

J.P. Morgan
Aviation, Transportation & Industrials
Conference

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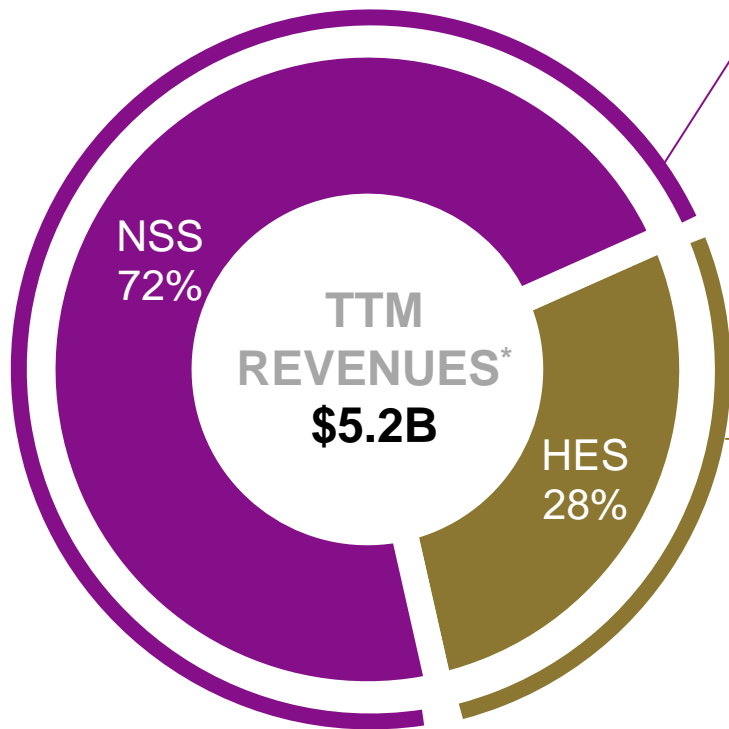
Forward-Looking Statements

Certain statements in this presentation contain or are based on "forward-looking" information within the meaning of the Private Litigation Reform Act of 1995. In some cases, you can identify forward-looking statements by words such as "expects," "intends," "plans," "anticipates," "believes," "estimates" and similar words or phrases. Forward-looking statements in this presentation include, among others: estimates of future revenues, operating income, earnings per share, cash flow, growth and profitability as well as statements about future regular or special dividends, stock repurchases and other anticipated uses of capital. These statements reflect our belief and assumptions as to future events that may not prove to be accurate.

Actual performance and results may differ materially from the forward-looking statements made in these slides depending on a variety of factors, including: changes to our reputation and relationships with government agencies, developments in the U.S. Government defense budget, including budget reductions, implementation of spending cuts (sequestration) or changes in budgetary priorities; delays in the U.S. Government budget process; delays in the U.S. Government contract procurement process or the award of contracts; delays or loss of contracts as a result of competitor protests; changes in U.S. Government procurement rules, regulations and practices; our compliance with various U.S. Government and other government procurement rules and regulations; governmental reviews, audits and investigations of our company; our ability to effectively compete and win contracts with the U.S. Government and other customers; our ability to attract, train and retain skilled employees, including our management team, and to obtain security clearances for our employees; our ability to accurately estimate costs associated with our firm-fixed-price and other contracts; our ability to comply with certain agreements entered into in connection with the CityTime matter; cybersecurity, data security or other security threats, systems failures or other disruptions of our business; resolution of legal and other disputes with our customers and others or legal or regulatory compliance issues; our ability to effectively acquire businesses and make investments; our ability to maintain relationships with prime contractors, subcontractors and joint venture partners; our ability to manage performance and other risks related to customer contracts, including complex engineering or design build projects; our ability to profitably operate and recover our investment in the Plainfield Renewable Energy Project; the failure of our inspection or detection systems to detect threats; the adequacy of our insurance programs designed to protect us from significant product or other liability claims; our ability to manage risks associated with our international business; our ability to declare future dividends based on our earnings, financial condition, capital requirements and other factors, including compliance with applicable laws and contractual agreements; risks associated with our 2013 spin-off of our technical, engineering and enterprise information technology services business, such as disruption to business operations or a failure to realize the expected benefits of the spin-off; our ability to execute our business plan and long-term management initiatives effectively; and to overcome these and other known and unknown risks that we face. These are only some of the factors that may affect the forward-looking statements contained in these slides. For further information concerning risks and uncertainties associated with our business, please refer to the filings we make from time to time with the U.S. Securities and Exchange Commission.

