VISION

Science Applications International Corporation

VALUES

FISCAL YEAR 2009 ANNUAL REPORT

Corporate Overview:

SAIC is a FORTUNE 500® scientific, engineering, and technology applications company that uses its deep domain knowledge to solve problems of vital importance to the nation and the world, in national security, energy and the environment, critical infrastructure, and health. The company's approximately 45,000 employees serve customers in the U.S. Department of Defense, the intelligence community, the U.S. Department of Homeland Security, other U.S. Government civil agencies and selected commercial markets. We remain committed to the ethical performance and integrity that has marked SAIC since its founding in 1969.

National Security

SAIC's national security work reaches across the U.S. government. It supports the full spectrum of military operations—from peacekeeping and humanitarian missions to major conflicts. It includes a broad range of services and products we deliver to homeland security, law enforcement, and intelligence agencies and organizations to help combat terrorism, cybercrime, and the proliferation of weapons of mass destruction.

Energy and the Environment

Our energy and environmental engineering and remediation solutions support the oil and gas industry, utilities, and government operations. We deliver services and solutions in environmental and atmospheric sciences, policy analysis, and energy efficient design-build services. We are an established leader in developing innovative clean and renewable energy projects and carbon management technologies.

Critical Infrastructure

SAIC helps customers assess, maintain, and safeguard critical public infrastructure—physical and cyber-based systems and assets vital to a nation's economy, security, and public health and safety. We provide a full range of services and products including vulnerability assessments, information systems security, contingency planning, training and awareness programs, and cargo screening systems.

Health

SAIC works with federal government and commercial health customers using technology to deliver care more efficiently, improve care quality and safety, and expedite biomedical research. We contribute to projects of international importance, including cancer research, vaccine development, electronic records management, and technical support for military health systems worldwide.

Corporate Responsibility

At SAIC, corporate responsibility extends beyond the contributions we make as a company solving our customers' problems through science and technology. We view corporate responsibility as our focused commitment to support our employees, enrich our surrounding communities, and improve the environment.

Our people are our most important resource. Their deep domain knowledge, experience, and ability to understand the evolving needs of our customers comprise a sustaining element of our value proposition for the future. We will continue to invest in our people.

Our work in science and technology on critical issues for the nation and the world, whether it is global warming, supporting the men and women of the armed forces, or developing healthcare solutions, is what sets SAIC apart.

Dear Fellow Stockholders,

A $10 Billion Milestone

In fiscal 2009, your company's revenue, backlog and operating income attained record levels as we reached the $10 billion revenue level for the first time in our 40-year history. This is attributable to the dedicated men and women of Science Applications International Corporation (SAIC) striving each day to find innovative solutions to our customers' most difficult problems.

Our Strategy Is Working

This performance was the result of a strategic plan to position the company for sustainable growth. We developed our approach for transforming the company, creating more focus in the marketplace, collaborating as One SAIC, making larger investments in emerging strategic opportunities, and that approach is paying off handsomely.

Our largest customers and programs continue to be in national security, but we see future opportunities for us in other areas, especially around our energy efficiency, border and port security, cybersecurity, and healthcare information technology offerings. We have focused campaigns in these areas, and we believe the investments we have made position us well for the priorities of President Obama's administration.

Having said that, the relationship between the federal government and the contractor community is a matter of prominent debate. In an era of increased contractor scrutiny, the steadfast commitment of our employees to our enduring core values has never been more important. There have been a number of constants in our 40-year history, but at the top of the list is our commitment to ethics and customer mission.

I believe that there is no better company to navigate the complexity and uncertainty of the federal government changes than your company. We are used to competing for our work, our margins are not excessive, and we have not pursued work that is beyond our core competencies. Our support for customers in Iraq and Afghanistan, for example, involves vital tasks that are consistent with our strategy, as opposed to merely pursuing available revenue.

We have purposely stayed away from work that we viewed as inherently governmental or close to it. When you compete well, opening more contracts to competition creates opportunities. In the current environment, our platform independence and our focus on mission and technical innovation is a key differentiator in the marketplace.

Chief Executive Officer

Ken Dahlberg

Looking to the Future

To help ensure we remain competitive in the years ahead, we are transforming our core business processes and systems. Several efforts are already under way, including the establishment of a new shared services center in Oak Ridge, Tenn., that will provide many transaction-based functions in human resources, finance, procurement, and administration. We are also investing in our science and technology capabilities, internal research and development, and in our people, in areas such as management training, employee engagement, and career development.

Internally, SAIC is well prepared for change, having made the transition from a decentralized set of businesses to a company that collaborates and innovates to operate in changing environments. We continue to put people first and to maintain our customers' mission success that provides us with resilience and market insight.

We face a world that continues to be a highly uncertain and dangerous place. The rebalancing of power among nations, the continued threat of terrorism and ungoverned spaces, the fundamental restructuring of the world's economic system, climate change, and an increasingly precarious balance between energy supply and demand all serve as potential sources of instability. They also create opportunities for companies prepared to help the U.S. government, its allies, and private sector organizations solve the world's most difficult problems.

Strong and Balanced Financial Performance

In this challenging market environment, we have turned in very strong performances in all four major metrics—revenue, operating margin, earnings per share, and cash flow. Revenues for fiscal year 2009 (FY09) were $10.07 billion, up 13 percent from fiscal year 2008 (FY08). Internal, or non-acquisition, growth represented 10 percentage points of the consolidated growth for the fiscal year. Key market segments of internal growth included logistics, information collection and security, and defense information technology, which offset weakness in our commercial business.

Operating income for FY09 was $776 million (7.7 percent of revenue), up 15 percent from FY08. Income from continuing operations for FY09 was $447 million, up 15 percent from FY08. Diluted earnings per share from continuing operations for FY09 were $1.10, up 17 percent from FY08. Diluted earnings per share, which include discontinued operations, were $1.12 for FY09, up 12 percent from FY08.

Equally important, our effective management of working capital generated strong operating and net cash flow, which has further built our financial strength heading into fiscal year 2010. I believe our conservative financial posture is a key differentiator as well as a major strategic asset and positions us well in this period of economic uncertainty.

Chief Operating Officer
Larry Prior

Cash flow from operations for FY09 was $583 million, up 68 percent from FY08. As of January 31, 2009, the company had $936 million in cash and cash equivalents and $1.1 billion in long-term debt. Our cash is invested prudently. Before the financial markets took a downturn, we moved all of our U.S. cash holdings to U.S. Treasuries for greater security. We will consider shifting back to higher-return instruments only when we are satisfied the returns fairly compensate us for the risks and are consistent with our number-one priority—to preserve our capital.

