services in connection with the Splitco Business;

Splitco Commitment Letter means the Commitment Letter dated January 26, 2016, among Citigroup Global Markets Inc., The Bank of Tokyo-Mitsubishi UFJ, Ltd., Bank of America, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated, JPMorgan Chase Bank, N.A., J.P. Morgan Securities, LLC, Goldman Sachs Bank USA and Splitco, and any associated fee letters, in respect of loans in the aggregate principal amount of \$1,841,450,000, together in each case with any amendments, supplements and joinders thereto;

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Splitco Commitment Parties means, collectively, Citigroup Global Markets Inc., The Bank of Tokyo-Mitsubishi UFJ, Ltd., Bank of America, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated, JPMorgan Chase Bank, N.A., J.P. Morgan Securities, LLC, and Goldman Sachs Bank USA, together with all additional lenders added to the Commitment Letter from time to time;

Splitco common stock means the common stock, par value \$0.001 per share, of Splitco;

Splitco Credit Facility means the credit facility or facilities entered into by Splitco on or before the date of the Distribution providing for indebtedness in an aggregate principal amount equal to \$1,841,450,000 on the terms and conditions contemplated by the Splitco Commitment Letter;

Splitco Special Cash Payment means the cash payment from Splitco to Lockheed Martin to be made prior to the Distribution in the amount of \$1,800,000,000 subject to adjustment as described in The Separation Agreement Separation of the Splitco Business Splitco Special Cash Payment ;

Splitco stockholders means the holders of Splitco common stock;

Splitco Subsidiaries means the direct and indirect subsidiaries of Splitco that, together with Splitco, will hold the transferred assets and assumed liabilities related to the Splitco Business following the Separation;

Splitco Transfer means the contribution of the Transferred Assets (as defined in the Separation Agreement) by Lockheed Martin to Splitco in consideration for the transfer of Splitco common stock, the transfer to Lockheed Martin of the Splitco Special Cash Payment and the assumption by Splitco of the Assumed Liabilities (as defined in the Separation Agreement), pursuant to and in accordance with the Separation Agreement;

Supply Agreements means the Supply Agreement (Parent to Splitco) and the Supply Agreement (Splitco to Parent), each as contemplated by the Separation Agreement;

Subcontract Pending Novation means the Subcontract Pending Novation (Parent to Splitco), as contemplated by the Separation Agreement;

Tax Matters Agreement means the Tax Matters Agreement dated as of January 26, 2016, among Lockheed Martin, Leidos and Splitco;

Transaction Documents means the Separation Agreement, the Merger Agreement, the Employee Matters Agreement and the Tax Matters Agreement, as well as the Additional Agreements (as described in The Separation Agreement Separation of the Splitco Business Additional Agreements), each of which have been

entered into or will be entered into in connection with the Transactions;

Transactions means the transactions contemplated by the Merger Agreement and the Separation Agreement, which provide for, among other things, the Separation, the Distribution and the Merger, as described in **The Transactions** ;

Transition Services Agreements means the Transition Services Agreement (Parent to Splitco) and the Transition Services Agreement (Splitco to Parent), each as contemplated by the Separation Agreement;

Valuation Dates means each of the third, fourth and fifth trading days prior to the expiration of the exchange offer period (not including the expiration date), as it may be voluntarily extended; and

VWAP means volume-weighted average price.

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QUESTIONS AND ANSWERS ABOUT THIS EXCHANGE OFFER AND THE TRANSACTIONS

The following are some of the questions that stockholders may have, and answers to those questions. These questions and answers, as well as the following summary, are not meant to be a substitute for the information contained in the remainder of this document, and this information is qualified in its entirety by the more detailed descriptions and explanations contained elsewhere in this document. You are urged to read this document in its entirety prior to making any decision.

Questions and Answers About this Exchange Offer

Q: Who may participate in this Exchange Offer?

A: Any Lockheed Martin stockholders in the United States during the exchange offer period may participate in this exchange offer. Although Lockheed Martin has mailed this document to its stockholders to the extent required by U.S. law, including stockholders located outside the United States, this document is not an offer to buy, sell or exchange and it is not a solicitation of an offer to buy, sell or exchange any shares of Lockheed Martin common stock, shares of Leidos common stock or shares of Splitco common stock in any jurisdiction in which such offer, sale or exchange is not permitted.

Countries outside the United States generally have their own legal requirements that govern securities offerings made to persons resident in those countries and often impose stringent requirements about the form and content of offers made to the general public. None of Lockheed Martin, Leidos or Splitco has taken any action under non-U.S. laws or regulations to facilitate a public offer to exchange shares of Lockheed Martin common stock, shares of Leidos common stock or shares of Splitco common stock outside the United States. Accordingly, the ability of any non-U.S. person and any U.S. person residing outside of the United States to tender shares of Lockheed Martin common stock in the exchange offer will depend on whether there is an exemption available under the laws of such person's home country that would permit such person to participate in the exchange offer without the need for Lockheed Martin, Leidos or Splitco to take any action to facilitate a public offering in that country or otherwise. For example, some countries exempt transactions from the rules governing public offerings if they involve persons who meet certain eligibility requirements relating to their status as sophisticated or professional investors.

Non-U.S. stockholders and U.S. stockholders residing outside of the United States should consult their advisors in considering whether they may participate in the exchange offer in accordance with the laws of their home countries or countries of residence, as applicable, and, if they do participate, whether there are any restrictions or limitations on transactions in the shares of Lockheed Martin common stock, Splitco common stock or Leidos common stock that may apply in such countries. None of Lockheed Martin, Leidos or Splitco can provide any assurance about whether such limitations exist. See [This Exchange Offer Certain Matters Relating to Non-U.S. Jurisdictions](#) for additional information about limitations on the exchange offer outside the United States.

Lockheed Martin believes a substantial majority of its stockholders are U.S. investors and does not expect the legal limitations described in this question and answer to cause the exchange offer to be undersubscribed.

Q: How many shares of Splitco common stock will I receive for each share of Lockheed Martin common stock that I tender?

A: This exchange offer is designed to permit you to exchange your shares of Lockheed Martin common stock for shares of Splitco common stock at a _____ percent discount, calculated as set forth in this document, to the per-share equivalent value of Splitco common stock. Stated another way, for each \$100 in value of your Lockheed Martin

common stock accepted in this exchange offer, you will receive approximately \$ _____ in value of Splitco common stock. The value of the Lockheed Martin common stock will be based on the calculated per-share value for the Lockheed Martin common stock on the NYSE and the value of the Splitco common stock will be based on the value for Leidos common stock on the NYSE (because each share of Splitco common stock will be exchanged for one share of Leidos common stock in the Merger), in each case determined by reference to the simple arithmetic average of the Daily VWAP on each of the Valuation Dates. In the case of Splitco common stock, the value will be reduced by \$ _____ per share, which approximates the per-share amount of the Leidos Special Dividend. Please note, however, that the number of shares you can receive is subject to an upper limit of an aggregate of _____ shares of Splitco common stock for each share of Lockheed Martin common stock accepted in this exchange offer. The following questions and answers describe the impact of this limit on the value you receive. This exchange offer does not provide for a lower limit or minimum exchange ratio. See This Exchange Offer Terms of this Exchange Offer. Because this exchange offer is subject to proration in the event of oversubscription, Lockheed Martin in certain circumstances may accept for exchange only a portion of the shares of Lockheed Martin common stock tendered by you.

Table of Contents**Q: Is there a limit on the number of shares of Splitco common stock I can receive for each share of Lockheed Martin common stock that I tender?**

A: The number of shares you can receive is subject to an upper limit of _____ shares of Splitco common stock for each share of Lockheed Martin common stock accepted in this exchange offer. If the upper limit is in effect, you ultimately may receive less than \$ _____ in value of Splitco common stock for each \$100 in value of Lockheed Martin common stock that you tender, and you could receive much less. For example, if the calculated per-share value of Lockheed Martin common stock was \$ _____ (the highest closing price for Lockheed Martin common stock on the NYSE during the three-month period prior to commencement of this exchange offer) and the calculated per-share value of Splitco common stock was \$ _____ (the lowest closing price for Leidos common stock on the NYSE during that three-month period), the value of Splitco common stock received for each \$100 in value of Lockheed Martin common stock accepted for exchange would be approximately \$ _____.

Lockheed Martin set the upper limit to ensure that a change in the relative price of Lockheed Martin common stock and Leidos common stock, whether as a result of an increase in the price of Lockheed Martin common stock, a decrease in the price of Leidos common stock or a combination thereof, would not result in an unduly high number of shares of Splitco common stock being exchanged for each share of Lockheed Martin common stock accepted in this exchange offer, preventing a situation that might significantly reduce the benefits of this exchange offer to Lockheed Martin and its continuing stockholders due to a smaller number of outstanding shares being acquired by Lockheed Martin in this exchange offer.

Q: What will happen if the upper limit is in effect?

A: Lockheed Martin will announce whether the upper limit on the number of shares that can be received for each share of Lockheed Martin common stock tendered will be in effect through www._____, through the toll-free number maintained by the information agent listed on the back cover of this document and by press release, no later than 9:00 a.m. New York City time, on the second trading day prior to the expiration date. If the upper limit is in effect at that time, then the exchange ratio will be fixed at the upper limit and you will receive _____ shares of Splitco common stock for each share of Lockheed Martin common stock accepted in the exchange offer. **If the upper limit is in effect, you will receive less than \$ _____ in value of Splitco common stock for each \$100 in value of Lockheed Martin common stock that you tender, and you could receive much less.**

Q: How are the calculated per-share values of Lockheed Martin common stock and Splitco common stock determined for purposes of calculating the number of shares of Splitco common stock to be received in this exchange offer?

A: The calculated per-share value of a share of Lockheed Martin common stock for purposes of this exchange offer will equal the simple arithmetic average of the Daily VWAP of Lockheed Martin common stock on the NYSE on each of the Valuation Dates. The calculated per-share value of a share of Splitco common stock for purposes of this exchange offer will equal the simple arithmetic average of the Daily VWAP of Leidos common stock on the NYSE on each of the Valuation Dates (since each share of Splitco common stock will be exchanged for one share of Leidos common stock in the Merger), minus \$ _____ per share, which approximates the per-share amount of the Leidos Special Dividend (as described in the section of this document entitled "The Merger Agreement - Leidos Special Dividend"). Lockheed Martin will determine such calculations of the per-share values of Lockheed Martin common stock and Splitco common stock and such determination will be final.

Q: Why is the calculated per-share value for Splitco common stock based on the trading prices for Leidos common stock?

A: There is currently no trading market for Splitco common stock and no such trading market will be established in the future. Lockheed Martin believes, however, that the trading prices for Leidos common stock are an appropriate proxy for the trading prices of Splitco common stock because (a) prior to the Distribution, Splitco will issue to Lockheed Martin a number of shares of Splitco common stock such that the total number of shares of Splitco common stock outstanding immediately prior to the Merger will be 76,958,918; (b) in the Merger, each share of Splitco common stock will be converted into the right to receive one share of Leidos common stock; and (c) at the Valuation Dates, it is expected that all the major conditions to the consummation of the Merger will have been satisfied and the Merger will be expected to be consummated shortly, such that investors should be expected to be valuing Splitco common stock based on the expected value of Leidos common stock after the Merger and without the entitlement to the Leidos Special Dividend. There can be no assurance, however, that Leidos common stock after the Merger will trade on the same basis as Leidos common stock trades prior to the Merger. See Risk Factors Risks Related to the Transactions The trading prices of Leidos common stock may not be an appropriate proxy for the prices of Splitco common stock.

Q: What is the daily volume-weighted average price or Daily VWAP?

A: The daily volume-weighted average price for Lockheed Martin common stock and Leidos common stock will be the VWAP of Lockheed Martin and Leidos common stock on the NYSE during the period beginning at 9:30 a.m., New York City time (or such other time as is the official open of trading on the NYSE), and ending at 4:00 p.m., New York City time (or such other time as is the official close of trading on the NYSE), except that such data will only take into account adjustments made to reported trades included by 4:10 p.m., New York City time.

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The Daily VWAP will be as reported by Bloomberg Finance L.P. and displayed under the heading Bloomberg VWAP on the Bloomberg pages LMT UN < Equity > VWAP with respect to Lockheed Martin common stock and LDOS UN < Equity > VWAP with respect to Leidos common stock (or their equivalent successor pages if such pages are not available). The Daily VWAPs provided by Bloomberg Finance L.P. may be different from other sources of volume-weighted average prices or investors or security holders own calculations of volume-weighted average prices.

Q: Where can I find the Daily VWAP of Lockheed Martin common stock and Leidos common stock during the exchange offer period?

A: The information agent will maintain on Lockheed Martin's behalf a website at www.leidos.com to provide the Daily VWAP of both Lockheed Martin common stock and Leidos common stock, together with indicative calculated per-share values for shares of Lockheed Martin common stock and shares of Splitco common stock, for each day during this exchange offer. That information also will be available by contacting the information agent at the toll-free number provided on the back cover of this document during the exchange offer period.

Q: Will indicative exchange ratios be provided during the exchange offer period?

A: Yes. The website that will be maintained at www.leidos.com will provide indicative exchange ratios during the exchange offer period. Indicative exchange ratios also will be available by contacting the information agent at the toll-free number provided on the back cover of this document during the exchange offer period. Prior to the first Valuation Date, commencing on the third trading day of this exchange offer, indicative exchange ratios for each day that will be calculated on the indicative per-share values of Lockheed Martin common stock and Leidos common stock on each day (minus, in the case of Leidos common stock, \$ per share, which approximates the per-share amount of the Leidos Special Dividend), calculated as though that day were the last of the three Valuation Dates for this exchange offer, will be available by 4:30 p.m., New York City time. In other words, assuming that a given day is a trading day, the indicative exchange ratio will be calculated based on the simple arithmetic average of the Daily VWAPs of Lockheed Martin common stock and Leidos common stock for that day and the two immediately preceding trading days, after taking into account the adjustment for the Leidos Special Dividend. The indicative exchange ratio also will reflect whether the upper limit on the exchange ratio, described above, would be in effect.

On the first two Valuation Dates, when the values of Lockheed Martin common stock and Leidos common stock are calculated for the purposes of this exchange offer, at the end of each day the website will be updated to show the indicative exchange ratios based on per-share values calculated by Lockheed Martin, which will be calculated as follows: (i) after the close of trading on the NYSE on the first Valuation Date, the VWAPs for that day, and (ii) after the close of trading on the NYSE on the second Valuation Date, the VWAPs for that day averaged with the VWAPs on the first Valuation Date. On the first two Valuation Dates, the indicative exchange ratios will be updated no later than 4:30 p.m., New York City time. No indicative exchange ratio will be published or announced on the third Valuation Date, but the final exchange ratio will be announced by press release and available on the website by 9:00 a.m. on the second trading day (currently expected to be , 2016) immediately preceding the expiration date of this exchange offer.

In addition, for purposes of illustration, a table that indicates the number of shares of Splitco common stock that you would receive per share of Lockheed Martin common stock, calculated on the basis described above and taking into account the upper limit, assuming a range of averages of the Daily VWAPs of Lockheed Martin common stock and Leidos common stock on the Valuation Dates, is provided on page 49.

Q: How and when will I know the final exchange ratio?

A: The final exchange ratio showing the number of shares of Splitco common stock that you will receive for each share of Lockheed Martin common stock accepted in this exchange offer will be available at www.lockheedmartin.com and separately announced by press release no later than 9:00 a.m., New York City time, on the second trading day prior to the expiration date. In addition, as described below, you also may contact the information agent to obtain indicative exchange ratios (prior to the time the final exchange ratio becomes available) and the final exchange ratio (after the time the final exchange ratio becomes available) at the toll-free number maintained by the information agent listed on the back cover of this document.

Lockheed Martin will announce whether the upper limit on the number of shares that can be received for each share of Lockheed Martin common stock tendered is in effect at www.lockheedmartin.com and through the toll-free number maintained by the information agent listed on the back cover of this document and by press release, no later than 9:00 a.m., New York City time, on the second trading day prior to the expiration date. If the upper limit is in effect at that time, then the exchange ratio will be fixed at the upper limit.

Table of Contents**Q: What if shares of Lockheed Martin common stock or shares of Leidos common stock do not trade on any of the Valuation Dates?**

A: If a market disruption event occurs with respect to Lockheed Martin common stock or Leidos common stock on any of the Valuation Dates, the calculated per-share value of Lockheed Martin common stock and Splitco common stock will be determined using the Daily VWAP of shares of Lockheed Martin common stock and shares of Leidos common stock on the preceding trading day or days, as the case may be, on which no market disruption event occurred with respect to either Lockheed Martin common stock or Leidos common stock, so that in any case the valuation averaging period would be three days. If, however, a market disruption event occurs as specified above, Lockheed Martin may terminate this exchange offer if, in its reasonable judgment, the market disruption event has impaired the benefits of this exchange offer. For specific information as to what would constitute a market disruption event, see *This Exchange Offer Conditions for the Consummation of this Exchange Offer*.

Q: Are there circumstances under which I would receive fewer shares of Splitco common stock than I would have received if the exchange ratio were determined using the closing prices of Lockheed Martin common stock and Leidos common stock on the last trading day of the exchange offer period?

A: Yes. For example, if the trading price of shares of Lockheed Martin common stock were to increase after the final Valuation Date during the last two trading days of the exchange offer period (currently expected to be _____, 2016 and _____, 2016), the arithmetic average of the Daily VWAP for Lockheed Martin common stock on the Valuation Dates likely would be lower than the closing price of shares of Lockheed Martin common stock on the trading day before the expiration date of the exchange offer. As a result, you may receive fewer shares of Splitco common stock for each \$100 in value of Lockheed Martin common stock than you would have received if the price were calculated on the basis of the closing price of shares of Lockheed Martin common stock on the trading day before the expiration date or on the basis of an averaging period that included the last two trading days prior to the expiration of the exchange offer. Similarly, if the trading price of Leidos common stock were to decrease after the final Valuation Date during the last two trading days of the exchange offer period, the simple arithmetic average of the Daily VWAP for Leidos common stock on the Valuation Dates likely would be higher than the closing price of shares of Leidos common stock on the trading day before the expiration date of the exchange offer. This circumstance also could result in you receiving fewer shares of Splitco common stock for each \$100 in value of Lockheed Martin common stock than you otherwise would have received if the price were calculated on the basis of the closing price of shares of Leidos common stock on the trading day before the expiration date of the exchange offer or on the basis of an averaging period that included the last two trading days prior to the expiration of the exchange offer.

