

Leidos Holdings, Inc.
Form S-4/A
May 27, 2016
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AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON MAY 27, 2016

REGISTRATION NO. 333-210796

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

Amendment No. 1
to
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)
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(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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Wilmington, Delaware 19801

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. "

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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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

(Do not check if a smaller reporting company)

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. 333-210796) 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 has filed a registration statement on Form S-4 and Form S-1 (Reg. No. 333-210797) 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 MAY 27, 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 May 26, 2016, the last reported sale price of Lockheed Martin common stock on the NYSE was \$241.54, and the last reported sale price of Leidos common stock on the NYSE was \$49.76. 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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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 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.

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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.edocumentview.com/LockheedMartinExchange, 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, subject to adjustment in accordance with the Merger Agreement, 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.edocumentview.com/LockheedMartinExchange 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.edocumentview.com/LockheedMartinExchange 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.edocumentview.com/LockheedMartinExchange 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.edocumentview.com/LockheedMartinExchange 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.

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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.

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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: Why is the transaction structured as a Reverse Morris Trust transaction?

A: The transaction structure was negotiated by the parties. Lockheed Martin believes the tax-efficient Reverse Morris Trust structure optimizes the value of the transaction to Lockheed Martin and its stockholders because, subject to the discussion below under *This Exchange Offer Material U.S. Federal Income Tax Consequences of the Distribution and*

the Merger, 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 and the Distribution will not result in the recognition of income, gain or loss to Lockheed Martin or Splitco (except for taxable income or gain of Lockheed Martin possibly arising as a result of certain internal restructuring transactions undertaken prior to or in anticipation of the Distribution). A Reverse Morris Trust transaction structure requires, among other things, that former Lockheed Martin stockholders own more than 50% of the Leidos common stock following consummation of the Transactions.

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.edocumentview.com/LockheedMartinExchange, 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 will Leidos stockholders receive in connection with the Merger?

A: Prior to the Merger, Leidos will declare the Leidos Special Dividend, the payment of which will be 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 consummation of the Merger, 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.

Leidos stockholders will not receive separate merger consideration as part of the Merger and no additional shares of Leidos common stock will be issued to Leidos stockholders pursuant to the Merger. Leidos stockholders will receive the commercial benefit of owning an equity interest in Splitco, which will include the Splitco Business as it exists following consummation of the Separation Agreement with Lockheed Martin and payment of the Splitco Special Cash Payment to Lockheed Martin. Leidos stockholders will thus hold an interest in a company with expanded opportunities in the government services industry, additional expertise in information technology operations, financial and HR enterprise resource planning (ERP) outsourcing, data center consolidation and facilities management, and enhanced EBITDA margins and revenue growth opportunities. See [Leidos Reasons for the Transactions](#).

As a result of the Merger, Leidos stockholders' ownership of Leidos common stock will also mean that they own an interest in a company with increased levels of indebtedness. In connection with the Merger, Leidos will incur new indebtedness of \$690,000,000 in the form of a term loan facility and a new revolving credit facility, which is expected to have \$750,000,000 of unused availability immediately following consummation of the transactions. In addition, Leidos will guarantee the indebtedness that Splitco will incur in connection with the Transactions, consisting of up to \$1,841,450,000 in the form of 3-year Term Loan A Facility in an aggregate principal amount of up to \$400,000,000, a 5-year Term Loan A Facility in an aggregate principal amount of up to \$310,000,000 and a 7-year Term Loan B Facility in an aggregate principal amount of up to approximately \$1,131,450,000. See [Debt Financing](#).

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 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: Leidos will incur indebtedness of \$690,000,000 in connection with the Transactions in the form of a term loan facility and will also enter into a new revolving credit facility which is expected to have \$750,000,000 of unused availability immediately after consummation of the Transactions (the Leidos Debt Financing).

Splitco will incur new indebtedness of up to \$1,841,450,000 in connection with the Transactions in the form of 3-year Term Loan A Facility in an aggregate principal amount of up to \$400,000,000, a 5-year Term Loan A Facility in an aggregate principal amount of up to \$310,000,000 and a 7-year Term Loan B Facility in an aggregate principal amount of up to approximately \$1,131,450,000 (the Splitco Debt Financing ; and together with the Leidos Debt Financing, the Debt Financings).

The Debt Financings 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.

Upon the consummation of the Transactions, the Leidos Debt Financing is expected to be guaranteed by Splitco and the Splitco Debt Financing is expected to be guaranteed by Leidos and its subsidiaries.

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 the Leidos Special Dividend, the payment of which will be conditioned on completion of the Transactions. The Leidos Special Dividend will be funded by a combination of new borrowings 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. Lockheed Martin stockholders 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. 333-210797) and Leidos' registration statement on Form S-4 (Reg. No. 333-210796), 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 and will incur indebtedness in the Splitco Debt Financing. 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.

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		Leidos common stock		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)
As of	[redacted], 2016	As of	[redacted], 2016				

(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. 333-210797) and Leidos' registration statement on Form S-4 (Reg. No. 333-210796), 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.

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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.edocumentview.com/LockheedMartinExchange, 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 the independent fiduciary, 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 the independent fiduciary'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 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. 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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Risk Factors

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 provided for pursuant to the Merger Agreement 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, including, without limitation, the Distribution relating to the Splitco Business contemplated to be effected prior to consummation of the Merger or any conversion or exchange ratio determined in connection with such Distribution. 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 acquiror. 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 March 27, 2016, and for the three months ended March 27, 2016 and March 29, 2015, have been derived from the unaudited combined interim financial statements of the Splitco Business included elsewhere in this document. The following data of the Splitco Business as of December 31, 2015 and 2014, and for the three years in the period ended December 31, 2015, have been derived from the audited combined financial statements of the Splitco Business included elsewhere in this document. 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 combined 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.

The Splitco Business closes its books and records on the last Sunday of the calendar quarter, which was on March 27 for the first quarter of 2016 and March 29 for the first quarter of 2015, to align its financial closing with its business processes. The consolidated financial statements and tables of financial information included herein are labeled based on that convention. This practice only affects interim periods as the Splitco Business fiscal year ends on December 31.

<i>(in millions)</i>	As of and for the Three Months Ended		As of and for the Years Ended		
	March 27, 2016	March 29, 2015	December 31,		
			2015	2014	2013
Combined Statement of Earnings Data:					
Revenues	\$ 1,341	\$ 1,393	\$ 5,626	\$ 5,702	\$ 6,158
Earnings before income taxes (a)	83	128	471	438	365
Net earnings (a)	53	84	309	292	246
Less: Net earnings attributable to non-controlling interest	2	1	5	5	6
Net earnings attributable to parent (a)	51	83	304	287	240
Combined Balance Sheet Data:					
Total assets (b)	\$ 4,111	*	\$ 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 \$19 million (\$12 million after tax) in the three months ended March 27, 2016; \$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.
 - (*) Balance sheet data as of March 29, 2015 is not included or incorporated by reference in this document.

Table of Contents**Summary Historical Consolidated Financial Data of Lockheed Martin**

The following summary historical consolidated financial data of Lockheed Martin as of March 27, 2016, and for the three months ended March 27, 2016 and March 29, 2015, have been derived from Lockheed Martin's unaudited interim consolidated financial statements incorporated by reference in this document. 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 have been derived from Lockheed Martin's audited consolidated financial statements not included in or incorporated by reference in this document. 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 Quarterly Report on Form 10-Q for the quarter ended March 27, 2016 and Lockheed Martin's Annual Report on Form 10-K for the year ended December 31, 2015, each of which is incorporated by reference in this document. See [Where You Can Find More Information; Incorporation By Reference](#).

Lockheed Martin closes its books and records on the last Sunday of the calendar quarter, which was on March 27 for the first quarter of 2016 and March 29 for the first quarter of 2015, to align its financial closing with its business processes. The consolidated financial statements and tables of financial information included herein are labeled based on that convention. This practice only affects interim periods as Lockheed Martin's fiscal year ends on December 31.

	As of and for the Three		As of and for the Years Ended December 31,		
	Months Ended	March 27,	March 29,	2015	2014
	2016	2015	2015	2014	2013
<i>(in millions, except per share data)</i>					
Operating results					
Net sales	\$ 11,702	\$ 10,111	\$ 46,132	\$ 45,600	\$ 45,358
Operating profit ^{(a)(b)}	1,297	1,356	5,436	5,592	4,505
Net earnings from continuing operations ^{(a)(b)}	794	878	3,605	3,614	2,950
Net earnings ^{(a)(b)}	794	878	3,605	3,614	2,981
Net earnings from continuing operations per common share					
Basic ^{(a)(b)}	2.61	2.78	11.62	11.41	9.19
Diluted ^{(a)(b)}	2.58	2.74	11.46	11.21	9.04
Net earnings per common share					
Basic ^{(a)(b)}	2.61	2.78	11.62	11.41	9.29
Diluted ^{(a)(b)}	2.58	2.74	11.46	11.21	9.13
Cash dividends declared per common share	\$ 1.65	\$ 1.50	\$ 6.15	\$ 5.49	\$ 4.78
Balance Sheet					
Total assets ^(c)	\$ 50,158	*	\$ 49,128	\$ 37,046	\$ 36,163
Total debt, net ^(d)	15,276	*	15,261	6,142	6,127
Total liabilities ^{(b)(d)}	46,981	*	46,031	33,646	31,245
Stockholders' equity ^(b)	3,177	*	3,097	3,400	4,918

(a)

Operating profit, earnings and earnings per share were affected by severance charges of \$99 million (\$64 million or \$.21 per share, after tax) in the three months ended March 27, 2016; \$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 \$246 million and \$119 million in the three months ended March 27, 2016 and March 29, 2015, respectively, and \$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 Aircraft Corporation (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, 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.
- (*) Balance sheet data as of March 29, 2015 is not included or incorporated by reference in this document.

Summary Historical Consolidated Financial Data of Leidos

The following summary historical consolidated financial data of Leidos as of April 1, 2016, and for the three-month periods ended April 1, 2016 and April 3, 2015, have been derived from Leidos' unaudited condensed consolidated financial statements, which are incorporated by reference herein from the Quarterly Report on Form 10-Q for the three-month period ended April 1, 2016. The 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' Quarterly Report on Form 10-Q for the three-month period ended April 1, 2016 and Leidos' Transition Report on Form 10-K for the 11-month period ended January 1, 2016, each of 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-month period 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 nearest the end of January. For example, fiscal 2015 began on February 1, 2014 and ended on January 30, 2015.

(in millions, except per share data)	Three Months Ended		1 Months Ended	12 Months Ended	
	April 1, 2016	April 3, 2015 (a)	January 1, 2016 (b)*	January 30, 2015 (c)*	January 31, 2014 (d)*
Consolidated Statement of Income Data:					
Revenues	\$ 1,312	\$ 1,246	\$ 4,712	\$ 5,063	\$ 5,755
Operating income (loss)	89	38	320	(214)	163
Income (loss) from continuing operations	49	23	243	(330)	84
Income (loss) from discontinued operations, net of tax		18	(1)	7	80
Net income (loss)	\$ 49	\$ 41	\$ 242	\$ (323)	\$ 164
Earnings (loss) per share:					
Basic:					
Income (loss) from continuing operations	\$ 0.68	\$ 0.32	\$ 3.33	\$ (4.46)	\$ 0.98
Income (loss) from discontinued operations		0.24	(0.01)	0.10	0.96
	\$ 0.68	\$ 0.56	\$ 3.32	\$ (4.36)	\$ 1.94
Diluted:					
Income (loss) from continuing operations	0.66	0.31	3.28	(4.46)	0.98
Income (loss) from discontinued operations		0.24	(0.01)	0.10	0.96
	\$ 0.66	\$ 0.55	\$ 3.27	\$ (4.36)	\$ 1.94
Cash dividend per common share	\$ 0.32	\$ 0.32	\$ 1.28	\$ 1.28	\$ 5.60

(in millions)	April 1, 2016	January 1, 2016 (e)	January 30, 2015 (e)	January 31, 2014 (e)
Consolidated Balance Sheet Data:				
Total assets	\$ 3,391	\$ 3,370	\$ 3,273	\$ 4,152

Notes payable and long-term debt, including current portion	\$ 1,091	\$ 1,081	\$ 1,158	\$ 1,323
Other long-term liabilities and deferred income taxes	\$ 195	\$ 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.
- (e) During the three months ended April 1, 2016, Leidos adopted ASU 2015-03, *Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*. As a result, consolidated balance sheet data reflects the reclassification of deferred financing costs related to Leidos notes from *Other Assets* to *Notes Payable and Long-Term Debt, Net of Current Portion*, which totaled \$7 million, \$8 million, and \$10 million at January 1, 2016, January 30, 2015, and January 31, 2014, respectively.

