

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended October 2, 2026

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 001-33072

Leidos Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**20-3562868**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1750 Presidents Street, Reston, Virginia	**20190**
(Address of principal executive offices)	(Zip Code)

(571) 526-6000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common stock, par value $.0001 per share	**LDOS**	**New York Stock Exchange**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares issued and outstanding of each of the issuer’s classes of common stock as of October 27, 2026, was 121,994,697 shares of common stock ($0.0001 par value per share).

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Part I—Financial Information

Item 1. Financial Statements

LEIDOS HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited; in millions, except share and per share data)	October 2, 2026	January 2, 2026
Assets:		
Cash and cash equivalents	**$ 630**	$ 1,108
Receivables, net	**2,944**	2,708
Inventory, net	**90**	342
Other current assets	**512**	656
Assets held for sale	**904**	—
Total current assets	**5,080**	4,814
Property, plant and equipment, net	**913**	961
Intangible assets, net	**879**	458
Goodwill	**7,725**	6,342
Operating lease right-of-use assets, net	**475**	526
Other long-term assets	**394**	392
Total assets	**$ 15,466**	$ 13,493
Liabilities:		
Accounts payable and accrued liabilities	**$ 2,175**	$ 1,988
Accrued payroll and employee benefits	**813**	819
Current portion of long-term debt	**18**	20
Liabilities held for sale	**171**	—
Total current liabilities	**3,177**	2,827
Long-term debt, net of current portion	**6,009**	4,628
Operating lease liabilities	**537**	587
Other long-term liabilities	**518**	489
Total liabilities	**10,241**	8,531
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Common stock, $0.0001 par value, 500,000,000 shares authorized, 121,996,926 and 126,380,657 shares issued and outstanding at October 2, 2026, and January 2, 2026, respectively	**—**	—
Additional paid-in capital	**—**	319
Retained earnings	**5,197**	4,647
Accumulated other comprehensive loss	**(25)**	(50)
Total Leidos stockholders' equity	**5,172**	4,916
Non-controlling interest	**53**	46
Total stockholders' equity	**5,225**	4,962
Total liabilities and stockholders' equity	**$ 15,466**	$ 13,493

See accompanying notes to condensed consolidated financial statements.

LEIDOS HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited; in millions, except per share data)	Three Months Ended		Nine Months Ended	
	October 2, 2026	October 3, 2025	**October 2, 2026**	October 3, 2025
Revenues	**$ 4,630**	$ 4,469	**$ 13,588**	$ 12,967
Cost of revenues	**3,810**	3,648	**11,190**	10,607
Selling, general and administrative expenses	**262**	290	**768**	737
Acquisition, integration and restructuring costs	**12**	4	**74**	10
Equity earnings of non-consolidated subsidiaries	**(7)**	(8)	**(19)**	(23)
Operating income	**553**	535	**1,575**	1,636
Non-operating expense:				
Interest expense, net	**(67)**	(51)	**(191)**	(155)
Other expense, net	**(4)**	—	**(22)**	(1)
Income before income taxes	**482**	484	**1,362**	1,480
Income tax expense	**(69)**	(115)	**(258)**	(353)
Net income	**413**	369	**1,104**	1,127
Less: net income attributable to non-controlling interest	**3**	2	**12**	6
Net income attributable to Leidos common stockholders	**$ 410**	$ 367	**$ 1,092**	$ 1,121
Earnings per share:				
Basic	**$ 3.31**	$ 2.87	**$ 8.74**	$ 8.69
Diluted	**3.28**	2.82	**8.67**	8.62

See accompanying notes to condensed consolidated financial statements.

LEIDOS HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended		Nine Months Ended	
(unaudited; in millions)	**October 2, 2026**	October 3, 2025	**October 2, 2026**	October 3, 2025
Net income	**$ 413**	$ 369	**$ 1,104**	$ 1,127
Foreign currency translation adjustments	**(2)**	(4)	**10**	60
Unrecognized loss on derivative instruments	**—**	(2)	**—**	(4)
Pension adjustments	**—**	1	**15**	—
Total other comprehensive income (loss), net of taxes	**(2)**	(5)	**25**	56
Comprehensive income	**411**	364	**1,129**	1,183
Less: net income attributable to non-controlling interest	**3**	2	**12**	6
Comprehensive income attributable to Leidos common stockholders	**$ 408**	$ 362	**$ 1,117**	$ 1,177

See accompanying notes to condensed consolidated financial statements.

LEIDOS HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY

(unaudited; in millions, except per share data)	Shares of common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Leidos stockholders' equity	Non-controlling interest	Total stockholders' equity
Balance at January 2, 2026	126	$ 319	$ 4,647	$ (50)	$ 4,916	$ 46	$ 4,962
Net income	—	—	328	—	328	7	335
Other comprehensive income, net of taxes	—	—	—	25	25	—	25
Issuances of stock	1	17	—	—	17	—	17
Repurchases of stock and other	(1)	(244)	—	—	(244)	—	(244)
Dividends of $0.43 per share	—	—	(54)	—	(54)	—	(54)
Stock-based compensation	—	25	—	—	25	—	25
Net capital distributions to non-controlling interest	—	—	—	—	—	(2)	(2)
Balance at April 3, 2026	126	$ 117	$ 4,921	$ (25)	$ 5,013	$ 51	$ 5,064
Net income	—	—	354	—	354	2	356
Other comprehensive income, net of taxes	—	—	—	2	2	—	2
Issuances of stock	—	18	—	—	18	—	18
Repurchases of stock and other	(1)	(73)	—	—	(73)	—	(73)
Dividends of $0.43 per share	—	—	(56)	—	(56)	—	(56)
Stock-based compensation	—	26	—	—	26	—	26
Net capital distributions to non-controlling interest	—	—	—	—	—	(1)	(1)
Balance at July 3, 2026	125	$ 88	$ 5,219	$ (23)	$ 5,284	$ 52	$ 5,336
Net income	—	—	410	—	410	3	413
Other comprehensive loss, net of taxes	—	—	—	(2)	(2)	—	(2)
Issuances of stock	—	13	—	—	13	—	13
Repurchases of stock and other	(3)	(129)	(379)	—	(508)	—	(508)
Dividends of $0.43 per share	—	—	(53)	—	(53)	—	(53)
Stock-based compensation	—	28	—	—	28	—	28
Net capital distributions to non-controlling interest	—	—	—	—	—	(2)	(2)
Balance at October 2, 2026	**122**	**$ —**	**$ 5,197**	**$ (25)**	**$ 5,172**	**$ 53**	**$ 5,225**

LEIDOS HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY [CONTINUED]

(unaudited; in millions, except per share data)	Shares of common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Leidos stockholders' equity	Non-controlling interest	Total stockholders' equity
Balance at January 3, 2025	131	$ 1,112	$ 3,410	$ (110)	$ 4,412	$ 48	$ 4,460
Net income	—	—	363	—	363	2	365
Other comprehensive income, net of taxes	—	—	—	27	27	—	27
Issuances of stock	1	17	—	—	17	—	17
Repurchases of stock and other	(3)	(531)	—	—	(531)	—	(531)
Dividends of $0.40 per share	—	—	(52)	—	(52)	—	(52)
Stock-based compensation	—	21	—	—	21	—	21
Net capital distributions to non-controlling interest	—	—	—	—	—	(5)	(5)
Balance at April 4, 2025	129	$ 619	$ 3,721	$ (83)	$ 4,257	$ 45	$ 4,302
Net income	—	—	391	—	391	2	393
Other comprehensive income, net of taxes	—	—	—	34	34	—	34
Issuances of stock	—	16	—	—	16	—	16
Repurchases of stock and other	(1)	(10)	—	—	(10)	—	(10)
Dividends of $0.40 per share	—	—	(51)	—	(51)	—	(51)
Stock-based compensation	—	25	—	—	25	—	25
Net capital distributions to non-controlling interest	—	—	—	—	—	(2)	(2)
Balance at July 4, 2025	128	$ 650	$ 4,061	$ (49)	$ 4,662	$ 45	$ 4,707
Net income	—	—	367	—	367	2	369
Other comprehensive loss, net of taxes	—	—	—	(5)	(5)	—	(5)
Issuances of stock	—	15	—	—	15	—	15
Repurchases of stock and other	—	(103)	—	—	(103)	—	(103)
Dividends of $0.40 per share	—	—	(53)	—	(53)	—	(53)
Stock-based compensation	—	26	—	—	26	—	26
Net capital distributions to non-controlling interest	—	—	—	—	—	(2)	(2)
Balance at October 3, 2025	128	$ 588	$ 4,375	$ (54)	$ 4,909	$ 45	$ 4,954

See accompanying notes to condensed consolidated financial statements.

LEIDOS HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited; in millions)	Nine Months Ended October 2, 2026	Nine Months Ended October 3, 2025
Cash flows from operations:		
Net income	**$ 1,104**	$ 1,127
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization	**229**	215
Stock-based compensation	**79**	72
Deferred income taxes	**13**	288
Net loss on pension plan settlement	**20**	—
Other	**27**	7
Change in assets and liabilities, net of effects of acquisitions and dispositions:		
Receivables	**(158)**	(297)
Other current assets and other long-term assets	**58**	26
Accounts payable and accrued liabilities and other long-term liabilities	**18**	(108)
Accrued payroll and employee benefits	**(12)**	(10)
Income taxes receivable/payable	**239**	(65)
Net cash provided by operating activities	**1,617**	1,255
Cash flows from investing activities:		
Acquisition of a business, net of cash acquired	**(2,338)**	(292)
Payments for property, equipment and software	**(110)**	(82)
Divestiture of a business	**4**	—
Net proceeds from sale of assets	**4**	—
Other	**(5)**	2
Net cash used in investing activities	**(2,445)**	(372)
Cash flows from financing activities:		
Proceeds from debt issuance	**1,397**	997
Repayments of borrowings	**(15)**	(1,014)
Payments for debt issuance costs	**(15)**	(7)
Dividend payments	**(162)**	(156)
Repurchases of stock and other	**(819)**	(639)
Proceeds from issuances of stock	**47**	47
Net capital distributions to non-controlling interests	**(5)**	(9)
Other	**(7)**	(7)
Net cash provided by (used in) financing activities	**421**	(788)
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	**—**	11

See accompanying notes to condensed consolidated financial statements.