Q: Will fractional shares of Leidos be distributed?

A: Upon the consummation of this exchange offer, the exchange agent will hold the shares of Splitco common stock as agent for the Lockheed Martin stockholders who validly tendered their shares and, in case of a *pro rata* distribution, for the holders of record of Lockheed Martin common stock for the *pro rata* distribution. Immediately following the consummation of this exchange offer, Merger Sub will be merged with and into Splitco, with Splitco surviving the Merger and becoming a wholly-owned subsidiary of Leidos. Each issued and outstanding share of Splitco common stock will be converted in the Merger into the right to receive one share of Leidos common stock. In the conversion, no fractional shares of Leidos common stock will be delivered to Splitco stockholders. All fractional shares of Leidos common stock that any Splitco stockholder otherwise would be entitled to receive as a result of the Merger will be aggregated by the exchange agent on behalf of Leidos. The exchange agent will cause the whole shares obtained thereby to be sold on behalf of the Splitco stockholders that otherwise would be entitled to receive such fractional shares of Leidos common stock in the Merger, in the open market or otherwise, in each case at then-prevailing market prices as soon as practicable after the Merger and, in any case, no later than five business days after the Merger. The

exchange agent then will make available the net proceeds thereof, after deducting any brokerage or similar charges, commissions and transfer taxes, on a *pro rata* basis, without interest, but subject to any required withholding taxes, as soon as practicable to the Splitco stockholders that otherwise would be entitled to receive such fractional shares of Leidos common stock in the Merger.

Q: What is the aggregate number of shares of Splitco common stock being offered in this exchange offer?

A: In this exchange offer, subject to adjustment as provided in the Merger Agreement, Lockheed Martin is offering 76,958,918 shares of Splitco common stock, which will constitute all of the shares of Splitco common stock that will be issued and outstanding on the date of the consummation of this exchange offer.

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Q: What happens if insufficient shares of Lockheed Martin common stock are tendered to allow Lockheed Martin to exchange all of the shares of Splitco common stock it holds?

A: If this exchange offer is consummated but fewer than all of the issued and outstanding shares of Splitco common stock owned by Lockheed Martin are exchanged because this exchange offer is not fully subscribed, the remaining shares of Splitco common stock owned by Lockheed Martin will be distributed on a *pro rata* basis to the Lockheed Martin stockholders whose shares of Lockheed Martin common stock remain outstanding after the consummation of this exchange offer. Any Lockheed Martin stockholder who validly tenders (and does not properly withdraw) shares of Lockheed Martin common stock for shares of Splitco common stock in the exchange offer will waive their rights with respect to those tendered shares of Lockheed Martin common stock to receive, and forfeit any rights to, shares of Splitco common stock distributed on a *pro rata* basis to Lockheed Martin stockholders in the event the exchange offer is not fully subscribed. However, any Lockheed Martin stockholder who tendered less than all of their shares of Lockheed Martin common stock would be entitled to shares of Splitco common stock distributed on a *pro rata* basis to Lockheed Martin stockholders in respect of those shares that were not tendered.

Upon the consummation of this exchange offer, Lockheed Martin will deliver to the exchange agent a global certificate representing all of the Splitco common stock being distributed in this exchange offer, with irrevocable instructions to hold the shares of Splitco common stock as agent for Lockheed Martin stockholders whose shares of Lockheed Martin common stock were validly tendered and not withdrawn in this exchange offer and, in the case of a *pro rata* distribution, Lockheed Martin stockholders whose shares of Lockheed Martin common stock remain outstanding after the consummation of this exchange offer. If there is a *pro rata* distribution, the exchange agent will calculate the exact number of shares of Splitco common stock not exchanged in this exchange offer and to be distributed on a *pro rata* basis, and that number of shares of Splitco common stock will be held as agent for the Lockheed Martin stockholders whose shares of Lockheed Martin common stock remain outstanding after the consummation of this exchange offer. See This Exchange Offer Distribution of Any Shares of Splitco Common Stock Remaining After this Exchange Offer.

Q: What happens if Lockheed Martin declares a quarterly dividend during this exchange offer?

A: Historically, Lockheed Martin has declared quarterly dividends to be paid to stockholders of record as of the first trading day of the last month of each calendar quarter. All stockholders that own Lockheed Martin common stock as of the record date for the dividend are eligible to receive the dividend.

Q: Will tendering my shares affect my ability to receive the Lockheed Martin quarterly dividend?

A: No. If a dividend is declared by Lockheed Martin with a record date before the completion of this exchange offer, you will be entitled to that dividend if you owned the shares as of the close of business on the record date even if you tender your shares of Lockheed Martin common stock. Tendering your shares of Lockheed Martin common stock in this exchange offer is not a sale or transfer of those shares until they are accepted for exchange upon completion of this exchange offer.

Q: What is the Leidos Special Dividend?

A: Leidos will declare a special dividend prior to the Merger in an amount equal to \$1,029,210,261 in the aggregate to the holders of record of Leidos common stock as of a record date prior to the closing date of the Merger. As of the date of this document, it is expected that the per-share Leidos common stock dividend amount will be approximately \$, although the exact amount of the per-share dividend amount will be determined based on the number of shares of Leidos common stock outstanding on the record date. Stockholders of Lockheed Martin who receive Splitco

common stock in the Distribution (whether by tendering shares of Lockheed common stock in the exchange offer or in connection with any *pro rata* distribution of any remaining shares of Splitco common stock) that will be converted into Leidos common stock in the Merger will not be entitled to receive the Leidos Special Dividend since the record date will be prior to the date on which the Merger closes. For more information on the Leidos Special Dividend, see the section of this document entitled "The Merger Agreement - Leidos Special Dividend."

Q: If I participate in the exchange offer, will I be entitled to receive the Leidos Special Dividend with respect to my Splitco common stock to be converted into Leidos common stock in connection with the Merger?

A: No. The Leidos Special Dividend will be declared by Leidos prior to the Merger, as of a record date prior to the closing date of the Merger. Only those Leidos stockholders of record as of the record date will be entitled to receive payment of the Leidos Special Dividend. Each share of Splitco common stock will be converted into the right to receive one share of Leidos common stock only at the effective time of the Merger, which will occur after the record date set for payment of the Leidos Special Dividend. Unless you own Leidos common stock as of the record date set by the Leidos Board, you will not be entitled to receive payment of the Leidos Special Dividend.

Table of Contents**Q: Will all shares of Lockheed Martin common stock that I tender be accepted in this exchange offer?**

A: Not necessarily. Depending on the number of shares of Lockheed Martin common stock validly tendered in this exchange offer and not properly withdrawn, and the calculated per-share values of Lockheed Martin common stock and Splitco common stock determined as described in this document, Lockheed Martin may have to limit the number of shares of Lockheed Martin common stock that it accepts in this exchange offer through a proration process. Any proration of the number of shares accepted in this exchange offer will be determined on the basis of the proration mechanics described in the section of this document entitled *This Exchange Offer Terms of this Exchange Offer Proration; Tenders for Exchange by Holders of Fewer than 100 Shares of Lockheed Martin Common Stock*.

An exception to proration can apply to stockholders who beneficially own *odd-lots* that is, fewer than 100 shares of Lockheed Martin common stock, whether held in registered form or through a broker or other nominee. Such beneficial owners of Lockheed Martin common stock who validly tender all of their shares, and request preferential treatment as described in *This Exchange Offer Terms of this Exchange Offer Proration; Tenders for Exchange by Holders of Fewer than 100 Shares of Lockheed Martin Common Stock*, will not be subject to proration.

In all other cases, proration for each tendering stockholder will be based on (i) the proportion that the total number of shares of Lockheed Martin common stock to be accepted bears to the total number of shares of Lockheed Martin common stock validly tendered and not properly withdrawn and (ii) the number of shares of Lockheed Martin common stock validly tendered and not properly withdrawn by that stockholder (and not on that stockholder's aggregate ownership of shares of Lockheed Martin common stock). Any shares of Lockheed Martin common stock not accepted for exchange as a result of proration will be returned to tendering stockholders promptly after the final proration factor is determined.

Q: Will I be able to sell my shares of Splitco common stock after this exchange offer is completed?

A: No. There currently is no trading market for shares of Splitco common stock and no such trading market will be established in the future. The exchange agent will hold all issued and outstanding shares of Splitco common stock as agent until the shares of Splitco common stock are converted into the right to receive shares of Leidos common stock in the Merger. See *This Exchange Offer Distribution of Any Shares of Splitco Common Stock Remaining After this Exchange Offer*.

Q: How many shares of Lockheed Martin common stock will Lockheed Martin accept if this exchange offer is completed?

A: The number of shares of Lockheed Martin common stock that will be accepted if this exchange offer is completed will depend on the final exchange ratio and the number of shares of Lockheed Martin common stock tendered. The largest possible number of shares of Lockheed Martin common stock that will be accepted would be equal to _____ divided by the final exchange ratio. For example, assuming that the final exchange ratio is _____ (based on the Daily VWAPs of Lockheed Martin common stock and Leidos common stock on _____, 2016, 2016 and _____ 2016), then Lockheed Martin would accept up to a total of approximately _____ shares of Lockheed Martin common stock.

Q: Are there any conditions to Lockheed Martin's obligation to complete this exchange offer?

A: Yes. This exchange offer is subject to various conditions listed under *This Exchange Offer Conditions for the Consummation of this Exchange Offer*. If any of these conditions are not satisfied or waived prior to the expiration of this exchange offer, Lockheed Martin will not be required to accept shares for exchange and may extend or terminate

this exchange offer.

Lockheed Martin may waive any of the conditions to this exchange offer. For a description of the material conditions precedent to this exchange offer, including satisfaction or waiver of the conditions to the consummation of the Transactions and other conditions, see [This Exchange Offer Conditions for the Consummation of this Exchange Offer](#). Leidos has no right to waive any of the conditions to this exchange offer, provided that the ability of Lockheed Martin to waive certain conditions, including certain conditions relating to the Merger Agreement, may require the consent of Leidos.

Q: When does this exchange offer expire?

A: The period during which you are permitted to tender your shares of Lockheed Martin common stock in this exchange offer will expire at 8:00 a.m., New York City time, on _____, 2016, unless Lockheed Martin extends or terminates this exchange offer. See [This Exchange Offer Terms of this Exchange Offer Extension; Termination; Amendment](#).

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Q: Can this exchange offer be extended and under what circumstances?

A: Yes. Lockheed Martin can extend this exchange offer, in its sole discretion, at any time and from time to time. For instance, this exchange offer may be extended if any of the conditions for the consummation of this exchange offer listed under **This Exchange Offer Conditions for the Consummation of this Exchange Offer** are not satisfied or waived prior to the expiration of this exchange offer. In case of an extension of this exchange offer, Lockheed Martin will publicly announce the extension at www.lockheedmartin.com, through the toll-free number maintained by the information agent listed on the back cover of this document and by press release no later than 9:00 a.m., New York City time, on the next business day following the previously scheduled expiration date.

Q: How do I participate in this exchange offer?

A: The procedures you must follow to participate in this exchange offer will depend on whether you hold your shares of Lockheed Martin common stock in certificated form, through a broker, dealer, commercial bank, trust company or similar institution or through an employee benefit plan such as the Lockheed Martin Savings Plans or the Sandia Savings Plan, or if your shares of Lockheed Martin common stock are held in book-entry via the Direct Registration System (**DRS**) or in uncertificated form as CDI Shares. For specific instructions about how to participate, see **This Exchange Offer Terms of this Exchange Offer Procedures for Tendering**.

Q: What if I participate in one of the Lockheed Martin Savings Plans or the Sandia Savings Plan?

A: If you have one or more accounts in a Lockheed Martin Savings Plan or the Sandia Savings Plan and your account(s) holds units of the Employee Stock Ownership Fund (the **ESOP Fund**) or the Company Stock Fund (the **LM Plan Company Stock Fund**) under a Lockheed Martin Savings Plan or the Company Common Stock Fund (the **Sandia Plan Company Stock Fund**) under the Sandia Savings Plan, you may elect either to keep or to exchange some or all of the shares attributable to the units held in your account for shares of Splitco common stock. You will receive instructions by letter or email (as permitted by the Lockheed Martin Savings Plans or the Sandia Savings Plan, as applicable) informing you how to make an election. If you do not make a timely election in accordance with the instructions by the deadline set forth in the instructions, none of the shares held for your account attributable to the units of the ESOP Fund, the LM Plan Company Stock Fund and/or the Sandia Plan Company Stock Fund will be exchanged for shares of Splitco common stock in the exchange offer and your holdings of units of the ESOP Fund, the LM Plan Company Stock Fund and/or the Sandia Plan Company Stock Fund will remain unchanged. If you timely elect to exchange shares attributable to units of the ESOP Fund, the LM Plan Company Stock Fund and/or the Sandia Plan Company Stock Fund for Splitco common stock, each such share of Splitco common stock will be converted in the Merger into Leidos common stock and you will receive units of a unitized stock fund holding Leidos common stock based on an exchange ratio of one share of Leidos common stock for each share of Splitco common stock. For a more detailed description of how to tender your shares of Lockheed Martin common stock attributable to the units held in your account if you participate in the Lockheed Martin Savings Plans and/or the Sandia Savings Plan, and the applicable deadline for directing the trustee or independent fiduciary, as applicable, to tender such shares, please refer to the specific instructions regarding how to tender such shares, if any, under the Lockheed Martin Savings Plans and/or the Sandia Savings Plan, as applicable. If you hold units in the ESOP Fund and/or the LM Plan Company Stock Fund, you will receive the instructions from Computershare on behalf of the trustee of the Lockheed Martin Savings Plans. If you hold units in the Sandia Plan Company Stock Fund, you will receive the instructions from the independent fiduciary of the Sandia Savings Plan. For specific instructions about how to participate in this exchange offer, see **This Exchange Offer Terms of this Exchange Offer Procedures for Tendering Shares Held in Lockheed Martin Savings Plans**, and **Shares Held in the Sandia Savings Plans**.

Q: How do I tender my shares of Lockheed Martin common stock after the final exchange ratio has been determined?

A: If you wish to tender your shares after the final exchange ratio has been determined, you generally will need to do so by means of delivering a notice of guaranteed delivery and complying with the guaranteed delivery procedures described in the section entitled *This Exchange Offer Terms of this Exchange Offer Procedures for Tendering Guaranteed Delivery Procedures*. If you hold shares of Lockheed Martin common stock through a broker, dealer, commercial bank, trust company or similar institution, that institution must tender your shares on your behalf.

If your shares of Lockheed Martin common stock are held through an institution and you wish to tender your Lockheed Martin common stock after The Depository Trust Company has closed, the institution must deliver a notice of guaranteed delivery to the exchange agent via facsimile prior to 8:00 a.m., New York City time, on the expiration date, which is _____, 2016, unless this exchange offer is extended or terminated.

After the final exchange ratio has been determined, to tender shares of Lockheed Martin common stock held in the Lockheed Martin Savings Plans or the Sandia Savings Plan, the trustee or the independent fiduciary, as applicable, must deliver a notice of guaranteed delivery to the exchange agent via facsimile prior to 8:00 a.m., New York City time, on the expiration date.

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If you hold units of the ESOP Fund, the LM Plan Company Stock Fund and/or the Sandia Plan Company Stock Fund in a Lockheed Martin Savings Plan or Sandia Savings Plan account, you must tender your shares attributable to the units by the deadline set forth in the trustee's or the special service fiduciary's instructions, as applicable. It is possible that the final exchange ratio will not have been determined at the time of such deadline.

Q: Can I tender only a portion of my shares of Lockheed Martin common stock in this exchange offer?

A: Yes. You may tender all, some or none of your shares of Lockheed Martin common stock.

Q: What do I do if I want to retain all of my shares of Lockheed Martin common stock?

A: If you want to retain all of your shares of Lockheed Martin common stock, you do not need to take any action. However, after the Transactions, the Splitco Business will no longer be owned by Lockheed Martin, and as a holder of Lockheed Martin common stock you no longer will hold shares in a company that owns the Splitco Business (unless the exchange offer is consummated but is not fully subscribed and the remaining shares of Splitco common stock are distributed on a *pro rata* basis to Lockheed Martin stockholders whose shares of Lockheed Martin common stock remain outstanding after consummation of the exchange offer).

Q: Can I change my mind after I tender my shares of Lockheed Martin common stock?

A: Yes. You may withdraw your tendered shares at any time before this exchange offer expires. See *This Exchange Offer Terms of this Exchange Offer Procedures for Tendering Withdrawal Rights*. If you change your mind again, you can re-tender your shares of Lockheed Martin common stock by once again following the tender procedures prior to the expiration of this exchange offer.

Q: Will I be able to withdraw the shares of Lockheed Martin common stock I tender after the final exchange ratio has been determined?

A: Yes. The final exchange ratio used to determine the number of shares of Splitco common stock that you will receive for each share of Lockheed Martin common stock accepted in this exchange offer will be announced no later than 9:00 a.m., New York City time, on the second trading day prior to the expiration date of this exchange offer, which is _____, 2016, unless this exchange offer is extended or terminated. You have the right to withdraw shares of Lockheed Martin common stock you have tendered at any time before 8:00 a.m., New York City time, on the expiration date, which is _____, 2016. See *This Exchange Offer Terms of this Exchange Offer*. If the upper limit on the number of shares of Splitco common stock that can be received for each share of Lockheed Martin common stock tendered is in effect at the expiration of the exchange offer period, then the exchange ratio will be fixed at the upper limit.