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 31, 2015 for purposes of the unaudited combined consolidated pro forma statement of income data and April 1, 2016 for purposes of the unaudited combined consolidated pro forma balance sheet data. The unaudited pro forma combined consolidated financial statements have been prepared using, and should be read in conjunction with (i) the unaudited condensed consolidated financial statements of Leidos as of and for the three-month period ended April 1, 2016, and 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 (ii) the unaudited combined financial statements of the Splitco Business as of and for the three months ended March 27, 2016, 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 and unaudited (as the case may be) combined financial statements of the Splitco Business and notes thereto included elsewhere in this document.

Unaudited Pro Forma Combined Consolidated Statement of Income Data

The following table presents the unaudited pro forma combined consolidated statement of income data for the three months ended April 1, 2016.

(in millions)	Historical Splitco Business for the Three Months Ended		Pro Forma Adjustments	Pro Forma Combined
	Leidos for the Three Months Ended April 1, 2016	March 27, 2016		
Revenues	\$ 1,312	\$ 1,341	\$ (16)	\$ 2,637
Income from continuing operations before income taxes	78	83	(52)	109
Income tax expense	(29)	(30)	16	(43)
Income from continuing operations	49	53	(36)	66
Less: Net income attributable to noncontrolling interest		2		2

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Income from continuing operations attributable to the company	\$ 49	\$	51	\$	(36)	\$	64
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The following table presents the unaudited pro forma combined consolidated statement of income data for the 11 months ended January 1, 2016.

(in millions)	Historical		Less: Splitco Business		Pro Forma Adjustments	Pro Forma Combined
	Leidos for the 11 Months Ended January 1, 2016	Splitco Business for the Year Ended December 31, 2015	for the One Month Ended January 31, 2015			
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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(in millions)	Historical		Pro Forma Adjustments	Pro Forma Combined
	Leidos as of April 1, 2016	Splitco Business as of March 27, 2016		
Total assets	\$ 3,391	\$ 4,111	\$ 1,674	\$ 9,176
Notes payable and long-term debt, including current portion	\$ 1,091	\$	\$ 2,474	\$ 3,565

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-month period 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.

Unaudited Supplemental Combined Consolidated Statement of Income Data

(in millions)	Historical			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	Splitco Business for the Year Ended December 31, 2015		
Revenues	\$ 4,712	\$ 374	\$ 5,626	\$ (41)	\$ 10,671
Income from continuing operations before income taxes	355	(27)	471	(171)	628
Income tax (expense) benefit	(112)	20	(162)	51	(203)
	243	(7)	309	(120)	425

Income (loss) from continuing operations

Less: Net income attributable to noncontrolling interest	5		5
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Income (loss) from continuing operations attributable to the company

\$ 243		\$ (7)		\$ 304		\$ (120)		\$ 420
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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' unaudited condensed consolidated financial statements and related notes thereto contained in Leidos' Quarterly Report on Form 10-Q for the three-month period ended April 1, 2016 and 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, each of 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 three months ended April 1, 2016 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 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 comparative historical, pro forma and supplemental per-share data is being provided 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 Three Months Ended April 1, 2016		As of and for the 11 Months Ended January 1, 2016		For the 12 Months Ended January 1, 2016
	Leidos Historical	Pro Forma Combined	Leidos Historical	Pro Forma Combined	Supplemental Combined
Earnings per share:					
Income from continuing operations Basic	\$ 0.68	\$ 0.43	\$ 3.33	\$ 2.72	\$ 2.80
Income from continuing operations Diluted	\$ 0.66	\$ 0.42	\$ 3.28	\$ 2.70	\$ 2.78
Weighted average common shares outstanding - Basic	72	149	73	150	150
Weighted average common shares outstanding - Diluted	74	151	74	151	151
Book value per share of common stock	\$ 15.31	\$ 18.26	\$ 14.83	\$ NA ⁽ⁱ⁾	NA ⁽ⁱ⁾
Dividends declared per share of common stock	\$ 0.32	\$ 0.32	\$ 1.28	\$ 1.28	\$ 1.28

(i) NA = Not applicable, as no pro forma or supplemental balance sheet data as of January 1, 2016 is presented.

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 Share Dividends	Lockheed Martin Common Stock	
		High	Low
Year Ending December 31, 2016			
First Quarter	\$ 1.65	\$ 223.19	\$ 200.47
Second Quarter (through May 26, 2016)		\$ 245.37	\$ 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 May 26, 2016)		\$ 52.47	\$ 48.06
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.

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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, and its Quarterly Report on Form 10-Q for the quarter ended April 1, 2016, which are 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.

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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 \$.

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.

In addition, there is no assurance that holders of shares of Lockheed Martin common stock that are exchanged for Splitco common stock in this exchange offer will be able to sell the shares of Leidos common stock after receipt in the Merger at prices comparable to the calculated per-share value of Splitco common stock at the expiration date.

The trading prices of Leidos common stock may not be an appropriate proxy for the prices of Splitco common stock.

The calculated per-share value for Splitco common stock is based on the trading prices for Leidos common stock (after an assumed Leidos Special Dividend of \$1,029,210,261). The trading prices for Leidos common stock may not be an appropriate proxy for the prices of Splitco common stock. There is currently no trading market for Splitco common stock and no such market will be established in the future. Immediately following the consummation of this exchange offer, Merger Sub will be merged with and into Splitco, and Splitco will continue as the surviving company and a wholly-owned subsidiary of Leidos. In the Merger, each outstanding share of Splitco common stock will be converted automatically into the right to receive one share of Leidos common stock. There can be no assurance, however, that Leidos common stock after the Merger will trade on the same basis as Leidos common stock traded prior to the consummation of the Merger. In addition, it is possible that the trading prices of Leidos common stock prior to the consummation of the Merger will not be indicative of the anticipated value of Leidos common stock after the Merger. For example, trading prices of Leidos common stock on the Valuation Dates could reflect some uncertainty as to the timing or the consummation of the Merger or could reflect trading activity by investors seeking to profit from market arbitrage.

Leidos will have more shares of its common stock outstanding and will be a substantially larger company with significant indebtedness after the Transactions, which may discourage other companies from trying to acquire Leidos.

Leidos expects to issue 76,958,918 shares of its common stock in the Merger. In addition, as a result of the true-up provision in the Merger Agreement in certain circumstances, it is possible that Leidos could be required to issue more than 76,958,918 shares of its common stock in the Merger. Because Leidos will be a significantly larger company and will have significantly more shares of its common stock outstanding after the consummation of the Transactions and significantly more outstanding indebtedness, an acquisition of Leidos by a third party may become more expensive. As a result, some companies may not seek to acquire Leidos, and the reduction in potential parties that may seek to acquire Leidos could negatively impact the prices at which Leidos common stock trades.

Leidos estimates and judgments related to the acquisition accounting models used to record the purchase price allocation may be inaccurate.

Leidos management will make significant accounting judgments and estimates for the application of acquisition accounting under GAAP, and the underlying valuation models. Leidos business, operating results and financial condition could be materially and adversely impacted in future periods if Leidos accounting judgments and estimates related to these models prove to be inaccurate.

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Leidos may be required to recognize impairment charges for goodwill and other intangible assets.

The proposed transaction will add approximately \$5.0 billion of goodwill and other intangible assets to Leidos consolidated balance sheet. In accordance with GAAP, Leidos management periodically assesses these assets to determine if they are impaired. Significant negative industry or economic trends, disruptions to Leidos' business, inability to effectively integrate acquired businesses, unexpected significant changes or planned changes in use of the assets, divestitures and market capitalization declines may impair goodwill and other intangible assets. Any charges relating to such impairments would adversely affect Leidos' results of operations in the periods recognized.

Following the conversion of shares of Splitco common stock into Leidos common stock in the Merger, the Lockheed Martin stockholders who became holders of shares of Splitco common stock may experience a delay prior to receiving their shares of Leidos common stock or their cash in lieu of fractional shares, if any.

Following the conversion of shares of Splitco common stock into shares of Leidos common stock in the Merger, the Lockheed Martin stockholders who became holders of Splitco common stock will receive their shares of Leidos common stock or their cash in lieu of fractional shares, if any, only upon surrender of all necessary documents, duly executed, to the exchange agent. Until the distribution of the shares of Leidos common stock to a particular stockholder has been completed, that stockholder will not be able to sell its shares of Leidos common stock. Consequently, if the market price for Leidos common stock decreases during the period before the distribution of the shares of Leidos common stock to that stockholder, the relevant stockholder would not be able to stop any losses by selling the shares of Leidos common stock.

Leidos may waive one or more of the conditions to the consummation of the Transactions without re-soliciting stockholder approval.

Leidos may determine to waive, in whole or in part, one or more of the conditions to its obligations to consummate the Transactions to the extent permitted by applicable law. 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 Share Issuance if required to do so by applicable law or other relevant rules. In some cases, if the Leidos Board determines that such waiver or its effect on Leidos' stockholders does not rise to the level of materiality that would require re-solicitation of proxies pursuant to applicable law or rules, Leidos would complete the Merger without seeking further stockholder approval.

Some of Leidos' directors and executive officers have interests in seeing the Transactions completed that may be different from, or in addition to, those of other Leidos stockholders. Therefore, some of Leidos' directors and executive officers may have a conflict of interest in recommending the proposals being voted on at Leidos' special meeting.

In considering the recommendations of the Leidos Board that Leidos' stockholders vote to approve the Share Issuance, you should be aware that 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 Transactions, including the Merger, and in recommending to Leidos' stockholders that they vote to approve the Share Issuance.

The directors of Leidos immediately prior to the Merger are generally expected to be the directors of Leidos immediately after the Merger and the executive officers of Leidos immediately prior to the Merger are generally expected to be the executive officers of Leidos immediately after the Merger.

In addition, the executive officers of Leidos would be entitled to severance benefits upon a qualifying termination of employment in connection with the Merger that are greater than the severance benefits to which they are entitled without regard to the consummation of the Merger.

For a further description and quantification of the benefits that the Leidos directors and executive officers may receive as a result of these interests, see The Transactions Interests of Leidos Directors and Executive Officers in the Transactions.

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CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS

The forward looking statements contained in this document involve risks and uncertainties that may affect Leidos and Splitco's operations, markets, products, services, prices and other factors as discussed in filings with the SEC. These risks and uncertainties include, but are not limited to, economic, competitive, legal, governmental and technological factors. Accordingly, there is no assurance that the expectations of Leidos or Splitco will be realized. This document also contains statements about the proposed business combination transaction between Leidos and Lockheed Martin, in which Lockheed Martin will separate a substantial portion of its government information technology infrastructure services business and its technical services business, which have been realigned in the Information Systems & Global Solutions (IS&GS) business segment, and combine this business with Leidos. Many factors could cause actual results to differ materially from these forward-looking statements with respect to the Transactions, including risks relating to the completion of the Transactions on anticipated terms and timing, including obtaining stockholder and regulatory approvals, anticipated tax treatment, the dependency of any split-off transaction on market conditions and the value to be received in any split-off transaction, unforeseen liabilities, future capital expenditures, revenues, expenses, earnings, synergies, economic performance, indebtedness, financial condition, losses, future prospects, business and management strategies for the management, expansion and growth of the new combined company's operations, Leidos ability to integrate the businesses successfully and to achieve anticipated synergies, and the risk that disruptions from the Transaction will harm Leidos' business. While the list of factors presented here is considered representative, no such list should be considered to be a complete statement of all potential risks and uncertainties. Unlisted factors may present significant additional obstacles to the realization of forward-looking statements. Consequences of material differences in results as compared with those anticipated in the forward-looking statements could include, among other things, business disruption, operational problems, financial loss, legal liability to third parties and similar risks, any of which could have a material adverse effect on Leidos' consolidated financial condition, results of operations or liquidity. For a discussion identifying additional important factors that could cause actual results to vary materially from those anticipated in the forward-looking statements, see Leidos' filings with the SEC, including Management's Discussion and Analysis of Financial Condition and Results of Operations and Risk Factors in Leidos Transition Report on Form 10-K for the 11-month period ended January 1, 2016, and in its quarterly reports on Form 10-Q, which are available at <http://www.Leidos.com> and at the SEC's web site at <http://www.sec.gov>, and Lockheed Martin's filings with the SEC, including Management's Discussion and Analysis of Financial Condition and Results of Operations and Risk Factors in Lockheed Martin's Annual Report on Form 10-K for the year ended December 31, 2015, and in its quarterly reports on Form 10-Q, which are available at <http://www.lockheedmartin.com> and at the SEC's web site at <http://www.sec.gov>. Neither Leidos nor Lockheed Martin assumes any obligation to provide revisions or updates to any forward-looking statements should circumstances change, except as otherwise required by securities and other applicable laws.

Table of Contents**THIS EXCHANGE OFFER****Terms of this Exchange Offer*****General***

Lockheed Martin is offering to exchange all issued and outstanding shares of Splitco common stock for shares of Lockheed Martin common stock, at an exchange ratio to be calculated in the manner described below, on the terms and conditions and subject to the limitations described below and in the letter of transmittal (including the instructions thereto) filed as an exhibit to the registration statement of which this document forms a part, tendered by 8:00 a.m., New York City time, on _____, 2016, unless this exchange offer is extended or terminated. The last day on which tenders will be accepted, whether on _____, 2016 or any later date to which this exchange offer is extended, is referred to in this document as the expiration date. You may tender all, some or none of your shares of Lockheed Martin common stock.

