



## SAIC Announces Revenue and Earnings for the Second Quarter

September 21, 2004

(SAN DIEGO) - Science Applications International Corporation (SAIC) today announced financial results for the second quarter of Fiscal 2005, which ended on July 31, 2004. [View our Fiscal Year 2005 Second Quarter Income Statement and Balance Sheet.](#) (26k PDF file\*)

SAIC achieved second quarter revenues of \$2.0 billion, reflecting a growth rate of 19 percent over revenues of \$1.7 billion for the second quarter of the previous year. Revenues from our regulated segment, primarily federal government customers, increased \$320 million or 24 percent over the same period of the prior year. Revenues from our non-regulated telecommunications segment customers decreased \$6 million or 3 percent, while our non-regulated other segment revenues increased \$18 million or 17 percent.

"Our employee owners continue to provide outstanding services and products to our government and commercial customers," said Ken Dahlberg, SAIC chairman and chief executive officer. "The company's growth reflects our customers' acknowledgment of the depth and breadth of technical expertise within our company."

SAIC's operating income for the second quarter was \$155 million, an increase of 25 percent, compared to \$124 million during the same period last year. The increase in operating income was driven primarily by growth in revenues and a gain of \$14 million on a patent infringement settlement.

Non-operating expense items totaled \$22 million for the second quarter compared to \$6 million for the same period of the prior year. The primary reasons for the increase in non-operating expense were losses related to our investment portfolio of \$7 million and an increase in net interest expense of \$5 million (interest expense less interest income).

Net income was \$81 million in the second quarter, compared to \$91 million in the same quarter last year. Although our income before income tax increased \$15 million, net income decreased due to higher income tax expense of \$25 million as compared to the same quarter last year. Our effective tax rate for the current quarter is 39 percent as compared to 23 percent for the same quarter last year. The lower rate in the comparable quarter last year primarily reflects the effect of favorable settlements of income tax audits in that quarter.

### For Additional Information:

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

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](http://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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