Q: How do I withdraw my tendered Lockheed Martin common stock after the final exchange ratio has been determined?

A: If you are a registered stockholder of Lockheed Martin common stock (which includes persons holding certificated shares and book-entry shares held through DRS or CDI Shares) and you wish to withdraw your shares after the final exchange ratio has been determined, then you must deliver a written notice of withdrawal or a facsimile transmission notice of withdrawal to the exchange agent prior to 8:00 a.m., New York City time, on the expiration date of this exchange offer. The information that must be included in that notice is specified under *This Exchange Offer Terms of this Exchange Offer Procedures for Tendering Withdrawal Rights*.

If you hold your shares of Lockheed Martin common stock through a broker, dealer, commercial bank, trust company or similar institution, you should consult that institution on the procedures with which you must comply and the time by which such procedures must be completed in order for that institution to provide a written notice of withdrawal or facsimile notice of withdrawal to the exchange agent on your behalf before 8:00 a.m., New York City time, on the expiration date. If you hold your shares through such an institution, that institution must deliver the notice of withdrawal with respect to any shares you wish to withdraw. In such a case, as a beneficial owner and not a registered stockholder, you will not be able to provide a notice of withdrawal for such shares directly to the exchange agent.

If you hold units of the ESOP Fund, the LM Plan Company Stock Fund and/or the Sandia Plan Company Stock Fund in a Lockheed Martin Savings Plan or Sandia Savings Plan account and you wish to withdraw shares attributable to the units that you have tendered, you must withdraw such shares by the deadline set forth in the trustee's or the independent fiduciary's instructions, as applicable, and it is possible that such deadline may occur before the final exchange ratio has been determined. You should refer to the procedures and deadlines set forth in the trustee's or the independent fiduciary's informational materials provided to you, as applicable. If you hold units of the ESOP Fund, the LM Plan Company Stock Fund and/or the Sandia Plan Company Stock Fund in a Lockheed Martin Savings Plan or Sandia Savings Plan account, the trustee or the independent fiduciary, as applicable, must deliver the notice of withdrawal with respect to any shares you wish to withdraw, and you will not be able to provide a notice of withdrawal for such shares directly to the exchange agent.

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If your shares of Lockheed Martin common stock are held through an institution and you wish to withdraw shares of Lockheed Martin common stock after The Depository Trust Company has closed, the institution must deliver a written notice of withdrawal to the exchange agent prior to 8:00 a.m., New York City time, on the expiration date, in the form of The Depository Trust Company's notice of withdrawal and you must specify the name and number of the account at The Depository Trust Company to be credited with the withdrawn shares and must otherwise comply with The Depository Trust Company's procedures. Shares can be properly withdrawn only if the exchange agent receives a withdrawal notice directly from the relevant institution that tendered the shares through the Depository Trust Company. See [This Exchange Offer](#) [Terms of this Exchange Offer](#) [Procedures for Tendering](#) [Withdrawing Your Shares After the Final Exchange Ratio Has Been Determined](#).

Q: Will I be subject to U.S. federal income tax on the shares of Splitco common stock that I receive in this exchange offer or on the shares of Leidos common stock that I receive in the Merger?

A: Stockholders of Lockheed Martin generally will not recognize any gain or loss for U.S. federal income tax purposes as a result of this exchange offer or the Merger, except for any gain or loss attributable to the receipt of cash in lieu of fractional shares, if any, of Leidos common stock received in the Merger. The material U.S. federal income tax consequences of the exchange offer and the Merger are described in more detail under [This Exchange Offer](#) [Material U.S. Federal Income Tax Consequences of the Distribution and the Merger](#).

Q: Are there any material differences between the rights of Lockheed Martin stockholders and Leidos stockholders?

A: Yes. Lockheed Martin is a Maryland corporation and Leidos is a Delaware corporation, and each is subject to different laws and organizational documents. Lockheed Martin stockholders, whose rights are currently governed by Lockheed Martin's organizational documents and Maryland law, will, with respect to shares validly tendered and exchanged immediately following this exchange offer, become stockholders of Leidos and their rights will be governed by Leidos' organizational documents and Delaware law. The material differences between the rights associated with shares of Lockheed Martin common stock and shares of Leidos common stock that may affect Lockheed Martin stockholders whose shares are accepted for exchange in this exchange offer and who will obtain shares of Leidos common stock in the Merger relate to, among other things, anti-takeover provisions of the applicable state corporation law and the charters of Lockheed Martin and Leidos, removal of directors, amendment of bylaws and limitations of liability of directors and officers. For a further discussion of the material differences between the rights of Lockheed Martin stockholders and Leidos stockholders, see [Comparison of Rights of Lockheed Martin Stockholders and Leidos Stockholders](#).

Q: Are there any appraisal rights for Lockheed Martin stockholders?

A: No. There are no appraisal rights available to Lockheed Martin stockholders in connection with this exchange offer, and no appraisal rights will be available in the Merger.

Q: What will Lockheed Martin do with the shares of Lockheed Martin common stock that are tendered, and what is the impact of the exchange offer on Lockheed Martin's share count?

A: The shares of Lockheed Martin common stock that are tendered and accepted for exchange in the exchange offer will become authorized but unissued shares of Lockheed Martin common stock. Any shares of Lockheed Martin common stock acquired by Lockheed Martin in the exchange offer will reduce the total number of shares of Lockheed Martin common stock outstanding, although Lockheed Martin's actual number of shares outstanding on a given date reflects a variety of factors, such as share repurchases, equity incentive awards and option exercises.

Q: Who do I contact for information regarding this exchange offer?

A: You may call the information agent, Georgeson LLC, at (866) 482-4931, to ask any questions about this exchange offer or to request additional documents, including copies of this document and the letter of transmittal (including the instructions thereto). Alternatively, you may contact the information agent at the following e-mail address: LockheedMartinExchange@georgeson.com.

Questions and Answers About the Transactions

Q: What are the key steps of the Transactions?

A: Below is a summary of the key steps of the Transactions. A step-by-step description of material events relating to the Transactions is set forth under The Transactions.

Lockheed Martin will transfer the Splitco Business to Splitco following the Internal Reorganization.

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In connection with the transfer of the Splitco Business to Splitco, Splitco will issue to Lockheed Martin additional shares of Splitco common stock. Following this issuance, subject to adjustment in accordance with the Merger Agreement, Lockheed Martin will own 76,958,918 shares of Splitco common stock, which will constitute all of the outstanding stock of Splitco. In addition, Splitco will incur new indebtedness in an aggregate principal amount of approximately \$1,841,450,000. Splitco will use a portion of the proceeds of this loan to pay to Lockheed Martin the Splitco Special Cash Payment in connection with the transfer of the Splitco Business to Splitco. Splitco will use the balance to pay certain fees and expenses related to such indebtedness.

Lockheed Martin will offer to Lockheed Martin stockholders the right to exchange all or a portion of their shares of Lockheed Martin common stock for shares of Splitco common stock at a percent discount, calculated as set forth in this document, to the equivalent per-share value of Leidos common stock based on the conversion in the Merger of each share of Splitco common stock into one share of Leidos common stock. If the exchange offer is consummated but is not fully subscribed, Lockheed Martin will distribute the remaining shares of Splitco common stock on a *pro rata* basis to Lockheed Martin stockholders whose shares of Lockheed Martin common stock remain outstanding after the consummation of the exchange offer. Any Lockheed Martin stockholder who validly tenders (and does not properly withdraw) shares of Lockheed Martin common stock for shares of Splitco common stock in the exchange offer will waive their rights with respect to such tendered shares to receive, and forfeit any rights to, shares of Splitco common stock distributed on a *pro rata* basis to Lockheed Martin stockholders in the event the exchange offer is not fully subscribed.

Prior to the closing of the Merger, the Leidos Borrower will incur new indebtedness in the form of a \$690,000,000 Term Loan A Facility and a \$750,000,000 Revolving Credit Facility. The proceeds of the Term Loan A Facility and up to \$50,000,000 of borrowings under the Revolving Credit Facility, together with cash on hand at Leidos (which shall not exceed \$500,000,000), will be used to pay the Leidos Special Dividend, and additional proceeds of borrowings under the Revolving Credit Facility will be used to (i) repay in full all outstanding indebtedness for borrowed money of Splitco (if any) (other than the debt incurred by Splitco described above), (ii) repay in full all indebtedness, and terminate all commitments, under the Amended and Restated Four Year Credit Agreement, dated as of March 11, 2011, among Leidos, as borrower, Leidos, Inc., as guarantor, and Citibank, N.A., as administrative agent, the lenders, other agents and other parties party thereto from time to time and (iii) pay the fees, costs and expenses associated therewith.

Immediately after the Distribution, Merger Sub will merge with and into Splitco, whereby the separate corporate existence of Merger Sub will cease and Splitco will continue as the surviving company and as a wholly-owned subsidiary of Leidos. In the Merger, each share of Splitco common stock will be converted into the right to receive one share of Leidos common stock, as described in the section of this document entitled The Merger Agreement Merger Consideration. Immediately after the consummation of the Merger, approximately 50.5 percent of the outstanding shares of Leidos common stock is expected to be held by pre-Merger Splitco (former Lockheed Martin) stockholders and approximately 49.5 percent of the outstanding shares of Leidos common stock is expected to be held by pre-Merger Leidos stockholders on a fully diluted basis.

Q: What are the material U.S. federal income tax consequences to Leidos and its stockholders resulting from the Transactions?

A: Leidos will not recognize any gain or loss for U.S. federal income tax purposes as a result of the Merger. Because Leidos stockholders will not participate in the Distribution or the Merger, Leidos stockholders generally will not recognize gain or loss upon either the Distribution (including this exchange offer) or the Merger. The material U.S. federal income tax consequences of the Distribution and the Merger are described in more detail in *This Exchange Offer* Material U.S. Federal Income Tax Consequences of the Distribution and the Merger.

Q: What will Leidos stockholders receive in connection with the Merger?

A: Prior to the Merger, Leidos will declare and pay the Leidos Special Dividend, conditioned on completion of the Merger. All shares of Leidos common stock issued and outstanding immediately before the Merger will remain issued and outstanding immediately after the consummation of the Merger. Immediately after the Merger, Leidos stockholders will continue to own shares in Leidos, which will include the Splitco Business.

Q: What is the estimated total value of the consideration to be paid by Leidos in the Transactions?

A: Subject to adjustment under certain circumstances as set forth in the Merger Agreement, Leidos will issue 76,958,918 shares of Leidos common stock in the Merger. Based upon the reported closing sale price of \$ per share for Leidos common stock on the NYSE on , 2016, and assuming the Leidos Special Dividend is \$ per share, the total value of the shares to be issued by Leidos and the cash to be received by Lockheed Martin in the Transactions would have been approximately \$. The actual value of the Leidos common stock to be issued in the Merger will depend on the market price of shares of Leidos common stock at the time of the Merger.

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Q: Are there possible adverse effects on the value of Leidos common stock ultimately to be received by Lockheed Martin stockholders who participate in the exchange offer?

A: This exchange offer is designed to permit Lockheed Martin stockholders to exchange their shares of Lockheed Martin common stock for a number of shares of Splitco common stock that corresponds to a percent discount, calculated as set forth in this document, to the equivalent amount of Leidos common stock based on one share of Leidos common stock for each share of Splitco common stock as specified in the Merger Agreement. The existence of a discount, along with the issuance of shares of Leidos common stock pursuant to the Merger, may affect negatively the market price of Leidos common stock. The market price of Leidos common stock also will be affected by the performance of the Splitco Business and other risks associated with the Transactions. This risk and other risk factors associated with the Transactions are described in more detail in the section of this document entitled Risk Factors.

Q: How will the Transactions impact the future liquidity and capital resources of Leidos?

A: The Splitco and Leidos indebtedness to be incurred in connection with the Transactions could materially and adversely affect the liquidity, results of operations and financial condition of Leidos. Leidos also expects to incur significant one-time costs in connection with the Transactions, which may have an adverse impact on Leidos liquidity, cash flows and operating results in the periods in which they are incurred. Finally, Leidos management will be required to devote a significant amount of time and attention to the process of integrating the operations of Leidos business and the Splitco Business. If Leidos management is not able to manage the integration process effectively, or if any significant business activities are interrupted as a result of the integration process, Leidos business could suffer and its stock price may decline. See Risk Factors for a further discussion of the material risks associated with the Transactions.

Q: How do the Transactions impact Leidos dividend policy?

A: In connection with the Transactions, prior to the consummation of the Merger and subject to applicable law, Leidos shall declare and pay the Leidos Special Dividend, conditioned on completion of the Transactions. The Leidos Special Dividend will be funded by a combination of new borrowing and cash on hand. With the exception of the payment of the Leidos Special Dividend, the Transactions are not expected to affect Leidos dividend policy. See Historical Per Share Data, Market Price and Dividend Data Leidos Dividend Policy for a further discussion of Leidos current dividend policy.

Q: What will Lockheed Martin receive in the Transactions?

A: Immediately prior to the Distribution and in connection with the transfer of the Splitco Business to Splitco, Lockheed Martin will receive the Splitco Special Cash Payment, the proceeds of which will be used to pay dividends, repurchase its stock or retire outstanding indebtedness.

Q. What will Lockheed Martin stockholders receive in the Transactions?

A. In the exchange offer, Lockheed Martin will offer to Lockheed Martin stockholders the right to exchange all or a portion of their shares of Lockheed Martin common stock for shares of Splitco common stock at a percent discount, calculated as set forth in this document, to the per-share value of Leidos common stock based on one share of Leidos common stock for each share of Splitco common stock as specified in the Merger Agreement, subject to proration in the event of oversubscription. In all cases, the exchange agent will hold all issued and outstanding shares of Splitco common stock as agent until the shares of Splitco common stock are converted into the right to receive shares of Leidos common stock in the Merger. You will not be able to trade shares of Splitco common stock during

this period or at any time before or after the consummation of the Merger. In the Merger, each share of Splitco common stock will be converted into the right to receive one share of Leidos common stock, as described in the section of this document entitled "The Merger Agreement - Merger Consideration."

If the exchange offer is consummated but is not fully subscribed, Lockheed Martin will distribute the remaining shares of Splitco common stock owned by Lockheed Martin on a *pro rata* basis to Lockheed Martin stockholders whose shares of Lockheed Martin common stock remain outstanding after the consummation of this exchange offer. Any Lockheed Martin stockholder who validly tenders (and does not properly withdraw) shares of Lockheed Martin common stock for shares of Splitco common stock in the exchange offer will waive their rights with respect to such tendered shares to receive, and forfeit any rights to, shares of Splitco common stock distributed on a *pro rata* basis to Lockheed Martin stockholders in the event the exchange offer is not fully subscribed.

Q: Are there any conditions to the consummation of the Transactions?

A: Yes. The consummation of the Transactions is subject to a number of conditions, including:

the approval by Leidos' stockholders of the Share Issuance;

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the termination or expiration of the waiting period under the HSR Act (which period has expired), and the receipt of any governmental approvals required under the antitrust laws in the United Kingdom;

the approval for listing on the NYSE of the shares of Leidos common stock to be issued in the Merger;

the effectiveness under the Securities Act of Splitco's registration statement on Form S-4 and Form S-1 (Reg. No. 333-) and Leidos' registration statement on Form S-4 (Reg. No. 333-), and the absence of any stop order issued by the SEC or any pending proceeding before the SEC seeking a stop order with respect thereto;

the receipt of the Lockheed Martin Tax Opinions by Lockheed Martin and the receipt of the Leidos Tax Opinion by Leidos;

the receipt by Lockheed Martin, Splitco and Leidos of customary solvency opinions;

the incurrence of debt by Splitco pursuant to the Splitco Credit Facility;

the receipt of the Splitco Special Cash Payment by Lockheed Martin;

the completion of the various transaction steps contemplated by the Merger Agreement and the Separation Agreement, including the Separation and the Distribution; and

other customary conditions.

To the extent permitted by applicable law, Lockheed Martin and Splitco, on the one hand, and Leidos and Merger Sub, on the other hand, may waive the satisfaction of the conditions to their respective obligations to consummate the Transactions. In addition, the waiver by Lockheed Martin or Splitco of conditions to their respective obligations under the Separation Agreement requires the consent of Leidos. If Leidos waives the satisfaction of a material condition to the consummation of the Transactions, Leidos will evaluate the facts and circumstances at that time and re-solicit stockholder approval of the issuance of shares of Leidos common stock in the Merger if required to do so by law or the rules of the NYSE.

This document describes these conditions in more detail under [The Merger Agreement](#) [Conditions to the Merger](#).

Q: When will the Transactions be completed?

A: The Transactions are expected to be completed in the third or fourth quarter of 2016. However, it is possible that the Transactions could be completed at a later time or not at all, and the Merger Agreement provides that Lockheed Martin or Leidos may terminate the Merger Agreement if the Merger is not consummated on or before January 25, 2017. For a discussion of the conditions to consummate of the Transactions and the circumstances under which the Merger Agreement may be terminated by the parties, see [The Merger Agreement](#) [Conditions to the Merger](#) and [The](#)

Merger Agreement Termination, respectively.

Q: Are there risks associated with the Transactions?

A: Yes. The material risks and uncertainties associated with the Transactions are discussed in the section of this document entitled *Risk Factors* and the section of this document entitled *Cautionary Statement on Forward-Looking Statements*. Those risks include, among others, the possibility that the Transactions may not be completed or may not achieve the intended benefits, the possibility that Leidos may fail to realize the anticipated benefits of the Merger and the value of any Leidos common stock to be received in the Transactions, the uncertainty that Leidos will be able to integrate the Splitco Business successfully, the possibility that Leidos may be unable to provide benefits and services or access to equivalent financial strength and resources to the Splitco Business that historically have been provided by Lockheed Martin, the possibility that the Transactions may be treated by the IRS as taxable to Lockheed Martin and/or Lockheed Martin stockholders, the additional long-term indebtedness and liabilities that Leidos and its subsidiaries will have following consummation of the Transactions and the substantial dilution to the ownership interest of current Leidos stockholders following consummation of the Merger resulting from the Transactions.