New Business Highlights

FY09 was a record year for our larger wins, with 27 awards valued at $100 million or greater, compared to 17 in FY08. Moreover, the average value of our contract award wins for the year increased by 20 percent in FY09 compared to FY08, reflecting again our focus on and success in winning larger opportunities.

For example, we won a new, $410 million contract to provide information technology support to the U.S. Army Human Resources Command and unseated a long-term incumbent on a $254 million contract to support a key intelligence customer. We also were awarded a $454 million task order to support the Army National Guard Reserve Component Automation System and the Distributive Training Technology Project.

Expanding our growing energy business, we won multiple-award energy savings performance contracts with the U.S. Department of Energy and the U.S. Army Corps of Engineers. These contracts position us well to capitalize on our energy efficiency capabilities, which may be the vehicles through which economic stimulus funds are deployed.

In a major follow-on win, SAIC-Frederick, Inc., a wholly owned SAIC subsidiary, received a contract from the National Cancer Institute (NCI) to continue providing operations and technical support to NCI's Federally Funded Research and Development Center in Frederick, Md., which we have supported since 1995.

Strategic Acquisitions

We remain committed to acquisitions that have strategic and financial value. In FY09, SAIC acquired SM Consulting, Inc. (SMC) and Icon Systems, Inc. (Icon). SMC provides services in language, intelligence, information technology, management consulting, business process outsourcing, training, and logistics to federal, state, and local governments and private industry.

Icon is a leader in the design, development and production of state-of-the-art laser-based systems and products for military training and testing. This strategic move gives us significant opportunities to help our customers—both national and international—enhance warfighter readiness and effectiveness.

Committed to the Highest Standards

SAIC continues to be recognized by customers, industry associations and business and technology media for leadership in many areas. For example, we retained the number four position in the information technology services industry category on FORTUNE's® 2009 list of the World's Most Admired Companies. The list identifies companies with the strongest reputations, based on feedback from approximately 15,000 senior executives and directors from eligible companies, along with financial analysts.

In FY09, the Ethisphere Institute ranked SAIC seventh on its World's Most Ethical Companies list of government contractors. The Ethisphere Institute is an organization dedicated to the creation and sharing of best practices in ethics, compliance and corporate governance.

Highly Skilled and Innovative Employees

At SAIC we know our employees are central to the success of our company. We strive to attract and retain the finest talent. In FY09, we enhanced our employee benefits by providing a comprehensive health and wellness program accessible to both employees and their families through a broad range of services, including personal health coaching and disease management. Employee recruiting and retention continued to improve in FY09. The recession is undoubtedly helping with retention but so is our focus on employee engagement.

We also reconfigured our incentive compensation program for our key top executives. Previously, a greater portion of our long-term compensation was retention-based. This new program consists of options and performance-based grants of stock. The value executives receive from the performance stock grants is based on the attainment of three-year targets for earnings per share growth and operating margin improvement. Our management team is committed to growing long-term value for our stockholders. We believe this change better aligns compensation to growing long-term stockholder value.

Corporate Responsibility

SAIC and its employees have long practiced the principles of corporate responsibility. As a company, we are committed to the support of our employees, the enrichment of our communities, and the improvement of our environment. I am proud of our company's efforts in endeavors in the last year such as helping the American Cancer Society Border Sierra Region raise $300,000 and our support of the construction of the Pentagon Memorial dedicated to the 184 people killed there on September 11, 2001. SAIC lost one of its own in the terrorist attack—Khang Nguyen, an SAIC employee working at the Pentagon. I am also proud that SAIC attracts employees who make a difference in their communities, often volunteering together as "Team SAIC."

Building on Our Success

Our challenge in the coming year is to build on the outstanding results of 2009. Achieving our value creation goals will require a combination of operational excellence and both internal and acquisitive investments to grow our market access and offerings. We will continue to work toward balanced improvement in financial performance, including growth and enhanced profitability, while retaining our strong capital structure and liquidity.

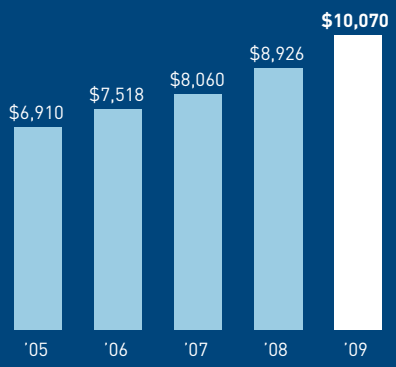
This year also marked SAIC's 40th anniversary. In 1969, our founder, Dr. J. Robert Beyster, set out to build a company by tackling tough problems for the nation with a talented, entrepreneurial work force, and a dedication to ethics and integrity. Dr. Beyster's enduring vision is still at work today, guiding the talented men and women of SAIC in their commitment to our customers' success.

Ken Dahlberg
CEO and Chairman of the Board

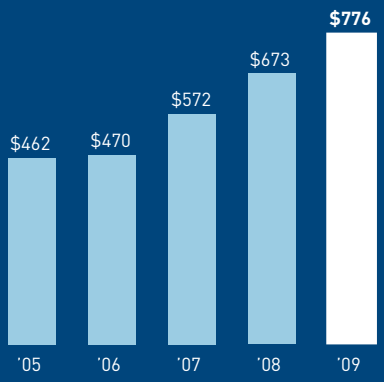
Financial Highlights

In 2009 we surpassed $10 billion in revenues. This is a testament to our 40 years of sustained growth and demonstrated confidence we have earned from customers worldwide.

