UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended April 30, 2007

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number: 001-33072

SAIC, Inc.
(Exact name of Registrant as specified in its charter)

Delaware	**20-3562868**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
10260 Campus Point Drive, San Diego, California	**92121**
(Address of principal executive offices)	**(Zip Code)**

(858) 826-6000
(Registrant's telephone number, including area code)
N/A
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ü No __

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer __ **Accelerated filer __** **Non-accelerated filer ü**

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes __ No ü

As of May 24, 2007, the registrant had 113,391,384 shares of common stock, $.0001 par value per share, issued and outstanding, and 302,938,940 shares of Class A preferred stock, $.0001 par value per share, issued and outstanding.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

SAIC, INC.

Condensed Consolidated Statements of Income (Unaudited)

	Three Months Ended April 30	
	2007	2006
	(in millions, except per share amounts)	
Revenues	$ 2,068	$ 1,954
Costs and expenses:		
Cost of revenues	1,797	1,684
Selling, general and administrative expenses	131	128
Operating income	140	142
Non-operating income (expense):		
Interest income	14	29
Interest expense	(22)	(23)
Minority interest in income of consolidated subsidiaries	(3)	(3)
Other income, net	—	2
Income from continuing operations before income taxes	129	147
Provision for income taxes	52	54
Income from continuing operations	77	93
Discontinued operations:		
Income from discontinued operations before income taxes	9	1
Provision (benefit) for income taxes	6	(12)
Income from discontinued operations	3	13
Net income	$ 80	$ 106
Earnings per share:		
Basic:		
Income from continuing operations	$ .19	$ .28
Income from discontinued operations	.01	.04
	$ .20	$ .32
Diluted:		
Income from continuing operations	$ .18	$ .27
Income from discontinued operations	.01	.04
	$ .19	$ .31
Weighted average shares outstanding:		
Basic	404	336
Diluted	418	347

See accompanying notes to condensed consolidated financial statements.

SAIC, INC.

Condensed Consolidated Balance Sheets
(Unaudited)

	April 30, 2007	January 31, 2007
	(in millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 943	$ 1,113
Receivables, net	1,671	1,641
Inventory, prepaid expenses and other current assets	183	191
Total current assets	2,797	2,945
Property, plant and equipment (less accumulated depreciation and amortization of $280 million and $268 million at April 30, 2007 and January 31, 2007, respectively)	389	387
Intangible assets, net	92	109
Goodwill	964	951
Deferred income taxes	76	57
Other assets	109	109
	$ 4,427	$ 4,558
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 916	$ 1,042
Accrued payroll and employee benefits	408	519
Income taxes payable	20	73
Notes payable and long-term debt, current portion	129	29
Total current liabilities	1,473	1,663
Notes payable and long-term debt, net of current portion	1,102	1,199
Other long-term liabilities	183	104
Commitments and contingencies (Note 7)		
Minority interest in consolidated subsidiaries	59	56
Stockholders' equity:		
Preferred stock, $.0001 par value, 1.5 billion shares authorized, 310 million and 320 million shares issued and outstanding at April 30, 2007 and January 31, 2007, respectively	—	—
Common stock, $.0001 par value, 2 billion shares authorized, 107 million and 92 million shares issued and outstanding at April 30, 2007 and January 31, 2007, respectively	—	—
Additional paid-in capital	1,636	1,557
Retained earnings	—	6
Accumulated other comprehensive loss	(26)	(27)
Total stockholders' equity	1,610	1,536
	$ 4,427	$ 4,558

See accompanying notes to condensed consolidated financial statements.

SAIC, INC.

Condensed Consolidated Statement of Stockholders' Equity and Comprehensive Income
(Unaudited)

	Shares		Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Totals	Comprehensive Income
	Common stock	Preferred stock					
				(in millions)			
Balance at February 1, 2007	92	320	$ 1,557	$ 6	$ (27)	$1,536	
Net income	—	—	—	80	—	80	$ 80
Other comprehensive income	—	—	—	—	1	1	1
Issuances of stock and other stock transactions	—	15	125	—	—	125	—
Repurchases of stock	(3)	(7)	(96)	(85)	—	(181)	—
Conversion of preferred stock to common stock	18	(18)	—	—	—	—	—
Income tax benefit from employee stock transactions	—	—	27	—	—	27	—
Stock-based compensation	—	—	23	—	—	23	—
Adjustment to initially apply FIN 48	—	—	—	(1)	—	(1)	—
Balance at April 30, 2007	107	310	$ 1,636	$ —	$ (26)	$1,610	$ 81

See accompanying notes to condensed consolidated financial statements.

