



Investor Day

NYSE – NEW YORK, NY

May 14, 2019



Forward-Looking Statements

Certain statements in this presentation contain or are based on "forward-looking" information within the meaning of the Private Securities Litigation Reform Act of 1995. In some cases, you can identify forward-looking statements by words such as "expects," "intends," "plans," "anticipates," "believes," "estimates," "guidance" and similar words or phrases. Forward-looking statements in this presentation include, among others, estimates of future revenues, adjusted EBITDA margins, diluted EPS (including on a non-GAAP basis) and cash flows provided by operating activities, as well as statements about future dividends, share repurchases, capital expenditures, debt repayments, acquisitions, dispositions, addressable markets and cash flow conversion. 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 those results anticipated by our guidance and other forward-looking statements made in this presentation depending on a variety of factors, including, but not limited to: changes to our reputation and relationships with government agencies, developments in the U.S. government defense budget, including budget reductions, implementation of spending limits (sequestration) or changes in budgetary priorities; delays in the U.S. government budget process or approval of raises to the debt ceiling; 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; changes in interest rates and other market factors out of our control; 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 for and win contracts with the U.S. government and other customers; our reliance on information technology spending by hospitals/healthcare organizations; our reliance on infrastructure investments by industrial and natural resources organizations; energy efficiency and alternative energy sourcing investments; investments by the U.S. government and commercial organizations in environmental impact and remediation projects; our ability to attract, train and retain skilled employees, including our management team, and to obtain security clearances for our employees; the mix of our contracts and our ability to accurately estimate costs associated with our firm-fixed-price and other contracts; our ability to realize as revenues the full amount of our backlog; 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 projects; 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; exposure to lawsuits and contingencies associated with the IS&GS 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; our ability to grow our commercial health and infrastructure businesses, which could be negatively affected by budgetary constraints faced by hospitals and by developers of energy and infrastructure projects; and 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 this presentation. 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 ("SEC"), including the "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Legal Proceedings" sections of our latest Annual report on Form 10-K and quarterly reports on Form 10-Q, all of which may be viewed or obtained through the Investor Relations section of our website at www.leidos.com.

All information in this presentation is as of May 14, 2019. The Company expressly disclaims any duty to update the guidance or any other forward-looking statement 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.

Agenda

8:00 – 8:30	Registration & Breakfast	
8:30 – 8:35	Kelly Hernandez SVP of Investor Relations	Opening Remarks & Introductions
8:35 – 9:00	Roger Krone Chairman & CEO	Strategy & Investment Thesis
9:00 – 9:15	Roy Stevens Chief of Business Development & Strategy	Leidos' Competitive Differentiators
9:15 – 10:15	Gerry Fasano President, Defense Group Vicki Schmanske President, Intelligence Group Angie Heise President, Civil Group Jon Scholl President, Health Group	Group President Panel: Leveraging Scale to Drive Growth
10:15 – 10:30	Break	
10:30 – 11:00	Jim Reagan CFO & Executive VP	Financial Outlook
11:00 – 11:45	Management Panel	Q&A
11:45 – 1:00	Technology Showcase & Lunch	

Strategy & Investment Thesis

Roger Krone
CEO



Mission

Leidos makes the world **safer, healthier, and more efficient** through **information technology, engineering, and science.**

Vision

Become the global leader in the integration and application of **information technology, engineering, and science** to solve our customers' most demanding challenges.

We will deliver **innovative solutions** through the efforts of our **diverse and talented people** who are dedicated to our **customers' success**. We will empower our teams, contribute to our communities, and operate sustainably.

Values

Integrity

Innovation

Agility

Collaboration

Commitment

The Leidos Team



FROM LEFT TO RIGHT

Steven Hull
Chief Information Officer

Jim Reagan
Chief Financial Officer

Jim Cantor
Chief Technology Officer

Vicki Schmanske
President, Intelligence Group

Paul Engola
Chief Human Resources Officer &
Head of Business Partnerships

Jerry Howe
General Counsel

Gerry Fasano
President, Defense Group

Kamal Dua
Chief Audit Executive

Roy Stevens
Chief of Business
Development & Strategy

Jon Scholl
President, Health Group

Angie Heise
President, Civil Group

Michele Brown
Chief Ethics
& Compliance Officer

Roger Krone
Chairman &
Chief Executive Officer



32K
Employees Worldwide



13K
Cleared
Employees



66%
Top Secret & Above
(of cleared employees)



22%
Military Veterans



6K
Master's Degrees



1K
PhD's

Leidos' Scale Creates Competitive Advantages

CY2018A Revenue (\$B)



Scale Drives Differentiation Across 4 Key Vectors



Technical Differentiation



Customer Relationship



Key Personnel



Past Performance

Note: Revenue shown on a trailing twelve months ended December 31, 2018. GDIT, JEC, SAIC & PRSP shown on a pro-forma basis

Leidos Investment Thesis



Revenue & EBITDA Growth

Drive market **share gains** and **revenue growth** by meeting customers' emerging needs, while **maintaining margins at or above 10%**.



Diverse & Resilient Business

Cultivate a portfolio which offers **resiliency across the cycles** through presence in **diverse, yet complementary end-markets**.



Strong Cash Generation

Operate an **asset-light business** with a high **Return on Invested Capital** while investing to **improve competitive position**.



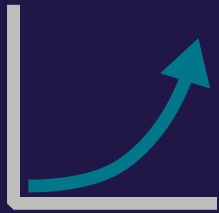
Disciplined Capital Deployment

Balance capital deployment to **drive sustained value** for **all stakeholders** (shareholders, employees, and customers), leveraging **inorganic investments to accelerate the strategy**.

Growth Driven by Addressing Evolving Customer Challenges

EXAMPLE: SECURE DIGITAL TRANSFORMATION FUELS GROWTH

Challenge



Exponential growth of data



Cloud enablement



Artificial Intelligence &
Machine Learning (AI/ML)



Resilience & Security

Leidos Technical Core Competencies (TCCs)



Digital
Modernization



Cyber
Operations



Operations
& Logistics



Mission Software
Systems



Integrated
Systems

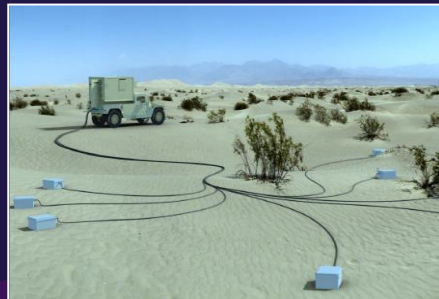


Sensors,
Collections &
Phenomenology



Mission
Support

LInC



Diversified Revenues

LEVERAGED TO MULTIPLE MARKETS & GEOGRAPHIES



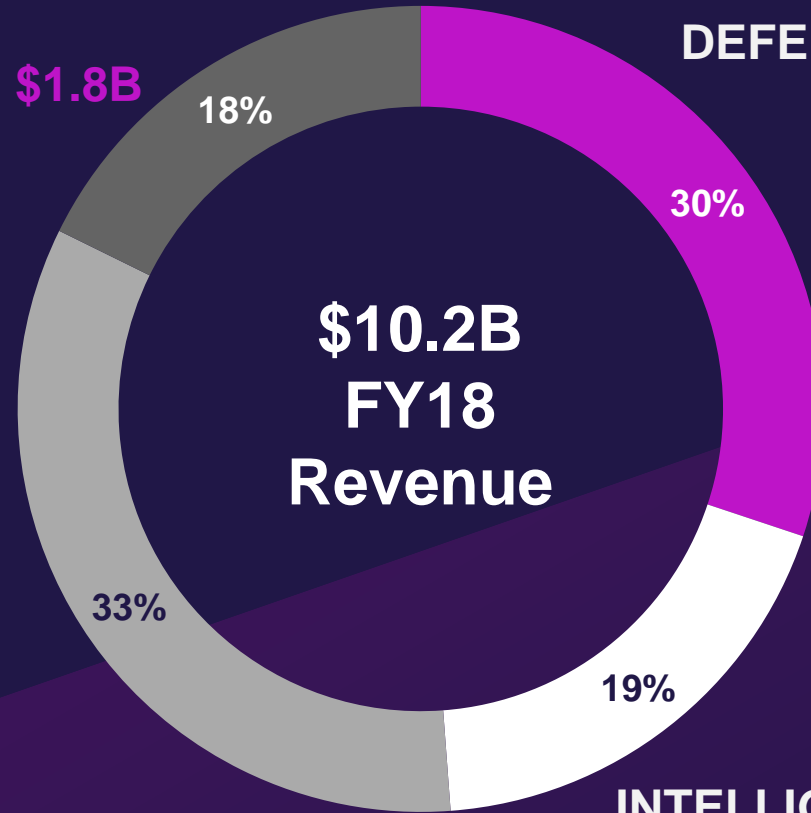
HEALTH **\$1.8B**

18%



CIVIL **\$3.4B**

33%



\$10.2B
FY18
Revenue

DEFENSE **\$3.1B**

30%



INTELLIGENCE **\$1.9B**



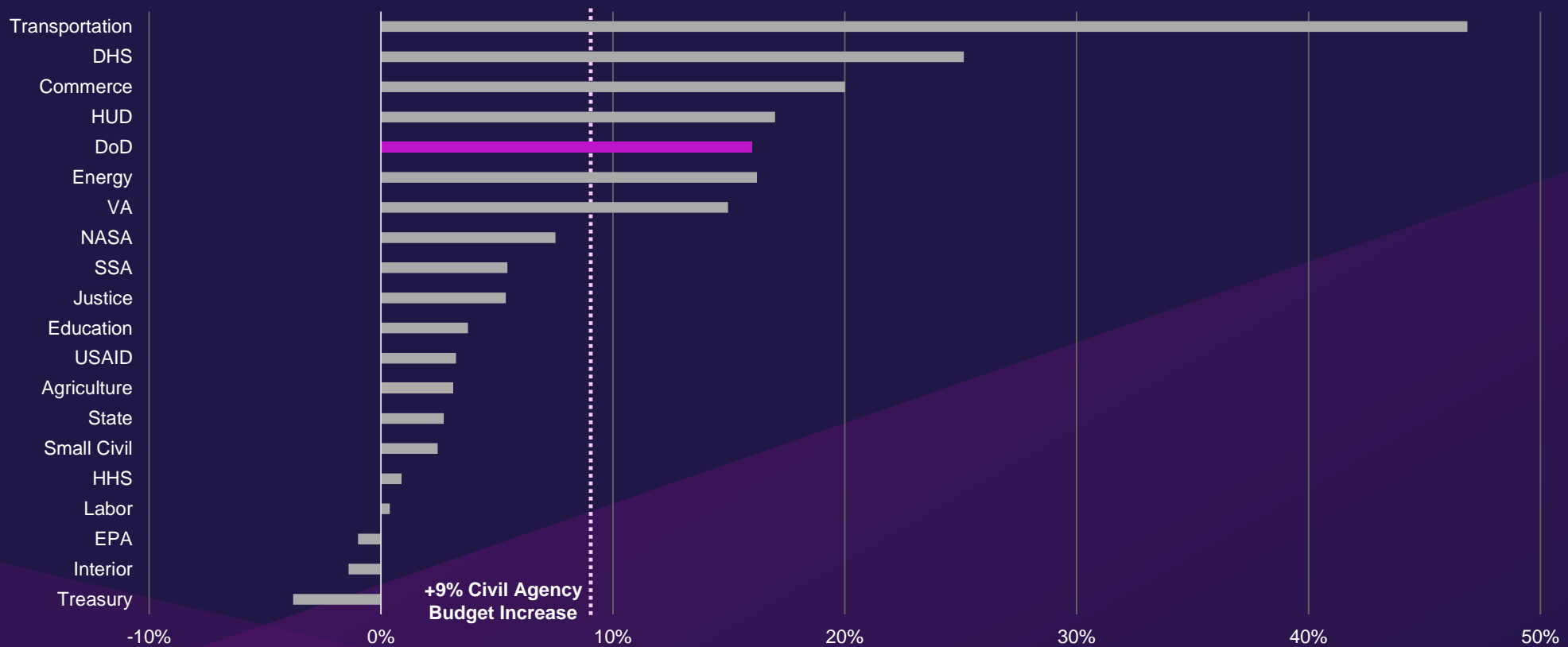
Note: Slide reflects operating segments. Defense & Intelligence, as shown on this slide, are combined into one reportable segment – Defense Solutions.