Immediately prior to the Distribution, subject to adjustment as provided in the Merger Agreement, 76,958,918 shares of Splitco common stock will be issued and outstanding and held by Lockheed Martin. 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.

Lockheed Martin's obligation to complete this exchange offer is subject to important conditions that are described in the section entitled _____ Conditions for the Consummation of this Exchange Offer.

For each share of Lockheed Martin common stock that you validly tender in this exchange offer and do not properly withdraw and that is accepted, you will receive a number of shares of Splitco common stock corresponding to a _____ percent discount to the per-share value of the shares of Leidos common stock to be received in the Merger, calculated as set forth below, subject to an upper limit of _____ shares of Splitco common stock per share of Lockheed Martin common stock. Stated another way, subject to the upper limit described below, 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, which will, upon the effectiveness of the Merger, be converted into the right to receive approximately \$ _____ of Leidos common stock (less any cash amounts paid in lieu of fractional shares) calculated on the basis described herein. See _____ Fractional Shares and _____ Exchange of Shares of Lockheed Martin Common Stock.

The final calculated per-share values will be equal to:

with respect to Lockheed Martin common stock, the simple arithmetic average of the Daily VWAP of Lockheed Martin common stock on the NYSE for each of the Valuation Dates, as reported to Lockheed Martin by Bloomberg Finance L.P. displayed under the heading Bloomberg VWAP on the Bloomberg page _____ LMT UN < Equity > VWAP (or its equivalent successor page if such page is not available);

with respect to Leidos common stock, the simple arithmetic average of the Daily VWAP of Leidos common stock for each of the Valuation Dates, as reported to Lockheed Martin by Bloomberg Finance L.P. displayed under the heading Bloomberg VWAP on the Bloomberg page _____ LDOS UN < Equity > VWAP (or its equivalent successor page if such page is not available), minus \$ _____, which approximates the per-share amount of the Leidos Special Dividend (the _____ dividend adjusted per-share value); and

with respect to Splitco common stock, the calculated dividend adjusted per-share value, determined as provided above, of Leidos common stock.

The Daily VWAP provided by Bloomberg Finance L.P. may be different from other sources of VWAPs or investors or security holders' own calculations of VWAPs. 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. 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.

On September 24, 2015, the Lockheed Martin Board authorized a \$3,000,000,000 increase to Lockheed Martin's stock repurchase program. Under the program, Lockheed Martin management has discretion to determine the dollar amount of shares to be repurchased and the timing of any repurchases in compliance with applicable law and regulation. This includes purchases pursuant to Rule 10b5-1 plans. Lockheed Martin has entered into such a plan with Barclays Capital, Inc. whereby Barclays is authorized to repurchase up to \$700,000,000 of Lockheed Martin common stock in privately negotiated transactions or in the open market at prices per share not exceeding the then-current market prices. The plan is in effect through October 31, 2016, but will be suspended during the period in which the exchange offer is pending.

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Upper Limit

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, a stockholder will receive less than \$ _____ in value of Splitco common stock for each \$100 in value of Lockheed Martin common stock that the stockholder validly tenders, that is not properly withdrawn and that is accepted in the exchange offer, and the stockholder could receive much less. Lockheed Martin set this upper limit to ensure that a change in the relative stock 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. This is to prevent a situation that might significantly reduce the benefits of the 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. Lockheed Martin has a share repurchase program designed to reduce share count. The split-off structure allows Lockheed Martin to reduce share count using Splitco common stock in the exchange offer instead of cash, and the upper limit is designed to set a minimum level of shares that will be repurchased by Lockheed Martin.

Pricing Mechanism

The terms of this exchange offer are designed to result in your receiving \$ _____ of Splitco common stock for each \$100 in value of Lockheed Martin common stock validly tendered, not properly withdrawn and accepted in this exchange offer, based on the calculated per-share values described above. This exchange offer does not provide for a lower limit or minimum exchange ratio because a minimum exchange ratio could result in the shares of Splitco common stock exchanged for each \$100 in value of Lockheed Martin common stock being valued higher than approximately \$ _____. Regardless of the final exchange ratio, the terms of this exchange offer would always result in your receiving approximately \$ _____ in value of Splitco common stock for each \$100 in value of Lockheed Martin common stock so long as the upper limit is not in effect. See the table on page 49 for purposes of illustration.

Subject to the upper limit 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. The following formula will be used to calculate the number of shares of Splitco common stock you will receive in exchange for each share of Lockheed Martin common stock accepted in this exchange offer:

$$\begin{aligned} & \text{Number of} && \text{the calculated per-share value of} \\ & \text{shares of} && \text{Lockheed Martin common stock} \\ & \text{Splitco} && \text{divided by } \% \text{ of the} \\ & \text{common} && \text{calculated per-share value of Splitco} \\ & && \text{common stock (calculated as} \\ & && \text{[upper limit} \\ & \text{stock} = && \text{The lesser of (a) exchange ratio] and (b) described below)} \end{aligned}$$

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 difference of the simple arithmetic average of the Daily VWAP of Leidos common stock on the NYSE on each of the Valuation Dates minus \$, which approximates the per-share amount of the Leidos Special Dividend.

If the upper limit is in effect, the exchange ratio will be fixed at . To help illustrate the way this calculation works, below are two examples:

Example 1: Assuming that the average of the Daily VWAP on the Valuation Dates is \$ per share of Lockheed Martin common stock and \$ per share of Leidos common stock resulting in a dividend adjusted per-share value of Leidos common stock of \$, you would receive shares (\$ divided by percent of \$) of Splitco common stock for each share of Lockheed Martin common stock accepted in this exchange offer, which will be converted into the right to receive shares of Leidos common stock at the effectiveness of the Merger (subject to payment of cash in lieu of fractional shares). In this example, the upper limit of shares of Splitco common stock for each share of Lockheed Martin common stock would not apply.

Example 2: Assuming that the average of the Daily VWAP on the Valuation Dates is \$ per share of Lockheed Martin common stock and \$ per share of Leidos common stock resulting in a dividend adjusted per-share value of Leidos common stock of \$, the upper limit would apply and you would only receive shares of Splitco common stock for each share of Lockheed Martin common stock accepted in this exchange offer because the upper limit is less than shares (\$ divided by percent of \$) of Splitco common stock for each share of Lockheed Martin common stock, which will be converted into the right to receive shares of Leidos common stock at the effectiveness of the Merger (subject to payment of cash in lieu of fractional shares). Because the upper limit would apply, the exchange ratio would be fixed at the upper limit.

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If the upper limit is in effect, under extreme circumstances, it is possible that you could receive less than \$100 in value of Splitco common stock for each \$100 in value of Lockheed Martin common stock accepted for exchange.

Indicative Per-Share Values

You will be able to review indicative exchange ratios and calculated per-share values of Lockheed Martin common stock and Splitco common stock, and calculated per-share values and dividend adjusted per-share values of Leidos common stock and the final exchange ratio used to determine the number of shares of Splitco common stock to be exchanged per share of Lockheed Martin common stock. The information agent will maintain on Lockheed Martin's behalf a website at www.edocumentview.com/LockheedMartinExchange that provides indicative exchange ratios and calculated per-share values of Lockheed Martin common stock and Splitco common stock, and calculated per-share values and dividend adjusted per-share values of Leidos common stock. The indicative exchange ratios will reflect whether the upper limit on the exchange ratio, described above, would have been in effect. You also may contact the information agent at the toll-free number provided on the back cover of this document to obtain these indicative exchange ratios.

From the third trading day after the commencement of this exchange offer until the first Valuation Date, the website will show (1) the indicative calculated per-share values on a given day, calculated as though that day were the third Valuation Date of this exchange offer, of (a) Lockheed Martin common stock, which will equal the simple arithmetic average of the Daily VWAP of Lockheed Martin common stock, as calculated by Lockheed Martin, on each of the three consecutive trading days ending on and including such day, (b) Splitco common stock, which will equal the simple arithmetic average of the Daily VWAP of Leidos common stock, minus \$, which approximates the per-share amount of the Leidos Special Dividend, as calculated by Lockheed Martin, on each of the three consecutive trading days ending on and including such day and (c) Leidos common stock, which will equal the simple arithmetic average of the Daily VWAP of Leidos common stock, as calculated by Lockheed Martin, on each of the three consecutive trading days ending on and including such day, and (2) the indicative calculated dividend adjusted per-share value of Leidos common stock, which will equal the simple arithmetic average of the Daily VWAP calculated in (c) above, minus \$, which approximates the per-share amount of the Leidos Special Dividend.

On each of the Valuation Dates, when the values of Lockheed Martin common stock, Splitco common stock and Leidos common stock are calculated for the purposes of this exchange offer, the website will show the indicative calculated per-share values of Lockheed Martin common stock and Splitco common stock, and calculated per-share values and dividend adjusted per-share values of Leidos common stock, as calculated by Lockheed Martin, which will equal, with respect to each stock, (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 rates 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.

Final Exchange Ratio

The final exchange ratio that shows 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.edocumentview.com/LockheedMartinExchange and through the toll-free number maintained by the information agent listed on the back cover of this document and announced by press release by 9:00 a.m., New York City time, on , 2016, unless this exchange offer is extended or terminated.

You also may contact the information agent to obtain these indicative exchange ratios and the final exchange ratio at its toll-free number provided on the back cover of this document.

Each of the Daily VWAPs, calculated per-share values (and, in the case of Leidos common stock, the estimated dividend adjusted per-share value) and the final exchange ratio will be rounded to four decimal places.

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 Lockheed Martin common stock and 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 Conditions for the Consummation of this Exchange Offer.

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Since this exchange offer is scheduled to expire at 8:00 a.m., New York City time, on the last day of the exchange offer period, and the final exchange ratio will be announced by 9:00 a.m., New York City time, on the second trading day prior to the expiration date of this exchange offer, you will be able to tender or withdraw your shares of Lockheed Martin common stock after the final exchange ratio is determined. For more information on validly tendering and properly withdrawing your shares, see Procedures for Tendering and Withdrawal Rights.

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 accepted in this exchange offer, calculated on the basis described above and taking into account the upper limit described above, 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 _____, 2016, based on the Daily VWAPs of Lockheed Martin common stock and Leidos common stock on _____, 2016, _____, 2016 and _____, 2016. The table also shows the effects of a five percent increase or decrease in either or both of the calculated per-share values of Lockheed Martin common stock and Leidos common stock based on changes relative to the values as of _____, 2016.

Lockheed Martin common stock		Leidos common stock	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)
As of	, 2016	As of	, 2016			
						(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 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.

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 approximately \$ _____ in value of Splitco common stock for each \$100 in value of Lockheed Martin common stock accepted for exchange.

If the trading price of shares of Lockheed Martin common stock were to increase 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.

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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.

The number of shares of Lockheed Martin common stock that may be accepted in this exchange offer may be subject to proration. Depending on the number of shares of Lockheed Martin common stock validly tendered, and not properly withdrawn in this exchange offer, and the final exchange ratio, determined as described above, 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 below under *Proration; Tenders for Exchange by Holders of Fewer than 100 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 _____, 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.

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 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 (rounded to the nearest whole number of shares of Lockheed Martin common stock), 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.

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 entitled *Odd-Lot Shares* on the letter of transmittal. If your odd-lot shares are held by a broker or other nominee for your account, you can contact your broker or nominee and request the 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-lot 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 Savings Plan. Thus, if a participant in a Lockheed Martin Savings Plan or the Sandia Plan Company Stock Fund under 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.

Lockheed Martin will announce the preliminary proration factor 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.

Any shares of Lockheed Martin common stock not accepted for exchange in this exchange offer as a result of proration or otherwise will be returned to the tendering stockholder promptly after the final proration factor is determined.

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.

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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.

Exchange of Shares of Lockheed Martin Common Stock

Upon the terms and subject to the conditions of this exchange offer (including, if this exchange offer is extended or amended, the terms and conditions of the extension or amendment), Lockheed Martin will accept for exchange, and will exchange, for shares of Splitco common stock owned by Lockheed Martin, the shares of Lockheed Martin common stock validly tendered, and not properly withdrawn, prior to the expiration of this exchange offer, promptly after the expiration date.

The exchange of shares of Lockheed Martin common stock tendered and accepted for exchange pursuant to this exchange offer will be made only after timely receipt by the exchange agent of:

(i) certificates representing all physically tendered shares of Lockheed Martin common stock or (ii) in the case of shares delivered by book-entry transfer through The Depository Trust Company, confirmation of a book-entry transfer of those shares of Lockheed Martin common stock in the exchange agent's account at The Depository Trust Company, in each case pursuant to the procedures set forth in the section below entitled
Procedures for Tendering;

the letter of transmittal for Lockheed Martin common stock, properly completed and duly executed, with any required signature guarantees, or, in the case of a book-entry transfer through The Depository Trust Company, an agent's message; and

any other required documents.