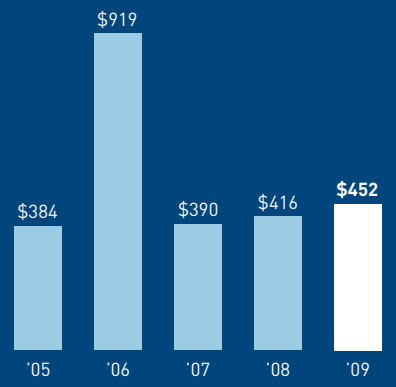
Revenues
(in millions)



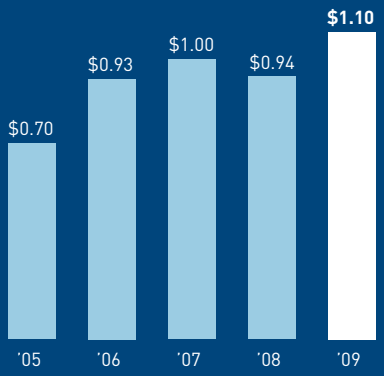
Operating Income
(in millions)



Net Income
(in millions)



Diluted Earnings Per Share from Continuing Operations



SMART PEOPLE

Group Presidents (from left):
Joseph Craver III, Deborah Alderson,
Charles Koontz, and Stuart Shea

SOLVING HARD PROBLEMS

One SAIC:

A DIVERSE TEAM
A SINGULAR VOICE

Anupam Shah
Vice President and Chief Scientist

Courtney Burnett
Project Manager

Foster Payne
Vice President and
Director of Operations

Judith Kim
Director of Compliance Programs

Rob Taylor
Senior Program Manager

A SOLID FOUNDATION




1. People First

People are our most important resource. We will continue to invest in our employees, their training, and their careers. We are building the skills of our front-line managers, strengthening our program management and our systems integration/engineering expertise for larger programs, growing our scientific and technical leadership, and expanding our diversity.

2. Focus on Science and Technology

Science and technology, refreshed and refocused as the market demands, will continue to provide our foundation. Company-wide capabilities in core areas of technology underpin multiple markets and our One SAIC approach to systems integration. Our platform-agnostic approach to applying technology provides the best solutions to our customers.

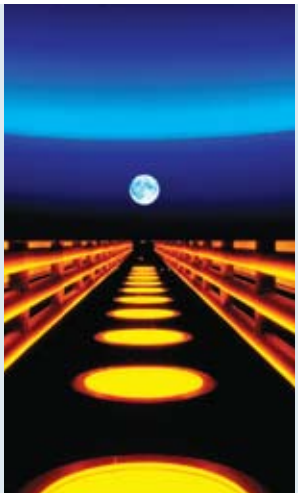
3. Entrepreneurial Culture

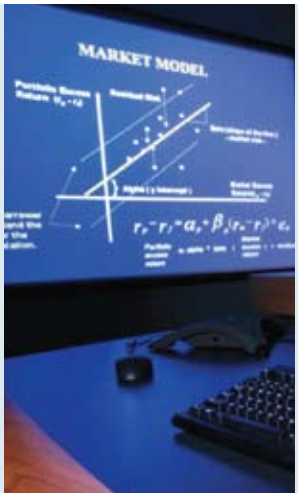
SAIC is an entrepreneurial company. Our leadership has shaped and nurtured that drive under the rubric of entrepreneurial freedom with responsibility. We develop our strategy and pursue large opportunities while we continue working to grow our smaller contracts.

4. Highest Ethical Standards

Integrity and high ethical standards comprise a core value at SAIC and have since its founding 40 years ago. SAIC maintains a vigorous, universal training program on ethical behavior that places it among the leaders in our industry. In FY09, chairman and CEO Ken Dahlberg reiterated SAIC's "zero tolerance" policy on unethical behavior and directed SAIC's managers to make clear to employees that it is a policy that applies from top to bottom.

AN EVOLVING STRATEGY





1. Operating as One SAIC

We operate as One SAIC. That means maximizing collaboration across the company to combine our capabilities and build the best total solution for customers. And it means making sure our customers know the breadth of our capabilities as well as the great work we do for them contract by contract.

2. Preparing for the Future

SAIC is prepared for change having made the transition from a decentralized set of businesses to a company that collaborates and innovates to operate in an increasingly competitive marketplace. We are well positioned to enter high growth markets and expand offerings in current markets, and overall investment is being applied strategically and at a scale to meet evolving customer needs.

3. Pursuing Larger Contracts

We'll pursue more $100-million-plus systems integration and engineering contracts. We certainly value our smaller contracts, but realize we need to win more of these large contracts in order to sustain the organic growth we've forecast in a very competitive market.

4. Maintaining Our Competitive Edge

We're transforming our core business processes and systems to make sure we are competitive in the years ahead. We will focus on delivering results to our own businesses the way we focus on delivering solutions to our customers. There are several efforts already under way.

National Security:

INCREASED THREATS, INNOVATIVE RESPONSES

JYLINDA WHITE TASK MANAGER / **AL MONDELLI** OPERATION CHIEF SCIENTIST / **CINDY FERRELL** MANAGER, SOFTWARE CONFIGURATION MANAGEMENT

We are a leading provider of scientific, engineering, systems integration, and technical services and products to all branches of the U.S. military, agencies of the U.S. Department of Defense, the intelligence community, the U.S. Department of Homeland Security and other U.S. Government civil agencies.

Since its founding in 1969, SAIC has played a key role in helping the armed forces and intelligence agencies rapidly respond to emerging threats and prepare for future challenges. Today, SAIC's work ranges from battlefield biometrics to cutting-edge sensing devices to electronically linking our forces for tomorrow's conflicts.

Hundreds of high-value insurgents have been identified and captured in Iraq and Afghanistan thanks, in part, to a biometrics system developed by SAIC. An industry leader in operational biometrics, SAIC developed and supports the operation of the Biometrics Automated Toolset (BAT)—the system of choice for the defense and intelligence communities. With more than 3,500 systems deployed worldwide, BAT collects fingerprints, iris scans, facial photos and biographical information of persons of interest and stores the information in a searchable data base. In FY09, we won a contract to continue this mission-critical work that we have supported since 2003. SAIC is working to enhance the system by adding advanced voice-based speaker identification technologies that offer advantages such as "touch less" operation and the ability to collect samples covertly from a distance.

National Security

During the past year, SAIC extended its role as a significant provider of language services to the intelligence community. Complementing existing capabilities, the acquisition of SM Consulting in FY09 more than tripled our linguist cadre, which now addresses more than 40 languages and dialects. Core services include document and media exploitation, analysis, translation, and transcription.

Building and Deploying Operational Intelligence, Surveillance and Reconnaissance (ISR) Capabilities in Theater

SAIC's persistent surveillance capabilities, which support the nation's deployed military forces, are core to several missions of national importance. We provide a range of capabilities and services across multiple systems such as Predator, Global Hawk, Buckeye, and Angel Fire. For example, our Angel Fire system has helped tactical Marine units to determine insurgent tactics, techniques and procedures, capturing improvised explosive device events as they unfolded. Innovative applications demonstrated by this capability are broad, and include analyzing the effectiveness of peacekeeping missions in-theater, and supporting homeland defense, federal and state emergency response, border surveillance, and other missions that require persistent support to commanders.

