

Leidos Solidifies Strategic Focus for Engineering and Infrastructure, Divests Heavy Construction Capability

RESTON, Va., March 16, 2016 /PRNewswire/ -- Leidos ([LDOS](#)) is focusing its infrastructure [engineering](#) capabilities on market opportunities created by an increasingly connected world. This strategic adjustment led Leidos to sign a definitive agreement to divest its heavy construction capability to [Haskell](#), a leading engineering, procurement and construction firm.

The sale will enable Leidos to integrate additional expertise and capabilities from across the company into the built environment. The strategic change strengthens the Leidos promise to develop innovative solutions to drive better outcomes and defend digital and physical infrastructure from new world threats.

"Our strategic engineering capabilities have shifted over the past 18-24 months. That shift, coupled with our observation of infrastructure market conditions, challenged us to adjust our core focus," said Leidos Chairman and Chief Executive Officer Roger Krone. "We are concentrating our efforts on the new market opportunities created by the convergence of the physical, digital, and data worlds. Our heavy construction capability is not critical to this direction. Our engineering and technology experts are now better positioned to push beyond traditional engineering in infrastructure markets."

Other Leidos engineering capabilities and services in utility, energy, manufacturing, aviation, lender/developer and government markets are unaffected by the sale. Clients and projects for environmental, utility, consulting, integration and communications capabilities will continue to receive service without interruption.

"Though heavy construction isn't a major part of our future, we will continue to use our deep industry expertise and our broad capabilities to design, install and commission advanced solutions for infrastructure projects," said Krone. "Our data-driven solutions will support operational efficiency, asset management and enterprise transformation for our clients."

Leidos' calendar 2016 guidance provided on Feb.18, 2016, contemplated approximately \$175M of revenue attributed to the Heavy Construction business. Guided ranges for Non-GAAP diluted earnings per share and cash flow from operations did not include any material contribution from the Heavy Construction business. The deal is expected to close in the second quarter of 2016 and is subject to customary closing conditions.