Balanced Defense & Civil Exposure Provides Benefits

GROWTH IN CIVIL BUDGETS COMPLEMENTS GROWTH IN DEFENSE BUDGETS

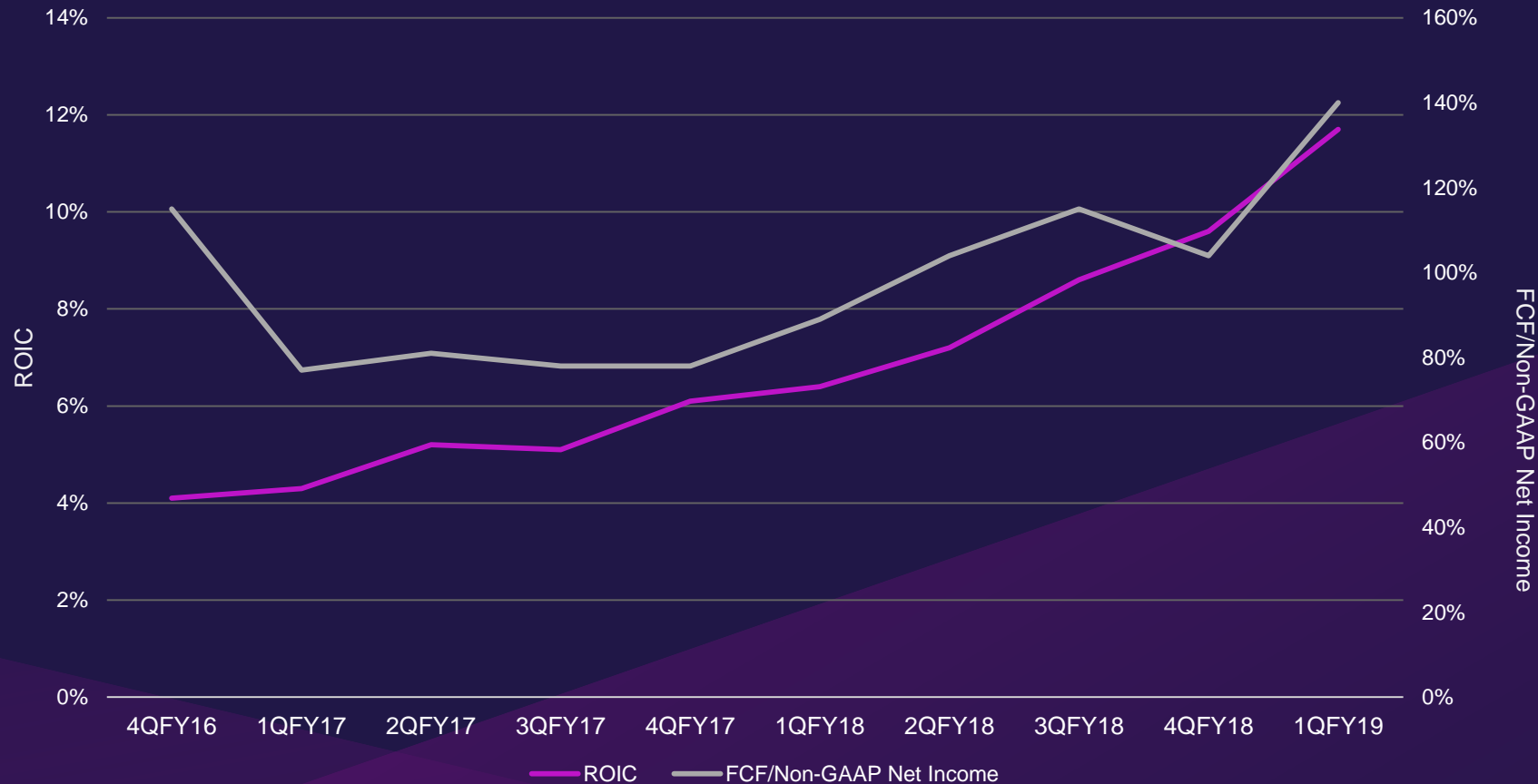
Budget Change %

Base Discretionary Budget Change GFY '16 – GFY'18



Highly Cash Generative Business Model

FOCUS ON CAPITAL LIGHT BUSINESS MODEL & BALANCE SHEET MONETIZATION DRIVES ROIC & FCF GROWTH



Deliberate Focus on Asset Light Discriminators

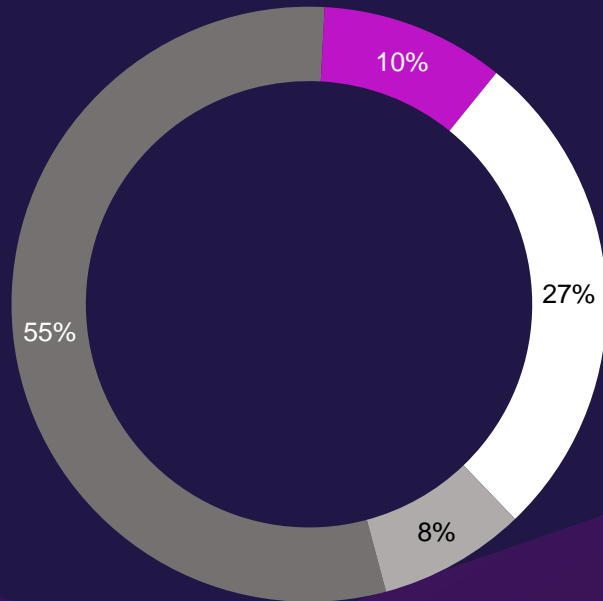


Note: Data presented on a rolling TTM basis. See appendix for definitions of Non-GAAP financial measures.

Disciplined Capital Deployment Philosophy

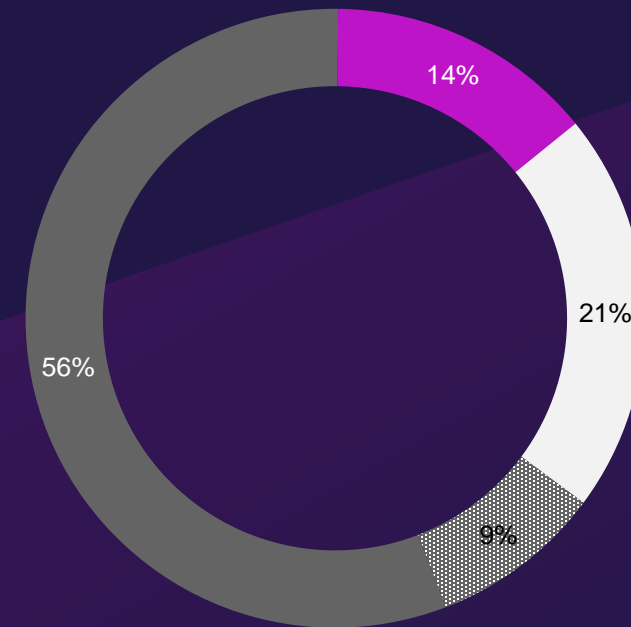
2018 Capital Deployment

■ Share Repurchase ■ CapEx ■ Quarterly Dividend ■ Debt



Target Capital Deployment

■ M&A/Share Repurchase ■ CapEx ■ Quarterly Dividend ■ Debt



Note: Graphic depicts capital deployment after internal growth investments; Target Deployment excludes impact of potential M&A transactions and reflects 2019-2021 estimates

ESG Excellence Is A Priority

Strong focus on our employees results in building and maintaining talent that drives innovation:

- Training and education resources support career development
- Employee mentoring programs at all levels designed to attract diverse workforce and foster inclusive work environment
- Regular engagement surveys to gauge our success shared with executive leadership and board

Industry leader in energy and the environment for more than four decades:

- Ranked among the top 10 federal environmental firms and top 20 nationwide
- Completed 8,300+ environmental restoration and 550 hazardous, toxic and radioactive waste projects
- Helped utilities save 700,000+ net megawatt hours annually (enough to power 66,000+ homes)
- Goal to reduced GHG emissions by 25% was reached six years early in 2014



We do all this while adhering to the **highest possible ethics and security standards**

Leidos Competitive Differentiators

ROY STEVENS

CHIEF OF BUSINESS DEVELOPMENT
& STRATEGY



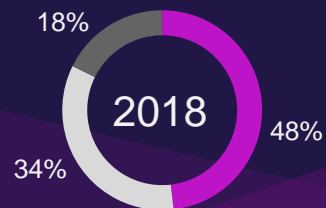
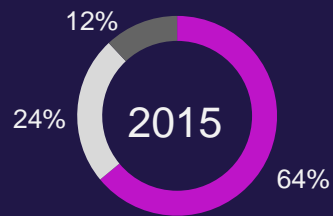
Successful IS&GS Integration Uniquely Positions Leidos for Growth

Resilient and Diversified Revenues

Diversified revenue mix to balance market exposure

Diversified Revenue Streams

■ Defense ■ Civil ■ Health



Leaner and More Flexible Cost Structure

Allows investment in areas of customer priorities

Key Capabilities in High-Growth Segments

Secure Digital Transformation

Mission Critical Software

Transformative Logistics

Expanded Scope & Scale

Increased global presence and added long-term relationships with key customers

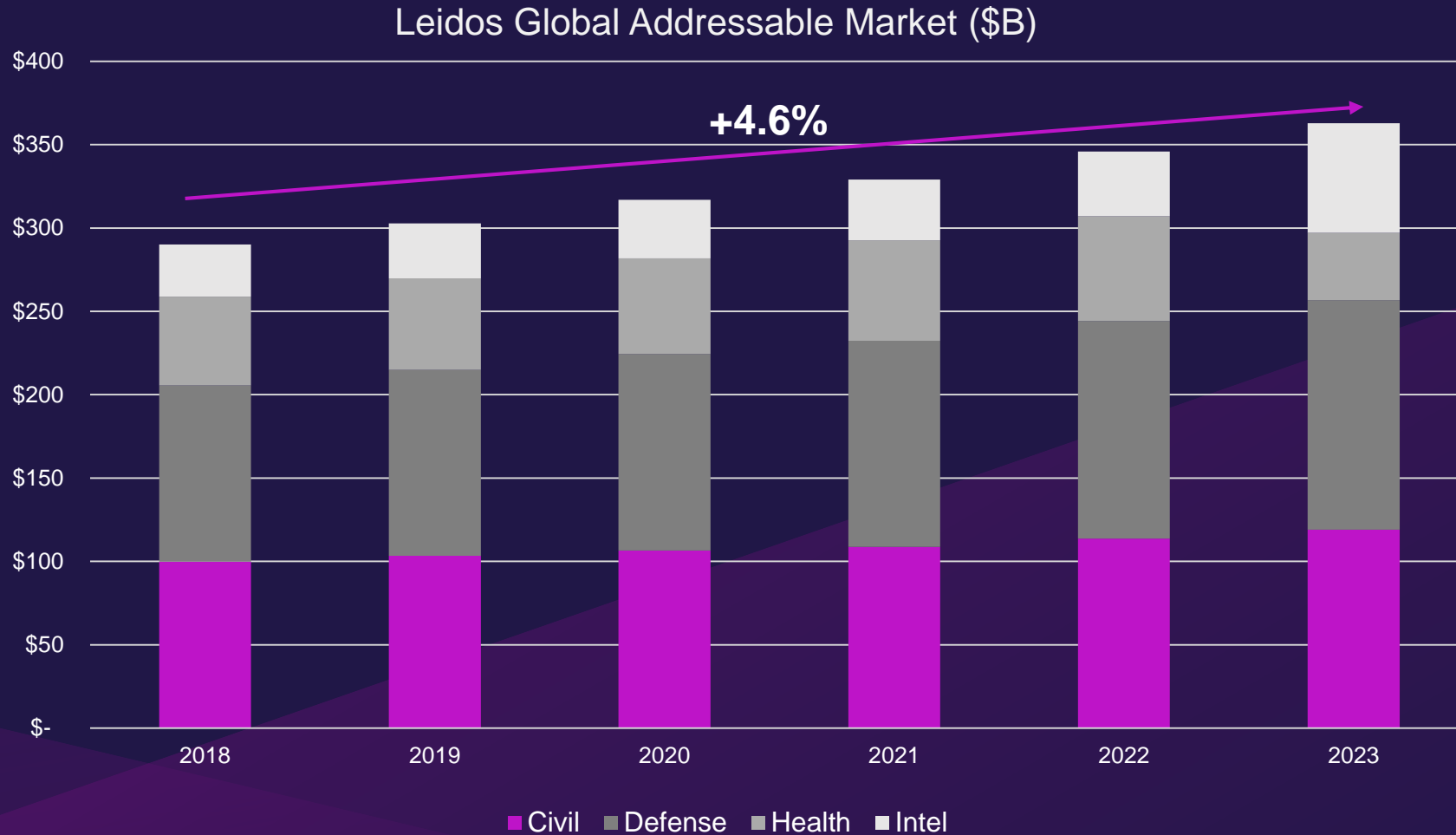


Significant Value for Shareholders

Total Cost Synergies: >\$400 million

Total Revenue Synergies: >\$425 million

Well Positioned in Large and Growing Addressable Markets

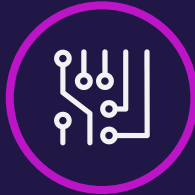


Source: Avascent, Boston Consulting Group, Gartner, Markets and Markets, RSA

Foundations for Success

SCALE DRIVES DIFFERENTIATION ACROSS 4 KEY VECTORS

Technical Differentiation



Scale allows greater investment in differentiation & repeatable solutions

7 core competencies leveraged across the organization

Leidos Innovation Center (LInC) incubates advanced technologies

Strategic supplier alliances and university partnerships augment internal capabilities

Customer Relationship



Scale drives broadest set of relationships in the industry

Commitment to customer mission strengthens partnerships

Deep mission understanding provides foundation for differentiation

Key Personnel



Scale allows greater career mobility and investments in our people, aiding recruitment and retention

Dedicated technical career track increases retention of key technical staff

50-year legacy of commitment to our customers' missions allows for unparalleled level of industry experts on staff

Past Performance



Scale enables industry's broadest set of past performance credentials

Diversity of revenue stream allows for unique combination of demonstrated performance

Commitment to program excellence & executive-level focus on customer success drives strong reputation and award fees

Leidos Technical Core Competencies (TCCs)