For purposes of this exchange offer, Lockheed Martin will be deemed to have accepted for exchange, and thereby exchanged, shares of Lockheed Martin common stock validly tendered and not properly withdrawn if and when Lockheed Martin notifies the exchange agent of its acceptance of the tenders of those shares of Lockheed Martin common stock pursuant to this exchange offer.

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 Lockheed Martin stockholders 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 (as described below under Distribution of Any Shares of Splitco Common Stock Remaining After 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 upon consummation

of the Merger as agent for the Splitco stockholders.

Upon surrender of the documents required by the exchange agent, duly executed, each former holder of Splitco common stock will receive in exchange therefor shares of Leidos common stock and/or cash in lieu of fractional shares, as the case may be. You will not receive any interest on any cash paid to you, even if there is a delay in making the payment.

If Lockheed Martin does not accept for exchange any tendered Lockheed Martin common stock for any reason pursuant to the terms and conditions of this exchange offer, the exchange agent:

in the case of shares of Lockheed Martin common stock held in certificated form, will return certificates representing such shares without expense to the tendering stockholder;

in the case of book-entry shares held through DRS, will cause those shares to be credited to the DRS account from which they were tendered;

in the case of CDI Shares, will cause those shares to be credited by the exchange agent to the tendering stockholder's account under Lockheed Martin Direct Invest, from which they were tendered; and

in the case of shares tendered by book-entry transfer pursuant to the procedures set forth below in the section entitled "Procedures for Tendering," such shares will be credited to an account maintained with The Depository Trust Company, in each case promptly following expiration or termination of this exchange offer.

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Procedures for Tendering

Shares Held in Certificated Form/Book-Entry DRS

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 the DRS, you must deliver to the exchange agent at the address listed on the letter of transmittal a properly completed and duly executed letter of transmittal, along with any required signature guarantees and any other required documents, and, if you hold certificates, the certificates representing the shares of Lockheed Martin common stock tendered.

CDI Shares

If you hold 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, together with any required signature guarantees and any other required documents. Since certificates are not issued for CDI Shares, you do not need to deliver any certificates representing those shares to the exchange agent. If you tender all of your CDI Shares, and all of your CDI Shares are accepted in this exchange offer, then your participation in the stock purchase and dividend reinvestment plan will be terminated and any dividend due will be paid in cash.

Shares Held Through a Broker, Dealer, Commercial Bank, Trust Company or Similar Institution

If you hold shares of Lockheed Martin common stock through a broker, dealer, commercial bank, trust company or similar institution and wish to tender your shares of Lockheed Martin common stock in this exchange offer, you should follow the instructions sent to you separately by that institution. In this case, you should not use a letter of transmittal to direct the tender of your shares of Lockheed Martin common stock. If that institution holds shares of Lockheed Martin common stock through The Depository Trust Company, it must notify The Depository Trust Company and cause it to transfer the shares into the exchange agent's account in accordance with The Depository Trust Company's procedures. The institution also must ensure that the exchange agent receives an agent's message from The Depository Trust Company confirming the book-entry transfer of your shares of Lockheed Martin common stock. A tender by book-entry transfer will be completed upon receipt by the exchange agent of an agent's message, book-entry confirmation from The Depository Trust Company and any other required documents.

The term "agent's message" means a message, transmitted by The Depository Trust Company to, and received by, the exchange agent and forming a part of a book-entry confirmation, which states that The Depository Trust Company has received an express acknowledgment from the participant in The Depository Trust Company tendering the shares of Lockheed Martin common stock which are the subject of the book-entry confirmation, that the participant has received and agrees to be bound by the terms of the letter of transmittal (including the instructions thereto) and that Lockheed Martin may enforce that agreement against the participant.

The exchange agent will establish an account with respect to the shares of Lockheed Martin common stock at The Depository Trust Company for purposes of this exchange offer, and any eligible institution that is a participant in The Depository Trust Company may make book-entry delivery of shares of Lockheed Martin common stock by causing The Depository Trust Company to transfer such shares into the exchange agent's account at The Depository Trust Company in accordance with The Depository Trust Company's procedure for the transfer. Delivery of documents to The Depository Trust Company does not constitute delivery to the exchange agent.

Shares Held in the Lockheed Martin Savings Plans

If you have one or more accounts in a Lockheed Martin Savings Plan and your account(s) holds units of the ESOP Fund or the LM Plan Company Stock Fund, the unitized funds invested in Lockheed Martin common stock and cash and short-term equivalents maintained for liquidity purposes under the Lockheed Martin 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) informing you how to make an election. If you do not make a timely election to exchange some or all of the shares attributable to your account 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 and/or the LM 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 and/or the LM Plan Company Stock Fund will remain unchanged. If you timely elect to exchange shares attributable to units of the ESOP Fund and/or the LM 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 (as described further below) 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 Lockheed Martin Savings Plan account and the applicable deadline for directing the trustee or the 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. 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.

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If you elect to exchange some or all of the shares attributable to units of the ESOP Fund and/or the LM Plan Company Stock Fund in your Lockheed Martin Savings Plan account(s) for shares of Splitco common stock, you may be required to liquidate the units representing shares of Leidos common stock that you receive in exchange for such Splitco shares in connection with the Merger in your Lockheed Martin Savings Plan account(s) no later than a date communicated by the trustee (which could be immediately after the closing of the Merger or some time thereafter) and reallocate the sale proceeds of such liquidation to one or more of the other investment options then available under the relevant Lockheed Martin Savings Plans. If you do not liquidate such shares of Leidos common stock prior to the liquidation deadline, the shares of Leidos common stock attributable to units of the ESOP Fund and/or the LM Plan Company Stock Fund will be liquidated by the trustee on the liquidation deadline date with the proceeds invested as set forth in the instructions from the trustee.

If the offer to exchange shares of Lockheed Martin common stock for Splitco common stock is oversubscribed, the number of shares attributable to the units of the ESOP Fund and/or the LM Plan Company Stock Fund that you elect to exchange will be subject to proration. 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*.

The ESOP Fund and the LM Plan Company Stock Fund under the Lockheed Martin Savings Plans are unitized stock funds holding Lockheed Martin common stock and cash and short-term investments maintained for liquidity purposes. Participants in the Lockheed Martin Savings Plans whose accounts are invested in the ESOP Fund and/or the LM Plan Company Stock Fund have units in such fund allocated to their respective accounts, which units represent their respective *pro rata* interests in the fund. For purposes of this document and the exchange offer, references to shares of Lockheed Martin common stock being held in the ESOP Fund and/or the LM Plan Company Stock Fund, elections to keep or tender such shares and exchanges of such shares mean, with respect to a participant, the shares of Lockheed Martin common stock represented by the units in the ESOP Fund and/or the LM Plan Company Stock Fund allocated to the participant's account under the Lockheed Martin Savings Plans.

In connection with the exchange of shares held in the ESOP Fund or LM Plan Company Stock Fund, any shares of Leidos common stock held (outside of a self-directed brokerage account (SDBA)) in the Lockheed Martin Savings Plans will be held in a unitized stock fund. In addition to holding Leidos common stock, such Leidos common stock fund also may hold cash and short-term investments for liquidity purposes. Accounts of plan participants who elect to exchange shares held in the ESOP Fund and/or the LM Plan Company Stock Fund will receive units in the Leidos common stock fund. For purposes of this document and the exchange offer, references to shares of Leidos common stock being held in participant accounts under a Lockheed Martin Savings Plan and liquidation of shares of Leidos common stock mean, with respect to a participant, the shares of Leidos common stock represented by the units in the Leidos common stock fund allocated to the participant's account under the relevant Lockheed Martin Savings Plan.

If you hold shares of Lockheed Martin common stock in a SDBA in one of the Lockheed Martin Savings Plans, you may access instructions at www.tdameritraderetirement.com>My Account>History & Statements>Shareholder Library>Corporate Action. Shares of Lockheed Martin common stock held in a SDBA in a Lockheed Martin Savings Plan account are not unitized. Shares of Leidos common stock received in a SDBA in a Lockheed Martin Savings Plan will not be unitized and are not required to be liquidated by the deadline set by the trustee for the Lockheed Martin Savings Plans applicable to the Leidos common stock fund.

Notwithstanding anything in this document to the contrary, with respect to shares of Lockheed Martin common stock held under the Lockheed Martin Savings Plans, the terms of such plans and trust and applicable law govern all transactions involving shares of Lockheed Martin common stock. It is possible that the investment fiduciaries of the

Lockheed Martin Savings Plans, to fulfill their fiduciary obligations, will impose additional conditions and limitations on the participation of the Lockheed Martin Savings Plans and their participants in the exchange offer or will determine that investment in Leidos common stock will not be a permitted investment. If that is the case, participants in the Lockheed Martin Savings Plans will be notified by the trustee.

Shares Held in the Sandia Savings Plan

If you have an account in the Sandia Savings Plan and your account holds units of the Sandia Plan Company Stock Fund, the unitized fund invested in Lockheed Martin common stock and cash and short-term investments maintained for liquidity purposes, 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 from the Sandia Savings Plan independent fiduciary by letter or email (as permitted by the Sandia Savings Plan) informing you how to make an election. If you do not make a timely election to exchange some or all of the shares attributable to your account in accordance with the instructions by the deadline set forth in the instructions, none of the shares attributable to the units of the Sandia Plan Company Stock Fund will be exchanged for shares of Splitco common stock and your holdings of units of the Sandia Plan Company Stock Fund will remain unchanged. If you timely elect to exchange shares attributable to units of 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

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Leidos common stock (as described further below) 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 Sandia Savings Plan account, please refer to the specific instructions regarding how to tender such shares, if any, under the Sandia Savings Plan, which will be included in the written information.

If you elect to exchange some or all of the shares attributable to units of the Sandia Plan Company Stock Fund in your Sandia Savings Plan account for shares of Splitco common stock, you may be required to liquidate the units or shares representing shares of Leidos common stock that you receive in exchange for such Splitco shares in connection with the Merger in your Sandia Savings Plan account no later than the liquidation deadline (which could be immediately after the closing of the Merger or some time thereafter) and reallocate the sale proceeds of such liquidation to one or more of the other investment options then available under the Sandia Savings Plan. If you do not liquidate such shares of Leidos common stock prior to the liquidation deadline, the shares of Leidos common stock attributable to units of the Sandia Plan Company Stock Fund will be liquidated by the Sandia Savings Plan trustee on the liquidation deadline date with the proceeds invested as set forth in the instructions.

If the offer to exchange shares of Lockheed Martin common stock for Splitco common stock is oversubscribed, the number of shares attributable to the units of the Sandia Plan Company Stock Fund that you elect to exchange will be subject to proration. Any proration of the number of shares accepted in this exchange offer will be determined on the basis of the proration mechanics described under *This Exchange Offer Terms of this Exchange Offer Proration; Tenders for Exchange by Holders of Fewer than 100 Shares of Lockheed Martin Common Stock*. Please contact the phone number in the letter or email you receive to speak with a customer service representative if you have any questions.

The Sandia Plan Company Stock Fund under the Sandia Savings Plan is a unitized stock fund holding Lockheed Martin common stock and cash and short-term investments maintained for liquidity purposes. Participants in the Sandia Savings Plan whose accounts are invested in the Sandia Plan Company Stock Fund have units in such fund allocated to their respective accounts, which units represent their respective pro rata interests in the fund. For purposes of this document and the exchange offer, references to shares of Lockheed Martin common stock held in the Sandia Plan Company Stock Fund, elections to keep or tender such shares and exchanges of such shares mean, with respect to a participant, the shares of Lockheed Martin common stock represented by the units in the Sandia Plan Company Stock Fund allocated to the participant's account under the Sandia Savings Plan.

In connection with the exchange of shares held in the Sandia Plan Company Stock Fund, any shares of Leidos common stock held in the Sandia Savings Plan will be held in a unitized stock fund. In addition to holding Leidos common stock, such Leidos common stock fund also may hold cash and short-term investments for liquidity purposes. Accounts of Sandia Savings Plan participants who elect to exchange shares held in the Sandia Plan Company Stock Fund will receive units in the Leidos common stock fund. For purposes of this document and the exchange offer, references to shares of Leidos common stock being held in participant accounts under the Sandia Savings Plan and liquidation of shares of Leidos common stock mean, with respect to a participant, the shares of Leidos common stock represented by the units in the Leidos common stock fund allocated to the participant's account under the Sandia Savings Plan.

Notwithstanding anything in this document to the contrary, with respect to shares of Lockheed Martin common stock held under the Sandia Savings Plan, the terms of such plan and its related trust and applicable law govern all transactions involving such shares of Lockheed Martin common stock. It is possible that the investment fiduciaries of the Sandia Savings Plan, to fulfill their fiduciary obligations, will impose additional conditions and limitations on the participation of the Sandia Savings Plan and its participants in the exchange offer or will determine that investment in

Leidos common stock will not be a permitted investment. If that is the case, participants in the Sandia Savings Plan will be notified by the trustee.