Q: What stockholder approvals are needed in connection with the Transactions?

A: Leidos cannot complete the Transactions unless the proposal relating to the Share Issuance is approved by the affirmative vote of a majority of votes cast by Leidos stockholders on the proposal at the 2016 annual meeting.

Q: Where will the Leidos shares to be issued in the Merger be listed?

A: Leidos common stock is listed on the NYSE under the symbol *LDOS*. After the consummation of the Transactions, all shares of Leidos common stock issued in the Merger, and all other outstanding shares of Leidos common stock, will continue to be listed on the NYSE and trade under the same symbol.

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SUMMARY

The following summary contains certain information described in more detail elsewhere in this document. It does not contain all the details concerning the Transactions, including information that may be important to you. To better understand the Transactions, you should carefully review this entire document and the documents it refers to. See Where You Can Find More Information; Incorporation by Reference.

The Companies

Leidos Holdings, Inc.

11951 Freedom Drive

Reston, Virginia 20190

Leidos Holdings, Inc., incorporated in 2005, is a Delaware corporation having its principal executive offices in Reston, VA, and serves as the holding company for its principal operating company, Leidos, Inc., which was formed in 1969. Leidos is a science and technology solutions leader working to address some of the world's toughest challenges in national security, health and infrastructure. Its approximately 18,000 employees support vital missions for government and commercial customers, develop innovative solutions to drive better outcomes and defend digital and physical infrastructure from new world threats.

Lion Merger Co.

c/o Leidos Holdings, Inc.

11951 Freedom Drive

Reston, Virginia 20190

Lion Merger Co., a Delaware corporation incorporated on January 21, 2016, referred to in this document as Merger Sub, is a direct, wholly-owned subsidiary of Leidos that was organized specifically for the purpose of completing the Merger. Merger Sub has engaged in no business activities to date and it has no material assets or liabilities of any kind, other than those incident to its formation and in connection with the Transactions.

Lockheed Martin Corporation

6801 Rockledge Drive

Bethesda, Maryland 20817

Lockheed Martin Corporation, is a Maryland corporation formed in 1995 by combining the businesses of Lockheed Corporation and Martin Marietta Corporation. Lockheed Martin is a global security and aerospace company principally engaged in the research, design, development, manufacture, integration and sustainment of advanced technology systems, products and services. Lockheed Martin also provides a broad range of management, engineering, technical, scientific, logistics and information services. It serves both U.S. and international customers with products and services that have defense, civil and commercial applications, with its principal customers being agencies of the U.S. Government. Lockheed Martin's main areas of focus are in defense, space, intelligence, homeland

security and information technology, including cybersecurity.

Abacus Innovations Corporation

c/o Lockheed Martin Corporation

6801 Rockledge Drive

Bethesda, Maryland 20817

Abacus Innovations Corporation, a Delaware corporation incorporated on January 19, 2016, referred to in this document as Splitco, is a direct, wholly-owned subsidiary of Lockheed Martin that was organized specifically for the purpose of effecting the Separation. Splitco has engaged in no business activities to date and it has no material assets or liabilities of any kind, other than those incident to its formation and in connection with the Transactions. Prior to the closing of this exchange offer, Splitco will

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own, directly and through the Splitco Subsidiaries, the Splitco Business. The Splitco Business means the business and operations of Lockheed Martin's Information Systems & Global Solutions (IS&GS) business segment as it was reported in Lockheed Martin's Annual Report on Form 10-K for the year ended December 31, 2015, as summarized in the section of this document entitled Information on the Splitco Business.

The Transactions

On January 26, 2016, Lockheed Martin and Leidos announced that they, along with Splitco and Merger Sub, had entered into the Merger Agreement, and that Lockheed Martin and Splitco had entered into the Separation Agreement, which together provide for the combination of Leidos' business and the Splitco Business. In the Transactions, Lockheed Martin will transfer the Splitco Business to Splitco. Prior to the Distribution, Splitco will incur new indebtedness and will pay to Lockheed Martin the Splitco Special Cash Payment.

On the closing date of the Merger, Lockheed Martin will distribute shares of Splitco common stock to its participating stockholders in the exchange offer. If the exchange offer is consummated but is not fully subscribed, Lockheed Martin will distribute the remaining shares of Splitco common stock on a *pro rata* basis to Lockheed Martin stockholders whose shares of Lockheed Martin common stock remain outstanding after the consummation of the exchange offer. Any Lockheed Martin stockholder who validly tenders (and does not properly withdraw) shares of Lockheed Martin common stock for shares of Splitco common stock in the exchange offer will waive their rights with respect to such tendered shares to receive, and forfeit any rights to, shares of Splitco common stock distributed on a *pro rata* basis to Lockheed Martin stockholders in the event the exchange offer is not fully subscribed. If there is a *pro rata* distribution, the exchange agent will calculate the exact number of shares of Splitco common stock not exchanged in the exchange offer and to be distributed on a *pro rata* basis, and the number of shares of Leidos common stock into which the remaining shares of Splitco common stock will be converted in the Merger will be transferred to Lockheed Martin stockholders (after giving effect to the consummation of the exchange offer) as promptly as practicable thereafter.

Immediately after the Distribution and on the closing date of the Merger, Merger Sub will merge with and into Splitco, whereby the separate corporate existence of Merger Sub will cease and Splitco will continue as the surviving company and a wholly-owned subsidiary of Leidos. In the Merger, subject to adjustment in accordance with the Merger Agreement, each share of Splitco common stock will be converted into the right to receive one share of Leidos common stock, as described in the section of this document entitled The Merger Agreement Merger Consideration.

Subject to adjustment under certain circumstances as set forth in the Merger Agreement, Leidos will issue 76,958,918 shares of Leidos common stock in the Merger. Based upon the reported closing sale price of \$ per share for Leidos common stock on the NYSE on , 2016, and assuming the Leidos Special Dividend is \$ per share, the total value of the shares to be issued by Leidos and the cash expected to be received by Lockheed Martin in the Transactions would have been approximately \$ million. The actual value of the Leidos common stock to be issued in the Merger will depend on the market price of shares of Leidos common stock at the time of the Merger.

After the Merger, Leidos will own and operate the Splitco Business through Splitco, which will be Leidos wholly-owned subsidiary, and will also continue its current businesses. All shares of Leidos common stock, including those issued in the Merger, will be listed on the NYSE under Leidos' current trading symbol LDOS.

Below is a step-by-step description of the sequence of material events relating to the Transactions.

Step 1 Separation

Lockheed Martin will transfer the Splitco Business to Splitco following the Internal Reorganization.

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Step 2 Issuance of Splitco Common Stock to Lockheed Martin, Incurrence of Splitco Debt and Splitco Cash Payment

In connection with the transfer of the Splitco Business to Splitco, Splitco will issue to Lockheed Martin additional shares of Splitco common stock. Following this issuance, subject to adjustment in accordance with the Merger Agreement, Lockheed Martin will own 76,958,918 shares of Splitco common stock, which will constitute all of the outstanding stock of Splitco. In addition, Splitco will incur new indebtedness in an aggregate principal amount of approximately \$1,841,450,000. Splitco will use a portion of the proceeds of this loan to pay to Lockheed Martin the Splitco Special Cash Payment in connection with the transfer of the Splitco Business to Splitco. Splitco will use the balance to pay certain fees and expenses related to such indebtedness.

Step 3 Distribution Exchange Offer

Lockheed Martin will offer to Lockheed Martin stockholders the right to exchange all or a portion of their shares of Lockheed Martin common stock for shares of Splitco common stock at a percent discount, calculated as set forth in this document, to the equivalent per-share value of Leidos common stock, after giving effect to the approximate amount of the Leidos Special Dividend, based on the conversion in the Merger of each share of Splitco common stock into one share of Leidos common stock. If the exchange offer is consummated but is not fully subscribed, Lockheed Martin will distribute the remaining shares of Splitco common stock on a *pro rata* basis to Lockheed Martin stockholders whose shares of Lockheed Martin common stock remain outstanding after the consummation of the exchange offer. Any Lockheed Martin stockholder who validly tenders (and does not properly withdraw) shares of Lockheed Martin common stock for shares of Splitco common stock in the exchange offer will waive their rights with respect to such tendered shares to receive, and forfeit any rights to, shares of Splitco common stock distributed on a *pro rata* basis to Lockheed Martin stockholders in the event the exchange offer is not fully subscribed.

Step 4 Incurrence of Leidos Debt

Prior to the closing of the Merger, the Leidos Borrower will incur new indebtedness in the form of a \$690,000,000 Term Loan A Facility and a \$750,000,000 Revolving Credit Facility. The proceeds of the Term Loan A Facility and up to \$50,000,000 of borrowings under the Revolving Credit Facility, together with cash on hand at Leidos (which shall not exceed \$500,000,000), will be used to pay the Leidos Special Dividend, and additional proceeds of borrowings under the Revolving Credit Facility will be used to (i) repay in full all outstanding indebtedness for borrowed money of Splitco (if any) (other than the debt incurred by Splitco described above in Step 2), (ii) repay in full all indebtedness, and terminate all commitments, under the Amended and Restated Four Year Credit Agreement dated as of March 11, 2011, among Leidos, as borrower, Leidos, Inc., as guarantor, and Citibank, N.A., as administrative agent, the lenders, other agents and other parties party thereto from time to time and (iii) pay the fees, costs and expenses associated therewith.

Step 5 Merger

Immediately after the Distribution, Merger Sub will merge with and into Splitco, whereby the separate corporate existence of Merger Sub will cease and Splitco will continue as the surviving company and as a wholly-owned subsidiary of Leidos. In the Merger, each share of Splitco common stock will be converted into the right to receive one share of Leidos common stock, as described in the section of this document entitled The Merger Agreement Merger Consideration. Immediately after the consummation of the Merger, approximately 50.5 percent of the outstanding shares of Leidos common stock is expected to be held by pre-Merger Splitco (former Lockheed Martin) stockholders and approximately 49.5 percent of the outstanding shares of Leidos common stock is expected to be held by pre-Merger Leidos stockholders on a fully diluted basis.

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Set forth below are diagrams that graphically illustrate, in simplified form, the existing corporate structures, the corporate structures immediately following the Separation and the Distribution but before the Merger and the corporate structures immediately following the consummation of the Merger.

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After completion of all of the steps described above, Leidos wholly-owned subsidiary, Splitco, will hold the Splitco Business directly and through its subsidiaries and will continue as the obligor under the new indebtedness to be incurred by Splitco on or about the date of the Distribution, which, after the consummation of the Merger, is expected to be guaranteed by Leidos.

In connection with the Transactions, on the date of the Distribution, Lockheed Martin or its subsidiaries and Splitco or the Splitco Subsidiaries will enter into the Additional Agreements relating to, among other things, intellectual property, real property, shared contracts, supply arrangements, contract novation and transition services. See Other Agreements Additional Agreements.

Number of Shares of Splitco Common Stock to Be Distributed to Lockheed Martin Stockholders

Lockheed Martin is offering to exchange all issued and outstanding shares of Splitco common stock for shares of Lockheed Martin common stock validly tendered and not properly withdrawn. Subject to adjustment pursuant to the Merger Agreement, 76,958,918 shares of Splitco common stock will be issued and outstanding and held by Lockheed Martin immediately prior to the Distribution. Accordingly, subject to such adjustment, the total number of shares of Splitco common stock to be exchanged for shares of Lockheed Martin common stock in this exchange offer will be equal to 76,958,918 shares.

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Terms of this Exchange Offer

Lockheed Martin is offering to exchange all issued and outstanding shares of Splitco common stock for shares of Lockheed Martin common stock. You may tender all, some or none of your shares of Lockheed Martin common stock. This document and related documents are being sent to persons who directly held shares of Lockheed Martin common stock on [redacted], 2016, and brokers, banks and similar persons whose names or the names of whose nominees appear on Lockheed Martin's stockholder list or, if applicable, who are listed as participants in a clearing agency's security position listing for subsequent transmittal to beneficial owners of Lockheed Martin common stock. Participants in the Lockheed Martin Savings Plans and the Sandia Savings Plan who have holdings in the ESOP Fund, the LM Plan Company Stock Fund or the Sandia Plan Company Stock Fund will receive information from the trustee or the independent fiduciary, as applicable.

Lockheed Martin common stock validly tendered and not properly withdrawn will be accepted for exchange on the terms and conditions of this exchange offer and subject to the limitations described below, including the proration provisions. See This Exchange Offer Terms of this Exchange Offer. Lockheed Martin will promptly return any shares of Lockheed Martin common stock that are not accepted for exchange following the expiration of this exchange offer and the determination of the final proration factor, if any, described in the section of this document entitled This Exchange Offer Terms of this Exchange Offer.

For the purposes of illustration, the table below indicates the number of shares of Splitco common stock that you would receive per share of Lockheed Martin common stock validly tendered and accepted in this exchange offer, calculated on the basis described in the section of this document entitled This Exchange Offer Terms of this Exchange Offer and taking into account the upper limit, assuming a range of averages of the Daily VWAP of Lockheed Martin common stock and Leidos common stock on the Valuation Dates. The first row of the table below shows the indicative calculated per-share values of Lockheed Martin common stock and Splitco common stock and the indicative exchange ratio that would have been in effect following the official close of trading on the NYSE on [redacted], 2016, based on the Daily VWAPs of Lockheed Martin common stock and Leidos common stock on [redacted], 2016, [redacted], 2016 and [redacted], 2016. In the case of Splitco common stock, the value will be reduced by \$ [redacted] per share, which approximates the per-share amount of the Leidos Special Dividend. The table also shows the effects of a five percent increase or decrease in either or both the calculated per-share values of Lockheed Martin common stock and Leidos common stock based on changes relative to the values as of [redacted], 2016.

Lockheed Martin common stock As of [redacted], 2016	Leidos common stock As of [redacted], 2016	Calculated per- share value of Lockheed Martin common stock	Calculated per- share value of Splitco common stock (1)	Shares of Splitco common stock to be received per share of Lockheed Martin common stock tendered	Calculated Value Ratio (2)
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

(3)

- (1) The calculated per-share value of Splitco common stock for purposes of this exchange offer will equal the simple arithmetic average of the Daily VWAP of Leidos common stock on the NYSE on each of the Valuation Dates, minus \$ per share, which approximates the per-share amount of the Leidos Special Dividend.
- (2) The Calculated Value Ratio equals (i) the calculated per-share value of Splitco common stock multiplied by the exchange ratio, divided by (ii) the calculated per-share value of Lockheed Martin common stock.
- (3) In this scenario, the upper limit is in effect. Absent the upper limit, the exchange ratio would have been shares of Splitco common stock per share of Lockheed Martin common stock validly tendered and accepted in this exchange offer. In this scenario, Lockheed Martin would announce that the upper limit on the number of shares that can be received for each share of Lockheed Martin common stock tendered is in effect at the expiration of the exchange offer period no later than 9:00 a.m., New York City time, on the second trading day prior to the expiration date and that the exchange ratio would be fixed at the upper limit.

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During the three-month period of _____, 2016 through _____, 2016, the highest closing price of Lockheed Martin common stock on the NYSE was \$ _____ and the lowest closing price of Leidos common stock on the NYSE was \$ _____. If the calculated per-share values of Lockheed Martin common stock and Splitco common stock were calculated based on these closing prices and after giving effect to the approximate amount of the Leidos Special Dividend, you would receive only the limit of _____ shares of Splitco common stock for each share of Lockheed Martin common stock tendered, and the value of such shares of Splitco common stock, based on the Leidos common stock price, would have been less than the value of Lockheed Martin common stock accepted for exchange (approximately \$ _____ of Splitco common stock for each \$100 in value of Lockheed Martin common stock accepted for exchange).

Extension; Amendment; Termination

This exchange offer, and your withdrawal rights, will expire at 8:00 a.m., New York City time, on _____, 2016, unless Lockheed Martin extends this exchange offer. You must tender your shares of Lockheed Martin common stock prior to this time if you want to participate in this exchange offer. Lockheed Martin may extend, amend or terminate this exchange offer as described in this document.

Conditions for Consummation of this Exchange Offer

Lockheed Martin's obligation to exchange shares of Splitco common stock for shares of Lockheed Martin common stock is subject to the conditions listed under "This Exchange Offer Conditions for Consummation of this Exchange Offer," including the satisfaction of conditions to the Transactions and other conditions. These conditions include:

the approval by Leidos' stockholders of the Share Issuance;

the termination or expiration of the waiting period under the HSR Act (which period has expired), and the receipt of any governmental approvals required under the antitrust laws in the United Kingdom;

the approval for listing on the NYSE of the shares of Leidos common stock to be issued in the Merger;

the effectiveness under the Securities Act of Splitco's registration statement on Form S-4 and Form S-1 (Reg. No. 333-_____) and Leidos' registration statement on Form S-4 (Reg. No. 333-_____), and the absence of any stop order issued by the SEC or any pending proceeding before the SEC seeking a stop order with respect thereto;

the receipt of the Lockheed Martin Tax Opinions by Lockheed Martin and the receipt of the Leidos Tax Opinion by Leidos;

the receipt by Lockheed Martin, Splitco and Leidos of customary solvency opinions;

the incurrence of debt by Splitco pursuant to the Splitco Credit Facility;

the receipt of the Splitco Special Cash Payment by Lockheed Martin;

the completion of the various transaction steps contemplated by the Merger Agreement and the Separation Agreement, including the Separation and the Distribution; and

other customary conditions.

For a description of the material conditions precedent to the Transactions, see The Merger Agreement Conditions to the Merger.