Digital Modernization

Mission enablement and operational efficiencies



Cyber Operations

Advanced cyber resilience at scale



Operations & Logistics

Transformational logistics



Mission Software Systems

Advanced multi-domain systems



Integrated Systems

Mission-effective integrated HW & SW systems



Sensors, Collections, & Phenomenology

Disruptive sensor-based systems using detailed physical modeling



Mission Support

Mission solutions via depth, breadth at competitive costs

Secure Development & Operations

Data Science & Engineering

System Engineering & Integration

Win Drivers: Top 10 Awards

Segment	Customer	Value (M) ¹	Key Drivers
Health	VA	\$7,000 ²	Past Performance, Price & Technical Solution
Intelligence	CLASSIFIED	\$1,100	Technical Solution
Health	SSA	\$600 ³	Cost Competitive, Past Performance & Technical Solution
Defense	AIR FORCE	\$600 ⁴	Price
Health	DHA	\$600 ⁴	Technical Solution
Intelligence	CLASSIFIED	\$600	Past Performance & Technical Solution
Civil	DOE	\$400	Key Personnel & Past Performance
Intelligence	CLASSIFIED	\$300	Past Performance & Technical Solution
Defense	Army	\$300	Past Performance & Technical Solution
Civil	DOE	\$200	Past Performance & Technical Solution

Above list reflects top 10 awards on a trailing twelve month basis through March 31, 2019

(1) Value rounded to the nearest \$100M

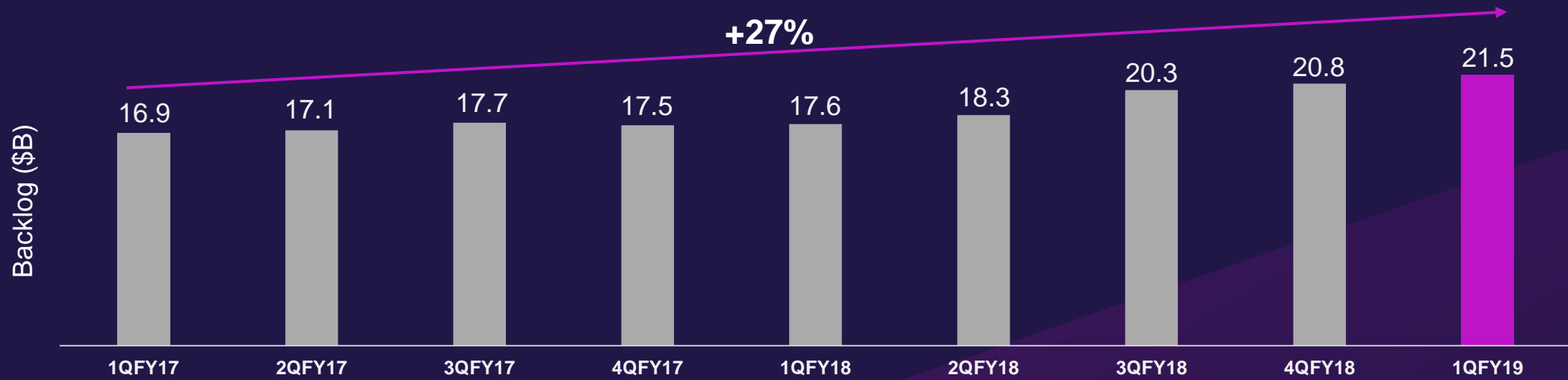
(2) Represents potential value over 10 years

(3) Reflects value of all awarded task orders

(4) Single Award IDIQ ceiling value

Increasing Backlog

BACKLOG GROWTH OF 27% IN 2 YEARS



Note: Backlog presented at exchange rate in effect at quarter end.

Top Three Enterprise-Wide Growth Campaigns



1

Secure Digital Transformation



2

Mission Critical Software



3

Transformational Logistics

Leveraging Scale to Drive Growth

GROUP PRESIDENT PANEL



Defense Group

GERRY FASANO, GROUP PRESIDENT



\$3.1B 2018 Revenue*



8.5% 2018 Non-GAAP
Operating Income Margins*



Key Growth Markets

- Digital Transformation
- Transformational Logistics
- C4ISR Air, Land & Sea



Key Technical Differentiators

- Digital Modernization
- Cyber Operations
- Operations & Logistics
- Secure Agile Software
- Integrated Systems
- Sensors, Collections & Phenomenology
- Mission Support

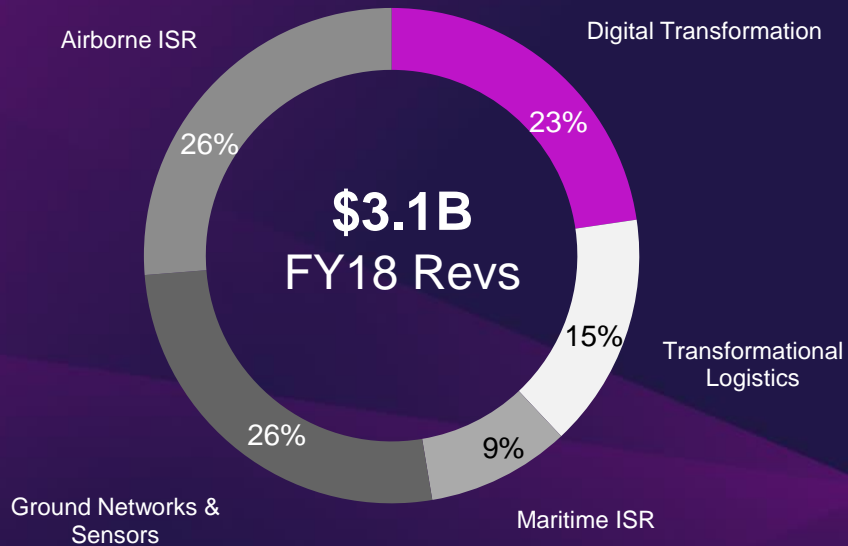


*The Intelligence and Defense Groups are aggregated into the "Defense Solutions" reportable segment.










Defense Group Snapshot

2018 Revenue by Market



Key Technical Differentiators

-  Digital Modernization
-  Cyber Operations
-  Operations & Logistics
-  Mission Software Systems
-  Integrated Systems
-  Sensors, Collections, & Phenomenology
-  Mission Support

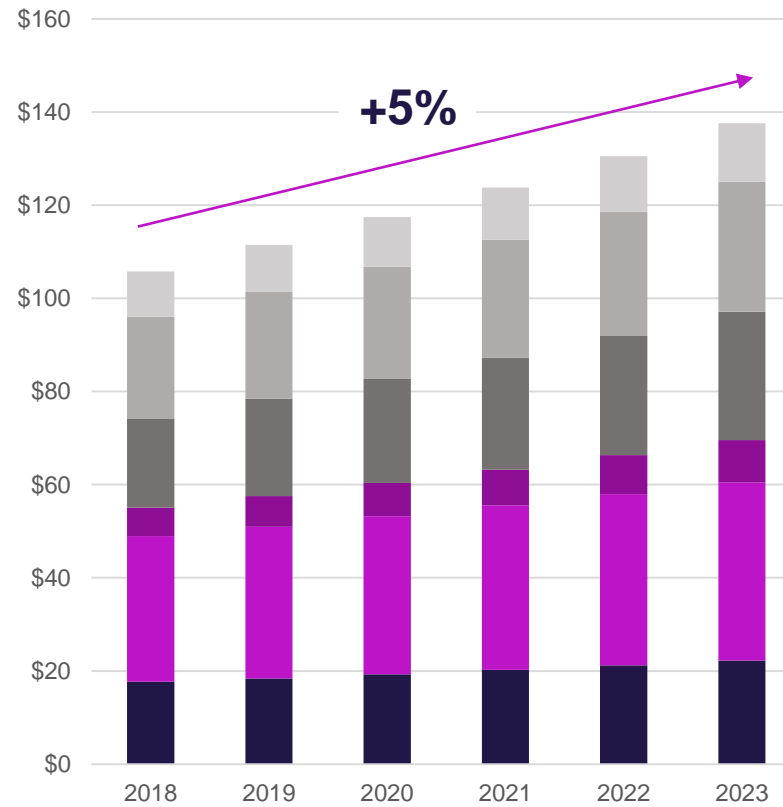
Key Customers



Defense Group

LARGE & GROWING
ADDRESSABLE MARKETS

Defense Addressable Market (\$B)



**5-YR
CAGR**

KEY TARGET MARKETS

5%

← Airborne ISR

5%

← Ground Networks & Sensors

7%

← Maritime ISR

8%

4%

5%

← Digital Transformation

■ Digital Transformation

■ Transformational Logistics

■ Maritime ISR

■ Ground Network & Sensors

■ Airborne ISR

■ Space

Defense Group: Foundations for Success



Technical Differentiation

High performing software factory that accelerates delivery of mission capability to warfighter

Delivering complex, scaled solutions for DoD modernization initiatives informed by deep domain expertise

Embedding AI and Autonomy into DoD systems to enable warfighter tactical advantage



Customer Relationship

Deep understanding of the customer: 45% Veteran, >65% customer sites, >500 deployed

50-year legacy serving the Defense market

Innovative and steadfast solutions allow for a seat at the customer table from the very beginning all the way through delivery



Key Personnel

Multi-disciplinary engineering teams leverage enterprise scale and capabilities (LInC, Accelerator, Technical Core Competencies)

>80% of employees hold clearances

Targeted diverse industry hires bringing relationships and mission understanding across warfighting domains



Past Performance

Legacy of industry leading success at scale for digital modernization, cyber operations, airborne ISR and Secure Development Operations

Leader in mission-enabling autonomy software

Scale enables the group to leverage past performance credentials into strategically attractive partnerships

Intelligence Group

VICKI SCHMANSKE, GROUP PRESIDENT



\$1.9B 2018 Revenue*



8.4% 2018 Non-GAAP
Operating Income Margins*



Key Growth Markets

- Digital Transformation
- SIGINT & Cyber
- Transformative Software & Analytics
- Intel ISR



Key Technical Differentiators

- Digital Modernization
- Cyber Operations
- Mission Software Systems
- Sensors, Collections & Phenomenology
- Mission Support

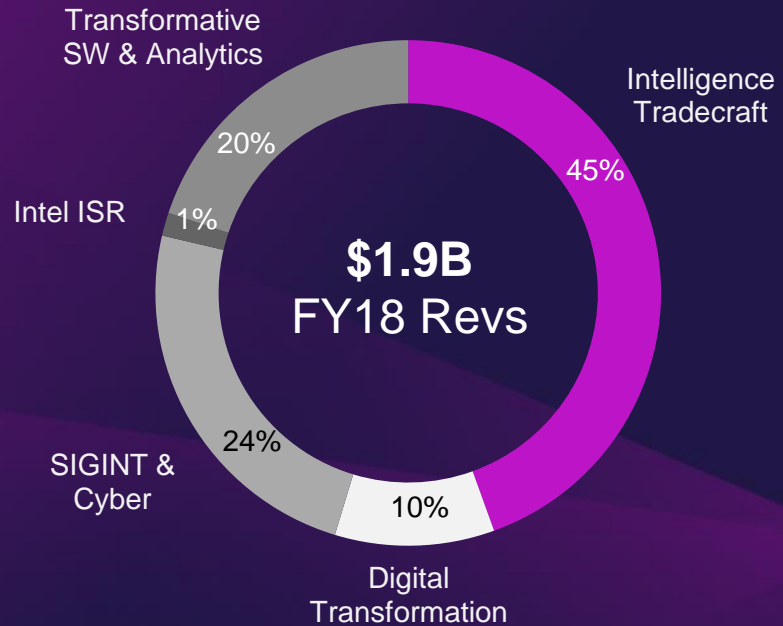


*The Intelligence and Defense Groups are aggregated into the "Defense Solutions" reportable segment.