All information in this presentation is as of March 3, 2015. The Company expressly disclaims any duty to update the forward-looking statements provided in this presentation to reflect subsequent events, actual results or changes in the Company's expectations. The Company also disclaims any duty to comment upon or correct information that may be contained in reports published by investment analysts or others.

Who We Are



*as of FQ3'15

NATIONAL SECURITY SECTOR

\$3.7B revenue

Critical mission support for intelligence community

~11,000 employees with >8,500 possessing security clearances

C4ISR R&D and solutions for DoD

99% government <1% commercial

Industry-leading cybersecurity capabilities

HEALTH & ENGINEERING SECTOR

\$1.5B revenue

Healthcare information technology, electronic health records, and advanced data analytics

~8,000 employees

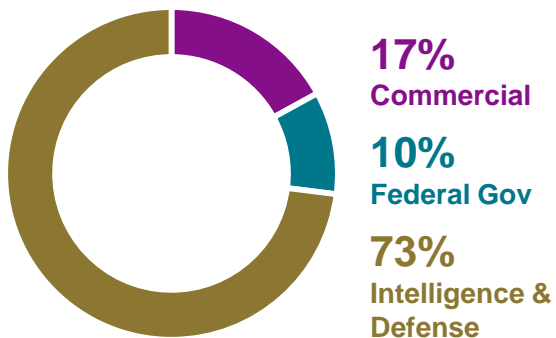
Health and life science/ clinical research

~60% government ~40% commercial

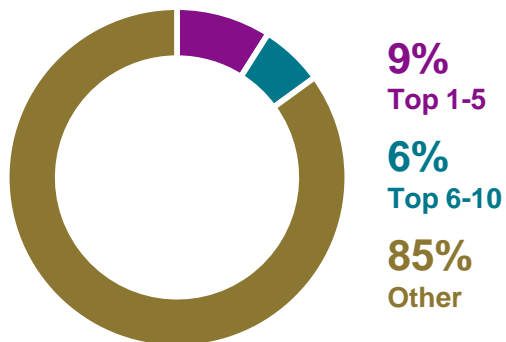
Energy grid and critical infrastructure design, engineering, and integration, transportation security products