Lockheed Martin may waive any of the conditions to this exchange offer prior to the expiration of this exchange offer. Leidos has no right to waive any of the conditions to this exchange offer, provided that the ability of Lockheed Martin to waive certain conditions, including certain conditions relating to the Merger Agreement, may require the consent of Leidos.

Table of Contents***Proration; Tenders for Exchange by Holders of Fewer than 100 Shares of Lockheed Martin Common Stock***

If, upon the expiration of this exchange offer, Lockheed Martin stockholders have validly tendered and not properly withdrawn more shares of Lockheed Martin common stock than Lockheed Martin is able to accept for exchange (taking into account the exchange ratio and the total number of shares of Splitco common stock owned by Lockheed Martin), Lockheed Martin will accept for exchange the shares of Lockheed Martin common stock validly tendered and not properly withdrawn by each tendering stockholder on a *pro rata* basis, based on the proportion that the total number of shares of Lockheed Martin common stock to be accepted bears to the total number of shares of Lockheed Martin common stock validly tendered and not properly withdrawn (calculated to six decimal points), and subject to any adjustment necessary to ensure the exchange of all shares of Splitco common stock owned by Lockheed Martin, except for tenders of odd-lots, as described below.

Lockheed Martin will announce the preliminary proration factor at www.lockheedmartin.com, through the toll-free number maintained by the information agent listed on the back cover of this document and by press release as promptly as practicable after the expiration date. Upon determining the number of shares of Lockheed Martin common stock validly tendered for exchange, Lockheed Martin will announce the final results, including the final proration factor.

Beneficial holders of odd-lots that is, fewer than 100 shares of Lockheed Martin common stock, whether held in registered form or through a broker or other nominee who validly tender all of their shares and request preferential treatment will not be subject to proration if this exchange offer is oversubscribed. Beneficial holders of 100 or more shares of Lockheed Martin common stock are not eligible for the foregoing odd-lots preference.

In the case of Lockheed Martin stockholders who hold their odd-lot shares in registered form, you can elect not to be subject to proration by completing the box in the applicable letter of transmittal entitled Odd-Lot Shares. If your odd-lot shares are held by a broker or other nominee for your account, you can contact the broker or nominee and request this preferential treatment. All of your odd-lot shares will be accepted for exchange without proration if Lockheed Martin completes this exchange offer. The foregoing odd-lots preference does not apply to shares of Lockheed Martin common stock held in the ESOP Fund or the LM Plan Company Stock Fund under the Lockheed Martin Savings Plans or the Sandia Plan Company Stock Fund under the Sandia Savings Plan. Thus, if a participant in a Lockheed Martin Savings Plan or the Sandia Savings Plan tenders all of his or her shares of Lockheed Martin common stock held under the plan, those shares will be subject to proration even if the participant holds units under the plan representing fewer than 100 shares.

Fractional Shares

Upon the consummation of this exchange offer, the exchange agent will hold the shares of Splitco common stock as agent for the Lockheed Martin stockholders who validly tendered their shares and, in case of a *pro rata* distribution, for the holders of record of Lockheed Martin common stock for the *pro rata* distribution. Immediately following the consummation of this exchange offer, Merger Sub will be merged with and into Splitco, with Splitco surviving the Merger and becoming a wholly-owned subsidiary of Leidos. Each issued and outstanding share of Splitco common stock will be converted in the Merger into the right to receive one share of Leidos common stock. In the conversion, no fractional shares of Leidos common stock will be delivered to Splitco stockholders. All fractional shares of Leidos common stock that any Splitco stockholder otherwise would be entitled to receive as a result of the Merger will be aggregated by the exchange agent on behalf of Leidos. The exchange agent will cause the whole shares obtained thereby to be sold on behalf of the Splitco stockholders that otherwise would be entitled to receive such fractional shares of Leidos common stock in the Merger, in the open market or otherwise, in each case at then-prevailing market prices as soon as practicable after the Merger and, in any case, no later than five business days after the Merger. The exchange agent then will make available the net proceeds thereof, after deducting any required brokerage or similar

charges, commissions and transfer taxes, on a *pro rata* basis, without interest, but subject to any required withholding taxes, as soon as practicable to the Splitco stockholders that otherwise would be entitled to receive such fractional shares of Leidos common stock in the Merger.

Procedures for Tendering

For you to validly tender your shares of Lockheed Martin common stock pursuant to this exchange offer, prior to the expiration of this exchange offer:

If you hold certificates representing shares of Lockheed Martin common stock, or if your shares of Lockheed Martin common stock are held in book-entry via DRS, or in uncertificated form as CDI Shares, you must deliver to the exchange agent at the address listed on the letter of transmittal for Lockheed Martin common stock a properly completed and duly executed letter of transmittal (or a manually executed facsimile of that document) along with any required signature guarantees and any other required documents, and in the case of shares held in certificated form, the certificates representing the shares of Lockheed Martin common stock tendered.

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If you hold shares of Lockheed Martin common stock through a broker, you should receive instructions from your broker on how to participate in this exchange offer. In this situation, do not complete a letter of transmittal to tender your Lockheed Martin common stock. Please contact your broker directly if you have not yet received instructions. Some financial institutions also may effect tenders by book-entry transfer through The Depository Trust Company.

If you hold units of the ESOP Fund or the LM Plan Company Stock Fund under the Lockheed Martin Savings Plans, you should receive instructions from Computershare on behalf of the trustee of the Lockheed Martin Savings Plans via letter or email (as permitted by the Lockheed Martin Savings Plans) informing you how to make an election. In this situation, do not complete a letter of transmittal to tender your shares of Lockheed Martin common stock attributable to such units. You should instead follow Computershare's instructions for making an election. Please contact the toll-free plan information line in your summary plan description to speak with a customer service associate if you have any questions.

If you hold units of the Sandia Plan Company Stock Fund under the Sandia Savings Plan, you should receive instructions from Evercore Trust Company, N.A. (Evercore Trust), the Sandia Savings Plan independent fiduciary, via letter or email (as permitted by the Sandia Savings Plan) informing you how to make an election. In this situation, do not complete a letter of transmittal to tender your shares of Lockheed Martin common stock attributable to such units. You should instead follow Evercore Trust's instructions for making an election. Please contact the toll-free plan information line in your summary plan description to speak with a customer service associate if you have any questions.

Delivery of Shares of Splitco Common Stock

Upon the consummation of this exchange offer, Lockheed Martin will deliver to the exchange agent a global certificate representing all of the Splitco common stock being distributed in this exchange offer, with irrevocable instructions to hold the shares of Splitco common stock as agent for the holders of shares of Lockheed Martin common stock validly tendered and not withdrawn in this exchange offer and, in the case of a *pro rata* distribution, Lockheed Martin stockholders whose shares of Lockheed Martin common stock remain outstanding after the consummation of this exchange offer. Leidos will deposit in a reserve account with its transfer agent for the benefit of persons who received shares of Splitco common stock in this exchange offer book-entry authorizations representing shares of Leidos common stock, with irrevocable instructions to hold the shares of Leidos common stock in trust for the Splitco stockholders. Shares of Leidos common stock will be delivered promptly following the expiration of this exchange offer, the acceptance of Lockheed Martin common stock for exchange, the determination of the final proration factor, if any, and the effectiveness of the Merger, pursuant to the procedures determined by the exchange agent and Leidos' transfer agent. See *This Exchange Offer Terms of this Exchange Offer Exchange of Shares of Lockheed Martin Common Stock*.

Withdrawal Rights

You may withdraw your tendered shares of Lockheed Martin common stock at any time prior to the expiration of this exchange offer by following the procedures described herein. If you change your mind again, you may re-tender your Lockheed Martin common stock by once again following the exchange offer procedures prior to the expiration of this exchange offer.

If you hold units of the ESOP Fund, the LM Plan Company Stock Fund and/or the Sandia Plan Company Stock Fund in a Lockheed Martin Savings Plan or Sandia Savings Plan account and you wish to withdraw shares attributable to

the units that you have tendered, you must withdraw such shares by the applicable deadlines set forth in Computershare's or Evercore Trust's instructions, as applicable, and it is possible that such deadline may occur before the final exchange ratio has been determined. You should refer to the procedures and deadlines set forth in Computershare's or Evercore Trust's informational materials provided to you, as applicable. The trustee or the independent fiduciary, as applicable, must deliver the notice of withdrawal with respect to any shares you wish to withdraw, and you will not be able to provide a notice of withdrawal for such shares directly to the exchange agent.

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Distribution of Any Shares of Splitco Common Stock Remaining After this Exchange Offer

If this exchange offer is consummated but fewer than all of the issued and outstanding shares of Splitco common stock are exchanged because the exchange offer is not fully subscribed, Lockheed Martin will distribute the remaining shares of Splitco common stock on a *pro rata* basis to Lockheed Martin stockholders whose shares of Lockheed Martin common stock remain outstanding after the consummation of this exchange offer. The record date for the *pro rata* distribution, if any, will be announced by Lockheed Martin. Any Lockheed Martin stockholder who validly tenders (and does not properly withdraw) shares of Lockheed Martin common stock for shares of Splitco common stock in the exchange offer will waive their rights with respect to such tendered shares to receive, and forfeit any rights to, shares of Splitco common stock distributed on a *pro rata* basis to Lockheed Martin stockholders in the event the exchange offer is not fully subscribed.

If there is a *pro rata* distribution, the exchange agent will calculate the exact number of shares of Splitco common stock not exchanged in the exchange offer and to be distributed on a *pro rata* basis, and the number of shares of Leidos common stock into which the remaining shares of Splitco common stock will be converted in the Merger will be transferred to Lockheed Martin stockholders (after giving effect to the consummation of the exchange offer) as promptly as practicable thereafter.

If this exchange offer is terminated by Lockheed Martin without the exchange of shares, but the conditions for the consummation of the Transactions have otherwise been satisfied, Lockheed Martin intends to distribute all shares of Splitco common stock owned by Lockheed Martin on a *pro rata* basis to Lockheed Martin stockholders with a record date to be announced by Lockheed Martin.

Legal Limitations; Certain Matters Relating to Non-U.S. Jurisdictions

This document is not an offer to sell or exchange and it is not a solicitation of an offer to buy any shares of Lockheed Martin common stock, Splitco common stock or Leidos common stock in any jurisdiction in which the offer, sale or exchange is not permitted. It will not be possible to trade the shares of Splitco common stock after the consummation of this exchange offer and prior to the consummation of the Merger or during any other period. Countries outside the United States generally have their own legal requirements that govern securities offerings made to persons resident in those countries and often impose stringent requirements about the form and content of offers made to the general public. None of Lockheed Martin, Splitco or Leidos have taken any action under non-U.S. regulations to facilitate a public offer to exchange shares of Lockheed Martin common stock, Splitco common stock or Leidos common stock outside the United States. Accordingly, the ability of any non-U.S. person or any U.S. person residing outside of the United States to tender shares of Lockheed Martin common stock in the exchange offer will depend on whether there is an exemption available under the laws of such person's home country or country of residence, as applicable, that would permit the person to participate in the exchange offer without the need for Lockheed Martin, Leidos or Splitco to take any action to facilitate a public offering in that country. For example, some countries exempt transactions from the rules governing public offerings if they involve persons who meet certain eligibility requirements relating to their status as sophisticated or professional investors.

Non-U.S. stockholders and U.S. stockholders residing outside of the United States should consult their advisors in considering whether they may participate in the exchange offer in accordance with the laws of their home countries or countries of residence, as applicable, and, if they do participate, whether there are any restrictions or limitations on transactions in the shares of Lockheed Martin common stock, Splitco common stock or Leidos common stock that may apply in such countries. Lockheed Martin, Leidos and Splitco cannot provide any assurance about whether such limitations may exist. See *This Exchange Offer Certain Matters Relating to Non-U.S. Jurisdictions* for additional information about limitations on the exchange offer outside the United States.

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In deciding whether to tender your shares of Lockheed Martin common stock in this exchange offer, you should carefully consider the matters described in the section Risk Factors, as well as other information included in this document and the other documents to which you have been referred.

Opinion of Leidos Financial Advisor

Leidos has retained Citigroup Global Markets Inc., referred to as Citi, as its financial advisor in connection with the proposed Merger. In connection with this engagement, Citi delivered a written opinion, dated January 25, 2016, to the Leidos Board as to the fairness, from a financial point of view and as of the date of the opinion, to Leidos of the exchange ratio provided for pursuant to the Merger Agreement. For purposes of Citi's financial analyses and opinion, the term exchange ratio means, after giving effect to the Distribution and certain related transactions contemplated by the Separation Agreement, 1.020202 (which represents the number of shares of Leidos common stock to be issued in the Merger, divided by the number of fully diluted shares of Leidos common stock as of the date of Citi's opinion). The description of Citi's opinion, dated January 25, 2016, to the Leidos Board set forth below is qualified in its entirety by reference to the full text of such opinion. **Citi's opinion was provided for the information of the Leidos Board (in its capacity as such) in connection with its evaluation of the exchange ratio from a financial point of view to Leidos and did not address any other terms, aspects or implications of the Merger or any related transactions. Citi expressed no view as to, and its opinion did not address, the underlying business decision of Leidos to effect the Merger or related transactions, the relative merits of the Merger or related transactions as compared to any alternative business strategies that might exist for Leidos or the effect of any other transaction in which Leidos might engage. Citi's opinion is not intended to be and does not constitute a recommendation to any stockholder as to how such stockholder should vote or act on any matters relating to the proposed Merger, any related transaction or otherwise.**

Debt Financing

On January 26, 2016, in connection with their entry into the Merger Agreement, Leidos and Splitco entered into separate commitment letters with the Commitment Parties pursuant to which the Commitment Parties agreed to provide debt financing for the Transactions. Pursuant to, and subject to the terms and conditions of, the Leidos Commitment Letter, the Commitment Parties will provide a new senior secured credit facility to the Leidos Borrower in an aggregate principal amount of up to \$1,440,000,000, which is currently expected to consist of a term loan A facility in an aggregate principal amount of up to \$690,000,000 and a revolving credit facility in an aggregate principal amount of up to \$750,000,000. Pursuant to, and subject to the terms and conditions of, the Splitco Commitment Letter, the Commitment Parties will provide a new senior secured credit facility to Splitco of up to \$1,841,450,000, which is currently expected to consist of a three-year term loan A facility in an aggregate principal amount of up to \$400,000,000, a five-year term loan A facility in an aggregate principal amount of up to \$310,000,000 and a term loan B facility in an aggregate principal amount of up to \$1,131,450,000. See Debt Financing for further information.

Interests of Leidos Directors and Executive Officers in the Transactions

Certain of Leidos' directors and executive officers have financial interests in the Transactions that may be different from, or in addition to, the interests of Leidos stockholders generally. The members of the Leidos Board were aware of and considered these interests, among other matters, in reaching the determination to approve the terms of the Merger Agreement and the Transactions, including the Merger, and in recommending to Leidos stockholders that they vote to approve the Share Issuance.

Board of Directors and Management of Leidos Following the Transactions

Following the consummation of the exchange offer, Merger Sub will merge with and into Splitco, whereby the separate corporate existence of Merger Sub will cease and Splitco will continue as the surviving company and a wholly-owned subsidiary of Leidos. Directors of Leidos serving on its board of directors immediately before the consummation of the Merger are expected to continue to serve as directors of Leidos immediately following the closing of the Merger.

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In connection with the Transactions and following the consummation of the Merger, the size of the Leidos Board will be increased to include three additional directors to be designated by Lockheed Martin. The Merger Agreement provides that, thereafter, at the following annual election of directors of Leidos, the Leidos Board will take all actions necessary to include each of the Lockheed Martin designees as nominees for the Leidos Board for election by Leidos stockholders, subject in all events to the fiduciary duties of the Leidos Board, the requirements of the NYSE and all other applicable laws. Following the consummation of the Merger, the executive officers of Leidos immediately prior to the consummation of the Merger are expected to be the executive officers of Leidos immediately following the consummation of the Merger.

Leidos Stockholder Approval

Leidos cannot complete the Transactions unless the proposal relating to the Share Issuance is approved by the affirmative vote of a majority of votes cast on the proposal at the 2016 annual meeting, either in person or by proxy (assuming a quorum is present).

Leidos Stockholders Meeting

Under the terms of the Merger Agreement, Leidos has agreed to call, give notice of, convene and hold an annual meeting of its stockholders for the purpose of, among other things, voting upon the proposal to approve the Share Issuance. The Leidos Board has called an annual meeting of Leidos stockholders to be held on _____, 2016, for Leidos stockholders of record on _____, 2016. The definitive proxy statement was mailed to Leidos stockholders on or about _____, 2016.

As of _____, 2016, Leidos _____ directors and executive officers held _____ percent of the shares entitled to vote at Leidos' 2016 annual meeting of stockholders. As of _____, 2016, Splitco's directors, executive officers and their affiliates owned an aggregate of _____ shares of Leidos common stock entitled to vote at Leidos' 2016 annual meeting of stockholders.

Accounting Treatment and Considerations

Accounting Standard Codification 805, Business Combinations, requires the use of the acquisition method of accounting for business combinations. In applying the acquisition method, it is necessary to identify both the accounting acquiree and the accounting acquirer. In a business combination effected through an exchange of equity interests, such as the Merger, the entity that issues the interests (Leidos, in this case) is generally the acquiring entity. In identifying the acquiring entity in a combination effected through an exchange of equity interests, however, all pertinent facts and circumstances must be considered, including the following:

Issuance of equity by Leidos. Leidos expects to issue approximately 77 million shares of Leidos common stock in the Merger.

Incurrence of debt by Leidos and Splitco. Approximately \$2.531 billion of indebtedness is expected to be incurred under the Facilities (as defined in the section of this document entitled "Debt Financing"). After the Merger, Splitco will be a wholly-owned subsidiary of Leidos, Splitco's indebtedness is expected to be guaranteed by Leidos and Leidos' indebtedness incurred to finance the Transactions is expected to be guaranteed by Splitco.