Providing C5ISR Support for MRAP Vehicles

Rapidly responding to the critical needs of warfighters, SAIC supports the Space and Naval Warfare (SPAWAR) Systems Centers' command, control, communications, computers, combat systems, intelligence, surveillance, and reconnaissance (C5ISR) programs. For example, SAIC is helping SPAWAR prototype, integrate and logistically support C5ISR for the more than 300 distinct variants of Mine Resistant Ambush Protected (MRAP) vehicles.

SAIC helped deploy more than 10,000 MRAP vehicles to Iraq and Afghanistan over the past two years by receiving the vehicles from the manufacturers and preparing the vehicles for use by the warfighter. SAIC's Joint Logistics Integration Team provides total integrated logistics support to the MRAP Joint Program Office in the fielding and sustainment of MRAPs in the field. This includes supply chain management, asset configuration, coordination of field support, end-user training, and resolution of field maintenance and supply issues.

Getting Tires, Critical Materials and Parts to Warfighters

Working with Michelin North America, SAIC helps to supply ground vehicle tires to the U.S. military around the globe through the Defense Supply Center in Columbus, Ohio. SAIC manages the supply, storage, and distribution functions, contributing supply chain management expertise in forecasting, inventory management, and worldwide distribution. SAIC also manages the supply chain of chemicals and packaged petroleum, oils and lubricants for the Department of Defense.

Maintaining the U.S. Global Positioning System

For the Air Force Global Positioning System Wing, SAIC is the prime contractor providing a full range of systems engineering and integration support for the current and future U.S. Global Positioning System (GPS). This involves maintaining a constellation of satellites, an intricate and complex ground infrastructure to command and control them, and thousands of fielded GPS receivers to enable military and civil customers around the globe to carry out their missions and enhance the daily lives of millions of people relying on positioning, navigation, and timing information.

Helping DARPA Save Lives

To better protect deployed troops, there is a critical need for more sensitive detection and accurate identification of chemicals and mixtures of chemicals, such as explosives and chemical weapons. For a contract awarded in FY09, SAIC is helping the Defense Advanced Research Projects Agency (DARPA) design and develop a sensor inspired by a dog's olfactory system, or sense of smell, to better detect explosives and chemical or biological weapons.

SAIC also is working with DARPA to develop a synergistic human/machine system to help military officers and their staffs quickly make command decisions and generate multiple options on the battlefield. The goal: enable commanders with the ability to foresee the outcomes of plans through simulation, providing the ability to adjust those plans as required.

Transitioning to the Future Combat Systems

Helping the Army transition to a lighter, smarter, more lethal force, SAIC and Boeing work together as the lead systems integrators on the Future Combat Systems (FCS) program. The Army seeks to develop and then integrate dozens of new technologies in the FCS program and ultimately create a force in which people, platforms, weapons, and sensors are linked seamlessly together in a system of systems. Equipment is in the hands of soldiers with successes such as the movement of images from FCS sensors across the battlefield using the network.

CASE STUDY // **ARMY NATIONAL GUARD**

PROGRAM EXECUTIVE OFFICE FOR ENTERPRISE INFORMATION SYSTEMS SUPPORT

Facing an expanding role in global deployments, the U.S. needed a more effective way to manage and mobilize Army National Guard and Reserve forces. A system was needed to support faster, more efficient mobilization and improve the quality and timeliness of information while reducing the administrative burden.

SAIC is operating, maintaining, and upgrading the Reserve Component Automation System—which supports 10,500 Army National Guard and Reserve units at approximately 4,000 sites worldwide. RCAS has helped improve mobilization by, among other things, speeding up the processing of orders and enhancing preparations for overseas deployments.

As part of this effort, SAIC also supports the Army National Guard Information Systems Division, which provides technical assistance and support for systems, application development and maintenance, web and enterprise services, data warehousing, and information assurance for the 54 states and territories of the Army National Guard. SAIC also supports the National Guard Bureau Distributive Training Technology Project, a nationwide network of digital distance learning centers designed to improve military readiness.

OUR CUSTOMERS INCLUDE:

Department of Defense

Department of Homeland Security

Department of Justice

Department of State

Intelligence Community

North Atlantic Treaty Organization

Energy and the Environment:

MANAGEMENT FOR EFFICIENCY, RELIEF FOR THE ENVIRONMENT

STEVEN MESSNER WESTERN REGION MANAGER, CLIMATE CHANGE SERVICES / **JULIE BRUNS** PROJECT MANAGER / **LUIS RENE SANTIZO** SENIOR STRUCTURAL ENGINEER

SAIC helps our customers develop solutions and manage risk across environmental and energy projects—from restoring contaminated sites to managing greenhouse gas emissions. Our scientists, technical experts, and project managers provide innovative approaches and capture the value from integrating science, business processes, and information technology.

SAIC has designed, implemented, and managed hundreds of energy-efficiency, demand-reduction, and sustainability programs for government and commercial customers. The results: long-term, effective solutions that help to save money, manage risk and minimize environmental impacts.

These projects are part of a decades-long story of SAIC supporting energy and the environment.

For example, with SAIC's help, facilities participating in Wisconsin's Focus on Energy program reduced the cost of pumping, treating, delivering and cleaning water by 20 percent to 35 percent. Focus on Energy works with eligible Wisconsin residents and businesses to install cost effective energy-efficiency and renewable energy projects. As the lead in this program, SAIC helps Wisconsin residents and businesses manage rising energy costs, promote in-state economic development, protect the environment, and control the state's growing demand for electricity and natural gas.

Energy and the Environment

SAIC also invests in internal research and development to help customers improve energy operations by, among other things, managing risks associated with volatile prices. The SAIC-developed Energy Enterprise Dashboard, for example, provides commercial and industrial managers with a tool to quickly identify energy inefficiencies and address them in a timely manner.

Producing Jet Fuel from Algae

To reduce the U.S. military's reliance on foreign oil for powering its aircraft, ground vehicles, and non-nuclear ships, SAIC is working with the Defense Advanced Research Projects Agency (DARPA) to explore energy alternatives. For an alternative to be viable, the fuel must be produced at a cost that is economically competitive with current supply costs. Under a prime contract awarded by DARPA in FY09, SAIC is leading a team of industrial and academic organizations to develop technologies and processes for producing petroleum-derived jet fuel from algae at a target cost of $3 per gallon.

Shaping Development of Wave and Tidal Energy

The U.S. Department of Energy has tapped SAIC to lead the U.S. contribution to develop international standards that will shape the generation of electricity from wave and tidal energy. The standards are aimed at devices that convert wave and water current energy into electricity, and are a key element to the successful development of the industry. In addition to its strong engineering and scientific background, SAIC was chosen for this role, in part, because of its vendor-neutral stance.

