



SAIC Announces Revenue and Earnings for the Third Quarter

December 9, 2004

(SAN DIEGO) - Science Applications International Corporation (SAIC) today announced financial results for the third quarter of Fiscal 2005, which ended on October 31, 2004. [View our Fiscal Year 2005 Third Quarter Income Statement and Balance Sheet](#). (122k PDF file*)

SAIC achieved third quarter revenues of \$2.1 billion, reflecting a growth rate of 18 percent over revenues of \$1.8 billion for the third quarter of the previous year.

"SAIC's growth is a continuing testament of our employee-owners' ability to provide outstanding technical solutions to our customers," said Ken Dahlberg, SAIC chairman and chief executive officer.

SAIC's operating income for the third quarter was \$170 million, which is unchanged from the same period last year. Operating income was flat primarily due to increased losses recognized on our firm-fixed-price contract with the Greek government and because operating income in the same period of the prior year included a non-cash curtailment gain of \$16 million related to the elimination of post-retirement dental benefit liabilities at Telcordia.

Non-operating items totaled \$24 million in expense for the third quarter compared to \$6 million of income for the same period of the prior year. The main reasons for the \$30 million increase in non-operating expense items were net losses of \$11 million on investments, primarily related to impairment losses of \$9 million on an investment in a joint venture, as compared to \$20 million of net gain on the sale of investments in the prior year. Net interest expense also decreased \$5 million from the prior year (interest expense less interest income), while other non-operating expense items increased \$4 million in the aggregate over the prior year.

Net income was \$95 million in the third quarter, compared to \$116 million in the same quarter last year. The decrease in net income was related to the non-operating items and the prior year curtailment gain described above.

As announced in a November 18, 2004, news release, SAIC signed a definitive agreement on November 17, 2004, to sell its [Telcordia Technologies, Inc.](#) subsidiary for \$1.35 billion in cash. The completion of the sale, which is anticipated by February 2005, is subject to customary closing conditions, including regulatory approval and completion of the buyer's financing.

For Additional Information:

- [SAIC Company Overview](#)
- [SAIC Industry Rankings](#)

*Note: PDF documents are viewed using [Acrobat® Reader™](#).

SAIC is the largest employee-owned research and engineering company in the United States, providing information technology, systems integration and eSolutions to commercial and government customers. From science to solutions, SAIC engineers and scientists work to solve complex technical problems in national and homeland security, energy, the environment, space, telecommunications, health care and logistics. More information about SAIC can be found at www.saic.com.

Statements in this announcement other than historical data and information constitute forward-looking statements that involve risks and uncertainties. A number of factors could cause our actual results, performance, achievements or industry results to be very different from the results, performance or achievements expressed or implied by such forward-looking statements. Some of these factors include, but are not limited to, the risk factors set forth in the Company's Annual Report on Form 10-K for the period ended January 31, 2004, and such other filings that the Company makes with the SEC from time to time. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date hereof.

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