SAIC, INC.

Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Three Months Ended April 30	
	2007	2006
	(in millions)	
Cash flows from operations:		
Net income	$ 80	$ 106
Income from discontinued operations	(3)	(13)
Adjustments to reconcile net income to net cash provided by (used in) operations:		
Depreciation and amortization	17	15
Stock-based compensation	23	15
Excess tax benefits from stock-based compensation	(27)	—
Other non-cash items	3	1
Increase (decrease) in cash and cash equivalents, excluding effects of acquisitions and divestitures, resulting from changes in:		
Receivables	(30)	3
Inventory, prepaid expenses and other current assets	2	20
Deferred income taxes	—	(15)
Other assets	(2)	(3)
Accounts payable and accrued liabilities	(116)	(39)
Accrued payroll and employee benefits	(111)	(74)
Income taxes payable	27	61
Other long-term liabilities	3	2
Total cash flows provided by (used in) operations	(134)	79
Cash flows from investing activities:		
Expenditures for property, plant and equipment	(12)	(18)
Acquisitions of businesses, net of cash acquired of $1 million in 2006	—	(14)
Purchases of marketable securities available-for-sale	—	(4,258)
Proceeds from sales and maturities of marketable securities available-for-sale	—	5,917
Other	4	10
Total cash flows provided by (used in) investing activities	(8)	1,637
Cash flows from financing activities:		
Payments on notes payable and long-term debt	(1)	(20)
Sales of stock and exercise of stock options	35	16
Repurchases of stock	(94)	(32)
Excess tax benefits from stock-based compensation	27	—
Other	1	(1)
Total cash flows used in financing activities	(32)	(37)
Increase (decrease) in cash and cash equivalents from continuing operations	(174)	1,679
Cash flows of discontinued operations:		
Cash provided by investing activities from discontinued operations	4	1
Increase in cash and cash equivalents from discontinued operations	4	1
Cash and cash equivalents at beginning of period	1,113	1,010
Cash and cash equivalents at end of period	$ 943	$ 2,690
Supplemental schedule of non-cash investing and financing activities:		
Stock exchanged upon exercise of stock options	$ 85	$ 52
Stock issued for settlement of accrued employee benefits	$ 4	$ 32
Fair value of assets acquired in acquisitions	$ —	$ 18
Cash paid in acquisitions, net of cash acquired	—	(14)
Accrued acquisition payments	—	(1)
Liabilities assumed in acquisitions	$ —	$ 3

See accompanying notes to condensed consolidated financial statements.

Note 1—Summary of Significant Accounting Policies:

Nature of Operations and Basis of Presentation

SAIC, Inc. is a provider of scientific, engineering, systems integration and technical services and solutions 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. Governmental civil agencies and customers in selected commercial markets.

The condensed consolidated financial statements include the accounts of SAIC, Inc. and all majority-owned and wholly-owned subsidiaries, including Science Applications International Corporation (collectively referred to as the Company). All intercompany transactions and accounts have been eliminated in consolidation. The Company recognized revenues of $5 million and $4 million on sales to certain unconsolidated affiliates during the three months ended April 30, 2007 and 2006, respectively.

The accompanying financial information has been prepared by the Company pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (SEC). Certain disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to such rules and regulations. However, the Company believes that the disclosures are adequate to make the information presented not misleading. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2007. The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting periods. Estimates have been prepared by management on the basis of the most current and best available information and actual results could differ from those estimates.

In the opinion of management, the financial information as of April 30, 2007 and for the three months ended April 30, 2007 and 2006 reflects all adjustments, which include normal recurring adjustments, necessary for a fair presentation thereof. Operating results for the three months ended April 30, 2007 are not necessarily indicative of the results that may be expected for the fiscal year ending January 31, 2008, or any future period.