Shares Held in Employee Benefit Plans Other than the Lockheed Martin Savings Plans and the Sandia Savings Plan

If you own shares of Lockheed Martin common stock through an employer sponsored plan other than the Lockheed Martin Savings Plans or the Sandia Savings Plan, the terms of the plan holding those shares and any related trust and applicable law govern transactions involving the shares of Lockheed Martin common stock. You should consult with the trustee of any such plans concerning the actions that you may be required to take if you desire to participate in this exchange offer. As a general matter, the trustee of the plan or a broker, dealer, commercial bank, trust company or similar institution through which the plan holds your shares of Lockheed Martin common stock will be required to take action on your behalf to enable you to participate in this exchange offer with respect to those shares.

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General Instructions

Letters of transmittal for shares of Lockheed Martin common stock and certificates representing shares of Lockheed Martin common stock only should be sent to the exchange agent at an address listed on the letter of transmittal. Do not send letters of transmittal and certificates representing shares of Lockheed Martin common stock to Lockheed Martin, Leidos, Splitco or the information agent. Trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity who sign a letter of transmittal or any certificates or stock powers must indicate the capacity in which they are signing and must submit evidence of their power to act in that capacity unless waived by Lockheed Martin. Transmittal of tendered shares held by the trusts under the Lockheed Martin Savings Plans and the Sandia Savings Plan will be made by the trustee under those plans in accordance with the terms and conditions of the plans, directions of participants and applicable law and regulation.

Whether you tender your shares of Lockheed Martin common stock by delivery of certificates, by the procedures applicable to book-entry shares held through DRS, by the procedures applicable to CDI Shares or through your broker, the exchange agent must receive the letter of transmittal for shares of Lockheed Martin common stock and, if applicable, the certificates representing your shares of Lockheed Martin common stock at the address set forth on the back cover of this document prior to the expiration of this exchange offer. Alternatively, in case of a book-entry transfer of shares of Lockheed Martin common stock through The Depository Trust Company, the exchange agent must receive the agent's message and a book-entry confirmation.

As required, letters of transmittal for shares of Lockheed Martin common stock and certificates representing shares of Lockheed Martin common stock must be received by the exchange agent. Please read carefully the instructions to the letter of transmittal you have been sent. You should contact the information agent if you have any questions regarding tendering your shares of Lockheed Martin common stock.

Signature Guarantees

Signatures on all letters of transmittal for Lockheed Martin common stock must be guaranteed by a firm which is a member of the Securities Transfer Agents Medallion Program, or by any other eligible guarantor institution, as such term is defined in Rule 17Ad-15 under the Exchange Act (each of the foregoing being a U.S. eligible institution), except in cases in which shares of Lockheed Martin common stock are tendered either (i) by a registered stockholder who has not completed the box entitled Special Transfer Instructions or Special Delivery Instructions on the letter of transmittal, or (ii) for the account of a U.S. eligible institution.

If the certificates representing shares of Lockheed Martin common stock are registered in the name of a person other than the person who signs the letter of transmittal, the certificates must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name or names of the registered owner or owners appear on the certificates, with the signature(s) on the certificates or stock powers guaranteed by an eligible institution.

Guaranteed Delivery Procedures

If you wish to tender shares of Lockheed Martin common stock pursuant to this exchange offer but (i) your certificates are not immediately available, (ii) you cannot deliver the shares or other required documents to the exchange agent on or before the expiration date of this exchange offer or (iii) you cannot comply with the procedures for book-entry transfer through The Depository Trust Company on a timely basis, you may still tender your Lockheed Martin common stock, so long as all of the following conditions are satisfied:

you must make your tender by or through a U.S. eligible institution;

on or before the expiration date, the exchange agent must receive a properly completed and duly executed notice of guaranteed delivery, substantially in the form made available by Lockheed Martin, in the manner provided below; and

within three NYSE trading days after the date of execution of such notice of guaranteed delivery, the exchange agent must receive (i) (a) certificates representing all physically tendered shares of Lockheed Martin common stock and (b) in the case of shares delivered by-book entry transfer through The Depository Trust Company, confirmation of a book-entry transfer of those shares of Lockheed Martin common stock in the exchange agent's account at The Depository Trust Company; (ii) a letter of transmittal for shares of Lockheed Martin common stock properly completed and duly executed (including any signature guarantees that may be required) or, in the case of shares delivered by book-entry transfer through The Depository Trust Company, an agent's message; and (iii) any other required documents.

Registered stockholders (including any participant in The Depository Trust Company whose name appears on a security position listing of The Depository Trust Company as the owner of Lockheed Martin common stock) may transmit the notice of guaranteed delivery by facsimile transmission or mail it to the exchange agent as long as it is guaranteed by a U.S. eligible institution. If you hold shares of Lockheed Martin common stock through a broker, dealer, commercial bank, trust company or similar institution, that institution must submit any notice of guaranteed delivery on your behalf.

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Tendering Your Shares After the Final Exchange Ratio Has Been Determined

The final exchange ratio will be available 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. If you are a registered Lockheed Martin stockholder (which includes persons holding certificated shares, book-entry shares held through DRS or CDI Shares), then it is unlikely that you will be able to deliver an original executed letter of transmittal (and, in the case of certificated shares, your stock certificates) to the exchange agent prior to the expiration of this exchange offer at 9:00 a.m., New York City time, on the expiration date. Accordingly, in such a case, if you wish to tender your shares after the final exchange ratio has been determined, you will generally need to do so by means of delivering a notice of guaranteed delivery and complying with the guaranteed delivery procedures described above. 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 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 independent fiduciary's instructions, as applicable, and it is possible that the final exchange ratio will not have been determined at the time of such deadline. 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.

The Depository Trust Company is expected to remain open until 5:00 p.m., New York City time, on the last trading day prior to the expiration date and institutions may be able to process tenders for Lockheed Martin common stock through The Depository Trust Company prior to that time (although there is no assurance that this will be the case). Once The Depository Trust Company has closed, participants in The Depository Trust Company whose name appears on a Depository Trust Company security position listing as the owner of Lockheed Martin common stock will still be able to tender their Lockheed Martin common stock by delivering a notice of guaranteed delivery to the exchange agent via facsimile.

If you hold shares of Lockheed Martin common stock through a broker, dealer, commercial bank, trust company or similar institution, that institution must submit any notice of guaranteed delivery on your behalf. It will generally not be possible to direct such an institution to submit a notice of guaranteed delivery once that institution has closed for the day. You should consult with such institution on the procedures that must be complied with and the time by which such procedures must be completed to ensure that the institution has ample time to submit a notice of guaranteed delivery on your behalf prior to expiration of this exchange offer at 8:00 a.m., New York City time, on the expiration date. In addition, any such institution, if it is not an eligible institution, will need to obtain a Medallion guarantee from an eligible institution in the form set forth in the applicable notice of guaranteed delivery in connection with the delivery of those shares.

Effect of Tenders

A tender of Lockheed Martin common stock pursuant to any of the procedures described above will constitute your acceptance of the terms and conditions of this exchange offer as well as your representation and warranty to Lockheed Martin that (i) you have the full power and authority to tender, sell, assign and transfer the tendered shares (and any and all other shares of Lockheed Martin common stock or other securities issued or issuable in respect of such shares), (ii) when the same are accepted for exchange, Lockheed Martin will acquire good and unencumbered title to such shares, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claims and (iii) you own the shares being tendered within the meaning of Rule 14e-4 promulgated under the Exchange Act.

It is a violation of Rule 14e-4 under the Exchange Act for a person, directly or indirectly, to tender shares of Lockheed Martin common stock for such person's own account unless, at the time of tender, the person so tendering (i) has a net long position equal to or greater than the amount of (a) shares of Lockheed Martin common stock tendered or (b) other securities immediately convertible into or exchangeable or exercisable for the shares of Lockheed Martin common stock tendered and such person will acquire such shares for tender by conversion, exchange or exercise and (ii) will cause such shares to be delivered in accordance with the terms of this document. Rule 14e-4 provides a similar restriction applicable to the tender or guarantee of a tender on behalf of another person.

The exchange of shares of Lockheed Martin common stock validly tendered and accepted for exchange pursuant to this exchange offer will be made only after timely receipt by the exchange agent of (i)(a) certificates representing all physically tendered shares of Lockheed Martin common stock or (b) in the case of shares delivered by book-entry transfer through The Depository Trust Company, confirmation of a book-entry transfer of those shares of Lockheed Martin common stock in the exchange agent's account at The Depository Trust Company, (ii) the letter of transmittal for shares of Lockheed Martin common stock, properly completed and duly executed, with any required signature guarantees, or, in the case of a book-entry transfer through The Depository Trust Company, an agent's message and (iii) any other required documents.

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Appointment of Attorneys-in-Fact and Proxies

By executing a letter of transmittal as set forth above, you irrevocably appoint Lockheed Martin's designees as your attorneys-in-fact and proxies, each with full power of substitution, to the full extent of your rights with respect to your shares of Lockheed Martin common stock tendered and accepted for exchange by Lockheed Martin and with respect to any and all other shares of Lockheed Martin common stock and other securities issued or issuable in respect of the Lockheed Martin common stock on or after the expiration of this exchange offer. That appointment is effective when and only to the extent that Lockheed Martin deposits the shares of Splitco common stock for the shares of Lockheed Martin common stock that you have tendered with the exchange agent. All such proxies will be considered coupled with an interest in the tendered shares of Lockheed Martin common stock and therefore will not be revocable. Upon the effectiveness of such appointment, all prior proxies that you have given will be revoked and you may not give any subsequent proxies (and, if given, they will be deemed ineffective). Lockheed Martin's designees will, with respect to the shares of Lockheed Martin common stock for which the appointment is effective, be empowered, among other things, to exercise all of your voting and other rights as they, in their sole discretion, deem proper. Lockheed Martin reserves the right to require that, in order for shares of Lockheed Martin common stock to be deemed validly tendered, immediately upon Lockheed Martin's acceptance for exchange of those shares of Lockheed Martin common stock, Lockheed Martin must be able to exercise full voting rights with respect to such shares. In the case of tendered shares of Lockheed Martin common stock held in the trust under the Lockheed Martin Savings Plans, the trustee will make an electronic election through its custodian and the provisions described in this paragraph regarding the irrevocable appointment of Lockheed Martin's designees as attorneys-in-fact will apply to the trustee.

Determination of Validity

Lockheed Martin will determine questions as to the validity, form, eligibility (including time of receipt) and acceptance for exchange of any tender of shares of Lockheed Martin common stock, in Lockheed Martin's sole discretion, and its determination will be final and binding. Lockheed Martin reserves the absolute right to reject any and all tenders of shares of Lockheed Martin common stock that it determines are not in proper form or the acceptance of or exchange for which may, in the opinion of its counsel, be unlawful. Lockheed Martin also reserves the absolute right to waive any of the conditions of this exchange offer, or any defect or irregularity in the tender of any shares of Lockheed Martin common stock. Notwithstanding the foregoing, Lockheed Martin stockholders may challenge a determination made by Lockheed Martin in a court of competent jurisdiction and a final, non-appealable order or judgment of a court of competent jurisdiction will be final and binding on all parties. **No tender of shares of Lockheed Martin common stock is valid until all defects and irregularities in tenders of shares of Lockheed Martin common stock have been cured or waived. Neither Lockheed Martin nor the exchange agent, the information agent or any other person is under any duty to give notification of any defects or irregularities in the tender of any shares of Lockheed Martin common stock or will incur any liability for failure to give any such notification. Lockheed Martin's interpretation of the terms and conditions of this exchange offer (including the letter of transmittal and instructions thereto) will be final and binding.**

Binding Agreement

The tender of shares of Lockheed Martin common stock pursuant to any of the procedures described above will constitute a binding agreement between Lockheed Martin and you upon the terms of and subject to the conditions to this exchange offer.

The method of delivery of stock certificates of Lockheed Martin common stock and all other required documents, including delivery through The Depository Trust Company, is at your option and risk, and the delivery will be deemed made only when actually received by the exchange agent. If delivery is by mail, it is

recommended that you use registered mail with return receipt requested, properly insured. In all cases, you should allow sufficient time to ensure timely delivery.

Partial Tenders

If you tender fewer than all the shares of Lockheed Martin common stock evidenced by any stock certificate you deliver to the exchange agent, then you will need to fill in the number of shares that you are tendering in the section entitled "Stock Election" on the second page of the letter of transmittal. In those cases, as soon as practicable after the expiration date, the exchange agent will credit the remainder of the shares of common stock that were evidenced by the certificate(s) but not tendered to a DRS account in the name of the registered holder maintained by Lockheed Martin's transfer agent, unless otherwise provided in "Special Delivery Instructions" in the letter of transmittal. Unless you indicate otherwise in your letter of transmittal, all of the shares of Lockheed Martin common stock represented by stock certificates you deliver to the exchange agent will be deemed to have been validly tendered. No stock certificates are expected to be delivered to you, including in respect of any shares delivered to the exchange agent that were previously in certificated form, except for stock certificates representing shares not accepted in this exchange offer.