Assessing Impacts of Global Climate Change

For the Regional Greenhouse Gas Initiative, SAIC teamed with World Energy Solutions to support the first legislatively mandated cap-and-trade greenhouse gas (GHG) emissions allowance auction in the United States. SAIC developed accounting, monitoring, and verification protocols for GHG regulations and assessed how public policy options to control GHG, especially carbon, will impact customers' energy capital planning and bottom lines.

SAIC also supports agencies such as the National Oceanic and Atmospheric Administration in collecting data and interpreting weather patterns that are critical in assessing the impacts of global climate change, and helps international agencies assess ways to reduce energy demand and GHG emissions in developing countries.

Providing Environmental Services to Chevron

Since 2002, SAIC has supported Chevron as one of its largest environmental suppliers, providing technical engineering and environmental support at active and inactive Chevron sites. In FY09, Chevron U.S.A., Inc., awarded SAIC a master services agreement to continue this work. Primary services include environmental remediation, engineering design, modeling, risk assessment, and groundwater and compliance monitoring.

Helping EPA Safeguard Drinking Water

SAIC supports a broad range of IT systems engineering and scientific research for the U.S. Environmental Protection Agency (EPA) Office of Research and Development. To help safeguard America's drinking water supply, SAIC has worked with the EPA to develop and maintain the Safe Drinking Water Information System since 1993. Under a follow-on task order awarded in FY09, SAIC will continue this important work.

The system contains information about public water systems and their compliance with EPA's drinking water regulations, as reported to the EPA by the states. These regulations establish maximum contaminant levels, treatment techniques, and monitoring and reporting requirements to ensure that water systems provide safe water to their customers.

Supporting Air Force Center for Engineering and the Environment

Since 1995, SAIC has supported the Air Force Center for Engineering and the Environment (AFCEE) missions around the world. SAIC provides architecture and engineering services to administer, coordinate, and technically support the AFCEE's environmental, military construction, military family housing, and facility sustainment, restoration and modernization programs.

OUR CUSTOMERS INCLUDE:

Anheuser-Busch
Chevron U.S.A., Inc.
Department of Commerce
Department of Defense
Department of Energy
Department of the Interior
Entergy
Environmental Protection Agency
NASA
ScottishPower
Shell

CASE STUDY // **DESIGN-BUILD WORK FOR GOVERNMENT AND COMMERCIAL CUSTOMERS**

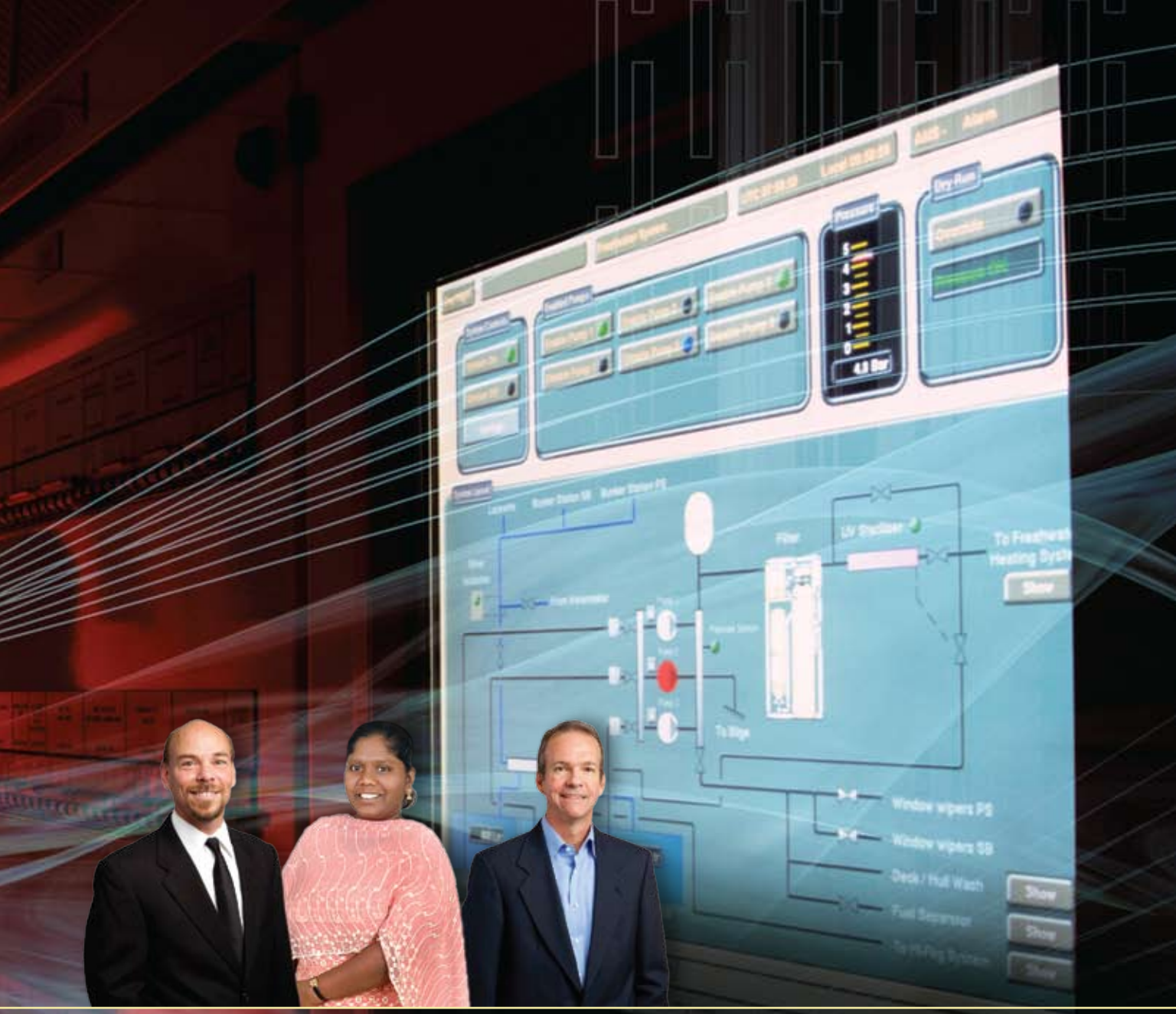
SAIC designs and builds energy-efficient facilities for a wide range of commercial and government customers. SAIC projects have won some of the industry's highest honors and awards for design and construction, including 28 design awards in recognition of energy-efficient facilities.