Our Revenue Composition

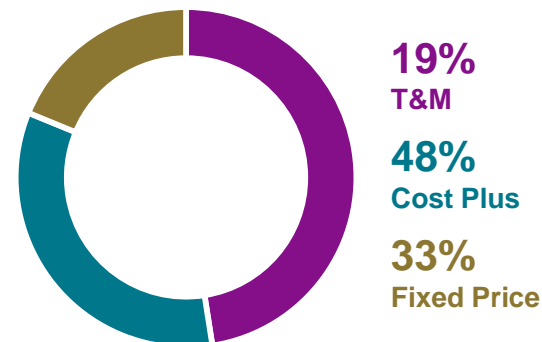
Customers



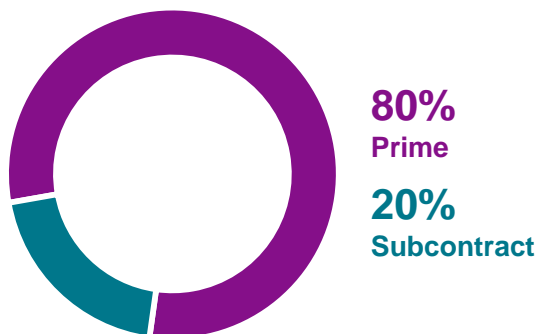
Contract Concentration



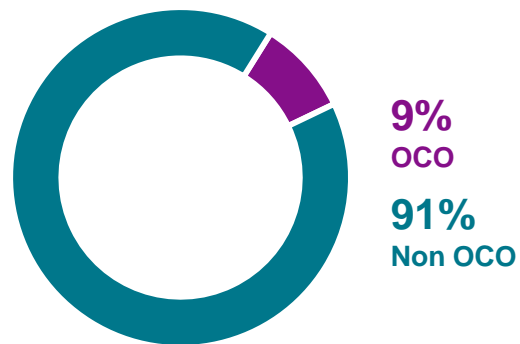
Contract Type



Prime vs. Subcontract



OCO Exposure



*TTM as of FQ3'15

Historical Financials – Select Items

	4Q14	1Q15	2Q15	3Q15	TTM
Revenue (\$M)	1,291	1,312	1,306	1,276	5,185
Operating income (loss) from continuing operations (\$M)	81	87	(410)	72	(170)
Non-GAAP operating income from continuing operations (\$M)	88	88	100	89	365
Diluted earnings (loss) per share from continuing operations	\$0.56	\$0.58	\$ (5.93)	\$0.51	(\$4.27)
Non-GAAP diluted earnings per share from continuing operations	\$0.70	\$0.59	\$0.61	\$0.65	\$2.55
Cash Flow From Operations (\$M)	106	-4	122	171	395
Cash Returned to Shareholders (\$M) Dividend payments + Repurchases of stock	327	236	24	24	611

Please see description of non-GAAP Operating Income & Non-GAAP diluted earnings per share on slides 21 and 22



National Security Sector



SNAPSHOT

- ▶ \$3.7B TTM Revenue
- ▶ Data analysis & exploitation
- ▶ Agile software development
- ▶ C4ISR
- ▶ Cyber
- ▶ R&D in air, sea, ground & space
- ▶ Wide range of technical solutions

PRIMARY CUSTOMERS

- ▶ Intel Community
- ▶ Army
- ▶ Air Force
- ▶ Navy
- ▶ Department of Homeland Security (DHS)

MARQUIS PROGRAMS

- ▶ TSA Integrated Logistics
- ▶ Guardian
- ▶ Saturn Arch
- ▶ Desert Owl
- ▶ Buckeye
- ▶ ACTUV
- ▶ USMC CREW
- ▶ NATO Ballistic Missile Defense SE&I

Health & Engineering Sector



SNAPSHOT

- ▶ \$1.5B TTM Revenue
- ▶ EHR consulting
- ▶ Engineering
- ▶ Systems design & integration
- ▶ Health research & life sciences
- ▶ Power delivery & Smart grid
- ▶ Border, port, & infrastructure security

PRIMARY CUSTOMERS

- ▶ Defense Health Agency (DHA)
- ▶ Utilities
- ▶ Commercial Industrial and Manufacturing
- ▶ US Army Corp of Engineers
- ▶ Veterans Administration

MARQUIS PROGRAMS

- ▶ National Cancer Institute
- ▶ DoD Health Records Management (AHLTA)
- ▶ Nurse Advice Line
- ▶ Chevron Enviro. Services
- ▶ State of Hawaii Energy Efficiency
- ▶ United Power Smart Grid as a Service

Leidos Core Competencies

1

C4ISR

Disruptive C4ISR solutions that proactively address our most critical national security needs.

2

Cyber

Strong national security credentials provide foundation for protecting customers in all markets we serve.

3

System Engineering

Optimally tailored to customer needs; speed and quality through simulation-based modeling and use of open architectures.

4

Large-scale Agile Software Development

Geographically distributed, agile environment and experience.

5

Data Analytics

Tools and expertise built to deliver actionable intelligence from disparate data sources. Designed for the intelligence community, applicable to all markets we serve.