Lost, Stolen or Destroyed Certificates

If your certificate(s) representing shares of Lockheed Martin common stock have been mutilated, destroyed, lost or stolen and you wish to tender your shares, you will need to complete an affidavit of mutilated, destroyed, lost or stolen certificate(s) (an "Affidavit") that you may request by calling Lockheed Martin's transfer agent, Computershare Trust Company, N.A., at (877) 498-8861.

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You will also need to post a surety bond for your mutilated, destroyed, lost or stolen shares of Lockheed Martin common stock and pay a service fee. Upon receipt of the completed applicable letter of transmittal with the completed Affidavit, the surety bond payment and the service fee, your shares of Lockheed Martin common stock will be considered tendered in this exchange offer.

Withdrawal Rights

Shares of Lockheed Martin common stock validly tendered pursuant to this exchange offer may be withdrawn at any time before 8:00 a.m., New York City time, on the expiration date and, unless Lockheed Martin has previously accepted such shares pursuant to this exchange offer, may also be withdrawn at any time after the expiration of 40 business days from the commencement of this exchange offer (, 2016). Once Lockheed Martin accepts shares of Lockheed Martin common stock pursuant to this exchange offer, your tender is irrevocable.

For a withdrawal of shares of Lockheed Martin common stock to be effective, the exchange agent must receive from you a written notice of withdrawal at one of its addresses set forth on the back cover of this document, and your notice must include your name and the number of shares of Lockheed Martin common stock to be withdrawn, as well as the name of the registered holder, if it is different from that of the person who tendered those shares.

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.

If certificates have been delivered or otherwise identified to the exchange agent, the name of the registered holder and the serial numbers of the particular certificates evidencing the shares of Lockheed Martin common stock must also be furnished to the exchange agent, as stated above, prior to the physical release of the certificates. If shares of Lockheed Martin common stock have been tendered pursuant to the procedures for book-entry tender discussed in the section entitled Procedures for Tendering, any notice of withdrawal 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 procedures of The Depository Trust Company. Withdrawn shares held in certificated form will be returned to the holders in the form of book-entry shares in DRS.

Lockheed Martin will decide all questions as to the form and validity (including time of receipt) of any notice of withdrawal, in its sole discretion, and its decision will be final and binding. Neither Lockheed Martin nor the exchange agent, the information agent nor any other person will be under any duty to give notification of any defects or irregularities in any notice of withdrawal or will incur any liability for failure to give any notification.

Notwithstanding the foregoing, Lockheed Martin stockholders may challenge a determination made by Lockheed Martin in a court of competent jurisdiction and a final, non-appealable order or judgment of a court of competent jurisdiction will be final and binding on all parties.

Any shares of Lockheed Martin common stock properly withdrawn will be deemed not to have been validly tendered for purposes of this exchange offer. However, you may re-tender withdrawn shares of Lockheed Martin common stock by following one of the procedures discussed in the section entitled "Procedures for Tendering" at any time prior to the expiration of this exchange offer (or pursuant to the instructions sent to you separately).

Except for the withdrawal rights described above, any tender made under this exchange offer is irrevocable.

Withdrawing Your Shares After the Final Exchange Ratio Has Been Determined

The final exchange ratio will be available 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. 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 facsimile transmission notice of withdrawal to the exchange agent prior to 8:00 a.m., New York City time, on the expiration date. Medallion guarantees will not be required for such withdrawal notices. If you hold shares of Lockheed Martin common stock through a broker, dealer, commercial bank, trust company or similar institution, any notice of withdrawal must be delivered by that institution on your behalf.

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The Depository Trust Company is expected to remain open until 5:00 p.m., New York City time, on the last trading day prior to the expiration date and institutions may be able to process withdrawals of Lockheed Martin common stock through The Depository Trust Company during that time (although there can be no assurance that this will be the case). Once The Depository Trust Company has closed, if you beneficially own shares of Lockheed Martin common stock that were previously delivered through The Depository Trust Company, to properly withdraw your shares the institution through which your shares are held must deliver a written notice of withdrawal or facsimile transmission notice of withdrawal to the exchange agent prior to 8:00 a.m., New York City time, on the expiration date. Such notice of withdrawal must be in the form of The Depository Trust Company's notice of withdrawal, 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.

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 informational materials provided to you. 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.

Book-entry Accounts

Certificates representing shares of Splitco common stock will not be issued to Lockheed Martin stockholders pursuant to this exchange offer. Rather than issuing certificates representing such shares of Splitco common stock to tendering Lockheed Martin stockholders, the exchange agent will cause shares of Splitco common stock to be credited to records maintained by the exchange agent for the benefit of the respective holders. Immediately following the consummation of this exchange offer, the Merger will occur and Merger Sub will be merged with and into Splitco and each share of Splitco common stock will be converted into the right to receive one share of Leidos common stock and cash in lieu of fractional shares. In connection with this exchange offer, you will receive a letter of transmittal and instructions for use in effecting surrender of any certificates in exchange for Leidos common stock and cash in lieu of fractional shares. As promptly as practicable following the Merger and Lockheed Martin's notice and determination of the final proration factor, if any, Leidos' transfer agent will credit the shares of Leidos common stock into which the shares of Splitco common stock have been converted to book-entry accounts maintained for the benefit of the Lockheed Martin stockholders who received shares of Splitco common stock in the exchange offer or as a *pro rata* distribution, if any, and will send these holders a statement evidencing their holdings of shares of Leidos common stock.

Extension; Termination; Amendment***Extension, Termination or Amendment by Lockheed Martin***

Lockheed Martin expressly reserves the right, in its sole discretion, at any time and from time to time to extend the period of time during which this exchange offer is open and thereby delay acceptance for payment of, and the payment for, any shares of Lockheed Martin common stock validly tendered and not properly withdrawn in this exchange offer. For example, this exchange offer can be extended if any of the conditions for the consummation of this exchange offer described in the next section entitled "Conditions for the Consummation of this Exchange Offer" are not satisfied or

waived prior to the expiration of this exchange offer.

Lockheed Martin expressly reserves the right, in its sole discretion, to amend the terms of this exchange offer in any respect prior to the expiration date, except that Lockheed Martin does not intend to extend this exchange offer other than in the circumstances described above. Lockheed Martin also expressly reserves the right, in its sole discretion, to terminate this exchange offer without the exchange of shares if it determines, subject to satisfaction of the conditions for the consummation of the Transactions, 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.

If Lockheed Martin materially changes the terms of or information concerning this exchange offer or if Lockheed Martin waives a material condition of this exchange offer, it will extend this exchange offer if required by law. The SEC has stated that, as a general rule, it believes that an offer should remain open for a minimum of five business days from the date that notice of the material change is first given or in the event there is a waiver of a material condition to the exchange offer. The length of time will depend on the particular facts and circumstances.

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As required by law, this exchange offer will be extended so that it remains open for a minimum of ten business days following the announcement if:

Lockheed Martin changes the method for calculating the number of shares of Splitco common stock offered in exchange for each share of Lockheed Martin common stock; and

this exchange offer is scheduled to expire within ten business days of announcing any such change. If Lockheed Martin extends this exchange offer, is delayed in accepting for exchange any shares of Lockheed Martin common stock or is unable to accept for exchange any shares of Lockheed Martin common stock under this exchange offer for any reason, then, without affecting Lockheed Martin's rights under this exchange offer, the exchange agent may retain all shares of Lockheed Martin common stock tendered on Lockheed Martin's behalf. These shares of Lockheed Martin common stock may not be withdrawn except as provided in the section entitled "Withdrawal Rights."

Lockheed Martin's reservation of the right to delay acceptance of any shares of Lockheed Martin common stock is subject to applicable law, which requires that Lockheed Martin pay the consideration offered or return the shares of Lockheed Martin common stock deposited promptly after the termination or withdrawal of this exchange offer.

Lockheed Martin will issue a press release or other public announcement no later than 9:00 a.m., New York City time, on the next business day following any extension, amendment, non-acceptance or termination of the previously scheduled expiration date.

Method of Public Announcement

Subject to applicable law (including Rules 13e-4(d), 13e-4(e)(3) and 14e-1 under the Exchange Act, which require that any material change in the information published, sent or given to stockholders in connection with this exchange offer be promptly disclosed to stockholders in a manner reasonably designed to inform them of the change) and without limiting the manner in which Lockheed Martin may choose to make any public announcement, Lockheed Martin assumes no obligation to publish, advertise or otherwise communicate any such public announcement other than by making a release to Business Wire.

Conditions for the Consummation of this Exchange Offer

Lockheed Martin will not be required to complete this exchange offer and may extend or terminate this exchange offer, if, at the scheduled expiration date any of the following conditions or events has occurred, or Lockheed Martin reasonably expects any of the following conditions or events to occur:

any of the Joint Conditions to the Merger or Additional Conditions to the Merger for Lockheed Martin's Benefit referenced in The Merger Agreement Conditions to the Merger have not been satisfied or waived, as applicable, or for any reason the Transactions (other than this exchange offer) cannot be consummated promptly after consummation of this exchange offer;

the Merger Agreement or the Separation Agreement has been terminated;

any condition or event that Lockheed Martin reasonably believes would or would be likely to cause this exchange offer and/or any *pro rata* dividend of Splitco common shares distributed to Lockheed Martin stockholders if this exchange offer is undersubscribed to be taxable to Lockheed Martin or its stockholders under U.S. federal income tax laws;

any injunction, order, stay, judgment or decree is issued by any court, government, governmental authority or other regulatory or administrative authority having jurisdiction over Lockheed Martin, Splitco or Leidos and is in effect, or any law, statute, rule, regulation, legislation, interpretation, governmental order or injunction will have been enacted or enforced, any of which would reasonably be likely to restrain, prohibit or delay consummation of this exchange offer;

any proceeding for the purpose of suspending the effectiveness of the registration statement of which this document is a part has been initiated by the SEC and not concluded or withdrawn;

any general suspension of trading in, or limitation on prices for, securities on any national securities exchange or in the over-the-counter market in the United States;

any extraordinary or material adverse change in U.S. financial markets generally, including, but not limited to, a decline of at least 15 percent in the Standard & Poor's (S&P) Aerospace & Defense Index, the S&P MidCap 400 Index, the S&P North American Technology Services Index or the S&P 500 Index within a period of 60 consecutive days or less occurring after the commencement of the exchange offer;

a declaration of a banking moratorium or any suspension of payments in respect of banks in the United States;

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a commencement of a war (whether declared or undeclared), armed hostilities or other national or international calamity or act of terrorism, directly or indirectly involving the United States, which would reasonably be expected to affect materially and adversely, or to delay materially, the consummation of this exchange offer, or if any of these situations exists as of the commencement of this exchange offer, any material deterioration of such situation;

any action, litigation, suit, claim or proceeding is instituted that would be reasonably likely to enjoin, prohibit, restrain, make illegal, make materially more costly or materially delay the consummation of this exchange offer;

any condition or event that, individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect on the business, assets, properties, condition (financial or otherwise) or results of operations of Lockheed Martin, Splitco or Leidos; or

a market disruption event (as defined below) occurs with respect to shares of Lockheed Martin common stock or Leidos common stock on any of the Valuation Dates and such market disruption event has, in Lockheed Martin's reasonable judgment, impaired the benefits of this exchange offer.

Each of the foregoing conditions to the consummation of the exchange offer is independent of any other condition; the exclusion of any event from a particular condition above does not mean that such event may not be included in another condition. If any of the above events occurs, Lockheed Martin may:

terminate this exchange offer and promptly return all tendered shares of Lockheed Martin common stock to tendering stockholders;

extend this exchange offer and, subject to the withdrawal rights described in the section entitled "This Exchange Offer Terms of this Exchange Offer Withdrawal Rights," retain all tendered shares of Lockheed Martin common stock until the extended exchange offer expires;

amend the terms of the exchange offer; or

waive or amend any unsatisfied condition and, subject to any requirement to extend the period of time during which this exchange offer is open, complete this exchange offer.

These conditions are for the sole benefit of Lockheed Martin. Lockheed Martin may assert these conditions with respect to all or any portion of this exchange offer regardless of the circumstances giving rise to them (except any action or inaction by Lockheed Martin). Lockheed Martin expressly reserves the right, in its sole discretion, to waive any condition in whole or in part at any time. Lockheed Martin's failure to exercise its rights under any of the above conditions does not represent a waiver of these rights (provided that the right has not otherwise become exercisable). Each right is an ongoing right which may be asserted at any time prior to the expiration of this exchange offer. All conditions for consummation of this exchange offer must be satisfied or waived by Lockheed Martin prior to the expiration of this exchange offer. Leidos has no right to waive any 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.