LEIDOS HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS [CONTINUED]

	Nine Months Ended	
(unaudited; in millions)	**October 2, 2026**	October 3, 2025
Net (decrease) increase in cash, cash equivalents and restricted cash, including cash classified in current assets held for sale	**(407)**	106
Less: change in cash balances classified as assets held for sale	**23**	—
Net (decrease) increase in cash, cash equivalents and restricted cash	**(430)**	106
Cash, cash equivalents and restricted cash at beginning of period	**1,204**	991
Cash, cash equivalents and restricted cash at end of period	**774**	1,097
Less: restricted cash at end of period	**144**	123
Cash and cash equivalents at end of period	**$ 630**	$ 974
Supplementary cash flow information:		
Cash paid for income taxes	**$ 31**	$ 179
Cash paid for interest	**214**	177
Non-cash investing activity:		
Property, plant and equipment additions	**$ 6**	$ 4
Non-cash financing activity:		
Finance lease obligations	**$ 1**	$ —

See accompanying notes to condensed consolidated financial statements.

LEIDOS HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Note 1–Basis of Presentation and Summary of Significant Accounting Policies

NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Leidos Holdings, Inc. ("Leidos"), a Delaware corporation, is a holding company whose direct 100%-owned subsidiary and principal operating company is Leidos, Inc. Leidos is an industry and technology leader serving government and commercial customers with smarter, more efficient digital and mission innovations. Headquartered in Reston, Virginia, with 50,000 global employees, Leidos' customers include the U.S. Department of War (“DoW”), the U.S. Intelligence Community, the U.S. Department of Homeland Security, the Federal Aviation Administration, the Department of Veterans Affairs and many other U.S. civilian, state and local government agencies, foreign government agencies and commercial businesses. Unless indicated otherwise, references to "we," "us" and "our" refer collectively to Leidos Holdings, Inc. and its consolidated subsidiaries.

Beginning fiscal 2026, we completed a realignment of our reporting structure, which resulted in the identification of four reportable segments: Intelligence & Digital, Health, Homeland and Defense. Additionally, we separately present the unallocable costs associated with corporate functions as Corporate. We commenced operating and reporting under the new organizational structure effective the first day of fiscal 2026. As a result of this change, prior year segment results have been recast to reflect the current reportable segment structure.

We have a controlling interest in Hanford Mission Integration Solutions, LLC ("HMIS"), a joint venture with Centerra Group, LLC and Parsons Government Services, Inc. The financial results for HMIS are consolidated into our unaudited condensed consolidated financial statements. The financial results of all voting interest entities in which Leidos has a controlling voting interest ("subsidiaries") and a variable interest entity ("VIE") in which Leidos is the primary beneficiary are also consolidated into our unaudited condensed consolidated financial statements. The consolidated balances of the VIE are not material to the unaudited condensed consolidated financial statements for the periods presented. Intercompany accounts and transactions between consolidated companies have been eliminated in consolidation.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the rules of the U.S. Securities and Exchange Commission and accounting principles generally accepted in the United States of America ("GAAP"). Certain disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting periods. Management evaluates these estimates and assumptions on an ongoing basis, including those relating to estimated profitability of long-term contracts, indirect billing rates, allowances for doubtful accounts, inventories, right-of-use assets and lease liabilities, fair value and impairment of intangible assets and goodwill, income taxes, stock-based compensation expense and contingencies. These estimates have been prepared by management on the basis of the most current and best available information; however, actual results could differ materially from those estimates.

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation. We combined "Deferred tax assets" with "Other long-term assets" and "Deferred tax liabilities" with "Other long-term liabilities" in the condensed consolidated balance sheets. Additionally, we combined "Asset impairment charges" with "Selling, general and administrative expenses" in the condensed consolidated statements of operations, and with "other" in the condensed consolidated statements of cash flows.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments, which consist of normal recurring adjustments, necessary for a fair presentation thereof. The results reported in these unaudited condensed consolidated financial statements are not necessarily indicative of the results that may be expected for the entire year. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Annual Report on Form 10-K filed on February 17, 2026.

ACCOUNTING STANDARDS UPDATES ADOPTED

ASU 2025-06 Intangibles - Goodwill and Other-Internal-Use Software

In September 2025, the FASB issued ASU 2025-06, which amends certain aspects of the accounting and disclosure of internal use software costs. Current guidance requires capitalization of internal-use software development costs depending on the nature of the costs and the project stage during which they occur. The amendments in this update remove references to prescriptive and sequential software development stages and require entities to start capitalizing software development costs when a) management authorizes and commits to funding the software project, and b) it is probable that the project will be completed, and the software will be used to perform the intended function.

The amendments in this update are effective for public business entities for annual periods beginning after December 15, 2027, including interim periods within those annual reporting periods, and may be adopted on a prospective, modified or retrospective basis. Early adoption is permitted. Effective fiscal 2026, we adopted the requirements of ASU 2025-06, using the prospective method. The adoption did not have a material impact on our consolidated financial statements and related disclosures.

ACCOUNTING STANDARDS UPDATES ISSUED BUT NOT YET ADOPTED

ASU 2024-03 Disaggregation of Income Statement Expenses

In November 2024, the FASB issued ASU 2024-03, to enhance the transparency of certain expense disclosures. The update requires disclosure of specific expense categories in the notes to the financial statements at interim and annual reporting periods. The update requires disaggregated information about certain prescribed expense categories underlying any relevant income statement expense caption.

The amendments in this update are effective for public entities for annual periods beginning after December 15, 2026, and interim periods beginning after December 15, 2027. The amendments may be adopted either prospectively or retrospectively. Early adoption is permitted. We plan to adopt these amendments using the prospective method for annual disclosures in fiscal 2027 and interim disclosures in fiscal 2028. These amendments are expected to result in significant additional disclosures in both annual and interim financial statements.

CHANGES IN ESTIMATES ON CONTRACTS

Changes in estimates related to contracts accounted for using the cost-to-cost method of accounting are recognized in the period in which such changes are made for the inception-to-date effect of the changes, with the exception of contracts acquired through a business combination, where the adjustment is made for the period commencing from the date of acquisition.

Changes in estimates on contracts were as follows:

	Three Months Ended		Nine Months Ended	
(in millions, except per share data)	**October 2, 2026**	October 3, 2025	**October 2, 2026**	October 3, 2025
Favorable impact	**$ 41**	$ 52	**$ 124**	$ 147
Unfavorable impact	**(18)**	(32)	**(84)**	(89)
Net impact to income before income taxes	**$ 23**	$ 20	**$ 40**	$ 58
Impact on diluted EPS attributable to Leidos common stockholders	**$ 0.14**	$ 0.11	**$ 0.24**	$ 0.34

The impact on diluted earnings per share ("EPS") attributable to Leidos common stockholders is calculated using the statutory tax rate.

Revenue Recognized from Prior Obligations

We recognized revenue of $21 million and $22 million from performance obligations satisfied in previous periods for the three and nine months ended October 2, 2026, respectively, compared to $18 million and $32 million for the three and nine months ended October 3, 2025, respectively. The changes primarily relate to revisions of variable consideration including award and incentive fees, and revisions to estimates at completion resulting from changes in contract scope, mitigation of contract risks or true-ups of contract estimates at the end of contract performance.

Note 2–Revenues

REMAINING PERFORMANCE OBLIGATIONS

Remaining performance obligations ("RPO") represent the expected value of exercised contracts, both funded and unfunded, less revenue recognized to date. RPO does not include unexercised option periods and future potential task orders expected to be awarded under indefinite delivery/indefinite quantity ("IDIQ") contracts, General Services Administration Schedule or other master agreement contract vehicles, with the exception of certain IDIQ contracts where task orders are not competitively awarded and separately priced but instead are used as a funding mechanism, and where there is a basis for estimating future revenues and funding on future anticipated task orders.

As of October 2, 2026, we had $21 billion of RPO and expect to recognize approximately 64% and 83% over the next 12 months and 24 months, respectively, with the remainder to be recognized thereafter.

DISAGGREGATION OF REVENUES

We disaggregate revenues by customer-type, contract-type and geographic location for each of our reportable segments.

Disaggregated revenues by customer-type were as follows:

	Three Months Ended October 2, 2026				
(in millions)	**Intelligence & Digital**	**Health**	**Homeland**	**Defense**	**Total**
DoW and U.S. Intelligence Community	**$ 1,127**	**$ 231**	**$ 21**	**$ 938**	**$ 2,317**
Other U.S. government agencies[1]	**394**	**825**	**303**	**22**	**1,544**
Commercial and non-U.S. customers	**13**	**12**	**699**	**32**	**756**
Total	**$ 1,534**	**$ 1,068**	**$ 1,023**	**$ 992**	**$ 4,617**

	Three Months Ended October 3, 2025				
(in millions)	Intelligence & Digital	Health	Homeland	Defense	Total
DoW and U.S. Intelligence Community	$ 1,078	$ 242	$ 26	$ 897	$ 2,243
Other U.S. government agencies[1]	420	948	258	26	1,652
Commercial and non-U.S. customers	13	15	490	36	554
Total	$ 1,511	$ 1,205	$ 774	$ 959	$ 4,449

[1] Includes federal government agencies other than the DoW and U.S. Intelligence Community, as well as state and local government agencies.