Intelligence Group Snapshot

2018 Revenue by Market



Key Technical Differentiators

-  Digital Modernization
-  Cyber Operations
-  Mission Software Systems
-  Sensors, Collections & Phenomenology
-  Mission Support

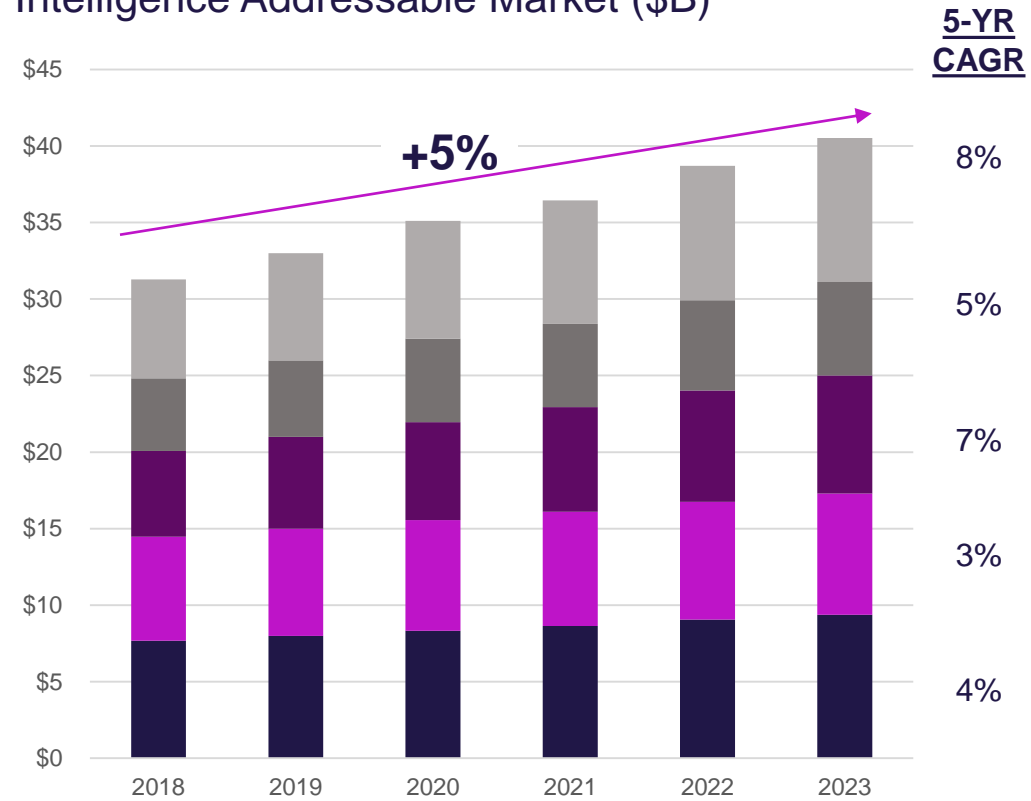
Key Customers



Intelligence Group

LARGE & GROWING
ADDRESSABLE MARKETS

Intelligence Addressable Market (\$B)



**5-YR
CAGR**

+5%

KEY TARGET MARKETS

8%

5%

7%

3%

4%

← Transformational Software & Analytics

← SIGINT and Cyber

← Digital Transformation

■ Intel ISR

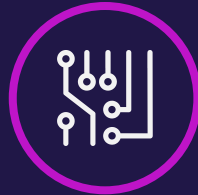
■ SIGINT and Cyber

■ Intelligence Tradecraft

■ Transformative Software and Analytics

■ Digital Transformation

Intelligence Group: Foundations for Success



Technical Differentiation

Core competencies in Secure Development Operations and agile software development

Agnostic approach to integration of commercial capabilities

Linguists and Intel analysts: All-source, SIGINT, and imagery

IRAD investments in analytics, tools, automation, and cyber



Customer Relationship

Deep customer relationships driven by 50-year legacy serving the Intelligence Community

Top 5 presence with largest customers driven by scale and breadth of solutions and service offerings

Trusted partnerships backed by demonstrated performance



Key Personnel

Highly skilled and cleared workforce

Multi-disciplinary engineering teams with enterprise scale

Investments in technical training and certification programs



Past Performance

Legacy of success at scale across the IC in mission-critical programs

Proven large-scale system design

Track record of delivering cost efficiencies and improved mission performance

Civil Group

ANGIE HEISE, GROUP PRESIDENT



\$3.4B 2018 Revenue



11.2% 2018 Non-GAAP
Operating Income Margins



Key Growth Markets

- Digital Transformation
- Global Security
Products & Services
- Logistics



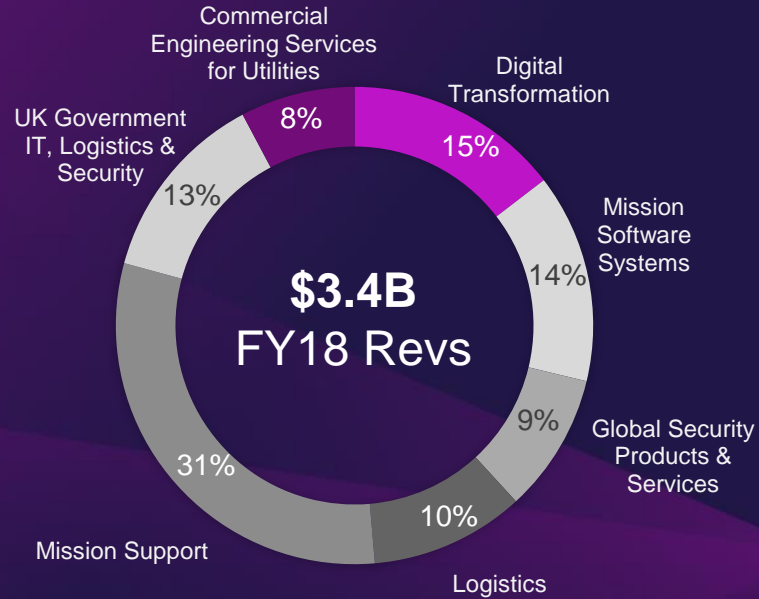
Key Technical Differentiators

- Digital Modernization
- Cyber Operations
- Operations & Logistics
- Mission Software Systems
- Integrated Systems








Civil Group Snapshot

2018 Revenue by Market



Key Technical Differentiators

-  Digital Modernization
-  Cyber Operations
-  Operations & Logistics
-  Mission Software Systems
-  Integrated Systems

Key Customers

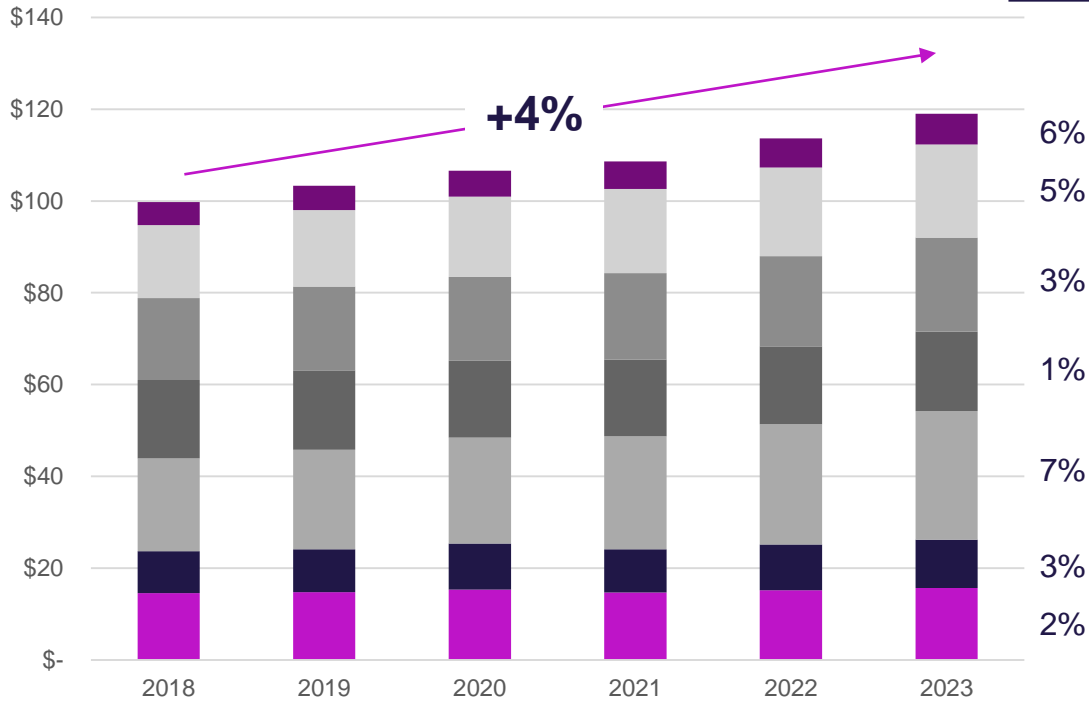


Civil Group

LARGE & GROWING
ADDRESSABLE MARKETS

Civil Addressable Market (\$B)

**5 YR
CAGR**



KEY TARGET MARKETS

- ← Logistics
- ← Global Security Products & Services
- ← Digital Transformation

- Commercial Engineering Services for Utilities
- UK Government IT, Logistics, & Security
- Mission Support
- Logistics
- Global Security Products & Services
- Mission Software Systems
- Digital Transformation

Civil Group: Foundations for Success



Technical Differentiation

Repeatable and reusable solutions to drive low risk digital transformations for our customers

Unique security product platforms – Reveal, VACIS, Radiation Monitors

AI and data analytics capabilities bred out of defense and civil markets provide innovative, actionable insights



Customer Relationship

Decades supporting key customers and their challenging missions

Key franchise base enables access to all Federal CIOs

Broad set of IDIQ vehicles won across the organization drives faster ramp-up of new work through on-contract-growth



Key Personnel

Scale and diversity of missions increases ability to attract & retain talent

Deep subject matter expertise on our customers missions and future challenges

Strong pipeline of program and technical leadership with a broad set of experiences



Past Performance

Legacy of customer success with key franchise programs – FAA ERAM, NASA CMC, UK LCST

Strong track record of delivering outcomes for customers through digital transformations

Recent successes embolden reputation in Civil markets – ACE-IT, SENS3, ESOC

Health Group

JON SCHOLL, GROUP PRESIDENT



\$1.8B 2018 Revenue



15.2% 2018 Non-GAAP
Operating Income Margins



Key Growth Markets

- Health Digital Transformation
- EHR & Complex System Integration
- Operational Services & Platforms



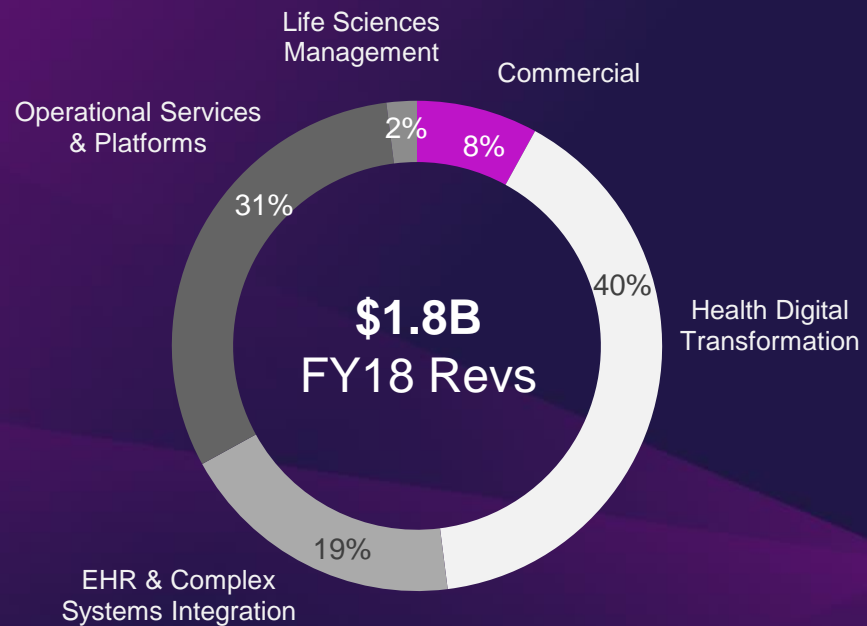
Key Technical Differentiators

- Digital Modernization
- Cyber Operations
- Operations and Logistics
- Mission Software Systems
- Mission Support








Health Group Snapshot

2018 Revenue by Market



Key Technical Differentiators

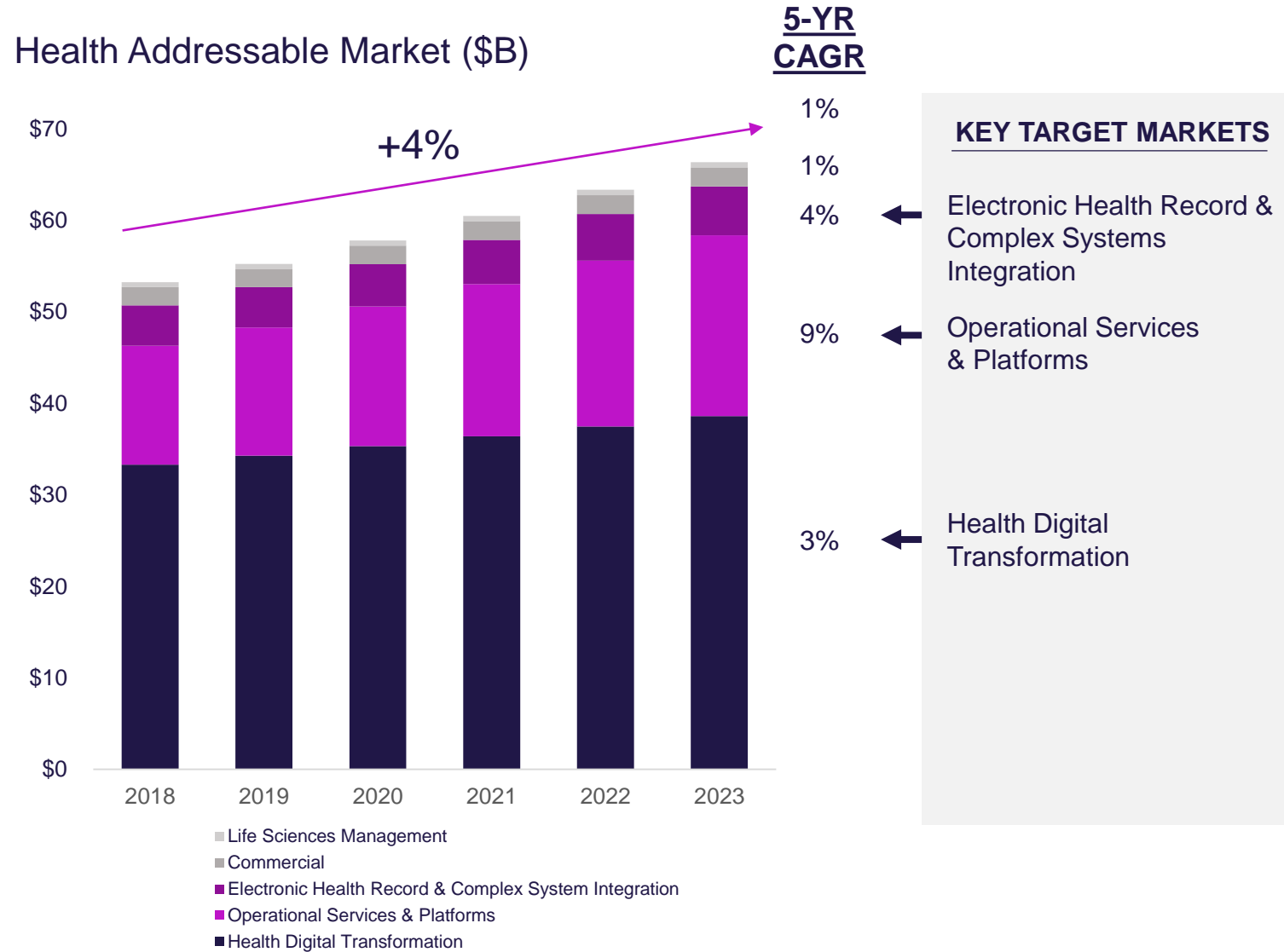
-  Digital Modernization
-  Cyber Operations
-  Operations & Logistics
-  Mission Software Systems
-  Mission Support