A market disruption event with respect to either Lockheed Martin common stock or Leidos common stock means a suspension, absence or material limitation of trading of Lockheed Martin common stock or Leidos common stock on the NYSE for more than two hours of trading or a breakdown or failure in the price and trade reporting systems of the NYSE as a result of which the reported trading prices for Lockheed Martin common stock or Leidos common stock on the NYSE during any half-hour trading period during the principal trading session in the NYSE are materially inaccurate, as determined by Lockheed Martin in its sole discretion or the exchange agent in its sole discretion, on the day with respect to which such determination is being made. For purposes of such determination, a limitation on the hours or number of days of trading will not constitute a market disruption event if it results from an announced change in the regular business hours of the NYSE.

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

The following are the material U.S. federal income tax consequences of the Distribution and Merger to U.S. Holders (as defined below) of Lockheed Martin common stock. This discussion is based on the Code, applicable Treasury regulations, administrative interpretations and court decisions as in effect as of the date of this registration statement, all of which may change, possibly with retroactive effect. For purposes of this discussion, a U.S. Holder is a beneficial owner of Lockheed Martin common stock that is for U.S. federal income tax purposes:

a citizen or resident of the United States;

a corporation, or other entity taxable as a corporation for U.S. federal tax purposes, created or organized in or under the laws of the United States or of any political subdivision thereof;

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an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

a trust if (i) a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) the trust has a valid election in effect to be treated as a U.S. person for U.S. federal income tax purposes.

This discussion assumes that U.S. Holders of Lockheed Martin common stock hold such stock as a capital asset (generally, assets held for investment). It does not address all aspects of U.S. federal income taxation that may be important to a U.S. Holder in light of that stockholder's particular circumstances or to a U.S. Holder subject to special rules, such as:

a financial institution, regulated investment company or insurance company;

a tax-exempt organization;

a dealer or broker in securities, commodities or foreign currencies;

a stockholder that holds Lockheed Martin common stock as part of a hedge, appreciated financial position, straddle, conversion, or other risk reduction transaction;

a stockholder that holds Lockheed Martin common stock in a tax-deferred account, such as an individual retirement account or a plan qualifying under Section 401(k) of the Code; or

a stockholder that acquired Lockheed Martin common stock pursuant to the exercise of options or similar derivative securities or otherwise as compensation.

If a partnership, or any entity or arrangement treated as a partnership for U.S. federal tax purposes, holds Lockheed Martin common stock, the tax treatment of a partner in such partnership generally will depend on the status of the partners and the activities of the partnership. A partner in a partnership holding Lockheed Martin common stock should consult its own tax advisor.

This discussion of material U.S. federal income tax consequences does not address all potential U.S. federal income tax consequences of the Distribution and Merger, including consequences that may depend on individual circumstances. In addition, it does not address any estate or gift or other non-income tax consequences or any foreign, state or local tax consequences of the Distribution and Merger. **Each holder of Lockheed Martin common stock should consult its own tax advisor to determine the particular U.S. federal, state or local or foreign income or other tax consequences of the Distribution and Merger to such holder.**

Tax Opinions

The consummation of the Distribution, the Merger and certain related transactions are conditioned upon (i) Lockheed Martin's receipt of an opinion from its tax counsel substantially to the effect 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 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, and (ii) Lockheed Martin's and Leidos' receipt of opinions from their respective tax counsel, in each case, substantially to the effect that the Merger will qualify as a reorganization within the meaning of Section 368(a) of the Code (the Tax Opinions). In rendering the Tax Opinions, tax counsel will rely on (i) customary representations and covenants made by Lockheed Martin, Splitco and Leidos, and (ii) specified assumptions, including an assumption regarding the completion of the Distribution, Merger and certain related transactions in the manner contemplated by the transaction agreements. In addition, tax counsel's ability to provide the Tax Opinions will depend on the absence of changes in existing facts or law between the date of this registration statement and the closing date of the Merger. If any of those representations, covenants or assumptions is inaccurate, tax counsel may not be able to provide the Tax Opinions or the tax consequences of the Distribution and Merger could differ from those described below. 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, Merger or Lockheed Martin Cash Distribution.

The Distribution

On the basis 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, in general, for U.S. federal income tax purposes:

the Distribution will not result in the recognition of income, gain or loss to Lockheed Martin or Splitco (except for taxable income or gain of Lockheed Martin possibly arising as a result of certain internal restructuring transactions undertaken prior to or in anticipation of the Distribution);

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U.S. Holders of Lockheed Martin common stock will not recognize income, gain or loss upon the receipt of Splitco common stock in this exchange offer (or in any *pro rata* distribution of Splitco common stock if this exchange offer is undersubscribed or if Lockheed Martin determines not to consummate the exchange offer and makes only a *pro rata* distribution of Splitco common stock);

the aggregate tax basis of the shares of Splitco common stock (including fractional shares) distributed to a U.S. Holder of Lockheed Martin common stock in the exchange offer will equal the aggregate tax basis of the shares of Lockheed Martin common stock exchanged therefor;

the aggregate tax basis of the shares of Splitco common stock (including fractional shares) distributed as a *pro rata* distribution to a U.S. Holder of Lockheed Martin common stock will be determined by allocating the aggregate tax basis of such U.S. Holder in the shares of Lockheed Martin common stock with respect to which the *pro rata* distribution is made between such Lockheed Martin common stock and the Splitco common stock received in proportion to the relative fair market values of such common stock immediately following the Distribution; and

the holding period (for tax purposes) of any shares of Splitco common stock received (including any fractional shares of Splitco common stock) by a U.S. Holder of Lockheed Martin common stock will include the holding period at the time of the consummation of this exchange offer of the shares of Lockheed Martin common stock with respect to which the shares of Splitco common stock were received.

In general, if the Distribution were not to 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, the exchange offer would be treated as a taxable exchange to Lockheed Martin stockholders who receive Splitco common stock in the exchange offer. In that situation, a *pro rata* distribution of Splitco common stock if this exchange offer is undersubscribed or if Lockheed Martin determines not to consummate the exchange offer and makes only a *pro rata* distribution of Splitco common stock would be treated as a taxable dividend to Lockheed Martin stockholders. In addition, if the Distribution were not to qualify as a tax-free transaction under Sections 368(a)(1)(D) and 355 of the Code, Lockheed Martin would recognize taxable gain, which could result in significant tax to Lockheed Martin.

Even if the Distribution were otherwise to qualify as a tax-free transaction under Sections 368(a)(1)(D) and 355 of the Code, the Distribution 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, directly or indirectly (including stock of Leidos after the Merger), as part of a plan or series of related transactions that included the Distribution. For this purpose, any acquisitions of Lockheed Martin or Splitco common 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. For purposes of this test, the Merger will be treated as part of a plan, but the Merger standing alone will not cause the Distribution to be taxable to Lockheed Martin under Section 355(e) of the Code because holders of Lockheed Martin common stock will directly own more than 50 percent of Leidos common stock following the Merger. Nevertheless, if the IRS were to determine that other acquisitions of Lockheed Martin common stock or Splitco common 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 the recognition of a material amount of taxable gain by Lockheed Martin under Section 355(e) of the Code. In connection with the Tax Opinion, 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 general, under the Tax Matters Agreement, Leidos is required to indemnify Lockheed Martin against any tax consequences arising as a result of certain prohibited actions by Leidos, Splitco or their respective subsidiaries. If the Distribution were to be taxable to Lockheed Martin, the liability for payment of such tax by Lockheed Martin, or by Leidos under the Tax Matters Agreement, could have a material adverse effect on Lockheed Martin or Leidos, as the case may be.

The Merger

The Merger is intended to qualify as a tax-free reorganization within the meaning of Section 368(a) of the Code. On the basis of such treatment and subject to the limitations and qualifications described herein, in general, for U.S. federal income tax purposes:

U.S. Holders of Splitco common stock will not recognize income, gain or loss upon the receipt of Leidos common stock in the Merger, except for any gain or loss recognized with respect to cash received in lieu of a fractional share of Leidos common stock;

the aggregate tax basis of Leidos common stock received by a U.S. Holder of Splitco common stock in the Merger (including fractional shares of Leidos common stock deemed received and redeemed as described below) will be the same as the aggregate tax basis of the Splitco common stock for which it is exchanged;

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the holding period (for tax purposes) of Leidos common stock received in exchange for shares of Splitco common stock (including fractional shares of Leidos common stock deemed received and redeemed as described below) will include the holding period of the Splitco common stock for which it is exchanged;

a U.S. Holder of Splitco common stock who receives cash in lieu of a fractional share of Leidos common stock will be treated as having received the fractional share pursuant to the Merger and then as having sold that fractional share for cash. As a result, such U.S. Holder of Splitco common stock will recognize gain or loss equal to the difference between the amount of cash received and the tax basis in his or her fractional share, determined as set forth above; and

any gain or loss recognized by a U.S. Holder described above will generally be capital gain or loss, and will be long-term capital gain or loss if, as of the closing date of the Merger, the holder's holding period for the relevant shares is greater than one year. For U.S. Holders of Splitco common stock that are noncorporate U.S. Holders, long-term capital gain generally will be taxed at a U.S. federal income tax rate that is lower than the rate for ordinary income or for short-term capital gains. The deductibility of capital losses is subject to limitations.

Information Reporting and Backup Withholding

U.S. Treasury regulations generally require holders who own at least five percent of the total outstanding stock of Lockheed Martin (by vote or value) and who receive Splitco common stock pursuant to the Distribution and holders who own at least one percent of the total outstanding stock of Splitco and who receive Leidos common stock pursuant to the Merger to attach to their U.S. federal income tax return for the year in which the Distribution and the Merger occur a detailed statement setting forth certain information relating to the tax-free nature of the Distribution and the Merger, as the case may be. Lockheed Martin and/or Splitco will provide the appropriate information to each holder upon request, and each such holder is required to retain permanent records of this information.

In addition, payments of cash to a U.S. Holder of Splitco common stock in lieu of a fractional share of Leidos common stock in the Merger may be subject to information reporting, unless the U.S. Holder provides the withholding agent with proof of an applicable exemption. Payments that are subject to information reporting may also be subject to backup withholding, unless such U.S. Holder provides the withholding agent with a correct taxpayer identification number and otherwise complies with the requirements of the backup withholding rules. Backup withholding does not constitute an additional tax, but merely an advance payment, which may be refunded or credited against a U.S. Holder's U.S. federal income tax liability, provided the required information is timely supplied to the IRS.

Treatment of Specified Lockheed Martin Compensatory Equity-Based and Cash-Based Awards Held by Splitco Business Employees

Each Lockheed Martin stock option held by a Splitco Business Employee or Former Splitco Business Employee and outstanding as of the effective time of the Merger will remain outstanding as an option to acquire shares of Lockheed Martin common stock and will be governed by the terms and conditions of the applicable Lockheed Martin equity incentive plan and the relevant award agreement. Currently, there are no outstanding unvested Lockheed Martin options held by a Splitco Business Employee or Former Splitco Business Employee.

Each Lockheed Martin restricted stock unit in respect of an award made by Lockheed Martin prior to January 1, 2016, that is held by a Splitco Business Employee and outstanding as of the effective time of the Merger, will vest and be converted into shares of Lockheed Martin common stock in accordance with the terms and conditions of the 2011

IPAP and the relevant award agreement. Such shares of Lockheed Martin common stock will not be eligible to participate in this exchange offer since they will not be issued until after the expiration of this exchange offer. Each Lockheed Martin restricted stock unit held by a Splitco Business Employee who is employed by Splitco or a Splitco Subsidiary immediately after the Merger in respect of an award made by Lockheed Martin on or after January 1, 2016, will be converted in accordance with the terms of the Merger Agreement into a specified number of Leidos restricted stock units on the same terms and conditions that governed such Lockheed Martin restricted stock units immediately prior to the Merger.

Each Lockheed Martin performance share unit and each Lockheed Martin cash-based long-term incentive performance award held by a Splitco Business Employee and outstanding as of the effective time of the Merger will remain outstanding as a Lockheed Martin performance stock unit or long-term incentive performance award, will be eligible to vest on a *pro rata* basis in accordance with the terms and conditions of the 2011 IPAP and the relevant award agreement and will be entitled, subject to satisfaction of the performance criteria in the relevant award agreement, to convert to shares of Lockheed Martin common stock, in the case of performance share units, or to become payable in cash, in the case of long-term incentive performance awards, following the end of the applicable performance period based on the terms and conditions of the 2011 IPAP and the relevant award agreement. Shares of Lockheed Martin common stock attributable to the performance share units will not be eligible to participate in this exchange offer since they will not be issued until after the expiration of this exchange offer.

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Any changes to these equity-based awards as described in this section shall confer no additional rights on any recipient to participate in this exchange offer, except to the extent that such awards have vested (in the case of stock awards) and/or been exercised (in the case of options) and only to the extent that the applicable shares of Lockheed Martin stock have been settled and delivered to the recipient.

Fees and Expenses

Lockheed Martin has retained Georgeson LLC to act as the information agent and Computershare Trust Company, N.A. to act as the exchange agent in connection with this exchange offer. The information agent may contact Lockheed Martin stockholders by mail, e-mail, telephone, facsimile transmission and may request brokers, dealers and other nominee stockholders to forward materials relating to this exchange offer to beneficial owners. The information agent and the exchange agent each will receive reasonable compensation for their respective services, will be reimbursed for reasonable out-of-pocket expenses and will be indemnified against specified liabilities in connection with their services, including certain liabilities under the federal securities laws.