The relative voting interests of Leidos stockholders after the consummation of the Transactions. In this case, Lockheed Martin stockholders participating in the exchange offer (and *pro rata* distribution, if any) are expected to receive approximately 50.5 percent of the equity ownership and associated voting rights in Leidos after the consummation of the Transactions on a fully diluted basis.

The composition of the governing body of Leidos after the consummation of the Transactions. The Leidos Board currently consists of 10 directors and will increase following consummation of the Merger in accordance with the terms of the Merger Agreement, which provides that the Leidos Board will cause the number of directors comprising the Leidos Board to be increased to no more than 13 directors and cause three directors designated by Lockheed Martin to be appointed to the Leidos Board to serve until the next annual meeting of the Leidos stockholders.

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The composition of the senior management of Leidos after the consummation of the Transactions. In this case, Leidos executive officers immediately following the Merger are expected to consist of Leidos executive officers immediately prior to the Merger.

Leidos management has determined that Leidos will be the accounting acquiror in the Merger based on the facts and circumstances outlined above and the detailed analysis of the relevant GAAP guidance. Consequently, Leidos will apply acquisition accounting to the assets and liabilities of Splitco acquired or assumed upon the consummation of the Merger. The historical financial statements of Leidos for periods ended prior to the consummation of the Merger will reflect only the operations and financial condition of Leidos. Subsequent to the consummation of the Merger, the financial statements of Leidos will include the combined operations and financial condition of Leidos and Splitco.

Federal Securities Law Consequences; Resale Restriction

Leidos common stock issued in the Merger will not be subject to any restrictions on transfer arising under the Securities Act, except for shares issued to any Lockheed Martin stockholder who may be deemed to be an affiliate of Splitco for purposes of Rule 145 under the Securities Act.

No Appraisal or Dissenters Rights

None of Leidos, Merger Sub, Lockheed Martin or Splitco stockholders will be entitled to exercise appraisal rights or to demand payment for their shares in connection with the Transactions.

Material U.S. Federal Income Tax Consequences of the Distribution and the Merger

It is intended that the Distribution, together with certain related transactions, will qualify as a tax-free reorganization within the meaning of Section 368(a)(1)(D) of the Code and a tax-free distribution within the meaning of Section 355 of the Code and that the Merger will qualify as a tax-free reorganization within the meaning of Section 368(a) of the Code. On the basis that the Distribution and the Merger are so treated, U.S. Holders (as defined in This Exchange Offer Material U.S. Federal Income Tax Consequences of the Distribution and the Merger) of Lockheed Martin common stock generally will not recognize gain or loss for U.S. federal income tax purposes by reason of the Distribution or the Merger, in each case, except for any gain or loss recognized with respect to any cash received in lieu of a fractional share of Leidos common stock.

The consummation of the Distribution, the Merger and the related transactions are conditioned upon the receipt of opinions of tax counsel to the effect that such transactions qualify for their intended tax treatment. An opinion of tax counsel neither binds the IRS nor precludes the IRS or the courts from adopting a contrary position. Lockheed Martin does not intend to obtain a ruling from the IRS on the tax consequences of the Distribution or the Merger. If the Distribution and/or the Merger fails to qualify for the intended tax treatment, Lockheed Martin and/or its stockholders will be subject to substantial U.S. federal income taxes.

The tax consequences to you of the Distribution and Merger will depend on your particular circumstances. You should read the discussion in the section of this document entitled This Exchange Offer Material U.S. Federal Income Tax Consequences of the Distribution and the Merger and consult your own tax advisor for a full understanding of the tax consequences to you of the Distribution and Merger.

Table of Contents**SUMMARY HISTORICAL, PRO FORMA AND SUPPLEMENTAL FINANCIAL DATA**

The following summary combined financial data of the Splitco Business and summary consolidated financial data of Lockheed Martin and Leidos are being provided to help you in your analysis of the financial aspects of the Transactions. You should read this information in conjunction with the financial information included elsewhere and incorporated by reference in this document. See Management's Discussion and Analysis of Financial Condition and Results of Operations for the Splitco Business, Where You Can Find More Information; Incorporation by Reference, Information on the Splitco Business, Information on Lockheed Martin, Information on Leidos, Selected Historical Financial Data and Unaudited Pro Forma Combined Consolidated Financial Statements and Supplemental Combined Consolidated Statement of Income.

Summary Historical Combined Financial Data of the Splitco Business

The following data of the Splitco Business as of December 31, 2015 and 2014, and for the three years in the period ending December 31, 2015, have been derived from the audited combined financial statements of the Splitco Business. The data below as of December 31, 2013 have been derived from the unaudited combined balance sheet of the Splitco Business not included or incorporated by reference in this document. This information is only a summary and should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations for the Splitco Business, the financial statements of the Splitco Business and the notes thereto and the unaudited pro forma combined consolidated financial statements of Leidos and the Splitco Business included elsewhere in this document.

<i>(in millions)</i>	2015	2014	2013
Combined Statement of Earnings Data:			
Revenues	\$ 5,626	\$ 5,702	\$ 6,158
Earnings before income taxes (a)	471	438	365
Net earnings (a)	309	292	246
Less: Net earnings attributable to non-controlling interest	5	5	6
Net earnings attributable to parent (a)	\$ 304	\$ 287	\$ 240
Combined Balance Sheet Data:			
Total assets (b)	\$ 4,180	\$ 4,251	\$ 3,829

(a) Earnings before income taxes, net earnings and net earnings attributable to parent were affected by severance charges of \$20 million (\$13 million after tax) in 2015 and \$45 million (\$29 million after tax) in 2013.

(b) The increase in total assets from 2013 to 2014 was primarily attributable to the acquisitions of Systems Made Simple, Inc., Industrial Defender, Inc. and Beontra AG in 2014.

Summary Historical Consolidated Financial Data of Lockheed Martin

The following summary historical consolidated financial data of Lockheed Martin as of December 31, 2015 and 2014 and for the three years in the period ending December 31, 2015, have been derived from Lockheed Martin's audited consolidated financial statements incorporated by reference in this document. The summary historical consolidated financial data of Lockheed Martin as of December 31, 2013 has been derived from Lockheed Martin's audited consolidated financial statements not included in or incorporated by reference in this document.

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This information is only a summary and should be read in conjunction with the financial statements of Lockheed Martin and the notes thereto and the Management's Discussion and Analysis of Financial Condition and Results of Operations section contained in Lockheed Martin's Annual Report on Form 10-K for the year ended December 31, 2015, which is incorporated by reference in this document. See Where You Can Find More Information; Incorporation By Reference.

<i>(in millions, except per-share data)</i>	2015	2014	2013
Operating results			
Net sales	\$ 46,132	\$ 45,600	\$ 45,358
Operating profit ^{(a)(b)}	5,436	5,592	4,505
Net earnings from continuing operations ^{(a)(b)}	3,605	3,614	2,950
Net earnings ^{(a)(b)}	3,605	3,614	2,981
Net earnings from continuing operations per common share			
Basic ^{(a)(b)}	11.62	11.41	9.19
Diluted ^{(a)(b)}	11.46	11.21	9.04
Net earnings per common share			
Basic ^{(a)(b)}	11.62	11.41	9.29
Diluted ^{(a)(b)}	11.46	11.21	9.13
Cash dividends declared per common share	\$ 6.15	\$ 5.49	\$ 4.78
Balance sheet			
Total assets ^(c)	\$ 49,128	\$ 37,046	\$ 36,163
Total debt, net ^(d)	15,261	6,142	6,127
Total liabilities ^{(b)(d)}	46,031	33,646	31,245
Stockholders' equity ^(b)	3,097	3,400	4,918

- (a) Operating profit, earnings and earnings per share were affected by severance charges of \$102 million (\$66 million or \$.21 per share, after tax) in 2015 and \$201 million (\$130 million or \$.40 per share, after tax) in 2013; a non-cash goodwill impairment charge of \$119 million (\$107 million or \$.33 per share, after tax) in 2014; and a non-cash goodwill impairment charge of \$195 million (\$176 million or \$.54 per share, after tax) in 2013.
- (b) The impact of Lockheed Martin's postretirement benefit plans can cause its operating profit, net earnings, cash flows and amounts recorded on its Balance Sheets to fluctuate. Accordingly, Lockheed Martin's earnings were affected by FAS/CAS pension income of \$471 million and \$376 million in 2015 and 2014 and expense of \$482 million in 2013. Lockheed Martin had \$5 million in pension contributions in 2015 (for Sikorsky plans), as compared to \$2.0 billion in 2014 and \$2.25 billion in 2013.
- (c) The increase in total assets from 2014 to 2015 was primarily attributable to Lockheed Martin's acquisition of Sikorsky Aircraft Corporation (Sikorsky), a global company primarily engaged in the design, manufacture and support of military and commercial helicopters, from United Technologies Corporation, which resulted in an increase in total assets of \$11.7 billion.
- (d) The increase in total debt and total liabilities from 2014 to 2015 was primarily a result of the debt incurred to fund the Sikorsky acquisition, as well as the issuance of debt in February of 2015 for general corporate purposes.

Summary Historical Consolidated Financial Data of Leidos

The following summary historical consolidated financial data of Leidos, as of and for the 11-month period ended January 1, 2016, and as of January 30, 2015 and for the years ended January 30, 2015 and January 31, 2014, have been derived from Leidos' audited consolidated financial statements, which are incorporated by reference herein from

the Transition Report on Form 10-K for the 11-month period ended January 1, 2016. The summary historical consolidated financial data of Leidos as of January 31, 2014 have been derived from Leidos' audited consolidated financial statements which are not included in or incorporated by reference into this document. The summary historical consolidated financial data presented below is not necessarily indicative of the results of operations or financial condition that may be expected for any future period or date. This information is only a summary and should be read in conjunction with the financial statements of Leidos and the notes thereto and the Management's Discussion and Analysis of Financial Condition and Results of Operations section contained in Leidos' Transition Report on Form 10-K for the 11-month period ended January 1, 2016, which is incorporated by reference in this document. See Where You Can Find More Information; Incorporation By Reference.

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As indicated in Leidos' Transition Report on Form 10-K for the 11 months ended January 1, 2016, Leidos' Board of Directors approved the amendment and restatement of Leidos' bylaws to change Leidos' year end from the Friday nearest the end of January to the Friday nearest the end of December. As a result of this change, Leidos filed a Transition Report on Form 10-K with the SEC on February 26, 2016, which covers the 11-month period that began on January 31, 2015 and ended on January 1, 2016. This change did not impact Leidos' prior reported fiscal years (covering a 12-month period), which ended on the Friday closest to January 31. For example, fiscal 2015 began on February 1, 2014 and ended on January 30, 2015.

	11 Months Ended (a)	12 Months Ended (a)*	
	January 1, 2016 (b)*	January 30, 2015 (c)*	January 31, 2014 (d)*
<i>(in millions, except per share data)</i>			
Consolidated Statement of Income Data:			
Revenues	\$ 4,712	\$ 5,063	\$ 5,755
Operating income (loss)	320	(214)	163
Income (loss) from continuing operations	243	(330)	84
(Loss) income from discontinued operations, net of tax	(1)	7	80
Net income (loss)	\$ 242	\$ (323)	\$ 164
Earnings (loss) per share:			
Basic:			
Income (loss) from continuing operations	\$ 3.33	\$ (4.46)	\$ 0.98
(Loss) income from discontinued operations	(0.01)	0.10	0.96
	\$ 3.32	\$ (4.36)	\$ 1.94
Diluted:			
Income (loss) from continuing operations	3.28	(4.46)	0.98
(Loss) income from discontinued operations	(0.01)	0.10	0.96
	\$ 3.27	\$ (4.36)	\$ 1.94
Cash dividend per common share	\$ 1.28	\$ 1.28	\$ 5.60

	January 1, 2016	January 30, 2015	January 31, 2014
(in millions)			
Consolidated Balance Sheet Data:			
Total assets	\$ 3,377	\$ 3,281	\$ 4,162
Notes payable and long-term debt, including current portion	\$ 1,088	\$ 1,166	\$ 1,333
Other long-term liabilities and deferred income taxes	\$ 183	\$ 168	\$ 227

- * References in the following notes refer to Leidos' Transition Report on Form 10-K for the 11-month period ended January 1, 2016.
- (a) References to financial data are to Leidos' continuing operations, unless otherwise noted. During the year ended January 31, 2014, Leidos completed the spin-off of Science Applications International Corporation. The operating results of Science Applications International Corporation are included in discontinued operations.
 - (b) Reflects the 11-month period of January 31, 2015 through January 1, 2016 as a result of the change in Leidos' fiscal year end. All other periods presented include twelve months as originally reported. For further information see, Note 1 *Summary of Significant Accounting Policies Reporting Periods* of the combined notes to the consolidated financial statements contained within the Transition Report on Form 10-K. The 11-month period ended January 1, 2016, results include a gain on a real estate sale of \$82 million, tangible asset impairment charges of \$29 million, intangible asset impairment charges of \$4 million and bad debt expense of \$8 million. For further information see, Note 16 *Leases Sale and Leaseback Agreement*, Note 3 *Acquisitions*, Note 4 *Goodwill and Intangible Assets* and Note 5 *Receivables* of the combined notes to the consolidated financial statements contained within the Transition Report on Form 10-K.
 - (c) Fiscal 2015 results include goodwill impairment charges of \$486 million, intangible asset impairment charges of \$41 million and a tangible asset impairment charge of \$40 million. For further information see, Note 4 *Goodwill and Intangible Assets* and Note 3 *Acquisitions* of the combined notes to the consolidated financial statements contained within the Transition Report on Form 10-K.
 - (d) Fiscal 2014 results include intangible asset impairment charges of \$51 million, bad debt expense of \$44 million, and separation transaction and restructuring expenses of \$65 million. For further information see, Note 4 *Goodwill and Intangible Assets*, Note 5 *Receivables* and Note 1 *Summary of Significant Accounting Policies Separation Transaction and Restructuring Expenses* of the combined notes to the consolidated financial statements contained within the Transition Report on Form 10-K.

Table of Contents**Summary Unaudited Pro Forma Combined Consolidated Financial Data**

The following summary unaudited pro forma combined consolidated financial data present the pro forma financial position and results of operations of Leidos based upon the historical financial statements of each of Leidos and the Splitco Business, after giving effect to the Merger and other Transactions as further described in the section of this document entitled "The Transactions." The unaudited pro forma combined consolidated financial data are intended to reflect the impact of the Merger and the other Transactions on Leidos' consolidated financial statements as if the relevant transactions occurred on January 30, 2015 for purposes of the unaudited combined consolidated pro forma statement of income data and January 1, 2016 for purposes of the unaudited combined consolidated pro forma balance sheet. The unaudited pro forma combined consolidated financial statements have been prepared using, and should be read in conjunction with, the audited consolidated financial statements of Leidos as of and for the 11-month period ended January 1, 2016, which are incorporated by reference in this document, and the audited combined financial statements of the Splitco Business as of and for the year ended December 31, 2015, which are included elsewhere in this document. The unaudited pro forma combined consolidated financial data is presented for illustrative purposes only and does not purport to be indicative of the actual results that would have been achieved by Leidos if the Merger and other Transactions had been consummated for the period presented or that will be achieved in the future. This information is only a summary and has been derived from and should be read in conjunction with the more detailed unaudited pro forma combined consolidated financial statements and the notes thereto, included elsewhere in this document, which have been prepared in accordance with Article 11 of Regulation S-X. See "Where You Can Find More Information; Incorporation by Reference," "Unaudited Pro Forma Combined Consolidated Financial Statements and Supplemental Combined Consolidated Statement of Income" and the audited combined financial statements of the Splitco Business and notes thereto included elsewhere in this document.

Unaudited Pro Forma Combined Consolidated Statement of Income Data

	Historical					Pro Forma Adjustments	Pro Forma Combined
	Leidos for the 11 Months Ended January 1, 2016	Splitco Business for the Year Ended December 31, 2015	Less: Splitco Business for the One Month Ended January 31, 2015	Pro Forma Adjustments	Pro Forma Combined		
<i>(in millions)</i>							
Revenues	\$ 4,712	\$ 5,626	\$ (431)	\$ (38)	\$ 9,869		
Income from continuing operations before income taxes	355	471	(39)	(157)	630		
Income tax expense	(112)	(162)	10	47	(217)		
Income from continuing operations	243	309	(29)	(110)	413		
Less: Net income attributable to noncontrolling interest		5			5		
Income from continuing operations attributable to the company	\$ 243	\$ 304	\$ (29)	\$ (110)	\$ 408		

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<i>(in millions)</i>	Historical		Pro Forma Adjustments	Pro Forma Combined
	Leidos as of January 1, 2016	Splitco Business as of December 31, 2015		
Total assets	\$ 3,377	\$ 4,180	\$ 1,830	\$ 9,387
Notes payable and long-term debt, including current portion ⁽¹⁾	\$ 1,088	\$	\$ 2,474	\$ 3,562

(1) The pro forma adjustment to notes payable and long-term debt is net of \$57 million in deferred financing costs.

Summary Unaudited Supplemental Combined Consolidated Statement of Income Data

The following summary unaudited supplemental combined consolidated statement of income data combine the historical consolidated statement of income of Leidos for the 11 months ended January 1, 2016, the unaudited historical statement of income of Leidos for the one month ended January 30, 2015 and the historical combined statement of earnings of the Splitco Business for the year ended December 31, 2015, after giving effect to the Merger and other Transactions as further described in the section of this document entitled *The Transactions*. The unaudited supplemental combined consolidated statement of income data are intended to reflect the impact of the Merger and the other Transactions on Leidos' consolidated financial statements as if the relevant transactions occurred on January 3, 2015. The unaudited supplemental combined consolidated statement of income has been prepared using, and should be read in conjunction with, the audited consolidated financial statements of Leidos as of and for the 11-month period ended January 1, 2016, which are incorporated by reference in this document, and the audited combined financial statements of the Splitco Business as of and for the year ended December 31, 2015, which are included elsewhere in this document. The unaudited supplemental combined consolidated statement of income data is presented for illustrative purposes only and does not purport to be indicative of the actual results that would have been achieved by Leidos if the Merger and other Transactions had been consummated for the period presented or that will be achieved in the future. This information is only a summary and has been derived from and should be read in conjunction with the more detailed unaudited supplemental combined consolidated statement of income and the notes thereto included elsewhere in this document. See *Where You Can Find More Information; Incorporation by Reference*, *Unaudited Pro Forma Combined Consolidated Financial Statements and Supplemental Combined Consolidated Statement of Income* and the audited combined financial statements of the Splitco Business and notes thereto included elsewhere in this document.