	Nine Months Ended October 2, 2026				
(in millions)	**Intelligence & Digital**	**Health**	**Homeland**	**Defense**	**Total**
DoW and U.S. Intelligence Community	**$ 3,302**	**$ 699**	**$ 59**	**$ 2,662**	**$ 6,722**
Other U.S. government agencies[1]	**1,176**	**2,601**	**873**	**68**	**4,718**
Commercial and non-U.S. customers	**42**	**42**	**1,924**	**100**	**2,108**
Total	**$ 4,520**	**$ 3,342**	**$ 2,856**	**$ 2,830**	**$ 13,548**

	Nine Months Ended October 3, 2025				
(in millions)	Intelligence & Digital	Health	Homeland	Defense	Total
DoW and U.S. Intelligence Community	$ 3,011	$ 763	$ 62	$ 2,531	$ 6,367
Other U.S. government agencies[1]	1,257	2,748	813	94	4,912
Commercial and non-U.S. customers	33	47	1,439	112	1,631
Total	$ 4,301	$ 3,558	$ 2,314	$ 2,737	$ 12,910

[1] Includes federal government agencies other than the DoW and U.S. Intelligence Community, as well as state and local government agencies.

Disaggregated revenues by contract-type were as follows:

	Three Months Ended October 2, 2026				
(in millions)	**Intelligence & Digital**	**Health**	**Homeland**	**Defense**	**Total**
Cost-reimbursement and fixed-price-incentive-fee	**$ 924**	**$ 383**	**$ 219**	**$ 571**	**$ 2,097**
Firm-fixed-price	**358**	**648**	**493**	**332**	**1,831**
Time-and-materials and fixed-price-level-of-effort	**252**	**37**	**311**	**89**	**689**
Total	**$ 1,534**	**$ 1,068**	**$ 1,023**	**$ 992**	**$ 4,617**

	Three Months Ended October 3, 2025				
(in millions)	Intelligence & Digital	Health	Homeland	Defense	Total
Cost-reimbursement and fixed-price-incentive-fee	$ 878	$ 385	$ 170	$ 561	$ 1,994
Firm-fixed-price	390	786	433	303	1,912
Time-and-materials and fixed-price-level-of-effort	243	34	171	95	543
Total	$ 1,511	$ 1,205	$ 774	$ 959	$ 4,449

	Nine Months Ended October 2, 2026				
(in millions)	**Intelligence & Digital**	**Health**	**Homeland**	**Defense**	**Total**
Cost-reimbursement and fixed-price-incentive-fee	**$ 2,732**	**$ 1,199**	**$ 586**	**$ 1,634**	**$ 6,151**
Firm-fixed-price	**1,054**	**2,043**	**1,444**	**935**	**5,476**
Time-and-materials and fixed-price-level-of-effort	**734**	**100**	**826**	**261**	**1,921**
Total	**$ 4,520**	**$ 3,342**	**$ 2,856**	**$ 2,830**	**$ 13,548**

	Nine Months Ended October 3, 2025				
(in millions)	Intelligence & Digital	Health	Homeland	Defense	Total
Cost-reimbursement and fixed-price-incentive-fee	$ 2,466	$ 1,166	$ 495	$ 1,606	$ 5,733
Firm-fixed-price	1,088	2,282	1,300	838	5,508
Time-and-materials and fixed-price-level-of-effort	747	110	519	293	1,669
Total	$ 4,301	$ 3,558	$ 2,314	$ 2,737	$ 12,910

Disaggregated revenues by geographic location were as follows:

	Three Months Ended October 2, 2026				
(in millions)	**Intelligence & Digital**	**Health**	**Homeland**	**Defense**	**Total**
United States	**$ 1,534**	**$ 1,068**	**$ 644**	**$ 983**	**$ 4,229**
International	**—**	**—**	**379**	**9**	**388**
Total	**$ 1,534**	**$ 1,068**	**$ 1,023**	**$ 992**	**$ 4,617**

	Three Months Ended October 3, 2025				
(in millions)	Intelligence & Digital	Health	Homeland	Defense	Total
United States	$ 1,511	$ 1,205	$ 438	$ 950	$ 4,104
International	—	—	336	9	345
Total	$ 1,511	$ 1,205	$ 774	$ 959	$ 4,449

	Nine Months Ended October 2, 2026				
(in millions)	**Intelligence & Digital**	**Health**	**Homeland**	**Defense**	**Total**
United States	**$ 4,519**	**$ 3,342**	**$ 1,736**	**$ 2,802**	**$ 12,399**
International	**1**	**—**	**1,120**	**28**	**1,149**
Total	**$ 4,520**	**$ 3,342**	**$ 2,856**	**$ 2,830**	**$ 13,548**

	Nine Months Ended October 3, 2025				
(in millions)	Intelligence & Digital	Health	Homeland	Defense	Total
United States	$ 4,300	$ 3,558	$ 1,316	$ 2,704	$ 11,878
International	1	—	998	33	1,032
Total	$ 4,301	$ 3,558	$ 2,314	$ 2,737	$ 12,910

Revenues by customer-type, contract-type and geographic location exclude lease income of $13 million and $40 million for the three and nine months ended October 2, 2026, respectively, and $20 million and $57 million for the three and nine months ended October 3, 2025, respectively.

CONTRACT ASSETS AND LIABILITIES

Performance obligations are satisfied either over time as work progresses or at a point in time. Firm-fixed-price contracts are typically billed to the customer using milestone payments while cost-reimbursable and time and materials contracts are typically billed to the customer on a monthly or bi-weekly basis as indicated by the negotiated billing terms and conditions of the contract. As a result, the timing of revenue recognition, customer billings and cash collections for each contract results in a net contract asset or liability at the end of each reporting period.

Contract assets consist of unbilled receivables, which is the amount of revenue recognized that exceeds the amount billed to the customer. Unbilled receivables exclude amounts billable where the right to consideration is unconditional and not billed. Contract liabilities consist of deferred revenue, which represents cash advances received prior to performance for programs and billings in excess of revenue recognized.

The components of contract assets and contract liabilities consisted of the following:

(in millions)	**Balance sheet line item**	**October 2, 2026**	January 2, 2026
Contract assets - current:			
Unbilled receivables	Receivables, net	**$ 937**	$ 894
Contract liabilities - current:			
Deferred revenue[1]	Accounts payable and accrued liabilities	**$ 411**	$ 348
Contract liabilities - non-current:			
Deferred revenue[1]	Other long-term liabilities	**$ 1**	$ 6

[1] Certain contracts record revenue net of cost of revenues, and therefore, the respective deferred revenue balance will not fully convert to revenue.

The increase in unbilled receivables was primarily due to the acquisition of Entrust (see "Note 3–Acquisitions and Divestitures") and revenue recognized on certain contracts, partially offset by the timing of billings on certain contracts.

For the three and nine months ended October 2, 2026, $30 million and $266 million, respectively, of revenue recognized was included as a contract liability at January 2, 2026. For the three and nine months ended October 3, 2025, $21 million and $220 million, respectively, of revenue recognized was included as a contract liability at January 3, 2025.

Note 3–Acquisitions and Divestitures

ACQUISITIONS

Entrust Acquisition

On March 27, 2026 ("Acquisition Date"), Leidos, Inc. completed the acquisition of KENE Holdings, L.P. and KENE Parent Inc. ("Entrust") to acquire all of the equity interest of Entrust for a final purchase price of $2.4 billion in cash. Entrust is an engineering firm that provides infrastructure design, grid modernization and program management services primarily to electric, gas and pipeline utilities. This acquisition enhances existing energy infrastructure capabilities within our Homeland reportable segment.

The preliminary fair values of the assets acquired and liabilities assumed at the Acquisition Date were as follows (in millions):

Cash and cash equivalents	$ 47
Receivables	156
Other current assets	8
Property, plant and equipment	7
Intangible assets	630
Operating lease right-of-use assets	22
Deferred tax liabilities	(81)
Accounts payable and accrued liabilities	(75)
Accrued payroll and employee benefits	(21)
Other long-term liabilities	(20)
Total identifiable net assets acquired	673
Goodwill	1,715
Purchase price	**$ 2,388**

As of October 2, 2026, we had not finalized the determination of fair values for acquired assets and liabilities assumed, except for certain long-lived assets, including property, plant and equipment and leases. The preliminary purchase price allocation is subject to change as we complete our determination of the fair value of the acquired assets and liabilities assumed, the impact of which could be material.

The goodwill represents intellectual capital and the acquired assembled workforce, neither of which qualifies for recognition as a separate intangible asset. Of the preliminary goodwill recognized, approximately $119 million is tax deductible.

The acquired customer relationships and backlog intangible assets are amortized over their respective estimated useful lives in proportion to the pattern of economic benefit based on expected future discounted cash flows.

The following table summarizes the preliminary fair value of intangible assets acquired at the Acquisition Date and the related weighted average amortization period:

	Weighted Amortization Period (in years)	Fair Value (in millions)
Customer relationships	10	$ 587
Backlog	2	43
Total		**$ 630**

For the three and nine months ended October 2, 2026, $142 million and $294 million, respectively, of revenues related to Entrust were recognized within the Homeland reportable segment.

Pro Forma Financial Information

The following pro forma financial information presents consolidated results of operations as if the acquisition of Entrust had occurred on January 4, 2025. The pro forma financial information was prepared based on historical financial information and has been adjusted to give effect to the events that are directly attributable to the acquisition of Entrust and factually supportable. These adjustments include amortization and interest expense that are directly attributable to the acquisition.

The pro forma results below do not reflect future events that have occurred or may occur after the acquisition, including anticipated synergies or other expected benefits that may be realized from the acquisition. The pro forma information is not intended to reflect the actual results of operations that would have occurred if the acquisition had been completed on January 4, 2025, nor is it intended to be an indication of future operating results.

	Three Months Ended		Nine Months Ended	
(in millions, except per share amounts)	**October 2, 2026**	October 3, 2025	**October 2, 2026**	October 3, 2025
Revenues	**$ 4,630**	$ 4,610	**$ 13,716**	$ 13,382
Net income	**418**	360	**1,119**	1,086
Net income attributable to Leidos common stockholders	**415**	358	**1,107**	1,080
Earnings per share:				
Basic	**$ 3.35**	$ 2.80	**$ 8.86**	$ 8.37
Diluted	**3.32**	2.75	**8.79**	8.31

The pro forma financial information above includes the following nonrecurring significant adjustment made to account for certain costs incurred as if the acquisition had been completed on January 4, 2025:

- Acquisition-related costs of $6 million and $36 million for the three and nine months ended October 2, 2026, respectively, were excluded from the pro forma financial information for fiscal 2026 and were included in the pro forma financial information for fiscal 2025.