LDOS Differentiator: R&D Foundation

849

Number of
Employees with a
Doctoral Degree

500

Number of Patents
held by Leidos, Inc.

400

Millions of \$ of
Customer Funded
R&D per year

43

Percent of All
Employees with
STEM degrees

40

Millions of \$ of
Internal R&D per
year

Tech Portfolio: Customer Investment

~\$400M/year

Customer-Funded R&D	Examples
1. DARPA	<ul style="list-style-type: none"> ▶ ACTUV: design and integrate unmanned, autonomous solutions for intelligence and defense needs ▶ CODE (Collaborative Operations in Denied Environments): Autonomous, collaborative, team behavior for UAVs
2. IARPA	<ul style="list-style-type: none"> ▶ SIRIUS: Serious games to train intelligence analysts to mitigate various cognitive biases
3. AFRL	<ul style="list-style-type: none"> ▶ RDUCE (Reduction of Data Using Compression Enhancements): Advanced compression algorithms to enable real time exploitation ▶ RAVE (Real-Time Aerial Video Analytics): Processing and exploitation algorithms for UAV video feeds
4. Oil & Gas Industry	<ul style="list-style-type: none"> ▶ Downhole Communications: innovative techniques to improve undersea oilfield efficiency by enabling communication between the seafloor and downhole sensors
5. Health Industry	<ul style="list-style-type: none"> ▶ Novel malarial vaccines and bio-therapeutics: highly effective and manufacturable at an economic large-scale production ▶ Chemical weapon nerve agent countermeasures: compounds using plant-based cell culture that results in higher yield, lower cost of production, and shorter production time

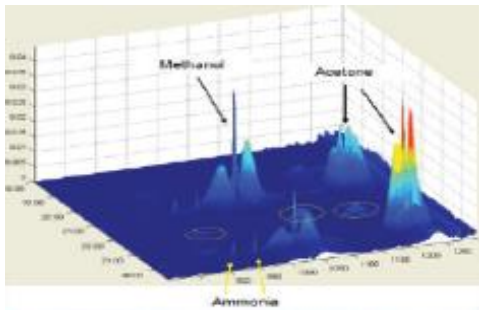
Tech Portfolio: Leidos Investment

~\$40M/year	Internal R&D (IRAD) Investment Category	Time Horizon	Examples
	1. Product Development R&D	Near-Mid	▶ VACIS
	2. Solution Development R&D	Near-Mid	▶ Data Analytics ▶ Airborne Programs
	3. Support to Key Pursuits R&D	Near-Mid	▶ DHMSM and Related Programs
	4. Exploratory R&D	Mid-Long	▶ Securing the Internet of Things

C4ISR | NATIONAL SECURITY

DISTRIBUTED AIRBORNE INFORMATION SOLUTIONS

Deployed Technologies on Blue Devil, Buckeye, Desert Owl, Radiant Falcon, Saturn Arch



150k FLIGHT HOURS
30 AIRCRAFT

- ▶ **Mission Needs**
 - Integrate sensor operations to identify and address threats
- ▶ **Leidos Response**
 - Transition emerging technologies into operational context
 - Idea to deployment in less than 10 months
- ▶ **Result**
 - Delivered persistent, multi-source, integrated intelligence capability
 - Identified multiple high-value targets
 - Protected U.S. and coalition troops operating in high-threat areas

Catching Bad Guys and Protecting our Troops



Cyber | NATIONAL SECURITY

FULL SPECTRUM CYBER SECURITY SOLUTIONS

Defending critical National assets, systems and personnel from cyber attack



1200 Cyber professionals
with security clearance

~\$700M Annual cyber revenues

► Mission Need:

- Defend our nation's data, networks, and systems from the most sophisticated adversaries

► Leidos Response:

- Design and deploy cryptographic and key management implementations
- Manage and monitor cyber security operations and network operations centers
- Reverse engineer malware to identify attacking entity
- Non-signature based threat detection using automated behavioral analysis
- Innovative research and development to detect insider threats

