

Leidos Holdings, Inc.
Form 424B3
July 11, 2016
Table of Contents

**Filed Pursuant to Rule 424(b)(3)
Registration No. 333-210796**

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owned by Lockheed Martin for shares of common stock of Lockheed Martin that are validly tendered and not properly withdrawn.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 \$13.64 per share, which equals the per-share amount of the special dividend that Leidos will declare prior to the closing of the Merger. Based on an expected expiration date of August 16, 2016, the Valuation Dates will be August 9, 2016, August 10, 2016 and August 11, 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 10 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 \$111 in value of Splitco common stock, subject to an upper limit of 8.2136 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 \$111 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 July 8, 2016, the last reported sale price of Lockheed Martin common stock on the NYSE was \$251.90, and the last reported sale price of Leidos common stock on the NYSE was \$50.59. 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 AUGUST 16, 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.

Edgar Filing: Leidos Holdings, Inc. - Form 424B3

The date of this Prospectus Offer to Exchange is July 11, 2016.

Table of Contents

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 August 8, 2016.**

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.

Table of Contents

TABLE OF CONTENTS

<u>HELPFUL INFORMATION</u>	1
<u>QUESTIONS AND ANSWERS ABOUT THIS EXCHANGE OFFER AND THE TRANSACTIONS</u>	5
<u>Questions and Answers About this Exchange Offer</u>	5
<u>Questions and Answers About the Transactions</u>	13
<u>SUMMARY</u>	17
<u>The Companies</u>	17
<u>The Transactions</u>	18
<u>Number of Shares of Splitco Common Stock to Be Distributed to Lockheed Martin Stockholders</u>	21
<u>Terms of this Exchange Offer</u>	22
<u>Opinion of Leidos Financial Advisor</u>	27
<u>Debt Financing</u>	27
<u>Interests of Leidos Directors and Executive Officers in the Transactions</u>	27
<u>Board of Directors and Management of Leidos Following the Transactions</u>	27
<u>Leidos Stockholder Approval</u>	28
<u>Leidos Stockholders Meeting</u>	28
<u>Accounting Treatment and Considerations</u>	28
<u>Federal Securities Law Consequences; Resale Restriction</u>	29
<u>No Appraisal or Dissenters Rights</u>	29
<u>Material U.S. Federal Income Tax Consequences of the Distribution and the Merger</u>	29
<u>SUMMARY HISTORICAL, PRO FORMA AND SUPPLEMENTAL FINANCIAL DATA</u>	30
<u>Summary Historical Combined Financial Data of the Splitco Business</u>	30
<u>Summary Historical Consolidated Financial Data of Lockheed Martin</u>	31
<u>Summary Historical Consolidated Financial Data of Leidos</u>	31
<u>Summary Unaudited Pro Forma Combined Consolidated Financial Data</u>	33
<u>Summary Unaudited Supplemental Combined Consolidated Statement of Income Data</u>	34
<u>Summary Comparative Historical, Pro Forma and Supplemental Per Share Data</u>	35
<u>Historical Common Stock Market Price and Dividend Data</u>	35
<u>RISK FACTORS</u>	37
<u>CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS</u>	45
<u>THIS EXCHANGE OFFER</u>	46
<u>Terms of this Exchange Offer</u>	46
<u>Conditions for the Consummation of this Exchange Offer</u>	60
<u>Material U.S. Federal Income Tax Consequences of the Distribution and the Merger</u>	61
<u>Treatment of Specified Lockheed Martin Compensatory Equity-Based Awards Held by Splitco Business Employees</u>	64
<u>Fees and Expenses</u>	65
<u>Legal Limitations</u>	65
<u>Certain Matters Relating to Non-U.S. Jurisdictions</u>	65
<u>Distribution of Any Shares of Splitco Common Stock Remaining After this Exchange Offer</u>	65
<u>INFORMATION ON LEIDOS</u>	67
<u>Overview</u>	67