Kudu Dynamics Acquisition

On May 23, 2025 (the "Purchase Date"), we completed the acquisition of Savanna Industries, Inc. ("Kudu Dynamics") for purchase consideration of $293 million, net of $29 million of cash acquired. The final goodwill recognized of $231 million represents intellectual capital and the acquired assembled workforce, neither of which qualifies for recognition as a separate intangible asset. All of the goodwill recognized is tax deductible.

The following table summarizes the final fair value of intangible assets acquired at the Purchase Date and the related weighted average amortization period:

	Weighted Amortization Period (in years)	Fair Value (in millions)
Programs	7	$ 60
Backlog	1	12
Total		**$ 72**

Acquisition, Integration and Restructuring Costs

The following expenses were incurred related to the Company's acquisitions, integration and restructuring activities:

	Three Months Ended		Nine Months Ended	
(in millions)	**October 2, 2026**	October 3, 2025	**October 2, 2026**	October 3, 2025
Acquisition costs	**$ —**	$ 1	**$ 29**	$ 1
Integration costs	**7**	2	**7**	3
Restructuring costs	**5**	1	**38**	6
Total acquisition, integration and restructuring costs	**$ 12**	$ 4	**$ 74**	$ 10

These costs were recorded within the Homeland, Health and Intelligence & Digital reportable segments and Corporate in the condensed consolidated statements of operations.

DIVESTITURES

On April 14, 2026, Leidos, Inc. entered into a Contribution and Equity Purchase Agreement with certain affiliates of Altaris, LLC to form a new joint venture. The transaction involved divesting our Security Enterprise Solutions and Industrial Automation businesses ("SES Business"), within the Homeland reportable segment, were combined with Analogic Corporation, a portfolio company of Altaris, LLC, in a newly formed joint venture. The joint venture will primarily focus on security product innovation, research and development, manufacturing, screening technologies, artificial intelligence and 3D imaging solutions.

The Company has presented the associated assets and liabilities of the SES Business as held for sale in the Company's condensed consolidated balance sheet as of October 2, 2026. The major classes of assets and liabilities classified as held for sale were as follows:

(in millions)	October 2, 2026
Cash and cash equivalents	$ 23
Receivables, net	71
Inventory, net	258
Other current assets	17
Property, plant and equipment, net	37
Intangible assets, net	112
Goodwill	336
Operating lease right-of-use assets, net	47
Other long-term assets	3
Total assets held for sale	**$ 904**
Accounts payable and accrued liabilities	$ 84
Accrued payroll and employee benefits	15
Operating lease liabilities	44
Other long-term liabilities	28
Total liabilities held for sale	**$ 171**

On October 5, 2026, the divestiture of the SES Business closed. Upon closing, Leidos retained a 41.5% non-controlling equity interest and Altaris holds a 58.5% interest in the new joint venture (see "Note 12–Subsequent Events"). As the divestiture of the SES Business does not represent a material strategic shift in operations, the SES Business will not be presented as a discontinued operation.

Note 4–Goodwill and Intangible Assets

GOODWILL

Beginning the first day of fiscal 2026, we completed a business realignment, which resulted in new reportable segments (see "Note 10–Business Segments").

Goodwill was allocated to reporting units within the new reportable segments based on a relative fair value approach.

The following table presents changes in the carrying amount of goodwill by reportable segment:

(in millions)	Intelligence & Digital	Health	Homeland	Defense	Total
Goodwill at January 3, 2025[1]	$ 2,007	$ 1,336	$ 950	$ 1,791	$ 6,084
Acquisition of a business	231	—	—	—	231
Divestiture of a business	—	—	(7)	—	(7)
Foreign currency translation adjustments	—	—	34	—	34
Goodwill at January 2, 2026[1]	2,238	1,336	977	1,791	6,342
Acquisition of a business	—	—	1,715	—	1,715
Foreign currency translation adjustments	—	—	4	—	4
Transfers to assets held for sale	—	—	(336)	—	(336)
Goodwill at October 2, 2026	**$ 2,238**	**$ 1,336**	**$ 2,360**	**$ 1,791**	**$ 7,725**

[1] Carrying amount includes accumulated impairment loss of $596 million within the Homeland segment, which is part of the SES Business discussed above.

We evaluate qualitative factors that could cause us to consider whether the estimated fair value of each of our reporting units may be lower than the carrying value, including, but not limited to (i) macroeconomic conditions, (ii) industry and market considerations, (iii) our overall financial performance, including an analysis of our current and projected cash flows, revenues and earnings, (iv) a sustained decrease in share price and (v) other relevant entity-specific events including changes in management, strategy, partners or litigation.

In conjunction with the change in reportable segments in fiscal 2026, the Company evaluated goodwill for impairment immediately before and after the change and determined that goodwill was not impaired.

During the three and nine months ended October 2, 2026, and October 3, 2025, there were no impairments to goodwill.

INTANGIBLE ASSETS

Intangible assets, net consisted of the following:

	October 2, 2026			January 2, 2026		
(in millions)	**Gross carrying value**	**Accumulated amortization**	**Net carrying value**	Gross carrying value	Accumulated amortization	Net carrying value
Customer Relationships	**$ 628**	**$ (44)**	**$ 584**	$ 53	$ (34)	$ 19
Programs	**1,626**	**(1,377)**	**249**	1,748	(1,391)	357
Backlog	**55**	**(28)**	**27**	12	(7)	5
Software and technology	**97**	**(78)**	**19**	264	(187)	77
Total intangible assets	**$ 2,406**	**$ (1,527)**	**$ 879**	$ 2,077	$ (1,619)	$ 458

Amortization expense was $35 million and $105 million for the three and nine months ended October 2, 2026, respectively, and $34 million and $96 million for the three and nine months ended October 3, 2025, respectively.

The estimated annual amortization expense as of October 2, 2026, was as follows:

Fiscal year ending (in millions)	
2026 (remainder of year)	$ 34
2027	149
2028	145
2029	128
2030	109
2031 and thereafter	314
	$ 879

Note 5–Fair Value Measurements

The accounting standard for fair value measurements establishes a three-level fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows: observable inputs such as quoted prices in active markets (Level 1); inputs other than quoted prices in active markets that are observable, either directly or indirectly, or quoted prices that are not active (Level 2); and unobservable inputs in which there is little or no market data (e.g., discounted cash flow and other similar pricing models), which requires us to develop our own market participant assumptions used in pricing the asset or liability (Level 3).

The carrying amounts of our financial instruments, which include cash equivalents, accounts receivable, accounts payable and accrued expenses, are reasonable estimates of their respective fair values. We are a limited partner in an investment fund. The investment's fair value is measured using the net asset value ("NAV") practical expedient and is therefore excluded from the fair value hierarchy. Estimated fair value is based on our proportionate share of the fund's NAV.

As of October 2, 2026, and January 2, 2026, the fair value of debt was $5.7 billion and $4.7 billion, respectively, and the carrying amount was $6.0 billion and $4.6 billion, respectively (see "Note 6–Debt"). The fair value of long-term debt is determined based on current interest rates available for debt with terms and maturities similar to our existing debt arrangements and our credit rating (Level 2 inputs).

The assets and liabilities acquired in connection with the Entrust acquisition were measured at fair value on a non-recurring basis using Level 3 inputs (see "Note 3–Acquisitions and Divestitures").

Note 6–Debt

Our debt consisted of the following:

(in millions)	Stated interest rate	Effective interest rate	October 2, 2026	January 2, 2026
Senior unsecured term loan:				
$1,000 million term loan, due March 2028	5.12%	5.26%	**$ 500**	$ 500
Senior unsecured notes:				
$600 million notes, due March 2029	4.10%	4.20%	**600**	—
$750 million notes, due May 2030	4.38%	4.50%	**750**	750
$1,000 million notes, due February 2031	2.30%	2.38%	**1,000**	1,000
$500 million notes, due March 2032	5.40%	5.42%	**500**	500
$250 million notes, due July 2032	7.13%	7.43%	**250**	250
$750 million notes, due March 2033	5.75%	5.81%	**750**	750
$300 million notes, due July 2033	5.50%	5.88%	**161**	161
$500 million notes, due March 2035	5.50%	5.55%	**500**	500
$800 million notes, due March 2036	5.00%	5.03%	**800**	—
$300 million notes, due December 2040	5.95%	6.03%	**218**	218
Finance leases due on various dates through fiscal 2032	Various	2.28%-6.31%	**39**	54
Less: unamortized debt discounts and deferred debt issuance costs			**(41)**	(35)
Total long-term debt			**6,027**	4,648
Less: current portion			**(18)**	(20)
Total long-term debt, net of current portion			**$ 6,009**	$ 4,628

REVOLVING CREDIT FACILITY

On February 12, 2026, we amended and restated our existing senior unsecured revolving credit facility (the “Revolving Facility”) to increase the borrowing capacity from $1.0 billion to $1.5 billion. The Revolving Facility will mature in February 2031 and permits two additional one-year extensions subject to lender consent. Borrowings under the Revolving Facility will bear interest at a rate determined, at the Company's option, based on either an alternate base rate or term SOFR rate, plus an applicable margin and is subject to an annual commitment fee rate of 0.11% on the unused credit availability. As of October 2, 2026, and January 2, 2026, there were no borrowings outstanding under the Revolving Facility.

SENIOR NOTES

On March 2, 2026, we issued and sold $600 million senior notes maturing in March 2029 (the "2029 Notes") and $800 million senior notes maturing in March 2036 (the "2036 Notes", and together with the 2029 Notes, the "Notes"). The Notes are senior unsecured obligations issued by Leidos, Inc. and guaranteed by Leidos Holdings, Inc. The annual interest rates for the 2029 Notes and the 2036 Notes are 4.10% and 5.00%, respectively, and the interest is payable on a semi-annual basis. In connection with the issuance of the Notes, $10 million of debt issuance costs and discount were recognized, which were recorded as an offset against the carrying value of debt. The proceeds from the Notes were used to fund a portion of the consideration payable in connection with the acquisition of Entrust and for general corporate purposes.