*Protecting national interests with advanced
technologies & decades of experience*



System Engineering | NATIONAL SECURITY

NAVAL AUTONOMOUS TECHNOLOGY

Design and Integrate Unmanned, Autonomous Solutions for Intelligence and Defense Needs



130 FEET LONG
40 FEET WIDE
80 TONS

- ▶ **Mission Need:**
 - Expanding market for Navy autonomous solutions to address expanding threats
 - Navy developing solution to counter diesel submarines
- ▶ **Leidos Response:**
 - Prime contractor for prototype development
 - System offered at a fraction of conventional size and cost
 - Leverage LDOS experience in:
 - Ocean modeling, systems engineering and integration, and software development
 - Design/build of maritime sensors, communications systems, autonomous controls, and propulsion systems
 - Positions Leidos for expanded Navy business over the coming decade

*Advanced Platform Development to Meet
Demanding New Mission Needs*

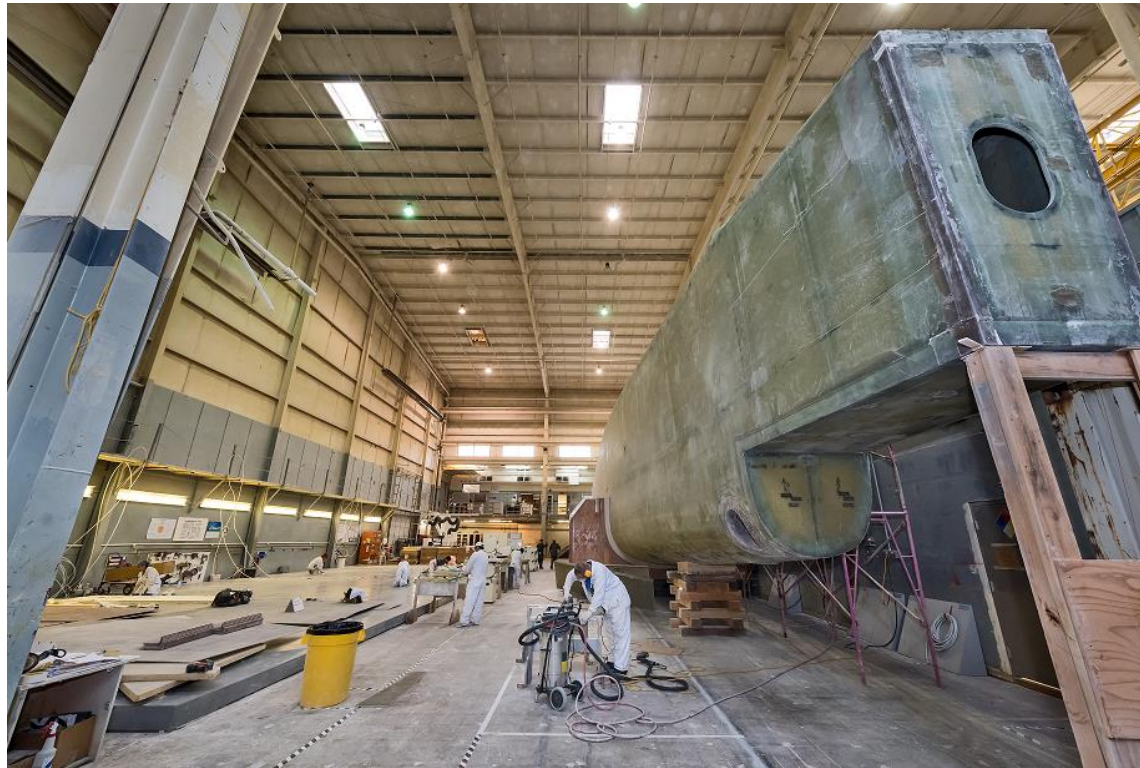


System Engineering | NATIONAL SECURITY

NAVAL AUTONOMOUS TECHNOLOGY

Design and Integrate Unmanned, Autonomous Solutions for Intelligence and Defense Needs