Key Customers



Health Group

OUR ADDRESSABLE MARKETS ARE
LARGE AND GROWING



Health Group: Foundations for Success



Technical Differentiation



Enterprise level investment and leverage drives innovation in health operations improvement

Unique, proven service-enabled platforms offer scalable solutions

Customer Relationship



Breadth and depth of enterprise scale relationships allow for deep customer insights across multiple health industry segments

Broad set of contract vehicles that enable on-contract-growth

Key Personnel



Health IT and mission focus increases ability to attract & retain talent

Novel health and life sciences capabilities drive differentiation

Past Performance



Legacy of customer success and re-winning signature programs

Broad portfolio of experience ranging from life science to data infrastructure

Reference programs solidly positioning us in the future of health transformation

Recent wins in commercial markets strengthening our position

Break



Financial Outlook

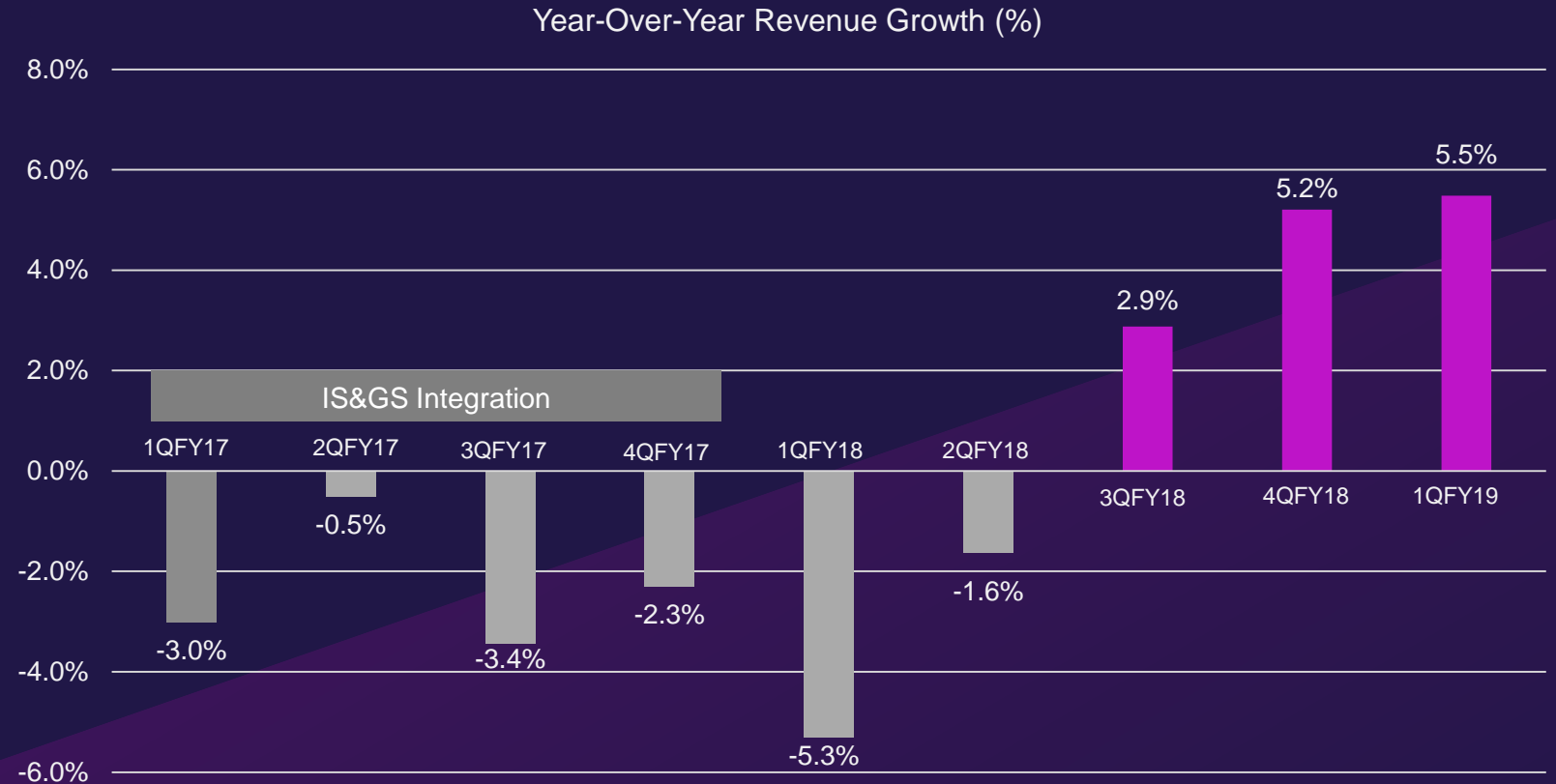
JIM REAGAN
EVP & CHIEF FINANCIAL OFFICER



Revenues: Inflected to Growth and Accelerating

Growth Drivers:

- Leveraging scale to capture new business
- Competitive and flexible cost structure
- Clear technical discriminators
- Delivering solutions to our customers' challenges



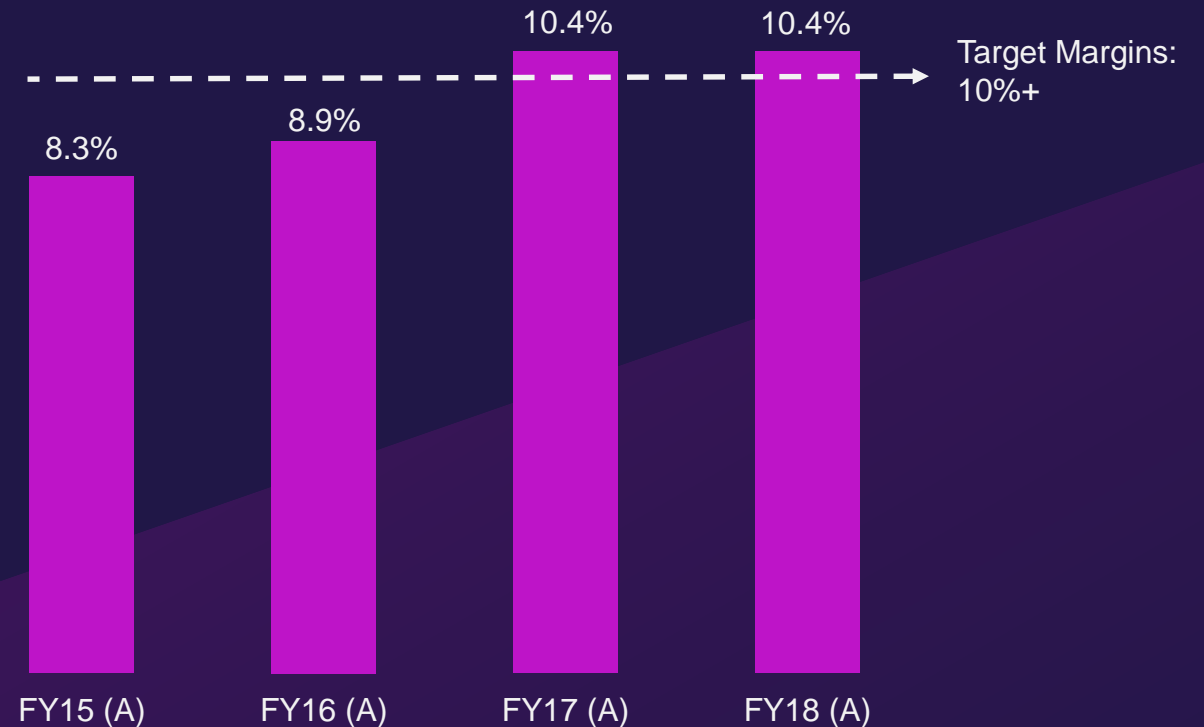
Note: 1QFY17-3QFY17 shown on a pro-forma basis.

Proven Track Record of Margin Expansion

200 basis points of margin expansion driven by:

- Disciplined bid approach for new business opportunities
- Lean and flexible cost structure, enabled by \$400 million of run-rate cost synergies from the IS&GS transaction
- Strong and consistent program execution
- Efficiencies driven on fixed-price contract

Non-GAAP Adjusted EBITDA Margins

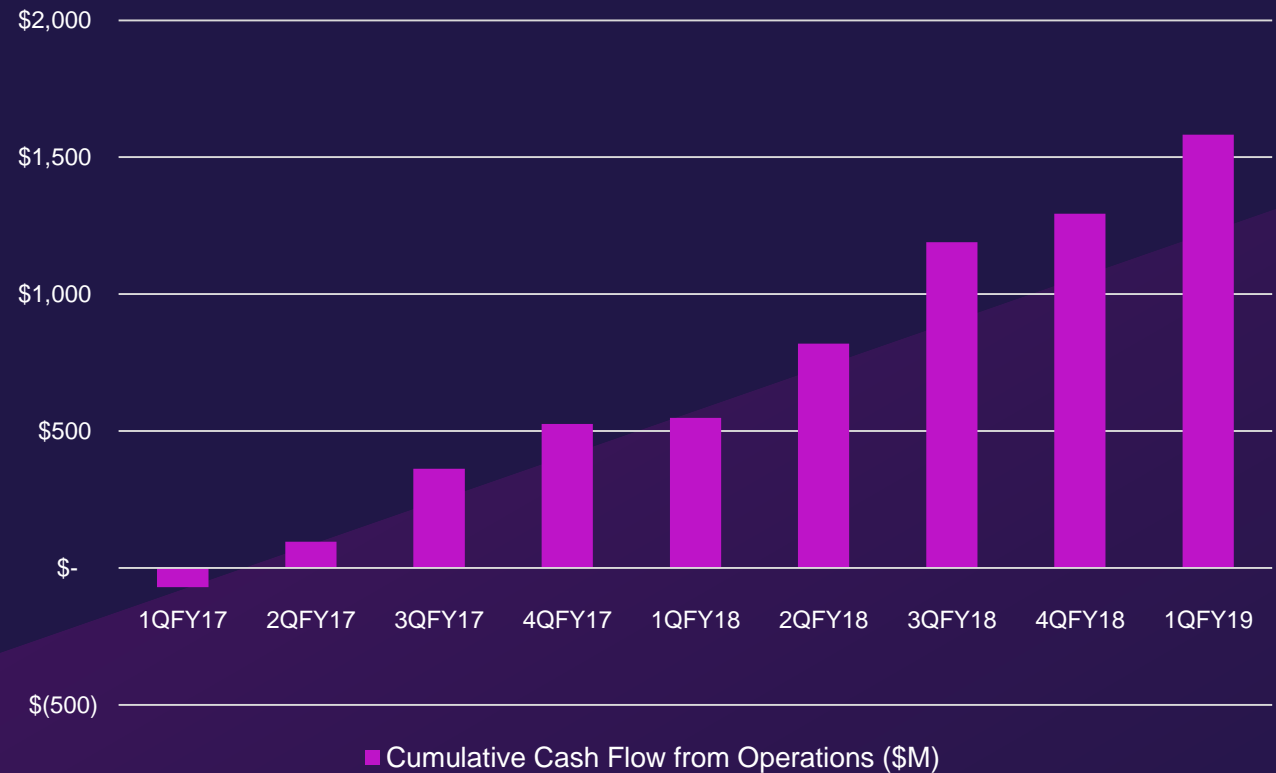


See appendix for definitions of Non-GAAP financial measures

Driving Significant Cash from Operations

Nearly \$1.6 billion in operating cash flow generated since 2017 driven by:

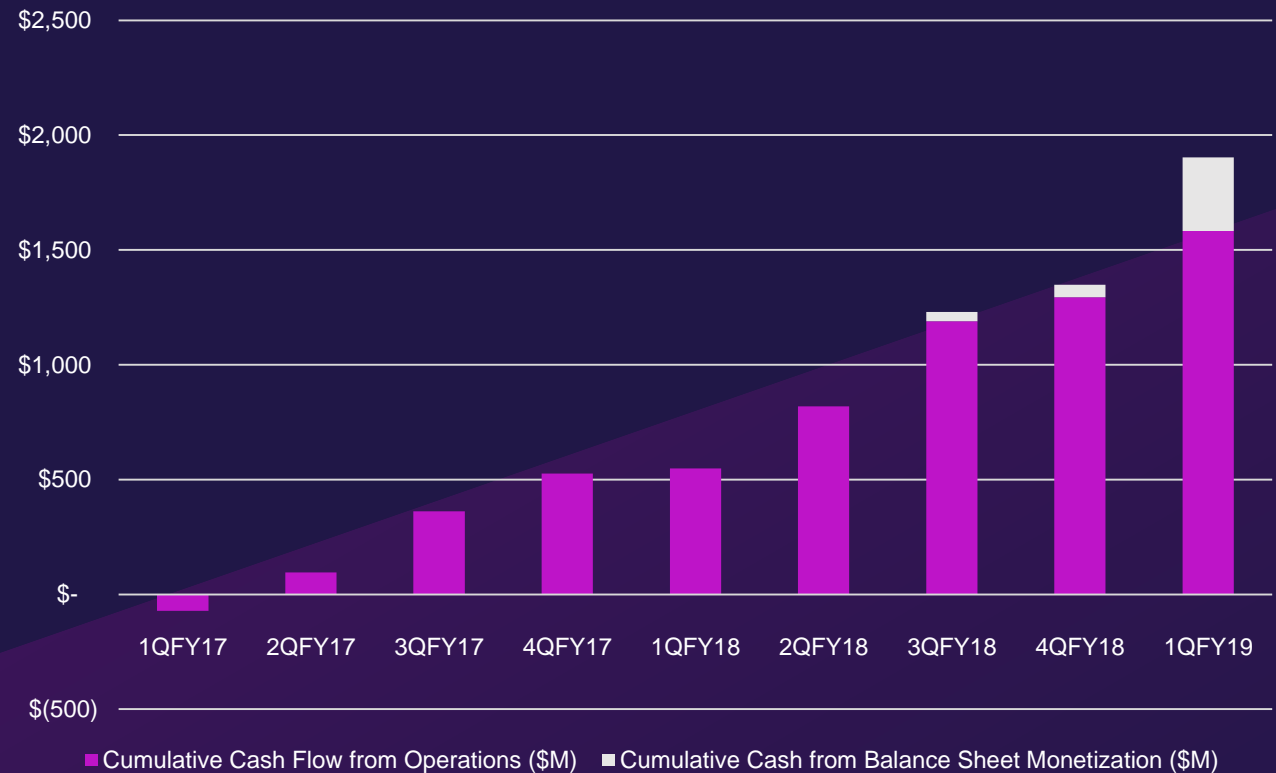
- Increased profitability
- Commitment to lean balance sheet
- Accelerating revenue growth
- Accretive capital investments to drive accelerated growth



Driving Value Through Balance Sheet Monetization

~\$400 million in cash flow generated since 2017 driven by

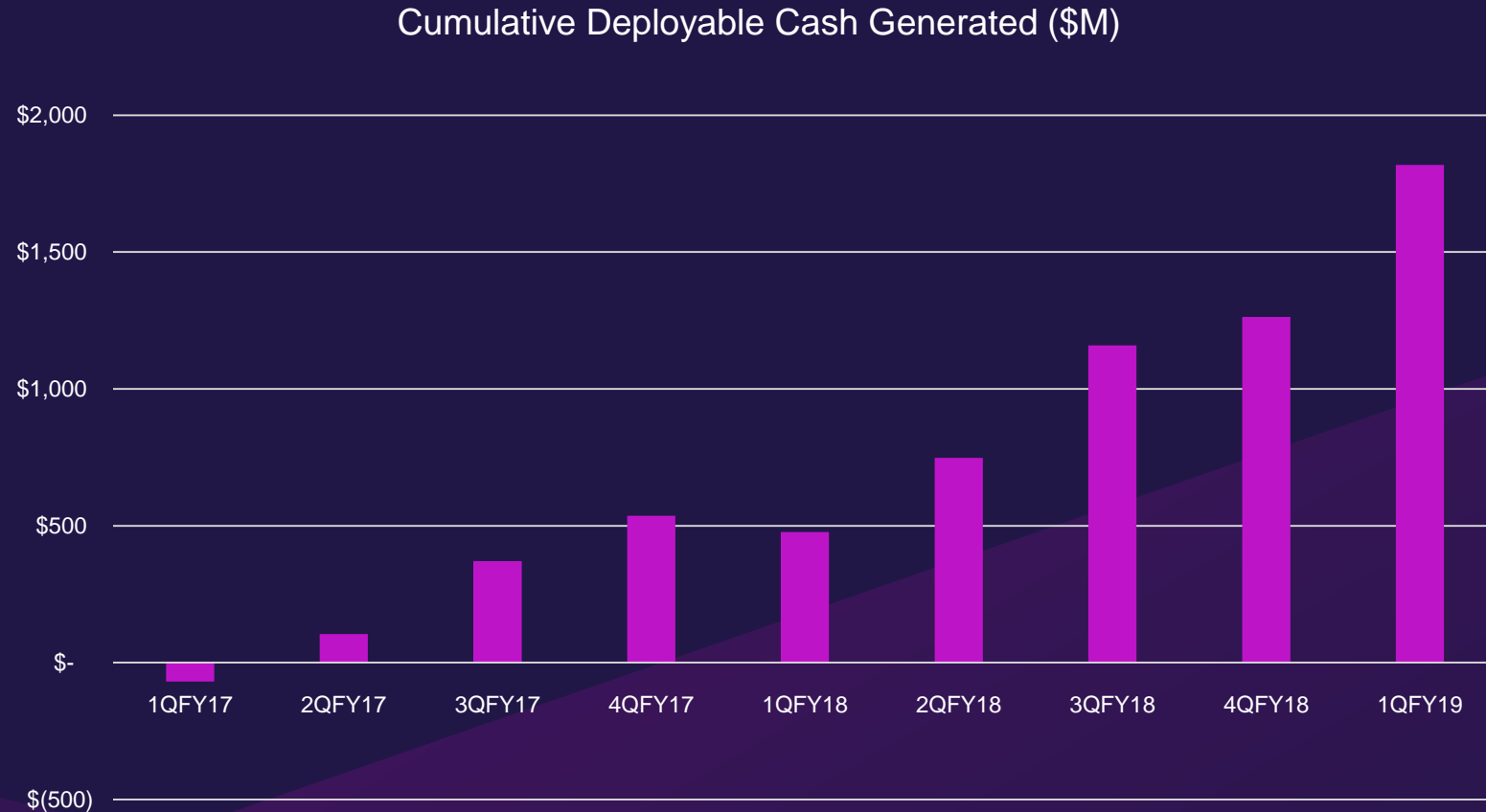
- Interest rate swap monetization*
- Collection of note receivable
- Real estate sales
- Divestiture of Commercial Cyber business



* Interest rate swap monetization reflected in Cash Flow from Operations

Strategy Has Generated Significant Deployable Cash

GREATER THAN \$1.8 BILLION IN DEPLOYABLE CASH GENERATED SINCE 2017



Note: See appendix for definitions of Non-GAAP financial measures.

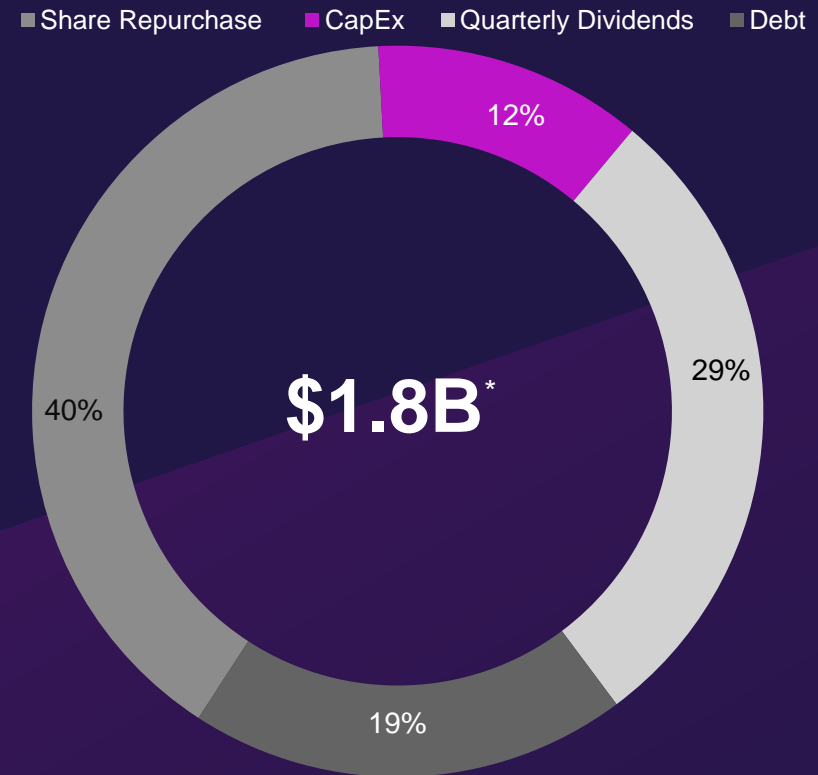
Disciplined and Balanced Capital Deployment

69% OF DEPLOYABLE CASH RETURNED TO SHAREHOLDERS THROUGH SHARE REPURCHASE & QUARTERLY DIVIDEND

Disciplined and Balanced Capital Deployment Philosophy

- CapEx light business model with flexibility to invest in assets which can accelerate growth and/or margins
- Committed to maintaining our regular quarterly dividends at \$0.32/share.
- Leverage Target of 3.0x EBITDA
- Share repurchase routinely used to return excess cash to shareholders

Capital Allocation

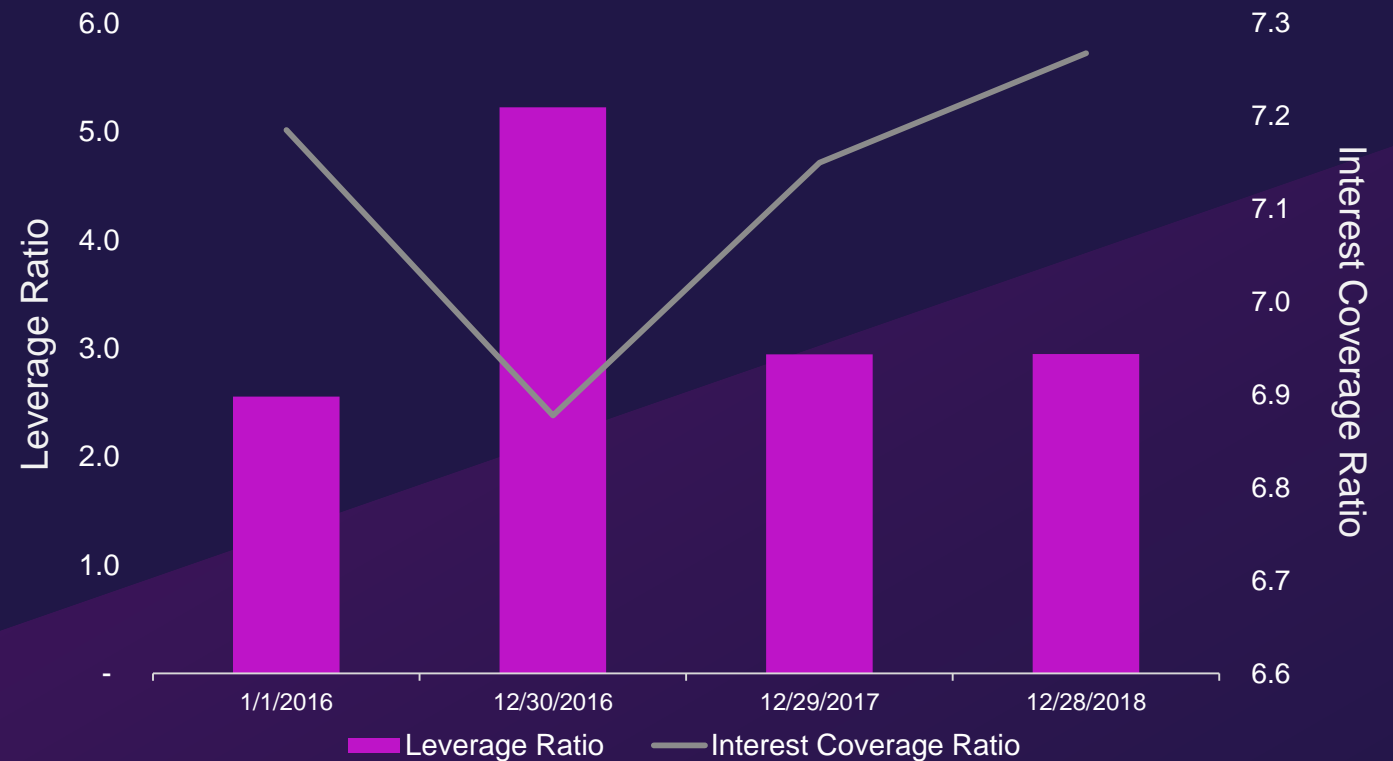


*Depicts total capital allocation for FY2017, FY2018 and 1Q 2019

History Of Successful De-levering

Strong balance sheet with substantial debt & equity capacity, supported by \$1B+ annual Adjusted EBITDA & deployable funds.

Demonstrated ability to manage leverage to capitalize on value creating opportunities, while maintaining prudent debt-service levels.