BRIDGE FACILITY

In connection with the acquisition of Entrust, we entered into an agreement with Citigroup Global Markets Inc., which provided for a senior unsecured 364-day bridge loan facility in an aggregate principal amount of $1.4 billion (the "Bridge Facility"). The Bridge Facility was undrawn and terminated following the issuance of the Notes. As a result, we recognized $5 million of fees which were recorded within "Interest expense, net" in the condensed consolidated statements of operations.

COMMERCIAL PAPER

We have a commercial paper program in which the Company may issue short-term unsecured commercial paper notes ("Commercial Paper Notes") not to exceed $1.5 billion. The proceeds will be used for general corporate purposes, including working capital, capital expenditures, acquisitions and share repurchases.

The Commercial Paper Notes are issued in minimum denominations of $0.25 million and have maturities of up to 397 days from the date of issuance. The Commercial Paper Notes either bear a stated or floating interest rate, if interest bearing, or will be sold at a discount from the face amount. As of October 2, 2026, and January 2, 2026, we did not have any Commercial Paper Notes outstanding.

COVENANTS

The Revolving Facility, Commercial Paper Notes, senior unsecured term loan and notes are fully and unconditionally guaranteed and contain certain customary restrictive covenants, including among other things, restrictions on our ability to create liens and enter into sale and leaseback transactions under certain circumstances.

The financial covenants in the Revolving Facility and the senior unsecured term loan require that we maintain, as of the last day of each fiscal quarter, a ratio of adjusted consolidated total debt to consolidated EBITDA of not more than 3.75 to 1.00, subject to increases to 4.50 to 1.00 for four fiscal quarters following a material acquisition, and a ratio of EBITDA to consolidated interest expense of not less than 3.50 to 1.00.

We were in compliance with all financial covenants as of October 2, 2026.

Note 7–Accumulated Other Comprehensive Income (Loss)

Changes in the components of Accumulated Other Comprehensive Income (Loss) ("AOCI") were as follows:

(in millions)	Foreign currency translation adjustments	Unrecognized gain (loss) on derivative instruments	Pension adjustments	Total AOCI
Balance at January 3, 2025	$ (98)	$ 1	$ (13)	$ (110)
Other comprehensive income (loss)	74	1	(3)	72
Taxes	(8)	(1)	1	(8)
Reclassification from AOCI	—	(4)	—	(4)
Balance at January 2, 2026	(32)	(3)	(15)	(50)
Other comprehensive income	10	—	20	30
Taxes	—	—	(5)	(5)
Balance at October 2, 2026	**$ (22)**	**$ (3)**	**$ —**	**$ (25)**

Reclassifications from unrecognized gain (loss) on derivative instruments are recorded in "Interest expense, net" in the condensed consolidated statements of operations.

On May 20, 2022, the trustee of our UK defined benefit pension plan (the “Plan”) invested the assets of the Plan in a bulk purchase annuity policy to fully insure the benefits payable to the members of the Plan. The transaction was structured to enable a full buy-out, at which time the insurer would assume direct responsibility for all future pension obligations.

On February 11, 2026, the Plan completed a full buy-out, thus relieving the Company of future pension obligations. As a result, we recognized a $23 million settlement loss primarily related to the unamortized loss previously recorded within AOCI. The settlement loss was recorded in "Other expense, net" in the condensed consolidated statements of operations.

Note 8–Earnings Per Share

The following table provides a reconciliation of the weighted average number of shares outstanding used to compute basic and diluted EPS for the periods presented:

	Three Months Ended		Nine Months Ended	
(in millions)	**October 2, 2026**	October 3, 2025	**October 2, 2026**	October 3, 2025
Basic weighted average number of shares outstanding	**124**	128	**125**	129
Dilutive common share equivalents—stock options and other stock awards	**1**	2	**1**	1
Diluted weighted average number of shares outstanding	**125**	130	**126**	130

Anti-dilutive stock-based awards are excluded from the weighted average number of shares outstanding used to compute diluted EPS. The total outstanding stock options and vesting stock awards that were anti-dilutive were less than 1.0 million for the three and nine months ended October 2, 2026, and less than 0.2 million for the three and nine months ended October 3, 2025.

During the three and nine months ended October 2, 2026, we made open market repurchases of our common stock for an aggregate purchase price of $500 million and $766 million, respectively, and $100 million for both the three and nine months ended October 3, 2025. All repurchased shares were immediately retired.

In fiscal 2025, we entered into an accelerated share repurchase agreement with a financial institution to repurchase shares of our outstanding common stock. We paid $500 million to the financial institution and received 3.6 million shares.

Note 9–Income Taxes

The effective tax rate was 14.3% for the three months ended October 2, 2026, compared to 23.8% for the three months ended October 3, 2025, and 18.9% for the nine months ended October 2, 2026, compared to 23.9% for the nine months ended October 3, 2025. The decreases in both periods were primarily due to an increase in the federal research tax credit and a decrease in unrecognized tax benefits.

Note 10–Business Segments

Our operations and reportable segments are organized around the customers and markets we serve. We define our reportable segments based on the way the chief operating decision maker ("CODM"), currently our Chief Executive Officer, manages operations for the purposes of allocating resources and assessing performance. The CODM considers segment revenue and operating income to assist with the evaluation of strategic business decisions, including potential acquisitions or divestitures, whether to invest in certain products or services, share repurchases and the declaration of dividends.

Beginning in fiscal 2026, we realigned our business to report in five operating segments, which are aggregated into four reportable segments in accordance with the criteria established under ASC 280: Intelligence & Digital, Health, Homeland and Defense. Our reportable segments are focused on specific, defined capability sets that we bring to our customers. Additionally, we separately present the unallocable costs associated with corporate functions as Corporate. As a result of this change, prior year segment results have been recast to reflect the current reportable segment structure.

Our Intelligence & Digital business delivers mission-focused capabilities to the U.S. federal government and the U.S. Intelligence Community. The business integrates intelligence tradecraft, full-spectrum cyber capabilities, and advanced technical solutions at scale to improve decision-making across large, distributed mission networks and classified environments. We conduct technological research and development, software engineering, modeling and simulation, advanced analytics, network modernization, artificial intelligence development, and IT service management, modernizing critical systems and enabling resilient, high-performing mission operations.

Our Health business delivers services and solutions to federal and commercial customers in areas of public health, care coordination, and life and environmental sciences. Our offerings include IT infrastructure modernization, software development, research and implementation, response to hazardous material incidents, mission software solutions and wellness exams.

Our Homeland business serves five markets: air traffic, airports and borders, security equipment, commercial energy engineering and international. We provide safety critical software for the automation of air traffic both domestically and internationally. Additionally, we provide protection of the borders and airports through software and logistics programs. We provide security equipment for various end users. Internationally, we support defense and other government customers with software development programs, data analytics, information technology and intelligence operations.

Our Defense business develops and produces advanced space, aerial, surface, and sub-surface manned and un-manned defense systems. Our offerings include manufacturing, prototyping, weapons development, analytics and other advanced defense services.

Corporate includes the operations of various corporate activities, certain corporate expense items that are not reimbursed by our U.S. government customers and certain other expense items excluded from a reportable segment's performance.

The following table summarizes business segment information for the periods presented:

	Three Months Ended October 2, 2026				
(in millions)	**Intelligence & Digital**	**Health**	**Homeland**	**Defense**	**Total**
Revenues	$ 1,546	$ 1,068	$ 1,024	$ 992	**$ 4,630**
Less:					
Direct labor	398	197	230	226	**1,051**
Amortization of intangible assets	5	5	15	10	**35**
Other segment expense	972	626	698	670	**2,966**
Segment operating income	$ 171	$ 240	$ 81	$ 86	**$ 578**
Corporate expense					**25**
Total operating income					**$ 553**

	Three Months Ended October 3, 2025				
(in millions)	Intelligence & Digital	Health	Homeland	Defense	Total
Revenues	$ 1,525	$ 1,210	$ 775	$ 959	$ 4,469
Less:					
Direct labor	389	201	164	214	968
Amortization of intangible assets	8	7	7	12	34
Other segment expense	987	678	554	654	2,873
Segment operating income	$ 141	$ 324	$ 50	$ 79	$ 594
Corporate expense					59
Total operating income					$ 535

	Nine Months Ended October 2, 2026				
(in millions)	**Intelligence & Digital**	**Health**	**Homeland**	**Defense**	**Total**
Revenues	$ 4,558	$ 3,342	$ 2,858	$ 2,830	**$ 13,588**
Less:					
Direct labor	1,184	594	630	664	**3,072**
Amortization of intangible assets	20	12	41	32	**105**
Other segment expense	2,895	1,958	1,981	1,902	**8,736**
Segment operating income	$ 459	$ 778	$ 206	$ 232	**$ 1,675**
Corporate expense					**100**
Total operating income					**$ 1,575**

	Nine Months Ended October 3, 2025				
(in millions)	Intelligence & Digital	Health	Homeland	Defense	Total
Revenues	$ 4,341	$ 3,573	$ 2,316	$ 2,737	$ 12,967
Less:					
Direct labor	1,146	606	487	626	2,865
Amortization of intangible assets	20	19	21	36	96
Other segment expense	2,767	2,033	1,633	1,844	8,277
Segment operating income	$ 408	$ 915	$ 175	$ 231	$ 1,729
Corporate expense					93
Total operating income					$ 1,636

The statement of operations performance measures used to evaluate segment performance are revenues and operating income. As a result, "Interest expense, net," "Other expense, net" and "Income tax expense" as reported in the condensed consolidated statements of operations are not allocated to our segments.

Other segment expenses include direct program costs such as material and subcontractor expenses, as well as allocable indirect costs such as depreciation and Corporate compensation expenses, but excludes direct labor which is separately presented above. The Health and Defense segments also include equity earnings of non-consolidated subsidiaries within operating income.

Under U.S. Government Cost Accounting Standards, indirect costs including depreciation expense are collected in indirect cost pools, which are then collectively allocated to the reportable segments based on a representative causal or beneficial relationship of the costs in the pool to the costs in the base. As such, depreciation expense is not separately disclosed in the condensed consolidated statements of operations.