Prototype production has started

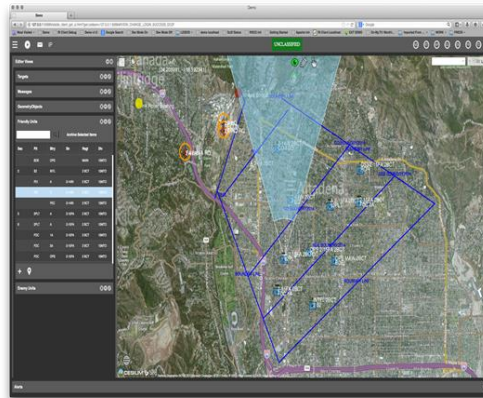
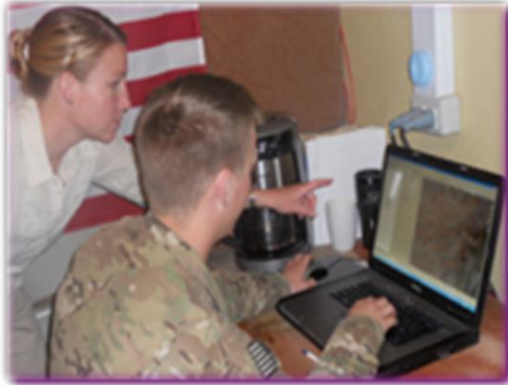


VIEW OF HULL MOLD SECTION

Approved for Public Release, Distribution Unlimited (DSTAR Case #22810)

Agile Software Development | NATIONAL SECURITY

Rapid software development framework to lower development cost and risk



500k lines of reusable code

200 M\$ of Wins in last 18 months

50 Percent reduction in development time

► Mission Need:

- Modernize air request and airspace management systems for the USAF

► Leidos Response:

- Designed and implemented modern system in a few months
- Replaced 450k SLOC (source lines of code) in legacy air request system with ~25k SLOC
- Leveraged Leidos' Proprietary Distributed Command and Control Framework (DC2F)
- DC2F lauded by USAF, called a "Massive Force Multiplier"