Recently Adopted Accounting Pronouncements

In June 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48 "Accounting for Uncertainty in Income Taxes" (FIN 48). The Company adopted FIN 48 on February 1, 2007. In connection with the implementation of FIN 48, the Company increased the liabilities associated with its uncertain tax positions by $1 million through an adjustment to retained earnings. At February 1, 2007, the Company's liability for uncertain tax positions resulting from unrecognized tax benefits was $44 million. As of April 30, 2007, the liability for uncertain tax positions was $50 million, including $49 million classified as long-term on the condensed consolidated balance sheet. If all of the Company's positions as of April 30, 2007, are sustained by the various taxing authorities in favor of the Company, the Company's provision for income taxes from continuing operations would be reduced by $23 million, the provision for incomes taxes from discontinued operations would be reduced by $24 million and goodwill would be reduced by $3 million. The Company recognizes accrued interest and penalties related to uncertain tax positions in the provision for income taxes. As of February 1, 2007, the Company had accrued tax-related interest and penalties of $6 million. The Company does not expect any reasonably possible material changes to the estimated amount of liability associated with its uncertain tax positions through April 30, 2008.

The Company is subject to routine compliance reviews by the Internal Revenue Service (IRS), which is currently auditing fiscal years 2005 and 2006, and other taxing jurisdictions on various tax matters, including challenges to various positions the Company has taken. While the Company has effectively settled with the IRS and certain states for fiscal years prior to fiscal year 2004, the tax returns for fiscal years 2002 to 2007 remain open and subject to potential examination. While the Company believes it has adequate accruals for its uncertain tax positions, there is no assurance that the tax authorities will not assert that the Company owes taxes in excess of its accruals or that there will not be accruals in excess of the final settlement amounts agreed to by the tax authorities.

Recently Issued Accounting Pronouncements

In September 2006, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 157 “Fair Value Measurements.” SFAS No. 157 establishes a single authoritative definition of fair value, sets out a framework for measuring fair value and expands disclosures about fair value measurements. This statement will be effective for the Company in fiscal year 2009 and applied prospectively. The Company does not believe that the adoption of the provisions of SFAS No. 157 will materially impact its consolidated financial position and results of operations.

In February 2007, the FASB issued SFAS No. 159 “The Fair Value Option for Financial Assets and Financial Liabilities (Including an Amendment of FASB Statement No. 115).” SFAS No. 159 permits companies to measure many financial instruments and certain other items at fair value. Most of the provisions in SFAS No. 159 are elective. This statement is effective for the Company in fiscal year 2009 and may be applied prospectively. The Company is currently evaluating the potential impact of applying the provisions of this statement to its assets and liabilities and the impact to its consolidated financial position and results of operations.

Note 2—Stockholders’ Equity and Earnings per Share (EPS):

The Company has shares of Class A preferred stock and common stock issued and outstanding as of April 30, 2007 and January 31, 2007. Shares of common stock contain the same economic rights as shares of Class A preferred stock. However, holders of Class A preferred stock are entitled to 10 votes per share while holders of common stock are entitled to one vote per share. The computation of EPS by applying the two-class method to the Class A preferred stock does not yield a different result than that provided under the if-converted method. Therefore, the two-class method is not shown in the accompanying condensed consolidated financial statements. Basic EPS is computed by dividing income by the weighted average number of shares outstanding. Stock awards are included in the computation of basic weighted average shares outstanding only after the shares become vested. Diluted EPS is computed similar to basic EPS, except the weighted average shares outstanding is increased to include the effect of dilutive common stock equivalents, which are comprised of stock options, unvested stock and other stock-based awards granted under stock-based compensation plans that were outstanding during the periods.