<i>(in millions)</i>	Historical		Splitco Business for the Year Ended December 31, 2015	Adjustments	Supplemental Combined for the 12 Months Ended January 1, 2016
	Leidos for the 11 Months Ended January 1, 2016	Leidos for the One Month Ended January 30, 2015			
Revenues	\$ 4,712	\$ 374	\$ 5,626	\$ (41)	\$ 10,671
Income (loss) from continuing operations before	355	(27)	471	(171)	628

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income taxes						
Income tax (expense) benefit	(112)	20	(162)	51	(203)	
Income (loss) from continuing operations	243	(7)	309	(120)	425	
Less: Net income attributable to noncontrolling interest			5		5	
Income (loss) from continuing operations attributable to the company	\$ 243	\$ (7)	\$ 304	\$ (120)	\$ 420	

Table of Contents**Summary Comparative Historical, Pro Forma and Supplemental Per Share Data**

The following table sets forth certain historical, pro forma and supplemental per share data for Leidos. The Leidos historical data has been derived from and should be read together with Leidos' audited consolidated financial statements and related notes thereto contained in Leidos' Transition Report on Form 10-K for the 11-month period ended January 1, 2016, which is incorporated by reference in this document. See "Where You Can Find More Information; Incorporation by Reference."

The pro forma data as of and for the 11 months ended January 1, 2016 has been derived from the unaudited pro forma combined consolidated financial statements included elsewhere in this document. The supplemental data as of and for the 12 months ended January 1, 2016 has been derived from the unaudited supplemental combined consolidated statement of income included elsewhere in this document. See "Unaudited Pro Forma Combined Consolidated Financial Statements and Supplemental Combined Consolidated Statement of Income."

This summary comparative historical, pro forma and supplemental per share data is being presented for illustrative purposes only. Leidos and the Splitco Business may have performed differently had the Transactions occurred prior to the periods or at the date presented. You should not rely on the pro forma and supplemental per share data presented as being indicative of the results that would have been achieved had Leidos and the Splitco Business been combined during the periods or at the date presented or of the future results or financial condition of Leidos or the Splitco Business to be achieved following the consummation of the Transactions.

(shares in millions)	As of and for the 11 Months Ended January 1, 2016 Leidos		For the 12 Months Ended January 1, 2016	
	Historical	Pro Forma	Supplemental	
Earnings per share:				
Income from continuing operations	Basic	\$ 3.33	\$ 2.72	\$ 2.80
Income from continuing operations	Diluted	\$ 3.28	\$ 2.70	\$ 2.78
Weighted average common shares				
outstanding	Basic	73	150	150
outstanding	Diluted	74	151	151
Book value per share of common stock				
		\$ 14.83	\$ 19.56	NM ⁽ⁱ⁾
Dividends declared per share of common stock				
		\$ 1.28	\$ 1.28	\$ 1.28

(i) NM = Not meaningful

Historical Common Stock Market Price and Dividend Data

Historical market price data for Splitco has not been presented as the Splitco Business is currently operated by Lockheed Martin and there is no established trading market in Splitco common stock. Shares of Splitco common stock do not currently trade separately from Lockheed Martin common stock.

Shares of Lockheed Martin common stock currently trade on the NYSE under the symbol LMT. On January 25, 2016, the last trading day before the announcement of the Transactions, the last sale price of Lockheed Martin common stock reported by the NYSE was \$211.01. On _____, the last trading day prior to this document, the last sale price of Lockheed Martin common stock reported by the NYSE was \$ _____.

Shares of Leidos common stock currently trade on the NYSE under the symbol LDOS. On January 25, 2016, the last trading day before the announcement of the Transactions, the last sale price of Leidos common stock reported by the NYSE was \$53.66. On _____, the last trading day prior to this document, the last sale price of Leidos common stock reported by the NYSE was \$ _____.

The following table sets forth the high and low sale prices of Lockheed Martin common stock and Leidos common stock on the NYSE for the periods indicated as well as the dividends per share paid by Lockheed Martin to Lockheed Martin stockholders and by Leidos to Leidos stockholders for these periods. The quotations are as reported in published financial sources.

Lockheed Martin			
	Per	Lockheed Martin	
	Share	Common Stock	
	Dividends	High	Low
Year Ending December 31, 2016			
First Quarter	\$ 1.65	\$ 223.19	\$ 200.47
Second Quarter (through April 15, 2016)		\$ 228.00	\$ 218.34
Year Ended December 31, 2015			
First Quarter	\$ 1.50	\$ 207.06	\$ 186.01
Second Quarter	\$ 1.50	\$ 206.19	\$ 185.65
Third Quarter	\$ 1.50	\$ 213.34	\$ 181.91
Fourth Quarter	\$ 1.65	\$ 227.91	\$ 199.01
Year Ended December 31, 2014			
First Quarter	\$ 1.33	\$ 168.41	\$ 144.69
Second Quarter	\$ 1.33	\$ 168.87	\$ 153.54
Third Quarter	\$ 1.33	\$ 182.27	\$ 156.23
Fourth Quarter	\$ 1.50	\$ 198.72	\$ 166.28
Year Ended December 31, 2013			
First Quarter	\$ 1.15	\$ 96.59	\$ 85.88
Second Quarter	\$ 1.15	\$ 109.26	\$ 94.00
Third Quarter	\$ 1.15	\$ 131.60	\$ 105.54
Fourth Quarter	\$ 1.33	\$ 149.99	\$ 121.52

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	Leidos		
	Per		
	Share	Leidos	
	Dividends	Common Stock	High
		High	Low
Year Ending December 30, 2016			
First Quarter	\$ 0.32	\$ 59.45	\$ 40.15
Second Quarter (through April 15, 2016)		\$ 52.15	\$ 49.36
11 months ended January 1, 2016			
First Quarter	\$ 0.00	\$ 46.76	\$ 41.30
Second Quarter	\$ 0.32	\$ 43.20	\$ 39.63
Third Quarter	\$ 0.32	\$ 45.03	\$ 38.05
Fourth Quarter	\$ 0.64 ⁽³⁾	\$ 59.05	\$ 43.42
Year Ended January 30, 2015			
First Quarter	\$ 0.32	\$ 46.07	\$ 34.64
Second Quarter	\$ 0.32	\$ 40.72	\$ 36.66
Third Quarter	\$ 0.32	\$ 38.20	\$ 33.21
Fourth Quarter	\$ 0.32	\$ 44.41	\$ 36.64
Year Ended January 31, 2014⁽¹⁾			
First Quarter	\$ 0.48	\$ 59.76	\$ 45.28
Second Quarter	\$ 4.48	\$ 62.60	\$ 51.68
Third Quarter (August 3, 2013 to September 27, 2013)	\$	\$ 64.12 ⁽²⁾	\$ 57.32
Third Quarter (September 28, 2013 to November 1, 2013)	\$ 0.32	\$ 47.51 ⁽²⁾	\$ 45.30
Fourth Quarter	\$ 0.32	\$ 49.02	\$ 40.60

- (1) Leidos paid a special cash dividend of \$4.00 per share on June 28, 2013, to Leidos stockholders of record as of June 14, 2013.
- (2) On September 27, 2013, Leidos effectuated a one-for-four reverse stock split of its shares of common stock, so that every four shares of Leidos common stock issued and outstanding were combined and converted into one share of Leidos common stock. The high and low prices for the third and fourth quarters reflect the price of Leidos common stock after the spin-off of Science Applications International Corporation by Leidos effective on September 27, 2013.
- (3) Leidos declared a dividend of \$0.32 on September 21, 2015, payable to stockholders of record as of October 15, 2015, payable on October 30, 2015. In March 2015, Leidos announced a change in its fiscal year-end from the Friday nearest the end of January to the Friday nearest the end of December. As a result of this change, Leidos anticipated future quarterly dividends to be paid on or about the 30th day of the last month of each calendar quarter, one month earlier than previously paid, beginning with a quarterly dividend announced on December 4, 2015, payable to stockholders of record as of December 15, 2015, payable on December 30, 2015. As a result, Leidos stockholders received dividends of \$0.64 during the fourth quarter of 2015.

Table of Contents**RISK FACTORS**

You should carefully consider each of the following risks and all of the other information contained and incorporated by reference in this document and the exhibits hereto. Some of the risks described below relate principally to the Transactions, while others relate principally to the business and the industry in which Leidos, including Splitco and the Splitco Subsidiaries, will operate after the Transactions. The remaining risks relate principally to the securities markets generally and ownership of shares of Leidos common stock. The risks described below are not the only risks that Leidos currently faces or will face after the Transactions. Additional risks and uncertainties not currently known or that are currently expected to be immaterial also may materially and adversely affect Leidos' business and financial condition or the price of Leidos common stock following the consummation of the Transactions. In addition, you should consider the risks associated with Leidos' business that appear in its Transition Report on Form 10-K for the 11-month period ended January 1, 2016, which is incorporated by reference into this prospectus.

The Transactions may not be completed on the terms or timeline currently contemplated, or at all, as Leidos and Lockheed Martin may be unable to satisfy the conditions or obtain the approvals required to complete the Transactions or such approvals may contain material restrictions or conditions.

The consummation of the Transactions is subject to numerous conditions, including, among other things, (1) the consummation of the Internal Reorganization and the Distribution in accordance with the Separation Agreement, (2) the expiration or termination of any applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (which period has expired), and the receipt of any necessary regulatory approvals in the United Kingdom, (3) the effectiveness of registration statements to be filed with the SEC, (4) the approval by Leidos stockholders of the Share Issuance in the Merger, (5) the receipt by Lockheed Martin of the Lockheed Martin Tax Opinions and the receipt by Leidos of the Leidos Tax Opinion, (6) the receipt by Leidos, Lockheed Martin and Splitco of solvency opinions customary in transactions of this type and (7) other customary closing conditions. There is no assurance that the Transactions will be consummated on the terms or timeline currently contemplated, or at all. Leidos and Lockheed Martin have and will continue to expend time and resources of management and incur legal, advisory and financial services fees related to the Transactions. These expenses must be paid regardless of whether the Transactions are consummated.

Governmental agencies may not approve the Transactions, may impose conditions to the approval of the Transactions or may require changes to the terms of the Transactions. Any such conditions or changes could have the effect of delaying completion of the Transactions, imposing costs on or limiting the revenues of the combined company following the Transactions or otherwise reducing the anticipated benefits of the Transactions. Any condition or change which results in a material adverse effect on Lockheed Martin and/or Leidos under the Merger Agreement may cause Lockheed Martin and/or Leidos to restructure or terminate the Transactions.

Completion of the transfer of certain of the U.S. government contracts, bids and proposals, and related assets contemplated in the Transactions will depend on obtaining post-closing governmental approvals, particularly in the form of novation and/or name change agreements to which the U.S. government must be a party. Between the closing of the Transaction and the time these governmental approvals are obtained, Leidos may encounter administrative difficulties, delays in payments, and uncertainties in being recognized as the party in interest or holder of the affected contracts, bid and proposals, and related assets. In addition, governmental approvals could be accompanied by conditions affecting the future value and business prospects of the affected contracts, bid and proposals, and related assets. Such administrative difficulties, delays, uncertainties, and governmental conditions could have an adverse effect on the cash flows and operating results of Leidos and the Splitco Business.

Leidos and Splitco will need to obtain debt financing to complete the Transactions. Although commitment letters have been obtained from various lenders, the obligations of the lenders under the commitment letters are subject to the satisfaction or waiver of customary conditions, including, among others, the absence of any material adverse effect, as the term is described in the Merger Agreement. Accordingly, there can be no assurance that these conditions will be satisfied or, if not satisfied, waived by the lenders. If Leidos is not able to obtain alternative financing on commercially reasonable terms, it could prevent the consummation of the Transactions or materially and adversely affect Leidos' business, liquidity, financial condition and results of operations if the Transactions are ultimately consummated.

If completed, the integration of Leidos and Splitco may not be successful or the anticipated benefits from the Transactions may not be realized.

After the consummation of the Transactions, Leidos will have significantly more sales, assets and employees than it did prior to the consummation of the Transactions. During the period in which transition services are provided to Leidos by Lockheed Martin, Splitco will have a continued dependence on the provision of services from Lockheed Martin, including with respect to information technology infrastructure. The integration process will require Leidos to expend capital and significantly expand the scope of its operations. Leidos' management will be required to devote a significant amount of time and attention to the process of integrating the

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operations of Leidos business and the Splitco Business. There is a significant degree of difficulty and management involvement inherent in that process. These difficulties include, but are not limited to:

integrating the Splitco Business while carrying on the ongoing operations of Leidos business;

managing a significantly larger company than before the consummation of the Transactions;

the possibility of faulty assumptions underlying Leidos expectations regarding the integration process;

coordinating a greater number of diverse businesses located in a greater number of geographic locations;

operating in geographic markets or industry sectors in which Leidos may have little or no experience;

complying with laws of new jurisdictions in which Leidos has not previously operated;

integrating business systems and models;

attracting and retaining the necessary personnel associated with the Splitco Business following the consummation of the Transactions;

creating and implementing uniform standards, controls, procedures, policies and information systems and controlling the costs associated with such matters; and

integrating information technology, purchasing, accounting, finance, sales, billing, payroll and regulatory compliance systems, and meeting external reporting requirements following the consummation of the Transactions.

All of the risks associated with the integration process could be exacerbated by the fact that Leidos may not have a sufficient number of employees with the requisite expertise to integrate the businesses or to operate Leidos business after the Transactions. Failure to hire or retain employees with the requisite skills and knowledge to run Leidos after the Transactions may have a material adverse effect on Leidos business, financial condition and results of operations.

Even if Leidos is able to combine the two business operations successfully, it may not be possible to realize the benefits of the increased sales volume and other benefits, including the expected synergies that are expected to result from the Transactions, or realize these benefits within the time frame that is expected. For example, the elimination of duplicative costs may not be possible or may take longer than anticipated, or the benefits from the Transactions may be offset by costs incurred or delays in integrating the companies. In addition, the quantification of synergies expected to result from the Transactions is based on significant estimates and assumptions that are subjective in nature and

inherently uncertain. The amount of synergies actually realized in the Transactions, if any, and the time periods in which any such synergies are realized, could differ materially from the expected synergies discussed in this document, regardless of whether Leidos is able to combine the two business operations successfully.

If Leidos is unable to successfully integrate the Splitco Business or if it is unable to realize the anticipated synergies and other benefits of the Transactions, there could be a material adverse effect on Leidos' business, financial condition and results of operations.

The Merger Agreement contains provisions that may discourage other companies from trying to acquire Leidos.

The Merger Agreement contains provisions that may discourage a third party from submitting a business combination proposal to Leidos prior to the closing of the Transactions that might result in greater value to Leidos stockholders than the Transactions. The Merger Agreement generally prohibits Leidos from soliciting any alternative transaction proposal, although it may terminate the Merger Agreement in order to accept an unsolicited alternative transaction proposal that the Leidos Board determines is superior to the Transactions. In addition, before the Leidos Board may withdraw or modify its recommendation or terminate the Merger Agreement to enter into a transaction that it determines is superior to the Transactions, Lockheed Martin has the opportunity to negotiate with Leidos to modify the terms of the Transactions in response to any competing acquisition proposals. If the Merger Agreement is terminated by Leidos or Lockheed Martin in certain limited circumstances, Leidos may be obligated to pay a termination fee to Lockheed Martin, which would represent an additional cost for a potential third party seeking a business combination with Leidos.

Failure to complete the Transactions could adversely affect the market price of Leidos common stock as well as its business, financial condition and results of operations.

If the Transactions are not completed for any reason, the price of Leidos common stock may decline, or the company's business, financial condition and results of operations may be impacted to the extent that the market price of Leidos common stock reflects positive market assumptions that the Transactions will be completed and the related benefits will be realized; based on significant expenses, such as legal, advisory and financial services which generally must be paid regardless of whether the Transactions are completed; based on potential disruption of the business of Leidos and distraction of its workforce and management team; and the requirement in the Merger Agreement that, under certain limited circumstances, Leidos must pay Lockheed Martin a termination fee or reimburse Lockheed Martin for expenses relating to the Transactions.

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Leidos will incur significant costs related to the Transactions that could have a material adverse effect on its liquidity, cash flows and operating results.

Leidos expects to incur significant, one-time costs in connection with the Transactions, some of which will be capitalized, including approximately (a) \$29 million of financing-related fees (which, when added to the approximately \$43 million that Splitco expects to incur, totals approximately \$72 million), (b) \$30 million of transaction-related costs, including advisory, legal, accounting and other professional fees and (c) \$150 million to \$175 million of transition and integration-related costs, a portion of which will be incremental capital spending, which management believes are necessary to realize the anticipated synergies from the Transactions. The incurrence of these costs may have a material adverse effect on Leidos' liquidity, cash flows and operating results in the periods in which they are incurred. Leidos may be able to recover approximately \$50 million to \$70 million of the transition and integration-related expenses as allocable costs through its cost-type contracts over a five-year period, but there can be no assurances that it will be able to do so.

Investors holding shares of Leidos common stock immediately prior to the completion of the Transactions will, in the aggregate, have a significantly reduced ownership and voting interest in Leidos after the Transactions and will exercise less influence over management.