*Rapid development to speed modernization
and address new mission needs*



Big Data Problems Span Multiple Markets



ENERGY



CRITICAL
INFRASTRUCTURE



NATIONAL
SECURITY



HEALTH



LOGISTICS

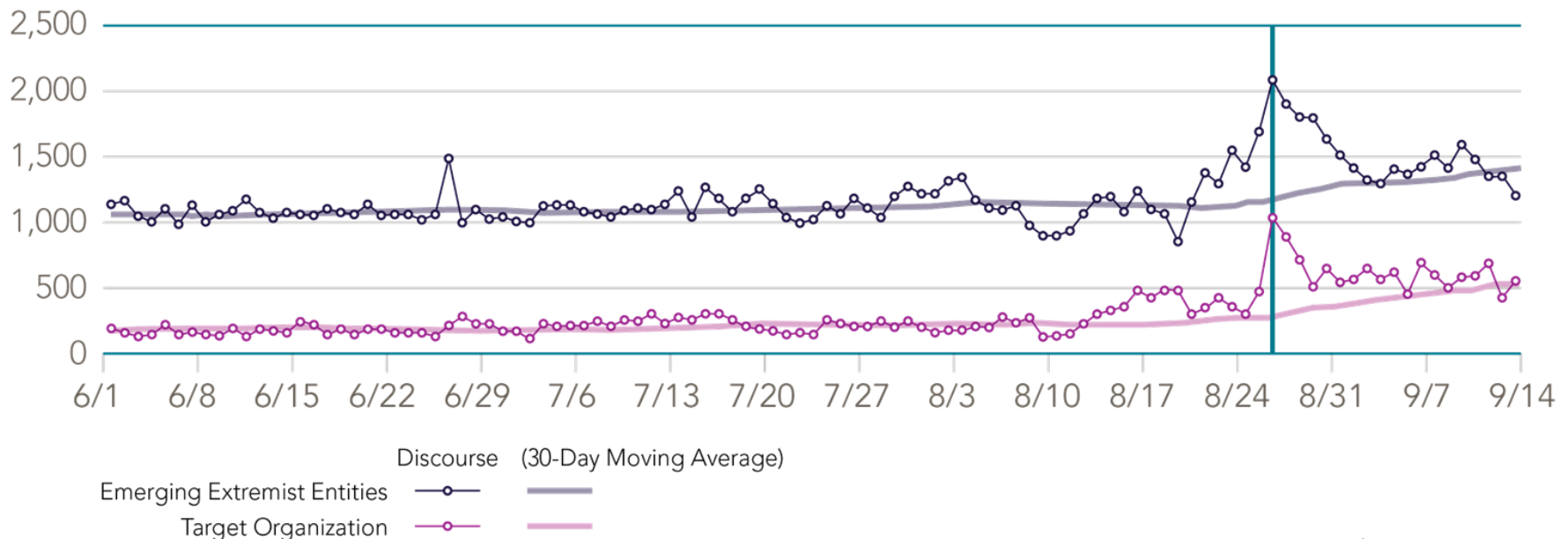


Critical Insight™ Solutions

Data Analytics | NATIONAL SECURITY

Digital Echo™ Use Case – Early Warning

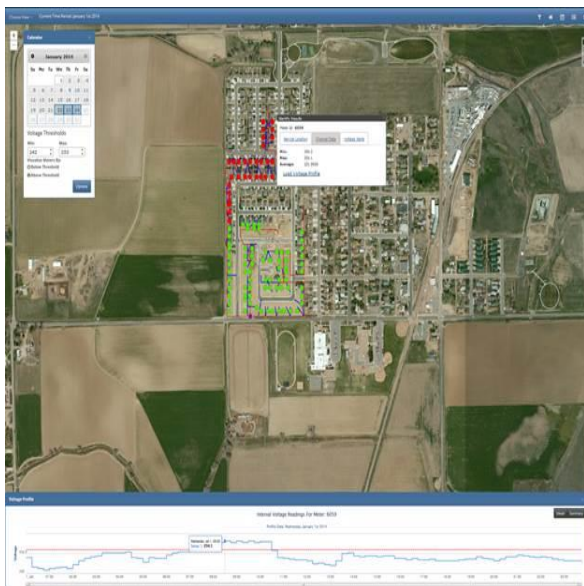
- ▶ Leidos' monitoring of an organization's online discourse in their native language showed possible early warning indicators
- ▶ At that time, this organization was not receiving much attention from most intelligence analysts



Data Analytics | ENERGY

PROBLEM: Historical operating models have **gross inaccuracies** that limit benefits of investments

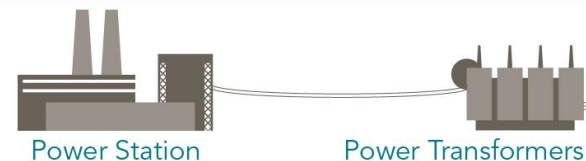
MARKET OPPORTUNITY: What if data analytics driven by our engineering knowledge can solve these problems in a new way?