In FY09, SAIC was awarded contracts by the U.S. Army Corps of Engineers to design, engineer, and construct an advanced metal finishing facility and a ground support equipment facility at Robins Air Force Base (AFB) and a consolidated fuel, overhaul, repair, and test facility at Tinker AFB.

SAIC also won a multiple-award Energy Savings Performance Contract by the U.S. Department of Energy to design, construct, and obtain financing for projects that will reduce energy and water consumption and costs, and promote the use of renewable energy technologies across federal agencies.

Critical Infrastructure:

ENHANCED SECURITY, PROTECTION OF KEY ASSETS



CURTIS ALLSHOUSE PRODUCTION SUPERVISOR / **SARIPALLI AMMULYA** DATABASE ADMINISTRATOR / **DUANE MATER** DIRECTOR, INSTALLATION

SAIC combines long experience and deep domain knowledge in areas vital to public well-being with expertise in physical and cybersecurity to help protect critical public infrastructure.

With its wide-ranging expertise in physical and cybersecurity, SAIC helps governments and companies plan, manage, and protect critical public infrastructure. For example, SAIC works to secure ports and borders while facilitating commerce, safeguard business-critical information and systems, support emergency responders, and secure transportation infrastructure and military networks.

Each year, as many as 20 million cargo containers are shipped between ports around the world, and any of them could contain hidden threats or other contraband. SAIC has developed innovative technologies for scanning vehicles and containers, and has turned those technologies into practical, cost-effective products for cargo security.

Since 1994, SAIC has provided hundreds of its VACIS® imaging systems in fixed and mobile configurations to military forces, customs agencies, and other security organizations around the world. In FY09, SAIC received an order from the U.S. Army for 50 Military Mobile VACIS inspection systems. These systems enable Army personnel to search vehicles and cargo for weapons, explosives, and other threats by producing digital images of contents for analysis.

Critical Infrastructure

Building on this successful track record, SAIC's new VACIS IP6500 system delivers high-energy imaging, radiation screening, automatic equipment identification, and data integration in one compact portal. The system can handle more than 150 trucks per hour, provide detailed cargo images through more than a foot of steel, and specifically identify hazardous nuclear materials, minimizing the need for costly secondary cargo inspections.

Securing Cyberspace

SAIC views cybersecurity as a hallmark of its primary role as a systems integrator and IT solution architect. We design, build, operate, and defend mission critical networks and applications while enhancing cyber situational awareness of external threats. We synchronize computer network operations to provide the defense in depth the government and industry require. Moreover, as computer networks are increasingly integrated with industrial process control devices, the need for converged cyber and physical security solutions is growing and SAIC is well positioned to meet that need.

With decades of experience, SAIC engineers are trained and certified to be experts in solving these complex, technical cyber problems in a host of vertical markets, including national security, financial, telecommunications, healthcare, transportation, energy, and the environment. A world-class leader in information security assessments, SAIC built its credentials supporting the Department of Defense, intelligence community, Department of Energy, the Social Security Administration, and the Centers for Medicare and Medicaid Services, as well as many commercial customers.

Today, SAIC offers a full spectrum of solutions, such as education and training via a "live fire" cyber-range, vulnerability assessments, active information protection including cybersecurity operation centers, advanced search and analytic tools that support data mining, forensics, open source analysis, and predictive techniques to help customers effectively manage risk.

Going forward, SAIC is pursuing advanced modeling and simulation solutions to virtually replicate the extremely complex real world cyberspace environment. This environment includes high-fidelity simulation of networks, from the emulation of network protocols, to the physics of indoor and outdoor wireless network transmission in urban areas. Cyberspace simulation provides a real world environment for timely analysis, development, and testing of next-generation cybersecurity solutions.

Supporting Emergency Responders

As a leading provider of chemical, biological, radiological, and nuclear protection services, SAIC has trained more than 400,000 first responders. Under a task order awarded in FY09 by the U.S. Department of Homeland Security, SAIC supports a web-based information service for the emergency responder community. Known as the Responder Knowledge Base (RKB), the web site was created to give emergency responders, purchasers, and planners a trusted, integrated, online source of information. In addition to hosting and maintaining the RKB, which currently has 62,000 registered users, SAIC also provides expertise to the responder community via the "Ask the Expert" feature of the web site.

Implementing Key IT Initiative for New York City

For one of New York City's key strategic information technology (IT) initiatives, SAIC is developing, operating, and implementing a work force management system designed to eventually standardize operations for 80 agencies and more than 165,000 employees. The CityTime system has been rolled out to 42 agencies and more than 27,000 users to date, including the Office of Payroll and Administration, the Fire Department of New York, and the Department of Health and Mental Hygiene.

In addition to the work force management system, the CityTime team has installed biometric hand scanners at a number of city office locations within New York City. SAIC operates this security program, performing site analyses, system solution design, procurement and installation, and registration of new users.

Protecting Transportation Infrastructure

To better manage traffic increases and protect physical assets and operations, SAIC is working with the U.S. Department of Transportation's Volpe Center to develop and implement communications, navigation, and surveillance solutions. Under a contract awarded in FY09, SAIC supports the center as it strives to improve the nation's transportation system by anticipating future issues, developing tools and technologies, and fostering safety innovation.

OUR CUSTOMERS INCLUDE:

Department of Agriculture
Department of Defense
Department of Education
Department of Homeland Security
Department of Transportation
Department of the Treasury
Intelligence Community
NASA

CASE STUDY // **U.S. ARMY SPACE AND MISSILE DEFENSE COMMAND CHEMICAL, BIOLOGICAL, RADIOLOGICAL AND NUCLEAR INSTALLATION PROTECTION PROGRAM**

Since 2004, SAIC has provided integrated chemical, biological, radiological and nuclear (CBRN) protection and response solutions to help ensure that critical missions of U.S. military installations can continue after an event. As part of this effort—known as the CBRN IPP—SAIC has designed, procured, integrated, installed, and tested a family of systems to supplement other aspects of force protection against weapons of mass destruction.

In FY09, the U.S. Army Space and Missile Defense Command awarded SAIC a prime contract to continue this work. Under the contract, SAIC supports the customer through the full life cycle of deployment (design, procurement, integration, and fielding) of enhanced CBRN capabilities and provides logistical support services. These supplies and services will provide a capability to protect critical military operations and support rapid and effective response to CBRN events.