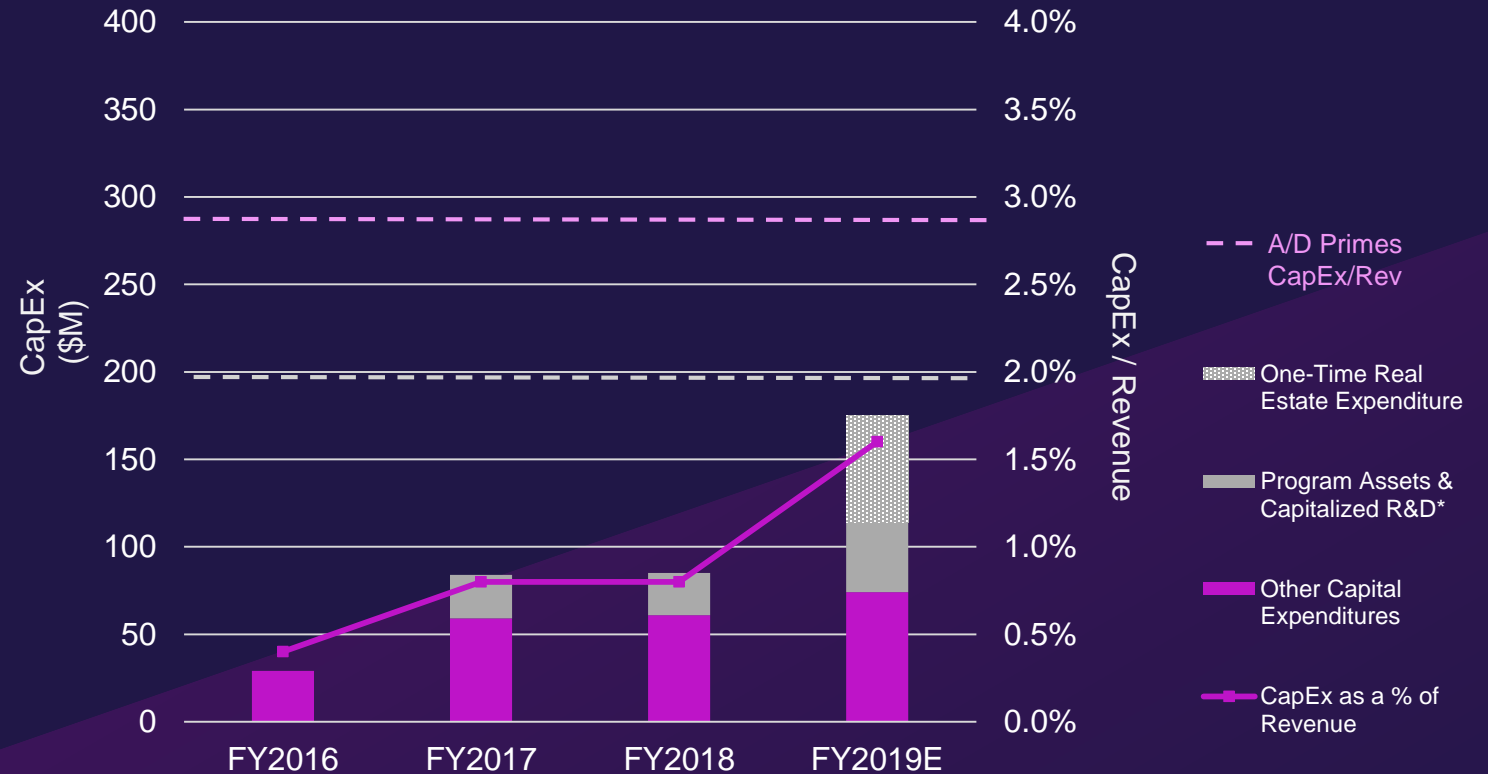


Leverage Ratio Calculation: Debt/Adjusted EBITDA
Interest Coverage Ratio Calculation: EBIT/Interest Expense

Capital-Light Business Model

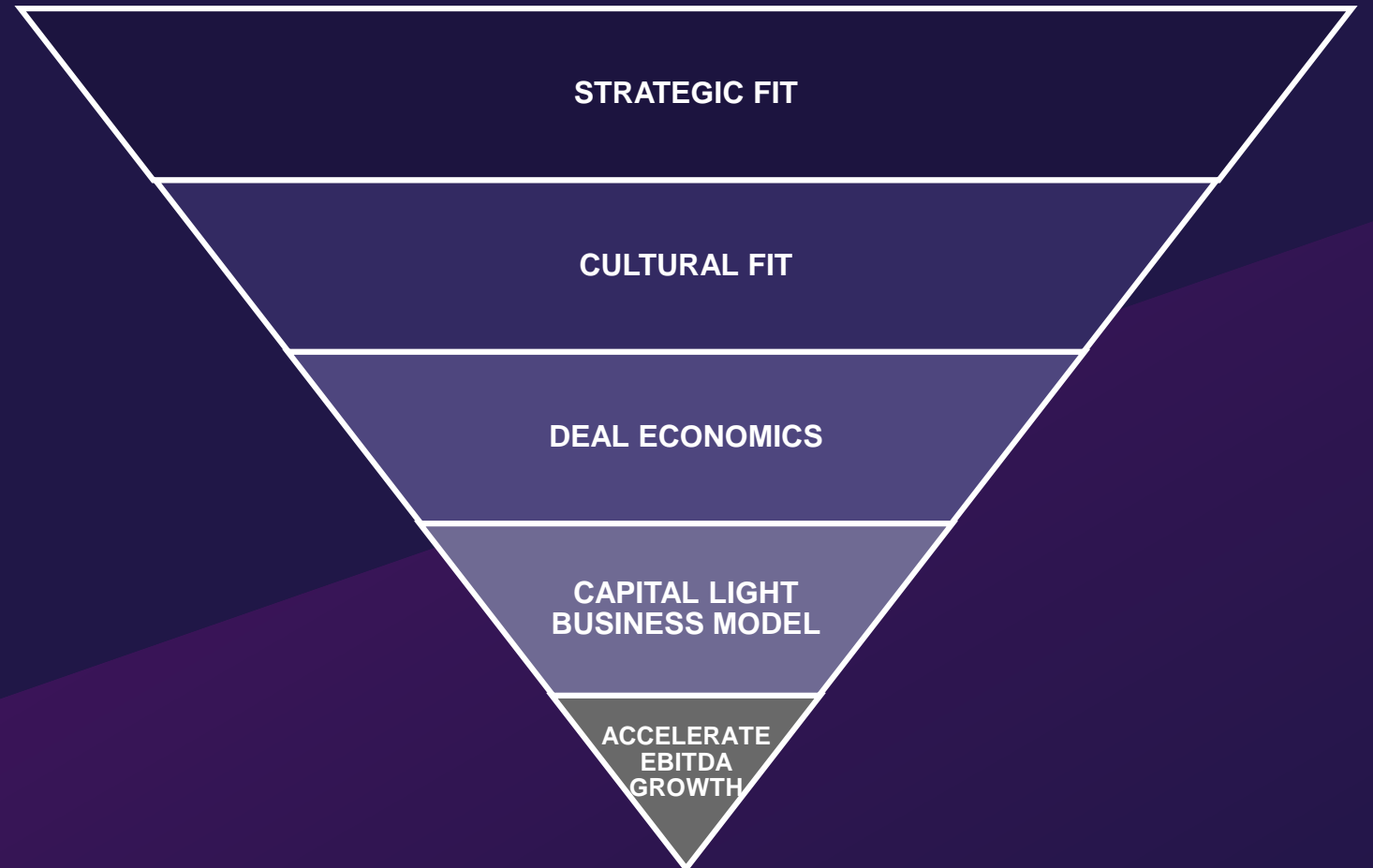
Capital investments will be used as a competitive advantage to deliver:

- Margin accretive revenues, or
- Increased program switching costs, or
- Discriminating technical capabilities, or
- Reduce real-estate footprint



Pursuing M&A with a Disciplined Set of Priorities & Filters

- Balanced scale & access to capital markets will be used to accelerate growth
- Disciplined process to filter M&A opportunities to those that will enable the most shareholder value



2019 Guidance

Revenue	\$10.5B - \$10.9B
Adjusted EBITDA Margin⁽¹⁾	9.9% - 10.1%
Non-GAAP Diluted EPS^(1,2)	\$4.30 - \$4.65
Operating Cash Flow	Meet or exceed \$825M⁽³⁾

(1) A quantitative reconciliation of adjusted EBITDA margin and non-GAAP diluted EPS forward-looking guidance to the most directly comparable measure calculated in accordance with GAAP is not available because these non-GAAP measures are intended to exclude items that are either unforeseeable, abnormal, or the timing and amount of which is difficult to predict.

(2) Assumes 2019 Non-GAAP Effective Tax Rate in the range of 23% to 24%. See appendix for definition & reconciliation of Non-GAAP Financial Measures.

(3) Operating Cash Flow includes \$5M impact of net transaction & integration costs related to the IS&GS acquisition.

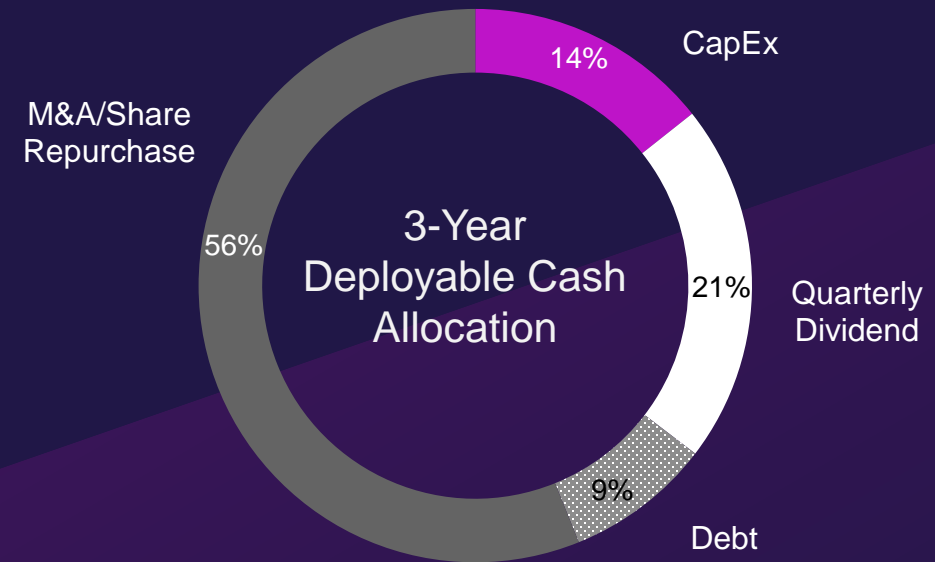
2019 – 2021 Financial Targets

Organic Revenue Growth: 5% CAGR

Cash Flow Conversion:⁽¹⁾ >100%

Adjusted EBITDA Margins:⁽²⁾ 10.0%+

\$2.7B DEPLOYABLE CASH



Note: Target Deployment excludes impact of potential M&A transactions and reflects 2019 – 2021 estimates.

(1) Reflects: (Cash Flow from Operations – CapEx)/Non-GAAP Net Income.

(2) A quantitative reconciliation of adjusted EBITDA margin forward-looking guidance to the most directly comparable measure calculated in accordance with GAAP is not available because these non-GAAP measures are intended to exclude items that are either unforeseeable, abnormal, or the timing and amount of which is difficult to predict.

Leidos Investment Thesis



Revenue & EBITDA Growth

Drive market **share gains** and **revenue growth** by meeting customers' emerging needs, while **maintaining margins at or above 10%**.



Diverse & Resilient Business

Cultivate a portfolio which offers **resiliency across the cycles** through presence in **diverse, yet complementary end-markets**.



Strong Cash Generation

Operate an **asset-light business** with a high **Return on Invested Capital** while investing to **improve competitive position**.



Disciplined Capital Deployment

Balance capital deployment to **drive sustained value** for **all stakeholders** (shareholders, employees, and customers), leveraging **inorganic investments to accelerate the strategy**.

Appendix



Non-GAAP Financial Measures

This presentation includes certain non-GAAP financial measures, such as non-GAAP operating income, non-GAAP operating margin, adjusted earnings before interest, taxes, depreciation and amortization (EBITDA), adjusted EBITDA margin, deployable cash and free cash flow.

These are not measures of financial performance under generally accepted accounting principles in the U.S. ("GAAP") and, accordingly, these measures should not be considered in isolation or as a substitute for the comparable GAAP measures and should be read in conjunction with the Company's consolidated financial statements prepared in accordance with GAAP.

Management believes that these non-GAAP measures provide another measure of the Company's results of operations and financial condition, including its ability to comply with financial covenants. These non-GAAP measures are frequently used by financial analysts covering Leidos and its peers. The Company's computation of its non-GAAP measures may not be comparable to similarly titled measures reported by other companies, thus limiting their use for comparability.

Non-GAAP Financial Measures

Non-GAAP operating income is computed by excluding the following items from net income: (i) non-operating expense, net; (ii) income tax expense, and (iii) the following discrete items:

- ▶ Integration and restructuring costs - Represents integration, lease termination and severance costs related to the Company's acquisitions.
- ▶ Amortization of acquired intangible assets - Represents the amortization of the fair value of the acquired intangible assets.
- ▶ Amortization of equity method investments - Represents the amortization of the fair value of acquired equity method investments.
- ▶ Asset impairment charges - Represents impairments of long-lived tangible assets.

Non-GAAP operating margin is computed by dividing non-GAAP operating income by revenue.

Adjusted EBITDA is computed by excluding the following items from income before income taxes: (i) discrete items as identified above; (ii) interest expense; (iii) interest income; (iv) depreciation expense; and (v) amortization of intangibles.