Investors holding shares of Leidos common stock immediately prior to the completion of the Transactions will, in the aggregate, own a significantly smaller percentage of the combined company immediately after the completion of the Transactions. Immediately following the completion of the Transactions, it is expected that Lockheed Martin stockholders will hold approximately 50.5 percent of the outstanding shares of Leidos common stock, on a fully diluted basis. Leidos' existing stockholders will continue to hold the remaining approximately 49.5 percent of the outstanding shares of Leidos common stock, on a fully diluted basis. In addition, as a result of the true-up provision in the Merger Agreement, it is possible that Leidos could be required to issue additional shares of its common stock in the Transactions. Consequently, Leidos stockholders, collectively, will be able to exercise less influence over the management and policies of the combined company than they will be able to exercise over the management and Leidos' policies immediately prior to the completion of the Transactions.

The calculation of merger consideration will not be adjusted if there is a change in the value of the Splitco Business or its assets or the value of Leidos before the Transactions are completed.

The calculation of the number of shares of Leidos common stock to be distributed in the Merger will not be adjusted if there is a change in the value of the Splitco Business or its assets or the value of Leidos prior to the consummation of the Transactions. Leidos will not be required to consummate the Merger if there has been any material adverse effect on the Splitco Business as defined in the Merger Agreement. However, Leidos will not be permitted to terminate or re-solicit the vote of Leidos stockholders because of any changes in the market prices of Leidos common stock or any changes in the value of the Splitco Business that do not constitute a material adverse effect on the Splitco Business.

Sales of Leidos common stock after the Transactions may negatively affect the market price of Leidos common stock.

The shares of Leidos common stock to be issued as part of the Transactions will generally be eligible for immediate resale. The market price of Leidos common stock could decline as a result of sales of a large number of shares of Leidos common stock in the market after the consummation of the Transactions or even the perception that these sales could occur.

Currently, Lockheed Martin stock may be held in index funds that tied to the Standard & Poor's 500 Index or other stock indices, and may be held by institutional investors subject to various investing guidelines. Because Leidos may not be included in these indices following the consummation of the Transactions or may not meet the investing guidelines of some of these institutional investors, these index funds and institutional investors may decide to or may be required to sell the Leidos common stock that they receive in the case of any *pro rata* distribution. In addition, the investment fiduciaries of Lockheed Martin's defined benefit pension plans may decide to sell any Leidos common stock that the trusts for these plans receive in the Transactions, or may decide not to participate in this exchange offer, in response to their fiduciary obligations under applicable law.

Leidos expects to incur new indebtedness in connection with the Transactions, and the degree to which Leidos will be leveraged following completion of the Transactions may have a material adverse effect on Leidos' business, financial condition or results of operations and cash flows.

On January 26, 2016, Leidos and certain financial institutions executed the Leidos Commitment Letter and Splitco and certain financial institutions executed the Splitco Commitment Letter pursuant to which the financial institutions have agreed to provide credit facilities to Leidos and Splitco, respectively, the proceeds of which will provide financing to Leidos to fund the Leidos Special Dividend and to Splitco to finance the Splitco Special Cash Payment. Leidos' ability to make payments on and to refinance its indebtedness, including the debt incurred pursuant to the Transactions, as well as any future debt that Leidos may incur, will depend on, among other things, Leidos' ability to generate cash in the future from operations, financings or asset sales. Leidos' ability to generate cash is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond Leidos' control.

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If Leidos is not able to repay or refinance its debt as it becomes due, Leidos may be forced to sell assets or take other disadvantageous actions, including (i) reducing financing in the future for working capital, capital expenditures and general corporate purposes or (ii) dedicating an unsustainable level of Leidos' cash flow from operations to the payment of principal and interest on Leidos' indebtedness. In addition, Leidos' ability to withstand competitive pressures and react to changes in Leidos' industry could be impaired. The lenders who hold such debt also could accelerate amounts due, which could potentially trigger a default or acceleration of any of Leidos' other debt.

In addition, Leidos may increase its debt or raise additional capital following the Transactions, subject to restrictions in Leidos' debt agreements and agreements entered into in connection with the Transactions. If Leidos' cash flow from operations is less than it anticipates, or if Leidos' cash requirements are more than it expects, Leidos may require more financing. However, debt or equity financing may not be available to Leidos on terms advantageous or acceptable to Leidos, if at all. If Leidos incurs additional debt or raises equity through the issuance of preferred stock, the terms of the debt or preferred stock issued may give the holders rights, preferences and privileges senior to those of holders of Leidos' common stock, particularly in the event of liquidation. The terms of the debt or preferred stock also may impose additional and more stringent restrictions on Leidos' operations than it currently has. If Leidos raises funds through the issuance of additional equity, Leidos stockholders' percentage ownership in Leidos would be diluted. If Leidos is unable to raise additional capital when needed, it could affect Leidos' financial condition. Also, regardless of the terms of Leidos' debt or equity financing, the ability of Leidos to issue common stock may be limited under the Tax Matters Agreement.

The historical financial information of the Splitco Business may not be representative of its results or financial condition if it had been operated independently of Lockheed Martin and, as a result, may not be a reliable indicator of its future results.

The Splitco Business is currently operated by Lockheed Martin. Consequently, the financial information of the Splitco Business included in this document has been derived from the consolidated financial statements and accounting records of Lockheed Martin as if the operations of the Splitco Business were conducted independently from Lockheed Martin. The historical results of operations, financial position and cash flows of the Splitco Business included in this document may not be indicative of what they would have been had the Splitco Business actually been an independent stand-alone entity, nor are they necessarily indicative of the future results of operations, financial position and cash flows of the Splitco Business. For example, the combined financial statements of the Splitco Business include all revenues and costs directly attributable to the Splitco Business and an allocation of expenses related to certain Lockheed Martin corporate functions. These expenses have been allocated to the Splitco Business based on direct usage or benefit where identifiable, with the remainder allocated pro rata based on an applicable measure of revenues, cost of revenues, headcount, fixed assets, number of transactions or other relevant measures. Although Splitco considers these allocations to be a reasonable reflection of the utilization of services or the benefit received, the allocations may not be indicative of the actual expense that would have been incurred had Splitco operated as an independent, stand-alone entity, nor are they indicative of Splitco's future expenses.

The unaudited pro forma combined financial information of Leidos and Splitco is not intended to reflect what actual results of operations and financial condition would have been had Leidos and Splitco been a combined company for the periods presented, and therefore these results may not be indicative of Leidos' future operating performance.

Because Leidos will acquire Splitco only upon completion of the Transactions, it has no available historical financial information that consolidates the financial results for the Splitco Business and Leidos. The historical financial statements contained or incorporated by reference in this document consist of the separate financial statements of Lockheed Martin, Splitco, the Splitco Business and Leidos.

The unaudited pro forma combined consolidated financial information presented in this document is for illustrative purposes only and is not intended to, and does not purport to, represent what Leidos' actual results or financial condition would have been if the Transactions had occurred on the relevant date. In addition, such unaudited pro forma combined consolidated financial information is based in part on certain assumptions regarding the Transactions that Leidos believes are reasonable. These assumptions, however, are only preliminary and will be updated only after the consummation of the Transactions. The unaudited pro forma combined consolidated financial information has been prepared using the acquisition method of accounting, with Leidos considered the acquirer of Splitco. Under the acquisition method of accounting, the purchase price is allocated to the underlying tangible and intangible assets acquired and liabilities assumed based on their respective fair values with any excess purchase price allocated to goodwill. The pro forma purchase price allocation was based on an estimate of the fair values of the tangible and intangible assets and liabilities of the Splitco Business. In arriving at the estimated fair values, Leidos considered the preliminary appraisals of independent consultants which were based on a preliminary and limited review of the assets and liabilities related to the Splitco Business to be transferred to, or assumed by, Splitco and the Splitco Subsidiaries in the Transactions. Following the Merger, Leidos expects to complete the purchase price allocation after considering the fair value of the assets and liabilities of the Splitco Business at the level of detail necessary to finalize the required purchase price allocation. The final purchase price allocation may be different than that reflected in the pro forma purchase price allocation presented herein, and this difference may be material.

The unaudited pro forma combined consolidated financial information does not reflect the costs of any integration activities or transaction-related costs or incremental capital spending that Leidos management believes are necessary to realize the anticipated synergies from the Transactions. Accordingly, the pro forma financial information included in this document does not reflect what Leidos' results of operations or operating condition would have been had Leidos and Splitco been a consolidated entity during all periods presented, or what Leidos' results of operations and financial condition will be in the future.

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Leidos may be unable to provide the same types and level of benefits, services and resources to Splitco that historically have been provided by Lockheed Martin, or may be unable to provide them at the same cost.

As part of Lockheed Martin, Splitco has been able to receive benefits and services from Lockheed Martin and has been able to benefit from Lockheed Martin's financial strength and extensive business relationships. After the consummation of the Transactions, Splitco will be owned by Leidos and no longer will benefit from Lockheed Martin's resources. While Leidos will enter into agreements under which Lockheed Martin will agree to provide certain transition services and site-related services for a period of time following the consummation of the Transactions, it cannot be assured that Leidos will be able to adequately replace those resources or replace them at the same cost. If Leidos is not able to replace the resources provided by Lockheed Martin or is unable to replace them at the same cost or is delayed in replacing the resources provided by Lockheed Martin, Leidos' business, financial condition and results of operations may be materially adversely impacted.

Leidos' business, financial condition and results of operations may be adversely affected following the Transactions if Leidos cannot negotiate contract terms that are as favorable as those Lockheed Martin has received when Leidos replaces certain of Splitco's contracts after the closing of the Transactions.

Prior to the consummation of the Transactions, certain functions (such as purchasing, accounts payable processing, accounts receivable management, information systems, logistics and distribution) associated with the Splitco Business are being performed under Lockheed Martin's centralized systems and, in some cases, under contracts that also are used for Lockheed Martin's other businesses and which will not be assigned in whole or in part to Splitco. In addition, some other contracts to which Lockheed Martin is a party on behalf of Splitco will require consents of third parties to assign them to Splitco. There can be no assurance that Leidos will be able to negotiate contract terms that are as favorable as those Lockheed Martin received when and if Leidos replaces these contracts with its own agreements for similar services, including any contracts that may need to be replaced as a result of a failure to obtain required third-party consents. Although Leidos believes that it will be able to enter into new agreements for similar services and that Lockheed Martin and Leidos will be able to obtain all material third-party consents required to assign contracts to Splitco, it is possible that the failure to enter into new agreements for similar services or to obtain required consents to assign contracts could have a material adverse impact on Leidos' business, financial condition and results of operations following the consummation of the Transactions.

If the Distribution does not qualify as a tax-free transaction under Section 368(a)(1)(D) or 355 of the Code or the Merger does not qualify as a tax-free reorganization under Section 368(a) of the Code, including as a result of actions taken in connection with the Distribution or the Merger or as a result of subsequent acquisitions of shares of Lockheed Martin, Leidos or Splitco common stock, then Lockheed Martin and/or Lockheed Martin stockholders may be required to pay substantial U.S. federal income taxes, and, in certain circumstances and subject to certain conditions, Leidos may be required to indemnify Lockheed Martin for any such tax liability imposed on Lockheed Martin.

The consummation of the Transactions is conditioned on the receipt by Lockheed Martin of the Lockheed Martin Tax Opinions and by Leidos of the Leidos Tax Opinion. The opinions will be based on, among other things, currently applicable law and certain representations made by, and certain assumptions permitted by, Lockheed Martin, Splitco, and Leidos. An opinion of counsel represents counsel's best legal judgment, such opinion is not binding on the IRS or the courts, and the IRS or the courts may not agree with the opinion. Any change in currently applicable law, which may be retroactive, or the failure of any representation or assumption to be true, correct and complete in all material respects, could adversely affect the conclusions reached by counsel in the opinions.

Even if the Distribution were otherwise to qualify as a tax-free transaction under Sections 368(a)(1)(D) and 355 of the Code, it would be taxable to Lockheed Martin (but not to Lockheed Martin stockholders) pursuant to Section 355(e) of the Code if there were a 50 percent or greater change in ownership of either Lockheed Martin or Splitco (including stock of Leidos after the Merger), directly or indirectly, as part of a plan or series of related transactions that include the Distribution. For this purpose, any acquisitions of Lockheed Martin, Splitco or Leidos stock within the period beginning two years before the Distribution and ending two years after the Distribution are presumed to be part of such a plan, although Lockheed Martin may be able to rebut that presumption. While the Merger will be treated as part of such a plan for purposes of the test, standing alone the Merger should not cause the Distribution to be taxable to Lockheed Martin under Section 355(e) of the Code because Lockheed Martin stockholders will hold more than 50 percent of Leidos outstanding stock immediately following the Merger. Nevertheless, if the IRS were to determine that other acquisitions of Lockheed Martin, Splitco or Leidos stock, either before or after the Distribution, were part of a plan or series of related transactions that included the Distribution, such determination could result in significant tax to Lockheed Martin. In connection with the Lockheed Martin Tax Opinions, Lockheed Martin, Splitco and Leidos (to its knowledge) have represented and will represent that the Distribution is not part of any such plan or series of related transactions other than the Merger. In certain circumstances and subject to certain limitations, under the Tax Matters Agreement Leidos is required to indemnify Lockheed Martin if the Distribution becomes taxable as a result of certain actions by Leidos or Splitco or as a result of certain changes in ownership of the stock of Leidos or Splitco after the Merger. If Lockheed Martin were to recognize gain on the Distribution for reasons not related to a disqualifying action by Splitco or Leidos, Lockheed Martin would not be entitled to be indemnified under the Tax Matters Agreement and the resulting tax to Lockheed Martin could have a material adverse effect on Lockheed Martin. If Leidos is required to indemnify Lockheed Martin if the Distribution is taxable, this indemnification obligation could be substantial and could have a material adverse effect on Leidos, including with respect to its financial condition and results of operations.

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Splitco and Leidos may be affected by significant restrictions following the Transactions in order to avoid significant tax-related liabilities.

The Tax Matters Agreement generally prohibits Splitco, Leidos and their affiliates from taking certain actions that could cause the Distribution, the Merger and certain related transactions to fail to qualify as tax-free transactions.

Furthermore, unless an exception applies, for a two-year period following the date of the Distribution:

none of Splitco, Leidos or any of their respective subsidiaries may discontinue the active conduct of the Splitco Business;

Leidos may not redeem or repurchase any of its stock;

neither Leidos nor Splitco may engage in certain mergers or consolidations;

none of Leidos, Splitco or any of Splitco's subsidiaries may sell or issue any of its own stock or stock rights;

none of Splitco, Leidos or any of their respective subsidiaries may enter into any transaction or series of transactions as a result of which one or more persons would acquire (directly or indirectly) an amount of stock of Splitco and/or Leidos (taking into account the stock of Splitco acquired pursuant to the Merger) that would reasonably be expected to cause the failure of the tax-free status of the Distribution, the Merger and certain related transactions; and

none of Splitco, Leidos or any of their respective subsidiaries may amend its certificate of incorporation or take any other action affecting the relative voting rights of any stock or stock rights of Leidos, Splitco or their respective subsidiaries.

If Splitco or Leidos intends to take certain restricted actions, it must notify Lockheed Martin of the proposal to take such action and either obtain a ruling from the IRS or an unqualified opinion acceptable to Lockheed Martin to the effect that such action will not affect the tax-free status of the Transactions. However, this will not relieve Leidos of any responsibility to indemnify Lockheed Martin for tax-related losses.

Due to these restrictions and indemnification obligations under the Tax Matters Agreement, Leidos may be limited in its ability to pursue strategic transactions, equity or convertible debt financings or other transactions that may otherwise be in Leidos' best interests.

If the Merger does not qualify as a tax-free reorganization under Section 368(a) of the Code, participating Lockheed Martin stockholders may be required to pay substantial U.S. federal income taxes.

The obligations of Lockheed Martin, Leidos and Splitco to consummate the Merger are conditioned, respectively, on the receipt by Lockheed Martin of the Lockheed Martin Tax Opinions and by Leidos of the Leidos Tax Opinion, in each case, in part or in whole to the effect that the Merger will qualify as a reorganization within the meaning of

Section 368(a) of the Code. These opinions will be based upon, among other things, certain representations and assumptions as to factual matters. The failure of any factual representation or assumption to be true, correct and complete in all material respects could adversely affect the validity of the opinions. An opinion of counsel represents counsel's best legal judgment, such opinion is not binding on the IRS or the courts, and the IRS or the courts may not agree with the opinion. In addition, the opinions will be based on current law, and cannot be relied upon to the extent current law changes with retroactive effect. If the Merger were taxable, participating Lockheed Martin stockholders would be considered to have made a taxable sale of their Splitco common stock to Leidos, and Lockheed Martin stockholders would recognize taxable gain or loss on their receipt of Leidos common stock in the Merger.

Tendering Lockheed Martin stockholders may receive a reduced premium or may not receive any premium in this exchange offer.

This exchange offer is designed to permit you to exchange your shares of Lockheed Martin common stock for shares of Splitco common stock at a percent discount, calculated as set forth in this document, to the per-share equivalent value of Splitco common stock. Stated another way, for each \$100 in value of your Lockheed Martin common stock accepted in this exchange offer, you will receive approximately \$ in value of Splitco common stock. The value of the Lockheed Martin common stock will be based on the calculated per-share value for the Lockheed Martin common stock on the NYSE and the value of the Splitco common stock will be based on the calculated per-share value for Leidos common stock on the NYSE (because each share of Splitco common stock will be exchanged for one share of Leidos common stock in the Merger), in each case determined by reference to the simple arithmetic average of the Daily VWAP on each of the Valuation Dates. In the case of Splitco common stock, the value will be reduced by \$ per share, which approximates the per-share amount of the Leidos Special Dividend.

The number of shares you can receive is subject to an upper limit of shares of Splitco common stock for each share of Lockheed Martin common stock accepted in this exchange offer. If the upper limit is in effect, you ultimately may receive less than \$ in value of Splitco common stock for each \$100 in value of Lockheed Martin common stock that you tender, and you could receive much less.