Health:

RESEARCH FOR CURES, INFORMATION TO IMPROVE HEALTH

KASHIF HAQUE PROCESS IMPROVEMENT MANAGER / **SABRINA RITCHIE** SOFTWARE ENGINEER / **TIMOTHY RILEY** SECURITY PROGRAM MANAGER

SAIC provides a comprehensive portfolio of technology and domain-specific solutions to our federal government and commercial health customers.

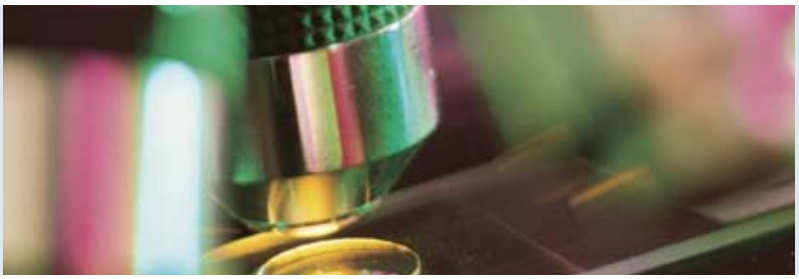
From cancer research to military health systems to disease surveillance, SAIC's extensive experience in both biomedical research and information technology enables it to contribute to projects of international significance.

Preparing people to meet and respond to emerging health threats is a primary goal of the Centers for Disease Control and Prevention (CDC). Since 2001, SAIC has supported the CDC in several initiatives to improve public health preparedness nationwide for both naturally occurring disease outbreaks and bioterrorism.

In FY09, SAIC won a contract to help enhance the CDC's surveillance capabilities by broadening the scope of public health information. Through this contract, SAIC is laying the foundation for an important electronic data bridge to connect hospital information systems in real-time to local, state and federal public health systems.

The project will use the emerging set of national healthcare data exchange standards being developed by the U.S. Department of Health and Human Services for the Nationwide Health Information Network. The health network is being developed to provide a secure, nationwide, interoperable health information infrastructure that will connect providers, consumers, and others involved in supporting healthcare.

Health



Helping Speed Delivery of New Treatments for Cancer and AIDS

In FY09, SAIC-Frederick was awarded a new contract by the U.S. Department of Health and Human Services to continue its work with the National Cancer Institute at Frederick, Md. (NCI-F) to speed the delivery of new technologies and treatments to patients with cancer and AIDS. SAIC-Frederick, a wholly owned subsidiary of SAIC, provides operations and technical support to the overall mission of the NCI.

SAIC has been the prime contractor for this Federally Funded Research and Development Center since 1995, and in 2000 formed SAIC-Frederick Inc. to continue the work. SAIC-Frederick is supporting more than 300 clinical trials, and managing a pilot program of community hospitals in 14 states studying how best to bring the latest, evidence-based cancer care to rural, inner-city, and underserved patients. It also operates two biopharmaceutical manufacturing facilities—one for NCI and the other for the National Institute of Allergy and Infectious Diseases' Vaccine Research Center. These facilities produce drugs, vaccines, and other biologics for use in clinical trials.

Protecting Public Health Through Biosurveillance

SAIC supports a number of disease and biological surveillance programs that provide front-line early warnings to help protect public health. For example, SAIC provides real-time detection systems to field biologists studying migratory wildlife to rapidly identify pathogens responsible for some of the most virulent diseases, including anthrax, avian influenza, and plague. This information can assist decision-makers in planning, preparedness, and response to potential outbreaks, and help prevent epidemics or spread of disease from animals to humans.

Helping to Ensure Better Medical Care for Deployed Troops

Helping to ensure that U.S. troops at deployed locations receive the best possible medical care, SAIC supports the Military Health System Theater Medical Information Program (TMIP). The program provides medical information management technology to support medical personnel in a deployed environment. For example, TMIP supports complete clinical care documentation, patient movement visibility, health surveillance, and medical supply and equipment tracking in a secure communications environment.

Enhancing the Military Health Information System

For more than 20 years, SAIC has supported the Military Health System community by developing and deploying key medical information systems, such as the Composite Health Care System (CHCS), now a key component of the military's AHLTA electronic health record. Designed and developed for the Department of Defense (DoD) by SAIC, the CHCS is a fully integrated hospital information system that helps capture, manage, and share health data across the DoD enterprise by connecting medical departments, hospital wards, outlying clinics, laboratories, and pharmacies. Under a new task order awarded in FY09, SAIC will develop and implement a graphical user interface for the system, enhance software, and provide sustainment services including testing, integration, and project-level configuration and data management.

Helping to Improve Dental Care for American Indians

To help improve dental healthcare for more than 1.9 million American Indians and Alaskan natives, SAIC is working with the Indian Health Service (IHS) to implement an electronic dental record system that interfaces with other IHS healthcare systems. Under a contract awarded in FY09, SAIC is providing program management, quality control, certification and accreditation services to help install this new system in more than 200 IHS dental clinics across the United States.

Working to Improve Care for Millions of Veterans

Helping the Department of Veterans Affairs (VA) deliver better care to the nation's veterans, SAIC supports the VA's enterprise-wide electronic health record system used throughout the VA medical system, which serves more than 150 medical centers and hundreds of outpatient clinic facilities. SAIC provides comprehensive software and engineering services to develop, populate, enhance, and maintain support to the Veterans Health Information Systems and Technology Architecture (VistA).

In FY09, SAIC was awarded a task order to support the VistA Health Data System Repositories. The repositories program is a key component of the VA's next-generation healthcare information system that will enable the VA to maintain complete and accessible patient record information on the millions of veterans it serves throughout the VA healthcare system.

CASE STUDY // **NATIONAL INSTITUTES OF HEALTH ELECTRONIC RESEARCH ADMINISTRATION GRANT ADMINISTRATION**

Working with the National Institutes of Health (NIH), SAIC uses its expertise in electronic records management and software development to help further the goals of medical research. Under a new contract awarded in FY09, SAIC provides software development support services to the electronic Research Administration (eRA). The eRA systems provide information technology solutions and support to help the NIH manage the receipt, processing, review, award, and monitoring of more than $30 billion in grants awarded annually.

Used by more than 100,000 researchers and about 9,500 research institutions worldwide, the systems help record, review, and process more than 80,000 applications each year, and administer more than 55,000 grants. Under the contract, SAIC provides a broad range of software development services including systems maintenance and enhancement, and design and development services.