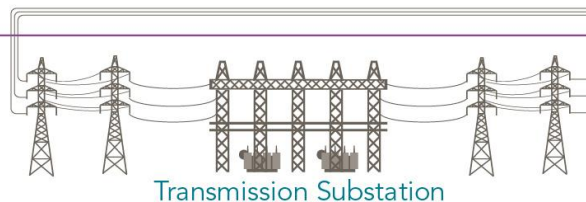
**SYSTEM
VISUALIZATION
MODULE**

TYPICAL U.S. GRID MODEL

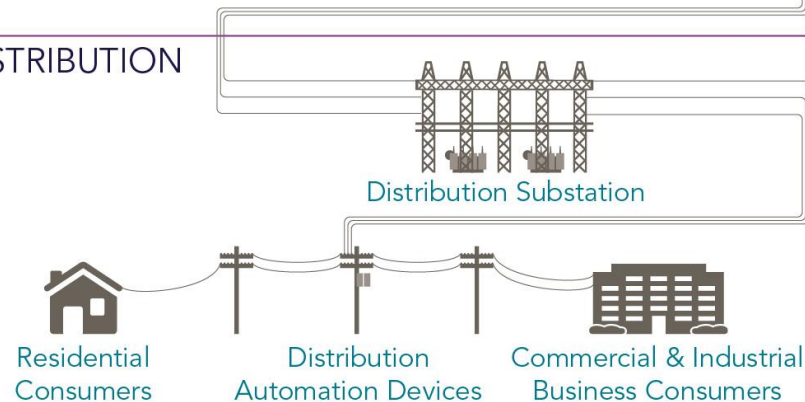
GENERATION



TRANSMISSION



DISTRIBUTION



Domain leadership brings the right focus to solve the right problems



Freedom to Think Forward

Leidos is securing the future and helping to make our communities, our nation and our world a better place for generations to come.



NATIONAL SECURITY

Delivering innovative solutions that help protect freedom in all domains – air, land, sea, space, and cyberspace.



HEALTH

Advancing health technology to improve patient care, reduce healthcare costs, and enhance public health.



ENGINEERING

Passionate about protecting our environment and making energy supply and delivery smarter, cleaner and more reliable.

Non-GAAP Reconciliations

Non-GAAP Operating Income is a non-GAAP financial measure that is reconciled to the most directly comparable GAAP financial measure, operating income. Non-GAAP operating income adjusts operating income for the following discrete items:

- ▶ **Goodwill and Intangible asset impairment charges** – This adjustment represents impairments of goodwill and long-lived intangible assets due to changes in actual performance against performance projected when the goodwill and long-lived intangible assets were acquired.
- ▶ **Separation transaction and restructuring expenses** – This adjustment represents costs for strategic advisory services, legal and accounting services, lease termination and facility consolidation, and severance costs associated with the September 2013 spin-off of New SAIC.
- ▶ **Impact of Plainfield** – This adjustment represents the write-down of \$32 million taken as part of cancelling our outstanding accounts receivable in exchange for the assets of the Plainfield Plant in 3Q14, and estimate-at-completion adjustments related to the Plainfield project taken in 1Q14 and 2Q14. These adjustments relate to the Plainfield construction project prior to the Company's acquisition of the Plainfield plant in October 2013. Not included in the adjustment are ordinary operating losses associated with the Plainfield plant.

Non-GAAP Reconciliations (continued)

Non-GAAP Earnings Per Share is a non-GAAP financial measure that is reconciled to the most directly comparable GAAP financial measure, earnings per share. Non-GAAP earnings per share adjusts earnings per share for the following discrete items:

- ▶ **Goodwill and Intangible asset impairment charges** – This adjustment represents impairments of goodwill and long-lived intangible assets due to changes in actual performance against performance projected when the goodwill and long-lived intangible assets were acquired.
- ▶ **Separation transaction and restructuring expenses** – This adjustment represents costs for strategic advisory services, legal and accounting services, lease termination and facility consolidation and severance costs associated with the September 2013 spin-off of New SAIC.
- ▶ **Impact of Plainfield** – This adjustment represents the write-down taken as part of cancelling our outstanding accounts receivable in exchange for the assets of the Plainfield Plant, and estimate-at-completion adjustments related to the Plainfield project. Plainfield refinancing charges of \$12 million incurred in 4Q14 are included in this amount. These adjustments relate to the Plainfield construction project prior to the Company's acquisition of the Plainfield plant in October 2013. Not included in the adjustment are ordinary operating losses associated with Plainfield plant.