Asset information by segment is not a key measure of performance used by the CODM.

Note 11–Commitments and Contingencies

LEGAL PROCEEDINGS

We are involved in various claims and lawsuits arising in the normal conduct of our business, none of which, in the opinion of management, based upon current information, will likely have a material adverse effect on our financial position, results of operations or cash flows.

CONTINGENCIES

Government Investigations and Reviews

We are routinely subject to investigations and reviews relating to compliance with various laws and regulations with respect to our role as a contractor to federal, state and local government customers and in connection with performing services in countries outside of the United States. Adverse findings could have a material effect on our business, financial position, results of operations and cash flows due to our reliance on government contracts.

Defense Contract Audit Agency

As of October 2, 2026, active indirect cost audits by the Defense Contract Audit Agency remain open for fiscal 2025 and subsequent fiscal years. Although we have recorded contract revenues based upon an estimate of costs that we believe will be approved upon final audit or review, we cannot predict the outcome of any ongoing or future audits or reviews and adjustments, and if future adjustments exceed estimates, our profitability may be adversely affected. As of October 2, 2026, we believe we have adequately reserved for potential adjustments from audits or reviews of contract costs.

Other Government Investigations and Reviews

In August 2022, the Company received a Federal Grand Jury Subpoena in connection with a criminal investigation being conducted by the U.S. Department of Justice Antitrust Division. The subpoena requests that the Company produce a broad range of documents related to three U.S. Government procurements associated with the Company's Intelligence Group in 2021 and 2022. We are fully cooperating with the investigation, and we are conducting our own internal investigation with the assistance of outside counsel. It is not possible at this time to determine whether we will incur, or to reasonably estimate the amount of, any fines, penalties, or further liabilities in connection with the investigation pursuant to which the subpoena was issued.

COMMITMENTS

As of October 2, 2026, we have outstanding letters of credit of $110 million, principally related to performance guarantees on contracts and outstanding surety bonds with a notional amount of $153 million, principally related to performance and subcontractor payment bonds on contracts. The value of the surety bonds may vary due to changes in the underlying project status and/or contractual modifications.

As of October 2, 2026, the future expirations of the outstanding letters of credit and surety bonds were as follows:

Fiscal year ending (in millions)		
2026 (remainder of year)	$	133
2027		47
2028		73
2029		9
2030		—
2031 and thereafter		1
	$	263

As of October 2, 2026, we have invested $18 million in an investment fund as a limited partner, and have committed to invest an additional $82 million before February 2031. The timing of our capital contributions is uncertain.

Note 12–Subsequent Events

On October 5, 2026, Leidos closed the Contribution and Equity Purchase Agreement with Altaris, contributing the SES Business to a newly formed joint venture. In exchange for the contribution, Leidos received a 41.5% non-controlling equity interest in the joint venture, with Altaris retaining a 58.5% interest, subject to customary closing adjustments (see "Note 3–Acquisitions and Divestitures").

Leidos expects to recognize a non-operating gain of approximately $100 million in the fourth quarter of fiscal 2026 in connection with the transaction. This estimate is preliminary and subject to net working capital adjustments and potential changes in valuation, as the Company finalizes the valuation of the 41.5% retained interest. The Company will use the equity method of accounting to account for our 41.5% interest in the joint venture and will reflect our proportionate share of earnings within operating income.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of Leidos Holdings, Inc.'s ("Leidos") financial condition, results of operations, and quantitative and qualitative discussion about business environment and trends should be read in conjunction with Leidos' condensed consolidated financial statements and related notes.

The following discussion contains forward-looking statements, including statements regarding our intent, belief or current expectations with respect to, among other things, trends affecting our financial condition or results of operations, backlog, our industry, the impact of our merger and acquisition activity, government budgets and spending, our business contingency plans, interest rates and uncertainties in tax due to new tax legislation or other regulatory developments. In some cases, forward-looking statements can be identified by words such as “will,” “expect,” “estimate,” “plan,” “potential,” “continue” or similar expressions. Such statements are not guarantees of future performance and involve risks and uncertainties and actual results may differ materially from those in the forward-looking statements as a result of various factors. Some of these factors include, but are not limited to, the risk factors set forth in our Annual Report on Form 10-K, as updated by the risk factor in this report under Part II, Item 1A. "Risk Factors" and as may be further updated in subsequent filings with the U.S. Securities and Exchange Commission. Due to such uncertainties and risks, you are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date hereof. We do not undertake any obligation to update these factors or to publicly announce the results of any changes to our forward-looking statements due to future events or developments.

Unless indicated otherwise, references in this report to "we," "us" and "our" refer collectively to Leidos and its consolidated subsidiaries.

OVERVIEW

Leidos is an industry and technology leader serving government and commercial customers with smarter, more efficient digital and mission innovations. Headquartered in Reston, Virginia, with 50,000 global employees, we pursue strategic growth across five pillars: defense tech; energy infrastructure; cyber; mission and digital solutions; and managed health services. Our customers include the U.S. Department of War (“DoW”), the U.S. Intelligence Community, the U.S. Department of Homeland Security, the Federal Aviation Administration, the Department of Veterans Affairs, and many other U.S. civilian, state and local government agencies, foreign government agencies and commercial businesses.

Beginning in fiscal 2026, we realigned our business and operate in four reportable segments that are focused on specific, defined capability sets we bring to our customers. As a result of this change, prior year segment results and disclosures have been recast to reflect the current reportable segment structure. We now operate in the following reportable segments: Intelligence & Digital, Health, Homeland and Defense. We also separately present the unallocable costs associated with corporate functions as Corporate (see "Note 10–Business Segments").

BUSINESS ENVIRONMENT AND TRENDS

U.S. GOVERNMENT MARKETS

During the three and nine months ended October 2, 2026, we generated approximately 83% and 84%, respectively, of total revenues from contracts with the U.S. government, as compared to 87% for both the three and nine months ended October 3, 2025. Accordingly, our business performance is affected by the overall level of U.S. government spending, especially national security, homeland security and intelligence spending, and the alignment of our service and product offerings and capabilities with current and future budget priorities of the U.S. government.

Federal funding is secured through December 11, 2026, under a continuing resolution (“CR”) and Congress is expected to keep working on fiscal year 2027 appropriations ahead of that date. If Congress does not enact the necessary appropriations legislation or an additional CR by then, a partial or full federal government shutdown would result.

INTERNATIONAL MARKETS

Sales to customers in international markets represented approximately 8% of total revenues for both the three and nine months ended October 2, 2026, and October 3, 2025. Our international customers include foreign governments and their agencies. Our international business increases our exposure to international markets and the associated international regulatory, foreign currency exchange rate and geopolitical risks.

Changes in international trade policies, including higher tariffs on imported goods and materials, may increase the cost of certain goods necessary to fulfill our contractual requirements and for internal purposes. We expect to recover certain portions of the increase to the cost of goods through contractual measures. While we continue to evaluate the tariff environment and potential impacts of higher tariffs, we currently do not expect them to have a significant effect on our business.

RESULTS OF OPERATIONS

The following table summarizes our condensed consolidated results of operations for the periods presented:

	Three Months Ended			Nine Months Ended		
(dollars in millions)	**October 2, 2026**	October 3, 2025	Percent change	**October 2, 2026**	October 3, 2025	Percent change
Revenues	**$ 4,630**	$ 4,469	3.6%	**$ 13,588**	$ 12,967	4.8%
Operating income	**553**	535	3.4%	**1,575**	1,636	(3.7%)
Non-operating expense, net	**(71)**	(51)	39.2%	**(213)**	(156)	36.5%
Income before income taxes	**482**	484	(0.4%)	**1,362**	1,480	(8.0%)
Income tax expense	**(69)**	(115)	(40.0%)	**(258)**	(353)	(26.9%)
Net income	**413**	369	11.9%	**1,104**	1,127	(2.0%)
Net income attributable to Leidos common stockholders	**$ 410**	$ 367	11.7 %	**$ 1,092**	$ 1,121	(2.6) %
Operating margin	***11.9%***	*12.0%*		***11.6%***	*12.6%*	

SEGMENT AND CORPORATE RESULTS

	Three Months Ended			Nine Months Ended		
Intelligence & Digital (dollars in millions)	**October 2, 2026**	October 3, 2025	Percent change	**October 2, 2026**	October 3, 2025	Percent change
Revenues	**$ 1,546**	$ 1,525	1.4%	**$ 4,558**	$ 4,341	5.0%
Operating income	**171**	141	21.3%	**459**	408	12.5%
Operating margin	***11.1%***	*9.2%*		***10.1%***	*9.4%*	

The increase in revenues for the three and nine months ended October 2, 2026, compared to the three and nine months ended October 3, 2025, was primarily attributable to program wins, partially offset by a net decrease in volumes and the completion of certain contracts.

The increase in operating income for the three and nine months ended October 2, 2026, compared to the three and nine months ended October 3, 2025, was primarily attributable to program wins and improved margins from program mix, partially offset by a net decrease in volumes and the completion of certain contracts.

Health (dollars in millions)	Three Months Ended			Nine Months Ended		
	October 2, 2026	October 3, 2025	Percent change	**October 2, 2026**	October 3, 2025	Percent change
Revenues	**$ 1,068**	$ 1,210	(11.7%)	**$ 3,342**	$ 3,573	(6.5%)
Operating income	**240**	324	(25.9%)	**778**	915	(15.0%)
Operating margin	***22.5%***	*26.8%*		***23.3%***	*25.6%*	

The decrease in revenues and operating income for the three and nine months ended October 2, 2026, compared to the three and nine months ended October 3, 2025, was primarily attributable to reduced volumes in our managed health services programs and the reduction of related incentive fees on those programs in the second half of fiscal 2026.