OUR CUSTOMERS INCLUDE:

Department of Defense
- Military Health System
- Office of the Assistant Secretary of Defense for Science and Technology
- U.S. Army Medical Research and Materiel Command

Department of Health and Human Services
- Biomedical Advanced Research and Development Authority
- Centers for Disease Control and Prevention
- Centers for Medicare and Medicaid Services
- Food and Drug Administration
- Health Resources Services Administration
- Indian Health Service
- National Institutes of Health
- Substance Abuse and Mental Health Services Administration

Department of Homeland Security

Department of Veterans Affairs

Pfizer

Corporate Responsibility:

SENSE OF COMMUNITY, RESPONSE TO NEED

At SAIC, we view corporate responsibility as our commitment to our employees, to our communities, and to the environment.

Support for the Armed Services

In 2008, it was our privilege and honor to contribute to the construction of the Pentagon Memorial dedicated to the 184 people killed there on September 11, 2001. SAIC lost one of its own in the terrorist attack—Khang Nguyen, an SAIC employee working at the Pentagon. The memorial sits on 2 acres of ground near where Flight 77 slammed into the building. Each of the victims is commemorated with a separate cantilevered memorial and each of these benches has its own reflective pool of water.

As a corporate sponsor, SAIC supports charities such as Comfort for America's Uniformed Services, or Cause. We were also honored in FY09 to receive the Department of Veterans Affairs' Corporate Champion Award for the second consecutive year. The award is given for significant contributions to expanding business opportunities for veterans.

Helping the American Cancer Society

We support medical research for cancer, AIDS, and other diseases. In FY09, SAIC helped the American Cancer Society Border Sierra Region raise $300,000 at a San Diego charity gala. The event was chaired by SAIC Chairman and CEO Ken Dahlberg while Ben Haddad of SAIC Community Relations served as vice-chair. SAIC has had a long association with the American Cancer Society both in San Diego and around the country, and also operates one of the National Cancer Institute's leading research centers in Frederick, Md.

Employees Making a Difference

Effective community outreach is also measured by the efforts of our employees—those who really make a difference in their communities through volunteering their time to worthy causes. To cite just one example, SAIC employees in Northern Virginia filled 252 Christmas stockings in 2008 in a Salvation Army program that delivers Christmas presents to needy children. SAIC also made corporate donations to benefit community food banks in the company's major geographic locations.

Current economic difficulties have greatly increased the demand on food banks. SAIC made donations in the five geographic areas where we have the largest presence—the National Capital Region; San Diego; Orlando, Fla.; Huntsville, Ala.; and Tidewater Virginia. The contributions were aimed at the most pressing needs for food and clothing in those communities.

Promoting Science and Technology Education

From cyber defense competitions for junior high and high school students to alliances with major universities, SAIC supports programs to promote math, science, technology, engineering, and business education. Our Strategic University Alliances program currently involves seven major universities: the University of Virginia, Virginia Tech, the University of Maryland at College Park, Georgia Tech, Oklahoma University, the University of Alabama at Huntsville, and the University of California at San Diego. SAIC also supports Historically Black Colleges and Universities on programs aimed at giving their students greater opportunities.

Concern for the Environment

SAIC has a long history of promoting environmentally sound practices across the company. We have green initiatives in SAIC offices worldwide, such as incorporating sustainable designs into our building construction. We have also received numerous awards for our efforts on recycling and waste reduction. At SAIC, we continue to pursue internal environmental sustainability opportunities by combining our expertise in this field with our drive to improve the environment.

Taking Care of Our Employees

Whenever disaster strikes, be it Gulf Coast hurricanes, West Coast wildfires or terrorist attacks in Asia, SAIC works to identify and support any employees in harm's way. In addition to corporate support, we established the SAIC Relief Foundation, a charitable organization that provides a mechanism for our employees to assist other SAIC employees who have been affected by large-scale natural and civil disasters.

At SAIC, corporate responsibility extends beyond the contributions we make as a company solving our customers' problems through science and technology. We view corporate responsibility as our focused commitment to support our employees, enrich our surrounding communities, and improve the environment.

Above, from left: SAIC supports Cause, which organizes programs for wounded warriors such as Col. Greg Gadson, guest speaker at a Cause Veterans Day Gala in Washington, DC, who was severely injured in Iraq; to encourage greater use of energy-efficient cars, SAIC installed plug-ins for electric vehicles at its facilities in Orlando, Fla., and San Diego, Calif.; employees in the SAIC McLean, Va., office provided toys for needy children—just one of the many ways our employees assist their communities.

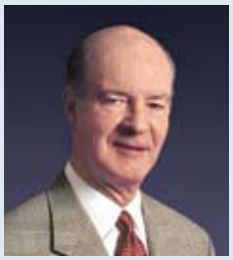
DIRECTORS

K.C. Dahlberg
CEO and Chairman of the Board

A.T. Young
Executive Vice President, Lockheed Martin Corp. (Ret.)
Lead Director

F.A. Córdova
President, Purdue University

W.H. Demisch*
Financial Consultant



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Vice Chairman, BellSouth Corp. (Ret.)

J.J. Hamre
CEO and President, Center for Strategic & International Studies

M.E. John
Vice President, Sandia National Laboratories (Ret.)

A.K. Jones
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J.P. Jumper
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Former Chairman, President and Chief Executive Officer, Baxter International, Inc.

E.J. Sanderson, Jr.
Oracle Corporation Executive (Ret.)

L.A. Simpson
President and CEO of Capital Operations, GEICO Corp.

*Mr. Demisch will retire from the Board of Directors after the 2009 Annual Meeting of Stockholders.

Stockholder Information:

Corporate Office
10260 Campus Point Drive
San Diego, CA 92121

Stock Listing
SAIC, Inc. is traded on the New York Stock Exchange under the symbol SAI.

Stockholder Services
Questions concerning accounts for registered stockholders and other stock matters—including name or address changes, stock transfers, option exercises, or other services—should be directed to SAIC's stock plan administrator and transfer agent:

BNY Mellon Shareowner Services
U.S. telephone: 866-400-SAIC
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Annual Report and Form 10-K
The SAIC 2009 Annual Report and Form 10-K are available from the SAIC Web site at www.saic.com. An Adobe Acrobat Portable Document Format (PDF) can be downloaded from this location.

SAIC on the Internet
Information on SAIC's services and capabilities can be found at the SAIC home page on the Internet (www.saic.com). Financial results, corporate news releases, and other SAIC information also can be found at this Internet address.

Independent Registered Public Accounting Firm
Deloitte & Touche LLP
San Diego, Calif.

Produced by SAIC Communications

Statements in this Annual Report other than historical data and information may constitute forward-looking statements that involve risks and uncertainties. A number of factors could cause our actual results, performance, or 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 fiscal year ended January 31, 2009, and in 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.

www.saic.com