

LEIDOS HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Reclassifications for pension adjustments are recorded in "Selling, general and administrative expenses" on the consolidated statements of income.

Note 18—Composition of Certain Financial Statement Captions

Balance Sheet	January 3, 2020	December 28, 2018
	(in millions)	
Other current assets:		
Transition costs and project assets ⁽¹⁾	\$ 98	\$ 145
Pre-contract costs	6	41
Other ⁽²⁾	306	357
	<u>\$ 410</u>	<u>\$ 543</u>
Other assets:		
Transition costs and project assets ⁽¹⁾	\$ 207	\$ 22
Equity method investments ⁽³⁾	19	26
Other ⁽²⁾	200	134
	<u>\$ 426</u>	<u>\$ 182</u>
Accounts payable and accrued liabilities:		
Accrued liabilities	\$ 822	\$ 650
Accounts payable	592	547
Deferred revenue	400	276
Other ⁽²⁾⁽⁴⁾	23	18
	<u>\$ 1,837</u>	<u>\$ 1,491</u>
Accrued payroll and employee benefits:		
Accrued vacation	\$ 232	\$ 225
Salaries, bonuses and amounts withheld from employees' compensation	203	248
	<u>\$ 435</u>	<u>\$ 473</u>

⁽¹⁾ During the year ended January 3, 2020 and December 28, 2018, the Company recognized \$417 million and \$146 million, respectively, of amortization related to its transition costs and project assets.

⁽²⁾ Balance represents items that are not individually significant to disclose separately.

⁽³⁾ Balances are net of \$25 million and \$29 million of dividends received during fiscal 2019 and fiscal 2018, respectively, that were recorded in cash flows provided by operating activities of continuing operations on the consolidated statements of cash flows.

⁽⁴⁾ During the year ended January 3, 2020, the Company combined "Dividends payable and "Income taxes payable" with "Accounts payable and accrued liabilities" on the consolidated balance sheets. As a result, the prior year activity has been reclassified to conform with the current year presentation.

Income Statement	January 3, 2020	Year Ended December 28, 2018	December 29, 2017
	(in millions)		
Interest expense, net:			
Interest expense	\$ (147)	\$ (145)	\$ (148)
Interest income	14	7	8
	<u>\$ (133)</u>	<u>\$ (138)</u>	<u>\$ (140)</u>
Other income (expense), net			
Gain on sale of businesses	\$ 88	\$ —	\$ —
Promissory note impairment	—	—	(33)
(Loss) gain on foreign currencies	(1)	2	5
Other (expense) income, net	—	(3)	2
	<u>\$ 87</u>	<u>\$ (1)</u>	<u>\$ (26)</u>