Adjusted EBITDA margin is computed by dividing adjusted EBITDA by revenue.

Free cash flow is computed by subtracting capital expenditures from cash flows from operations.

Deployable cash is computed by adding operating cash flows and investing cash flows adjusted for CapEx.

Return on Invested Capital is computed by shareholder equity plus long term debt less cash divided by 12 months of GAAP net income.

Segment Non-GAAP Operating Income Reconciliation

Year Ended December 28, 2018

(in millions)

	Operating income (loss)	Integration and restructuring costs	Amortization of acquired intangibles	Amortization of Equity Method Investments	Asset impairment charges	Non-GAAP Operating income (loss)	Non-GAAP Operating Margins
Defense Group	\$ 225	\$ -	\$ 34	\$ -	\$ -	\$ 259	8.5%
Intelligence Group	128	-	34	-	-	162	8.4%
Defense Solutions	353	-	68	-	-	421	8.5%
Civil Group	284	-	87	10	-	381	11.2%
Health Group	230	-	46	-	-	276	15.2%
Corporate	(118)	37	-	-	7	(74)	-
Total	\$ 749	\$ 37	\$ 201	\$ 10	\$ 7	\$ 1,004	9.8%

Note: The Defense Group and Intelligence Group are aggregated into the "Defense Solutions" reportable segment. Prior year amounts have been recast for the contracts that were reassigned between the Defense Solutions and Civil reportable segments.

Non-GAAP Financial Measures Reconciliation

	Twelve Months Ended December 28, 2018								
	(in millions, except for per share amounts)								
	As reported	Acquisition, integration and restructuring costs	Amortization of intangibles	Amortization of equity method investments	Asset impairment charges	Tax adjustments on assets held for sale	Other tax adjustments	Non-GAAP results	
Operating income	\$ 749	\$ 37	\$ 201	\$ 10	\$ 7	\$ -	\$ -	\$ -	\$ 1,004
Non-operating expense, net	(139)	-	-	-	-	-	-	-	(139)
Income before income taxes	610	37	201	10	7	-	-	-	865
Income tax expense ¹	(28)	(9)	(51)	(3)	(2)	(16)	(85)	(194)	(194)
Net income	582	28	150	7	5	(16)	(85)	(85)	671
Less: net income attributable to non-controlling interest	1	-	-	-	-	-	-	-	1
Net income attributable to Leidos common stockholders	\$ 581	\$ 28	\$ 150	\$ 7	\$ 5	\$ (16)	\$ (85)	\$ (85)	\$ 670
Diluted EPS attributable to Leidos common stockholders	\$ 3.80	\$ 0.18	\$ 0.98	\$ 0.05	\$ 0.03	\$ (0.10)	\$ (0.56)	\$ (0.56)	\$ 4.38
Diluted shares	153	153	153	153	153	153	153	153	153
Income before income taxes	\$ 610	\$ 37	\$ 201	\$ 10	\$ 7	\$ -	\$ -	\$ -	\$ 865
Depreciation expense	56	-	-	-	-	-	-	-	56
Amortization expense	211	-	(201)	(10)	-	-	-	-	-
Interest expense, net	138	-	-	-	-	-	-	-	138
EBITDA	\$ 1,015	\$ 37	\$ -	\$ -	\$ 7	\$ -	\$ -	\$ -	\$ 1,059
EBITDA margin	10.0%								10.4%

(1) Calculation uses an estimated statutory tax rate on non-GAAP adjustments.

Non-GAAP Financial Measures Reconciliation (continued)

	Twelve Months Ended December 29, 2017 (in millions, except per share amounts)										
	As reported	Acquisition, integration and restructuring costs	Amortization of intangibles	Amortization of equity method investments	Tax purchase accounting adjustments	Loss on sale of assets and businesses	Promissory note impairment	Impact of tax act	Non-GAAP results		
Operating income	\$ 559	\$ 139	\$ 281	\$ 14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 993	
Non-operating (expense) income, net	(166)	-	-	-	-	1	33	-	(132)		
Income before income taxes	393	139	281	14	-	1	33	-	861		
Income tax (expense) benefit ¹	(29)	(46)	(103)	(5)	8	-	-	(115)	(290)		
Net income	364	93	178	9	8	1	33	(115)	571		
Less: net loss attributable to non-controlling interest	(2)	-	-	-	-	-	-	-	(2)		
Net income attributable to Leidos Holdings, Inc.	\$ 366	\$ 93	\$ 178	\$ 9	\$ 8	\$ 1	\$ 33	\$ (115)	\$ 573		
Diluted EPS attributable to Leidos Holdings, Inc.	\$ 2.38	\$ 0.60	\$ 1.16	\$ 0.06	\$ 0.05	\$ 0.01	\$ 0.21	\$ (0.75)	\$ 3.72		
Diluted shares	154	154	154	154	154	154	154	154	154		
Income before income taxes	\$ 393	\$ 139	\$ 281	\$ 14	\$ -	\$ 1	\$ 33	\$ -	\$ 861		
Depreciation expense	55	-	-	-	-	-	-	-	55		
Amortization expense	295	-	(281)	(14)	-	-	-	-	-		
Interest expense, net	140	-	-	-	-	-	-	-	140		
EBITDA	\$ 883	\$ 139	\$ -	\$ -	\$ -	\$ 1	\$ 33	\$ -	\$ 1,056		
EBITDA margin	8.7%								10.4%		

(1) Calculation uses an estimated statutory tax rate on non-GAAP adjustments.

Non-GAAP Financial Measures Reconciliation (continued)

Twelve Months Ended December 30, 2016

(in millions, except per share amounts)

	As reported	Acquisition and integration costs	Amortization of intangibles	Restructuring expenses	Gain on sale of assets and businesses	Asset Impairment Charges	Non-GAAP results
Operating income	\$ 417	\$ 90	\$ 84	\$ 14	\$ -	\$ 4	\$ 609
Non-operating expense, net	(99)	-	-	-	(5)	-	(104)
Income before income taxes	318	90	84	14	(5)	4	505
Income tax (expense) benefit ²	(72)	(27)	(33)	(5)	1	(2)	(138)
Net income	246	63	51	9	(4)	2	367
Less: net income attributable to non-controlling interest	2	-	-	-	-	-	2
Net income attributable to Leidos Holdings, Inc.	\$ 244	\$ 63	\$ 51	\$ 9	\$ (4)	\$ 2	\$ 365
Diluted EPS attributable to Leidos Holdings, Inc.	\$ 2.35	\$ 0.60	\$ 0.49	\$ 0.09	\$ (0.04)	\$ 0.02	\$ 3.51
Diluted shares	104	104	104	104	104	104	104
Income before income taxes	\$ 318	\$ 90	\$ 84	\$ 14	\$ (5)	\$ 4	\$ 505
Depreciation expense	38	-	-	-	-	-	38
Amortization expense	84	-	(84)	-	-	-	-
Interest expense, net	86	-	-	-	-	-	86
EBITDA	\$ 526	\$ 90	\$ -	\$ 14	\$ (5)	\$ 4	\$ 629
EBITDA Margins	7.5%						8.9%

Note: Calculation uses an estimated statutory tax rate on non-GAAP adjustments.

Non-GAAP Financial Measures Reconciliation (continued)

	Twelve Months Ended January 1, 2016						
	(in millions, except for per share amounts)						
	As reported	Asset Impairment Charges	Amortization of intangibles	Restructuring expenses	Gain on a real estate sale	Non-GAAP results	
Operating income	\$ 298	(73)	(9)	(6)	-	\$ 386	
Non-operating expense, net	30	-	-	-	82	(52)	
Income before income taxes	328	(73)	(9)	(6)	82	334	
Income tax expense ¹	(92)	28	4	2	(11)	(115)	
Income from Continuing Operations	236	(45)	(5)	(4)	71	219	
Less: net income attributable to non-controlling interest	18	-	-	-	-	18	
Net income attributable to Leidos common stockholders	\$ 254	\$ (45)	\$ (5)	\$ (4)	\$ 71	\$ 237	
Diluted EPS attributable to Leidos common stockholders	\$ 3.19	\$ (0.61)	\$ (0.07)	\$ (0.05)	0.96	\$ 2.96	
Diluted shares	74	74	74	74	74	74	
Income before income taxes	\$ 328	\$ (73)	\$ (9)	\$ (6)	82	\$ 334	
Depreciation expense	35	-	-	-	-	35	
Amortization expense	9	-	9	-	-	-	
Interest expense, net	54	-	-	-	-	54	
EBITDA	\$ 426	\$ (73)	\$ -	\$ (6)	82	\$ 423	
EBITDA margin	8.4%					8.3%	

(1) Calculation uses an estimated statutory tax rate on non-GAAP adjustments.

Financial Metrics Reconciliation

	1QFY16	2QFY16	3QFY16	4QFY16	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19
	(in millions)												
Long Term Debt				3,225	3,188	3,147	3,043	3,056	3,007	2,990	2,985	3,052	2,966
Shareholder Equity				3,135	3,177	3,224	3,294	3,370	3,431	3,416	3,454	3,308	3,294
Less Cash				(376)	(206)	(262)	(287)	(390)	(215)	(303)	(515)	(327)	(536)
Invested Capital				\$ 5,984	\$ 6,159	\$ 6,109	\$ 6,050	\$ 6,036	\$ 6,223	\$ 6,103	\$ 5,924	\$ 6,033	\$ 5,724
GAAP Net Income	\$ 53	\$ 41	\$ 91	\$ 59	\$ 72	\$ 98	\$ 82	\$ 114	\$ 102	\$ 144	\$ 147	\$ 188	\$ 189
TTM GAAP Net Income				\$ 244	\$ 263	\$ 320	\$ 311	\$ 366	\$ 396	\$ 442	\$ 507	\$ 581	668
Divided By Invested Capital				\$ 5,984	\$ 6,159	\$ 6,109	\$ 6,050	\$ 6,036	\$ 6,223	\$ 6,103	\$ 5,924	\$ 6,033	\$ 5,724
Return on Invested Capital				4.1%	4.3%	5.2%	5.1%	6.1%	6.4%	7.2%	8.6%	9.6%	11.7%
Cash from Operations	5	50	273	121	(71)	166	267	164	22	271	371	104	288
CapEx	(4)	(3)	(13)	(9)	(7)	(16)	(19)	(39)	(15)	(13)	(25)	(20)	(30)
Free Cash Flow	1	47	260	112	-78	150	248	125	7	258	346	84	258
TTM Free Cash Flow				420	341	444	432	445	530	638	736	695	946
Operating income	\$ 89	\$ 75	\$ 101	\$ 152	\$ 141	\$ 166	\$ 151	\$ 101	\$ 159	\$ 199	\$ 203	\$ 188	\$ 192
Integration and restructuring costs	9	16	49	30	32	22	27	58	17	8	7	5	2
Amortization of acquired intangibles	1	2	27	54	69	67	76	69	50	51	50	50	42
Amortization of equity method investment						9	2	3	3	2	2	3	3
Asset impairment charges				4					7	-	-	-	-
Non-GAAP operating income	\$ 99	\$ 93	\$ 177	\$ 240	\$ 242	\$ 264	\$ 256	\$ 231	\$ 236	\$ 260	\$ 262	\$ 246	\$ 239
Interest expense, net	(11)	(13)	(25)	(37)	(36)	(34)	(35)	(35)	(34)	(35)	(35)	(34)	(38)
Other (expense) income, net	(2)	(5)	(1)	(10)	3	4	-	1	-	1	2	(4)	4
Non-GAAP income before income taxes	86	75	151	193	209	234	221	197	202	226	229	208	205
Income tax (expense) benefit ³	(29)	(25)	(7)	(77)	(73)	(75)	(78)	(64)	(43)	(53)	(55)	(43)	(39)
Non-GAAP net income	\$ 57	\$ 50	\$ 144	\$ 116	\$ 136	\$ 159	\$ 143	\$ 133	\$ 159	\$ 173	\$ 174	\$ 165	\$ 166
Less: net income (loss) attributable to non-controlling interest			1	1	2	-	(3)	(1)	-	1	-	-	-
Non-GAAP net income attributable to Leidos Holdings, Inc.	\$ 57	\$ 50	\$ 143	\$ 115	\$ 134	\$ 159	\$ 146	\$ 134	\$ 159	\$ 172	\$ 174	\$ 165	\$ 166
TTM Non-GAAP Net Income				\$ 365	\$ 442	\$ 551	\$ 554	\$ 573	\$ 598	\$ 611	\$ 639	\$ 670	\$ 677
TTM Free Cash Flow Divided by TTM Non-GAAP Net Income				115%	77%	81%	78%	78%	89%	104%	115%	104%	140%

Deployable Cash Reconciliation

in Millions

	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	Deployable Cash
Operating Cash Flows	\$ (71)	\$ 166	\$ 267	\$ 164	\$ 22	\$ 271	\$ 371	\$ 104	\$ 288	
Investing Cash Flows	(5)	(9)	(19)	(38)	(96)	(13)	15	(20)	237	
+CapEx	7	16	19	39	15	13	25	20	30	
Adjusted Investing Cash Flows	\$ 2	\$ 7	\$ -	\$ 1	\$ (81)	\$ -	\$ 40	\$ -	\$ 267	
Deployable Cash Flows	\$ (69)	\$ 173	\$ 267	\$ 165	\$ (59)	\$ 271	\$ 411	\$ 104	\$ 555	\$ 1,818