Homeland (dollars in millions)	Three Months Ended			Nine Months Ended		
	October 2, 2026	October 3, 2025	Percent change	**October 2, 2026**	October 3, 2025	Percent change
Revenues	**$ 1,024**	$ 775	32.1%	**$ 2,858**	$ 2,316	23.4%
Operating income	**81**	50	62.0%	**206**	175	17.7%
Operating margin	***7.9%***	*6.5%*		***7.2%***	*7.6%*	

The increase in revenues for the three months ended October 2, 2026, compared to the three months ended October 3, 2025, was primarily attributable to a net increase in volumes, program wins, $142 million recognized from the acquisition of Entrust, and a $10 million favorable impact from exchange rate movements, partially offset by the completion of certain contracts.

The increase in revenues for the nine months ended October 2, 2026, compared to the nine months ended October 3, 2025, was primarily attributable to $294 million recognized from the acquisition of Entrust, a net increase in volumes, program wins, and a $47 million favorable impact from exchange rate movements, partially offset by the completion of certain contracts and the divestiture of a business in the prior year.

The increase in operating income for the three months ended October 2, 2026, compared to the three months ended October 3, 2025, was primarily attributable to a net increase in volumes, partially offset by higher amortization, acquisition and restructuring expenses.

The increase in operating income for the nine months ended October 2, 2026, compared to the nine months ended October 3, 2025, was primarily attributable to a net increase in volumes and program wins. The increase was partially offset by higher amortization, acquisition and restructuring expenses and the divestiture of a business in the prior year.

On October 5, 2026, the divestiture of the SES Business closed. Upon closing, Leidos retained a 41.5% non-controlling equity interest in the new joint venture and Altaris holds a 58.5% interest. As a result of the transaction, revenues in the fourth quarter of fiscal 2026 will be lower than they would have been had the transaction not occurred.

Defense (dollars in millions)	Three Months Ended			Nine Months Ended		
	October 2, 2026	October 3, 2025	Percent change	**October 2, 2026**	October 3, 2025	Percent change
Revenues	**$ 992**	$ 959	3.4%	**$ 2,830**	$ 2,737	3.4%
Operating income	**86**	79	8.9%	**232**	231	0.4%
Operating margin	***8.7%***	*8.2%*		***8.2%***	*8.4%*	

The increase in revenues for the three and nine months ended October 2, 2026, compared to the three and nine months ended October 3, 2025, was primarily attributable to program wins and increased volumes on existing contracts, partially offset by the completion of certain contracts.

The increase in operating income for the three months ended October 2, 2026, compared to the three months ended October 3, 2025, was primarily attributable to program wins and increased volumes on existing contracts, partially offset by the completion of certain contracts.

Operating income remained consistent between the nine months ended October 2, 2026, and the nine months ended October 3, 2025, as program wins and improved operating performance were offset by the completion of higher-margin contracts.

Corporate (dollars in millions)	Three Months Ended			Nine Months Ended		
	October 2, 2026	October 3, 2025	Percent change	**October 2, 2026**	October 3, 2025	Percent change
Operating loss	**$ (25)**	$ (59)	*NM*	**$ (100)**	$ (93)	7.5%

NM - Not Meaningful

The decrease in operating loss for the three months ended October 2, 2026, compared to the three months ended October 3, 2025, was primarily attributable to $23 million of lower legal expenses compared to the prior year.

The increase in operating loss for the nine months ended October 2, 2026, compared to the nine months ended October 3, 2025, was primarily attributable to increased acquisition and integration costs, partially offset by decreased legal fees in the current year.

NON-OPERATING EXPENSE, NET

Non-operating expense, net for the three months ended October 2, 2026, was $71 million compared to $51 million for the three months ended October 3, 2025. The increase was primarily due to higher interest expense from the issuance of our $600 million and $800 million senior notes.

Non-operating expense, net for the nine months ended October 2, 2026, was $213 million compared to $156 million for the nine months ended October 3, 2025. The increase was primarily due to a $23 million settlement loss from the buy-out of our UK defined benefit pension plan and higher interest expense from the termination of our senior unsecured bridge loan facility and issuance of our $600 million and $800 million senior notes.

PROVISION FOR INCOME TAXES

The effective tax rate was 14.3% for the three months ended October 2, 2026, compared to 23.8% for the three months ended October 3, 2025, and 18.9% for the nine months ended October 2, 2026, compared to 23.9% for the nine months ended October 3, 2025. The decreases in both periods were primarily due to an increase in the federal research tax credit and a decrease in unrecognized tax benefits.

BOOKINGS AND BACKLOG

We recorded net bookings worth an estimated $5.5 billion and $13.7 billion during the three and nine months ended October 2, 2026, respectively, as compared to $5.9 billion and $11.9 billion for the three and nine months ended October 3, 2025, respectively.

The estimated value of our total backlog was as follows:

(in millions)	**October 2, 2026**			October 3, 2025		
	Funded	Unfunded	Total	Funded	Unfunded	Total
Intelligence & Digital	**$ 2,098**	**$ 16,074**	**$ 18,172**	$ 2,092	$ 17,339	$ 19,431
Health	**1,243**	**5,075**	**6,318**	1,523	6,479	8,002
Homeland	**3,909**	**6,501**	**10,410**	3,193	6,538	9,731
Defense	**3,812**	**10,842**	**14,654**	2,256	8,236	10,492
Total	**$ 11,062**	**$ 38,492**	**$ 49,554**	$ 9,064	$ 38,592	$ 47,656

Backlog at October 2, 2026, includes amounts acquired as part of the Entrust transaction. As of March 27, 2026, the acquisition date, Entrust had $371 million of backlog that was included within the Homeland reportable segment.

Backlog represents the revenues we expect to recognize under negotiated contracts and unissued task orders on sole source IDIQ contracts, to the extent we believe their execution and funding to be probable. Backlog does not include potential task orders expected to be awarded under multiple award IDIQ contracts.

Backlog estimates are subject to change and may be affected by factors including modifications of contracts and foreign currency movements.

LIQUIDITY AND CAPITAL RESOURCES

OVERVIEW OF LIQUIDITY

As of October 2, 2026, we had $630 million in cash and cash equivalents. We have a senior unsecured revolving credit facility which can provide up to $1.5 billion in additional borrowing, if required, and a commercial paper program under which we may issue short-term unsecured commercial paper notes ("Commercial Paper Notes") not to exceed $1.5 billion, with maturities of up to 397 days from the date of issuance. As of October 2, 2026, and January 2, 2026, there were no borrowings outstanding under the revolving credit facility and no Commercial Paper Notes outstanding.

We had outstanding debt of $6.0 billion and $4.6 billion at October 2, 2026, and January 2, 2026, respectively. In March 2026, we issued and sold $600 million 4.10% and $800 million 5.00% senior unsecured notes maturing in March 2029 and March 2036, respectively. The annual interest rate is payable on a semi-annual basis. The proceeds from the notes were used to fund a portion of the consideration payable in connection with the acquisition of Entrust and for general corporate purposes.

We made $5 million and $15 million principal payments on our long-term debt during the three and nine months ended October 2, 2026, respectively, and $455 million and $1,014 million during the three and nine months ended October 3, 2025, respectively. The activity for the three and nine months ended October 3, 2025, included a prepayment on our senior unsecured term loan of $450 million and the activity for the nine months ended October 3, 2025, also included a $500 million payment to discharge the $500 million notes due May 2025.

Our senior unsecured revolving credit facility, Commercial Paper Notes, senior unsecured term loan and notes outstanding as of October 2, 2026, contain financial covenants and customary restrictive covenants. We were in compliance with all financial covenants as of October 2, 2026.

We paid dividends of $52 million and $162 million during the three and nine months ended October 2, 2026, respectively, and $51 million and $156 million for the three and nine months ended October 3, 2025, respectively.

We may from time to time seek to retire or purchase our outstanding debt through cash purchases in the open market, privately negotiated transactions or otherwise. Such repurchases, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Stock repurchases of Leidos common stock may be made on the open market or in privately negotiated transactions with third parties including through accelerated share repurchase agreements. Whether repurchases are made and the timing and actual number of shares repurchased depends on a variety of factors including price, corporate capital requirements, other market conditions and regulatory requirements. The repurchase program may be accelerated, suspended, delayed or discontinued at any time.

We made open market repurchases of our common stock for an aggregate purchase price of $500 million and $766 million during the three and nine months ended October 2, 2026, respectively, and $100 million for both the three and nine months ended October 3, 2025. Additionally, we repurchased $500 million of shares under an accelerated share repurchase agreement during the nine months ended October 3, 2025.

During the nine months ended October 2, 2026, we invested $18 million in an investment fund as a limited partner. No investment was made during the three months ended October 2, 2026. In connection with this investment, we have

committed to invest an additional $82 million before February 2031. We expect to fund this investment with cash on hand and cash generated through our operations.

For the next 12 months and beyond, we expect to meet our liquidity needs, including servicing our debt, through cash generated from operations, available cash balances and borrowings from our commercial paper program. If needed, we may also sell accounts receivable or borrow under our revolving credit facility.

SUMMARY OF CASH FLOWS

The following table summarizes cash flow information for the periods presented:

	Three Months Ended		Nine Months Ended	
(in millions)	**October 2, 2026**	October 3, 2025	**October 2, 2026**	October 3, 2025
Net cash provided by operating activities	**$ 523**	$ 711	**$ 1,617**	$ 1,255
Net cash used in investing activities	**(48)**	(36)	**(2,445)**	(372)
Net cash (used in) provided by financing activities	**(549)**	(595)	**421**	(788)

Net cash provided by operating activities decreased $188 million for the **three months** ended October 2, 2026, compared to the prior year quarter. The decrease was primarily due to unfavorable changes in working capital, including the timing of vendor payments, and the timing of payroll and employee benefit payments.

Net cash provided by operating activities increased $362 million for the nine months ended October 2, 2026, compared to the prior year. The increase was primarily due to favorable changes in working capital and lower tax payments of $148 million.

Net cash used in investing activities increased $12 million for the three months ended October 2, 2026, compared to the prior year quarter primarily due to higher capital expenditures, partially offset by a $7 million payment related to the acquisition of Kudu Dynamics in the prior year quarter.

Net cash used in investing activities increased $2,073 million for the nine months ended October 2, 2026, compared to the prior year. The increase was primarily due to $2,338 million of cash paid in connection with the acquisition of Entrust, net of cash acquired and higher capital expenditures.