Neither the information agent nor the exchange agent has been retained to make solicitations or recommendations with respect to this exchange offer. The fees they receive will not be based on the number of shares of Lockheed Martin common stock tendered under this exchange offer.

Lockheed Martin will not pay any fees or commissions to any broker or dealer or any other person for soliciting tenders of Lockheed Martin common stock under this exchange offer. Lockheed Martin will, upon request, reimburse brokers, dealers, commercial banks and trust companies for reasonable and necessary costs and expenses incurred by them in forwarding materials to their customers.

No broker, dealer, bank, trust company or fiduciary will be deemed to be Lockheed Martin's agent or the agent of Splitco, the information agent or the exchange agent for purposes of this exchange offer.

Legal Limitations

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.

Certain Matters Relating to Non-U.S. Jurisdictions

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 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.

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. 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.

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Upon the consummation of this exchange offer, Lockheed Martin will irrevocably deliver to the exchange agent a global certificate representing all of the Splitco common stock being distributed by Lockheed Martin, with irrevocable instructions to hold the shares of Splitco common stock as agent for the Lockheed Martin stockholders validly tendered and not properly withdrawn in the exchange offer and, in the case of a *pro rata* distribution, if any, Lockheed Martin stockholders whose shares of Lockheed Martin common stock remain outstanding after the consummation of the 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 upon consummation of the Merger as agent for the Splitco stockholders.

Upon surrender of the documents required by the exchange agent, duly executed, each former holder of Splitco common stock will receive, in exchange therefor, shares of Leidos common stock and/or cash in lieu of fractional shares, as the case may be. You will not receive any interest on any cash paid to you, even if there is a delay in making the payment. See [This Exchange Offer](#) [Terms of this Exchange Offer](#) [Exchange of Shares of Lockheed Martin Common Stock](#).

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.

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INFORMATION ON LEIDOS

Overview

Leidos is a holding company. Its principal operating company, Leidos, Inc., was formed in 1969 by a small group of scientists led by physicist Dr. Robert Beyster. Since its founding 47 years ago, Leidos has applied its expertise in science, research and engineering in rapidly evolving technologies and markets to solve complex problems of national concern.

Leidos is an applied technology company delivering services and solutions to national security, health and infrastructure markets. It brings domain-specific capability and cross-market innovations to customers in each of these markets by leveraging five core capabilities: C4ISR (Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance), cybersecurity, systems engineering, large-scale agile software development and data analytics. Applying its technically advanced solutions to help solve its customers' most difficult problems has enabled Leidos to build strong relationships with its key customers. These customers include agencies of the U.S. Department of Defense, the intelligence community, the U.S. Department of Homeland Security, other U.S. Government civil agencies, state and local government agencies and government agencies of U.S. allies abroad. With a focus on delivering mission-critical solutions, Leidos generates over 76 percent of its total revenues from U.S. Government contracts. A majority of that work supports the U.S. Intelligence Community.

Building on its foundation in offering innovative services and solutions to U.S. Government customers, Leidos is expanding into international government and broader commercial markets. By leveraging expertise in multiple disciplines, tailoring its solutions to the particular needs of its targeted markets, and using advanced analytics, Leidos works to securely deliver solutions that not only meet its customers' current goals, but also support their future endeavors.

For a more detailed description of the business of Leidos, see 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](#).

Leidos' Business After the Consummation of the Transactions

The combination of the Splitco Business with Leidos' existing business is intended to add large, complex IT system implementation and operation experience, and additional federal and international IT solutions and services work to the Leidos portfolio, providing more venues to sell value added services such as cybersecurity and analytics.

Leidos expects the Transactions to have the following strategic benefits:

Increased scale and diversification of Leidos' product portfolio. As a result of the Transactions, Leidos expects the combined business to become the largest pure-play IT services provider to the U.S. Government with approximately \$10 billion in revenue and 33,000 skilled employees.

Complementary Market Access and Capabilities. The Splitco Business will contribute to Leidos' experience in large, complex IT systems design, implementation and operation. The combined business will add federal and international IT solutions and services work in areas that complement Leidos' existing business with

minimal overlap.

Synergies. The consummation of the Transactions is expected to generate annualized net cost synergies of approximately \$120 million by the end of fiscal year 2018. The combination of the Splitco Business with Leidos will also generate long-term revenue synergies and enhance competitiveness.

Improved Financial Profile. The consummation of the Transactions will enhance Leidos' margins and revenue growth opportunities with strong free cash flow generation.

Prior to the consummation of the Transactions, certain functions (such as telecommunication systems, subcontracting, logistics, financial services and employee benefits administration) for the Splitco Business have generally been performed under Lockheed Martin's centralized systems and, in some cases, under contracts that are also used for Lockheed Martin's other businesses which are not being assigned to Splitco as part of the Transactions. To enable Leidos to manage an orderly transition in its operation of the Splitco Business, Splitco and Lockheed Martin will enter into the Transition Services Agreement (Parent to Splitco). Pursuant to the Transition Services Agreement (Parent to Splitco), Lockheed Martin will provide Splitco with certain transition services from the period beginning on the date of the Distribution and generally ending within one year, or a shorter or longer period for certain specific services. See Other Agreements Additional Agreements Transition Services Agreements.

Leidos Liquidity and Capital Resources After the Consummation of the Transactions

As of April 1, 2016, Leidos had current assets of \$1,803 million, total assets of \$3,391 million, current liabilities of \$1,005 million, net working capital of \$798 million, and long-term debt, net of current portion of \$1,089 million. Following the consummation of the Transactions, Leidos' total assets and liabilities will increase significantly.

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As of April 1, 2016, on a pro forma basis (as described in Unaudited Pro Forma Combined Consolidated Financial Statements and Supplemental Combined Consolidated Statement of Income), Leidos would have had current assets of \$2,319 million, total assets of \$9,176 million, current liabilities of \$1,916 million, net working capital of \$403 million, and long-term debt, net of current portion, of \$3,482 million. Leidos cash from operations was \$399 million for the 11 months ended January 1, 2016, as compared to cash used in operations of \$18 million for the three months ended April 1, 2016. Leidos also expects its cash from operations to increase significantly as a result of the consummation of the Transactions and the integration of Splitco.

Leidos believes that the combination of Splitco with Leidos existing business will result in anticipated annualized net cost synergies of at least \$120 million by the end of fiscal year 2018 as a result of (i) approximately \$50 million in expected savings from corporate overheads and shared enterprise services, (ii) approximately \$60 million in expected savings from improved operating efficiencies in its line and functional organizations, and (iii) approximately \$10 million in expected savings from real estate optimization, supply chain and other cost savings. If Leidos is able to increase sales to new and existing customers and access new product and services markets as a result of the Transactions, Leidos estimates that additional annualized synergies potentially may be achievable within three years from the consummation of the Transactions.

Leidos expects to incur significant, one-time costs, some of which will be capitalized, in connection with the Transactions, 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 (of which \$6 million has been incurred through April 1, 2016) and (c) \$150 million to \$175 million of transition and integration-related costs (of which \$3 million has been incurred through April 1, 2016), a portion of which will be incremental capital spending, which Leidos management believes are necessary to realize the anticipated synergies from the Transactions. The financing fees and transaction-related costs are expected to be incurred in 2016 and will primarily be funded through new term loans issued in connection with the Transactions. The transition and integration-related costs will be incurred during the first three years following the consummation of the Transactions, and will primarily be funded through cash generated from operations. Management expects to recover approximately \$50 million to \$70 million of the transition and integration-related costs as allowable costs through its cost-type contracts over a five-year period. No assurances of the timing or amount of synergies able to be captured, or the costs necessary to achieve those synergies, can be provided.

Following the consummation of the Transactions, Leidos and Splitco, a wholly-owned subsidiary of Leidos, will have incurred new indebtedness in the form of term loans, of which the indebtedness incurred by Splitco prior to the consummation of the Merger will be used to finance the Special Cash Payment to Lockheed Martin, and these obligations incurred by Splitco are expected to be guaranteed by Leidos following the consummation of the Merger. In connection with the Transactions, Leidos has entered into the Leidos Revolving Credit Facility, which will replace Leidos existing revolving credit facility with a new \$750 million senior revolving credit facility.

The following table summarizes, as of January 1, 2016, Leidos pro forma contractual obligations to make future payments pursuant to certain contracts or arrangements (including the proposed new indebtedness to be incurred by Leidos and Splitco in connection with the Transactions, as described in more detail under Debt Financing) and provides an estimate of the fiscal years in which these obligations are expected to be satisfied:

	Payments Due by Fiscal Year				
Total	2016	2017	2018	2019	2020

	2021 and Thereafter						
Contractual obligations ⁽¹⁾ :	(in millions)						
Existing Leidos long-term debt (including current portion) ⁽²⁾	\$ 1,974	\$ 60	\$ 60	\$ 59	\$ 60	\$ 59	\$ 1,676
Proposed new long-term debt of Leidos and Splitco (including current portion) ⁽³⁾⁽⁴⁾	3,010	169	166	553	179	776	1,167
Operating lease obligations	349	84	69	58	45	31	62
Capital lease obligations	6	2	2	1	1	-	-
Other long-term liabilities ⁽⁵⁾	41	6	6	6	6	6	11
Total contractual obligations	\$ 5,380	\$ 321	\$ 303	\$ 677	\$ 291	\$ 872	\$ 2,916

- (1) Purchase orders for services or products to be delivered pursuant to U.S. Government contracts for which Leidos is entitled to full recourse under normal contract termination clauses have been excluded.
- (2) Includes total interest payments on Leidos' current outstanding debt. Interest payments represent the entire balance for fiscal years 2016-2020 and \$589,000,000 of Leidos' obligations in fiscal year 2021 and thereafter. The total interest payments on Leidos' outstanding debt are calculated based on the stated fixed rates of the senior unsecured notes and do not reflect the variable interest rate component due to the interest rate swap agreements.
- (3) Includes total interest payments on the proposed new debt to be incurred by Leidos and Splitco in connection with the Transactions, as if the new debt was incurred on January 1, 2016. Interest payments represent \$88,000,000, \$85,000,000, \$82,000,000, \$68,000,000, and \$65,000,000 of Leidos' obligations for fiscal years 2016-2020, respectively, and \$91,000,000 for fiscal year 2021 and thereafter.
- (4) Leidos management does not expect to draw on the Leidos Revolving Credit Facility in connection with the consummation of the Merger and, as a result, the entire available balance of \$750,000,000 is not included in the table above.
- (5) Other long-term liabilities were allocated by fiscal year as follows: liabilities under deferred compensation arrangements are based upon the average annual payments in prior years upon termination of employment by participants and other liabilities are based on the fiscal year that the liabilities are expected to be realized. The table above does not include income tax liabilities for uncertain tax positions of \$5,000,000 and \$4,000,000 of additional tax liabilities, as management is not able to reasonably estimate the timing of payments in individual years due to uncertainties in the timing of audit outcomes and when settlements will become due. There is no obligation included for Leidos' foreign defined benefit pension plan, as the plan was overfunded by \$2,000,000 as of January 1, 2016. For a discussion of potential changes in these pension obligations, see Note 15 of the combined notes to consolidated financial statements contained in Leidos' Transition Report on Form 10-K for the 11-months ended January 1, 2016, which is incorporated by reference in this document.

Leidos anticipates that its primary sources of liquidity for working capital and operating activities, including any future acquisitions, will be cash from operations and borrowings under the Leidos Revolving Credit Facility, which is expected to have \$750 million of unused availability immediately following the consummation of the Transactions. Leidos expects that these sources of liquidity will be sufficient to make required payments of interest and principal on the outstanding Leidos debt and to fund working capital and capital expenditure requirements, including the significant one-time costs relating to the Transactions described above, and the costs of future acquisitions. Leidos expects that it will be able to comply with the financial and other covenants of its existing debt arrangements and the covenants under the agreements governing the Facilities.

For more information on Splitco's and Leidos' existing sources of liquidity, See the section of this document entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations for the Splitco Business" and the sections entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Leidos' Transition Report on Form 10-K for the 11 months ended January 1, 2016 and Quarterly Report on Form

10-Q for the three-month period ended April 1, 2016, which are filed with the SEC and incorporated by reference in this document. See [Where You Can Find More Information; Incorporation by Reference](#).

Directors and Officers of Leidos Before and After the Consummation of the Transactions

Board of Directors

The Leidos Board currently consists of 10 directors. In connection with the Transactions, effective at the time of closing of the Merger, the size of the Leidos Board will be increased to no more than 13 directors with three directors to be designated by Lockheed Martin.

Listed below is the biographical information for each person who is currently a member of the Leidos Board:

David G. Fubini, 62, is a Senior Lecturer at Harvard Business School and a Director Emeritus at McK