



**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ [See attachment](#)

Multiple horizontal lines for listing applicable Internal Revenue Code sections.

18 Can any resulting loss be recognized? ▶ [See attachment](#)

Multiple horizontal lines for providing information regarding resulting loss recognition.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ [See attachment](#)

Multiple horizontal lines for providing other necessary information for the adjustment.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here Signature ▶  Date ▶ 8/31/2016

<b>Paid Preparer Use Only</b>	Print your name ▶ <u>Matt Birk</u>	Preparer's signature	Date ▶ <u>8/31/2016</u>	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶			Firm's EIN ▶	
	Firm's address ▶			Phone no.	

#### Part II, Item 14

On August 16, 2016, Lion Merger Co. (“Merger Sub”), a wholly-owned subsidiary of Leidos Holdings, Inc. (“Leidos”), merged with Abacus Innovations Corporation (“Splitco”), pursuant to which the separate corporate existence of Merger Sub ceased, and Splitco continued as the surviving company and a wholly-owned subsidiary of Leidos. In the merger, each share of Splitco common stock was converted into the right to receive one share of Leidos common stock.

#### Part II, Items 15

The tax basis of a share of Leidos common stock received by a Splitco shareholder pursuant to the merger (including fractional shares of Leidos common stock deemed received and sold as described below) is the same as the tax basis of the share of Splitco common stock (or fraction thereof) for which it was exchanged. Splitco shareholders who received cash in lieu of a fractional share of Leidos common stock are treated as having received the fractional share pursuant to the merger and then as having sold that fractional share for cash. As a result, such Splitco shareholders will recognize gain or loss equal to the difference between the amount of cash received and the tax basis in their fractional shares.

#### Part II, Item 16

See Item 15 above.

#### Part II, Item 17

The merger qualifies as a reorganization within the meaning of section 368(a) of the Internal Revenue Code of 1986, as amended (the “Code”). In general, the federal income tax consequences to the former Splitco shareholders are determined under sections 354 and 358 of the Code, and the federal income tax consequences of the receipt of cash in lieu of fractional shares are determined under sections 1001 and 1221 of the Code.

#### Part II, Item 18

A former Splitco shareholder who exchanged all of its shares of Splitco common stock for shares of Leidos common stock pursuant to the merger generally will not recognize loss as a result of the merger, except for a loss on a fractional share sold for cash.

#### Part II, Item 19

The merger became effective on August 16, 2016. Therefore, the reportable tax year is 2016. The holding period for any shares of Leidos common stock received by Splitco shareholders in the merger generally includes the holding period of the shares of Splitco common stock exchanged for such shares of Leidos common stock.

To determine the tax basis of their shares of Splitco common stock, former Splitco shareholders are directed to the Internal Revenue Service Form 8937 published by Lockheed Martin

Corporation (“Lockheed Martin”) on its website regarding such shareholders’ exchange of Lockheed Martin common stock for Splitco common stock.