Table of Contents

<u>Leidos Business After the Consummation of the Transactions</u>	67
<u>Leidos Liquidity and Capital Resources After the Consummation of the Transactions</u>	67
<u>Directors and Officers of Leidos Before and After the Consummation of the Transactions</u>	68
<u>INFORMATION ON LOCKHEED MARTIN</u>	71
<u>INFORMATION ON THE SPLITCO BUSINESS</u>	72
<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE SPLITCO BUSINESS</u>	79
<u>SELECTED HISTORICAL FINANCIAL DATA</u>	92
<u>Selected Historical Combined Financial Data of the Splitco Business</u>	92
<u>Selected Historical Consolidated Financial Data of Lockheed Martin</u>	93
<u>Selected Historical Consolidated Financial Data of Leidos</u>	93
<u>UNAUDITED PRO FORMA COMBINED CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTAL COMBINED CONSOLIDATED STATEMENT OF INCOME</u>	95
<u>ADDITIONAL FINANCIAL INFORMATION</u>	116
<u>Non-GAAP Measures</u>	116
<u>Reconciliation of Non-GAAP Measures</u>	117
<u>Backlog (Unaudited)</u>	120
<u>HISTORICAL PER SHARE DATA, MARKET PRICE AND DIVIDEND DATA</u>	121
<u>Comparative Historical, Pro Forma and Supplemental Per Share Data</u>	121
<u>Historical Common Stock Market Price and Dividend Data</u>	121
<u>Leidos Dividend Policy</u>	122
<u>Lockheed Martin Dividend Policy</u>	122
<u>THE TRANSACTIONS</u>	123
<u>Determination of Number of Shares of Splitco Common Stock to Be Distributed to Lockheed Martin Stockholders</u>	126
<u>Background of the Transactions</u>	127
<u>Leidos Reasons for the Transactions</u>	131
<u>Opinion of Leidos Financial Advisor</u>	134
<u>Certain Financial Projections</u>	139
<u>Lockheed Martin's Reasons for the Transactions</u>	141
<u>Leidos Stockholders Meeting</u>	143
<u>Interests of Lockheed Martin's and Splitco's Directors and Executive Officers in the Transactions</u>	143
<u>Interests of Leidos Directors and Executive Officers in the Transactions</u>	144
<u>Accounting Treatment and Considerations</u>	145
<u>Regulatory Approvals</u>	146
<u>Federal Securities Law Consequences; Resale Restriction</u>	146
<u>No Appraisal or Dissenters' Rights</u>	146
<u>THE MERGER AGREEMENT</u>	147
<u>The Merger</u>	147
<u>Closing; Effective Time</u>	147
<u>Merger Consideration</u>	147
<u>Leidos Special Dividend</u>	148
<u>Distribution of Per Share Merger Consideration</u>	148
<u>Treatment of Lockheed Martin Equity Awards</u>	148
<u>Distributions With Respect to Shares of Leidos Common Stock after the Effective Time of the Merger</u>	149
<u>Termination of the Exchange Fund; No Liability</u>	149
<u>Withholding Rights</u>	149
<u>Stock Transfer Books; No Appraisal Rights</u>	149

Table of Contents

<u>Stockholders Meeting</u>	150
<u>Representations and Warranties</u>	150
<u>Conduct of Business Pending the Merger</u>	151
<u>Tax Matters</u>	155
<u>SEC Filings</u>	155
<u>Regulatory Matters</u>	155
<u>No Solicitation</u>	156
<u>Board Recommendation</u>	158
<u>Financing</u>	159
<u>Certain Other Covenants and Agreements</u>	159
<u>Conditions to the Merger</u>	160
<u>Termination</u>	161
<u>Termination Fee and Expenses Payable in Certain Circumstances</u>	162
<u>Specific Performance</u>	163
<u>Amendments: Waivers</u>	163
<u>THE SEPARATION AGREEMENT</u>	164
<u>Overview</u>	164
<u>Separation of the IS&GS Business</u>	164
<u>Issuance of Splitco Common Stock, Incurrence of Debt and Splitco Special Cash Payment</u>	169
<u>Distribution</u>	169
<u>Conditions to the Distribution</u>	169
<u>Disclaimer</u>	170
<u>Indemnification: Limitation on Liability</u>	170
<u>Further Assurances and Certain Additional Covenants</u>	171
<u>Casualty and Condemnation</u>	172
<u>Real Property and Related Matters</u>	172
<u>Termination</u>	173
<u>Assignment: Amendment and Waiver</u>	173
<u>DEBT FINANCING</u>	174
<u>Overview</u>	174
<u>Leidos Term Loan A Facility</u>	174
<u>Leidos Revolving Credit Facility</u>	176
<u>Splitco Facilities</u>	177
<u>OTHER AGREEMENTS</u>	179
<u>Employee Matters Agreement</u>	179
<u>Tax Matters Agreement</u>	182
<u>Additional Agreements</u>	182
<u>DESCRIPTION OF SPLITCO COMMON STOCK</u>	186
<u>DESCRIPTION OF LEIDOS CAPITAL STOCK</u>	187
<u>General</u>	187
<u>Common Stock</u>	187
<u>Preferred Stock</u>	187
<u>Certain Anti-Takeover Effects of Provisions of Delaware Law, the Leidos Charter and the Leidos Bylaws</u>	187
<u>Listing</u>	188

Table of Contents

<u>Transfer Agent</u>	188
<u>OWNERSHIP OF LEIDOS COMMON STOCK</u>	188
<u>COMPARISON OF RIGHTS OF LOCKHEED MARTIN STOCKHOLDERS AND LEIDOS STOCKHOLDERS</u>	190
<u>Authorized Capital Stock</u>	190
<u>Comparison of Rights of Stockholders</u>	190
<u>Certain Anti-Takeover Effects of Provisions of Delaware Law, the Leidos Charter and the Leidos Bylaws</u>	197
<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u>	197
<u>LEGAL MATTERS</u>	197
<u>EXPERTS</u>	197
<u>WHERE YOU CAN FIND MORE INFORMATION; INCORPORATION BY REFERENCE</u>	197
<u>INDEX TO FINANCIAL PAGES</u>	F-1

Table of Contents

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, as amended;

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;

Table of Contents

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 \$13.64 per share 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;

Edgar Filing: Leidos Holdings, Inc. - Form 424B3

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;

Table of Contents

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, as amended;

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 for which State Street Global Advisors serves as the independent fiduciary for certain matters (including matters relating to the election 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;

Edgar Filing: Leidos Holdings, Inc. - Form 424B3

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, as amended;

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;

Table of Contents

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 IS&GS 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 IS&GS 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.

Table of Contents

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 c