Net cash used in financing activities decreased $46 million for the three months ended October 2, 2026, compared to the prior year quarter. The decrease was primarily due to a $450 million prepayment on our senior unsecured term loan in the prior year quarter, partially offset by a $400 million increase in stock repurchases.

Net cash provided by financing activities increased $1,209 million for the nine months ended October 2, 2026, compared to the prior year. The increase was primarily due to a net increase of $1,391 million in cash inflows from debt activity, consisting of proceeds from debt issuances and payments for borrowings and debt issuance costs. The increase was partially offset by an increase of $166 million in stock repurchases and $13 million in shares withheld for tax obligations.

OFF-BALANCE SHEET ARRANGEMENTS

We have outstanding performance guarantees and cross-indemnity agreements in connection with certain aspects of our business and future commitments related to an investment fund. We also have letters of credit outstanding principally related to performance guarantees on contracts and surety bonds outstanding principally related to performance and subcontractor payment bonds as described in "Note 11–Commitments and Contingencies" of the notes to the condensed consolidated financial statements contained within this Quarterly Report on Form 10-Q. These arrangements have not had, and management does not believe it is likely that they will in the future have, a material effect on our liquidity, capital expenditures or capital resources, operations or financial condition.

GUARANTOR AND ISSUER OF GUARANTEED SECURITIES

Leidos Holdings, Inc. ("Guarantor") has fully and unconditionally guaranteed the debt securities of its subsidiary, Leidos, Inc. ("Issuer"), that were issued pursuant to transactions that were registered under the Securities Act of 1933, as amended (collectively, the "Registered Notes"). The following is a list of the Registered Notes guaranteed by Leidos Holdings, Inc.

Senior unsecured Registered Notes issued by Leidos, Inc.:
$600 million 4.100% notes, due March 2029
$750 million 4.375% notes, due May 2030
$1,000 million 2.300% notes, due February 2031
$500 million 5.400% notes, due March 2032
$750 million 5.750% notes, due March 2033
$500 million 5.500% notes, due March 2035
$800 million 5.000% notes, due March 2036

Leidos Holdings, Inc. has also fully and unconditionally guaranteed debt securities of Leidos, Inc. that were issued pursuant to transactions that were not registered under the Securities Act of 1933, as amended. The following is a list of unregistered debt securities guaranteed by Leidos Holdings, Inc.

Senior unsecured unregistered debt securities issued by Leidos, Inc.:
$250 million 7.125% notes, due July 2032
$300 million 5.500% notes, due July 2033

Additionally, Leidos, Inc. has fully and unconditionally guaranteed debt securities of Leidos Holdings, Inc. that were issued pursuant to transactions that were not registered under the Securities Act of 1933, as amended. The following is a list of unregistered debt securities guaranteed by Leidos, Inc.

Senior unsecured unregistered debt securities issued by Leidos Holdings, Inc.:
$300 million 5.950% notes, due December 2040

The following summarized financial information includes the assets, liabilities and results of operations for the Guarantor and Issuer of the Registered Notes described above. Intercompany balances and transactions between the Issuer and Guarantor have been eliminated from the financial information below. Investments in the consolidated subsidiaries of the Issuer and Guarantor that do not guarantee the senior unsecured notes have been excluded from the financial information. Intercompany payables represent amounts due to non-guarantor subsidiaries of the Issuer.

BALANCE SHEET INFORMATION FOR THE GUARANTOR AND ISSUER OF REGISTERED NOTES

(in millions)	**October 2, 2026**	January 2, 2026
Total current assets	**$ 2,264**	$ 3,036
Goodwill	**5,424**	5,666
Other long-term assets	**1,138**	1,250
Total assets	**$ 8,826**	$ 9,952
Total current liabilities	**$ 2,014**	$ 1,954
Long-term debt, net of current portion	**6,009**	4,628
Intercompany payables	**5,663**	4,706
Other long-term liabilities	**916**	942
Total liabilities	**$ 14,602**	$ 12,230

STATEMENT OF OPERATIONS INFORMATION FOR THE GUARANTOR AND ISSUER OF REGISTERED NOTES

	Nine Months Ended
(in millions)	October 2, 2026
Revenues, net	$ 8,254
Operating income	647
Net income attributable to Leidos common stockholders	18

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

We are subject to a number of reviews, investigations, claims, lawsuits, other uncertainties and future obligations related to our business. For a discussion of these items, see "Note 11–Commitments and Contingencies" of the notes to the condensed consolidated financial statements contained within this Quarterly Report on Form 10-Q.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

There were no material changes to our critical accounting policies, estimates or judgments that would have a significant impact on earnings during the period covered by this report from those discussed in our Annual Report on Form 10-K for the year ended January 2, 2026.

RECENTLY ADOPTED AND ISSUED ACCOUNTING STANDARDS

For a discussion of these items, see "Note 1–Basis of Presentation and Summary of Significant Accounting Policies" of the notes to the condensed consolidated financial statements contained within this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There were no material changes in our market risk exposure from those discussed in our Annual Report on Form 10-K for the year ended January 2, 2026.

Item 4. Controls and Procedures

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Our management, with the participation of our principal executive officer (our Chief Executive Officer) and principal financial officer (our Executive Vice President and Chief Financial Officer), has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of October 2, 2026. Based upon that evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the U.S. Securities and Exchange Commission. These disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, is accumulated and communicated to our management, including our principal executive officer and our principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

On March 27, 2026, we completed the acquisition of Entrust and are in the process of integrating the company into our system of internal control over financial reporting.

Other than the Entrust integration, there have been no changes in our internal control over financial reporting during the quarter ended October 2, 2026, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II—Other Information

Item 1. Legal Proceedings

We have furnished information relating to legal proceedings, and any investigations and reviews that we are involved with in "Note 11–Commitments and Contingencies" of the notes to the condensed consolidated financial statements contained within this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors

There were no material changes to the risks described in Part I, Item 1A "Risk Factors" in our Annual Report on Form 10-K for the year ended January 2, 2026.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) None

(b) None

(c) Purchases of Equity Securities by the Issuer

The following table presents information related to the repurchases of our common stock during the quarter ended October 2, 2026.

Period	Total Number of Shares (or Units) Purchased	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Repurchase Plans or Programs[1]	Maximum Number of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs[1]
July 4, 2026 - July 31, 2026	—	$ —	—	20,000,000
August 1, 2026 - August 31, 2026	2,158,475	140.26	2,158,475	17,841,525
September 1, 2026 - September 30, 2026	1,479,396	133.33	1,479,396	16,362,129
October 1, 2026 - October 2, 2026	—	—	—	16,362,129
Total	3,637,871	$ 137.44	3,637,871	

(1) In February 2022, our Board of Directors authorized a share repurchase program of up to 20 million shares of our outstanding common stock. The shares may be repurchased from time to time in one or more open market repurchases or privately negotiated transactions, including accelerated share repurchase transactions. The actual timing, number and value of shares repurchased under the program will depend on a number of factors, including the market price of our common stock, general market and economic conditions, applicable legal requirements, compliance with the terms of our outstanding indebtedness and other considerations. There is no assurance as to the number of shares that will be repurchased, and the repurchase program may be suspended or discontinued at any time at our Board of Directors' discretion. In July 2026, our Board of Directors authorized a revised share repurchase program of up to 20 million shares of our outstanding common stock. This updated authorization replaced the 2022 authorization with the same terms as the 2022 authorization. On July 31, 2026, our Board of Directors ratified the purchase of one share of common stock inadvertently purchased in excess of the previously authorized share repurchase program.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

RULE 10B5-1 TRADING ARRANGEMENT

During the three months ended October 2, 2026, no director or officer of the Company adopted, modified or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408 of Regulation S-K.

Item 6. Exhibits

Exhibit Number	Description of Exhibit
10.1*	Amended and Restated Limited Liability Company Agreement of Nickel JV Ultimate Parent, LLC, dated as of October 5, 2026. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on October 5, 2026.
22	List of Guarantors and Subsidiary Issuers of Guaranteed Securities. Incorporated herein by reference to Exhibit 22 to our Quarterly Report on Form 10-Q, filed with the SEC on May 5, 2026.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Executive Vice President and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Executive Vice President and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	Interactive Data File. The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
104	Cover Page Interactive Data File. The cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

* Certain exhibits and schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K. A copy of any omitted exhibit or schedule will be furnished supplementally to the SEC upon request. In addition, certain portions of this agreement have been redacted pursuant to Item 601(b)(10)(iv) of Regulation S-K. An unredacted copy of the agreement will be furnished to the SEC upon request.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: November 3, 2026

Leidos Holdings, Inc.

/s/ Christopher R. Cage

Christopher R. Cage
Executive Vice President and Chief Financial Officer
and as a duly authorized officer

Exhibit 31.1

LEIDOS HOLDINGS, INC.

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Thomas A. Bell, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended October 2, 2026, of Leidos Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including the registrant's consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2026

/s/ Thomas A. Bell

Thomas A. Bell
Chief Executive Officer

Exhibit 31.2

LEIDOS HOLDINGS, INC.

CERTIFICATION OF EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Christopher R. Cage, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended October 2, 2026, of Leidos Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including the registrant's consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2026

/s/ Christopher R. Cage

Christopher R. Cage
Executive Vice President and Chief Financial Officer

Exhibit 32.1

LEIDOS HOLDINGS, INC.

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Leidos Holdings, Inc. ("Leidos") on Form 10-Q for the period ended October 2, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas A. Bell, Chief Executive Officer of Leidos Holdings, Inc., certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 3, 2026

/s/ Thomas A. Bell

Thomas A. Bell
Chief Executive Officer

Exhibit 32.2

LEIDOS HOLDINGS, INC.

CERTIFICATION OF EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Leidos Holdings, Inc. ("Leidos") on Form 10-Q for the period ended October 2, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Christopher R. Cage, Executive Vice President and Chief Financial Officer of Leidos Holdings, Inc., certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 3, 2026

/s/ Christopher R. Cage

Christopher R. Cage
Executive Vice President and Chief Financial Officer