A reconciliation of the weighted average number of shares outstanding used to compute basic and diluted EPS is as follows:

	Three Months Ended April 30	
	2007	2006
	(in millions)	
Basic weighted average shares outstanding	404	336
Add: Dilutive common share equivalents		
Stock options	12	7
Unvested stock awards and other stock-based awards	2	4
Diluted weighted average shares outstanding	418	347
Antidilutive shares excluded (stock options)	7	11

Included in the number of shares of Class A preferred stock issued and outstanding as of April 30, 2007 were 11 million shares that were unvested. These unvested shares are excluded from the calculation of basic EPS and their common share equivalents are included in the calculation of diluted EPS under the treasury stock method. There were no adjustments to income from continuing operations and income from discontinued operations in calculating basic and diluted EPS for the three months ended April 30, 2007 and 2006, respectively.

Note 3—Stock-Based Compensation:

Total stock-based compensation expense for the periods noted was as follows:

	Three Months Ended April 30	
	2007	2006
	(in millions)	
Stock-based compensation expense:		
Stock options	$ 7	$ 5
Vesting stock awards	12	7
Employee stock purchase plan discount	4	3
Total stock-based compensation expense	$ 23	$ 15

The Company recognizes excess tax benefits realized from stock options exercised and unvested stock and other stock awards vested subsequent to its October 2006 reorganization merger and initial public offering as cash inflows from financing activities as required by SFAS No. 123(R). Excess tax benefits realized prior to the reorganization merger and initial public offering are presented as cash flows from operations.

Stock Options. All of the options granted during the three months ended April 30, 2007 and 2006 vest over four years and expire five years after the date of grant. The fair value of options granted during the periods noted was determined using the following weighted average assumptions:

	Three Months Ended April 30	
	2007	2006
Expected term (in years)	3.9	3.9
Expected volatility	26.9%	33.4%
Risk-free interest rate	4.5%	4.7%
Dividend yield	0%	0%

The weighted average grant-date fair value of stock options granted during the three months ended April 30, 2007 and 2006 using the Black-Scholes valuation model was $4.99 and $4.78, respectively. The weighted average grant-date fair value of stock options granted during the three months ended April 30, 2006 was adjusted to give effect to the special dividend paid in November 2006.

Stock option activity for the three months ended April 30, 2007 was as follows:

	Shares of stock under options (in millions)	Weighted average exercise price	Weighted average remaining contractual term (in years)	Aggregate intrinsic value (in millions)
Outstanding at February 1, 2007	73.3	$ 12.23	2.3	$ 463
Options granted	5.5	17.62		
Options forfeited or expired	(2.1)	11.99		
Options exercised	(9.2)	10.88		66
Outstanding at April 30, 2007	67.5	12.86	2.6	367

Stock Awards. Vesting stock award activity for the three months ended April 30, 2007 was as follows:

	Shares of stock under stock awards (in millions)	Weighted average grant- date fair value
Unvested at February 1, 2007	7.7	
Awards granted	4.7	$ 17.62
Awards forfeited	(.2)	18.79
Awards vested	(1.2)	18.17
Unvested at April 30, 2007	11.0	

The aggregate fair value of vesting stock awards that vested during the three months ended April 30, 2007 was $22 million.

Note 4—Intangible Assets:

Intangible assets consisted of the following:

	April 30, 2007			January 31, 2007		
	Gross carrying value	Accumulated amortization	Net carrying value	Gross carrying value	Accumulated amortization	Net carrying value
	(in millions)					
Amortizable intangible assets:						
Customer relationships	$ 78	$ 32	$ 46	$ 75	$ 30	$ 45
Non-compete agreements	8	7	1	12	7	5
Software and technology	53	15	38	63	12	51
Other	6	5	1	6	4	2
Total amortizable intangible assets	145	59	86	156	53	103
Non-amortizable intangible assets:						
Tradenames	6	—	6	6	—	6
Total intangible assets	$ 151	$ 59	$ 92	$ 162	$ 53	$ 109

Amortization expense related to amortizable intangible assets was $6 million and $5 million for the three months ended April 30, 2007 and 2006, respectively. During the three months ended April 30, 2007, the Company reclassified $11 million from intangible assets to goodwill as a result of the finalization of the valuation of certain intangible assets acquired during the year ended January 31, 2007.

The estimated annual amortization expense related to amortizable intangible assets as of April 30, 2007 is as follows (in millions):

Fiscal Year Ending January 31	
2008 (remainder of the fiscal year)	$18
2009	21
2010	16
2011	13
2012	7
Thereafter	11
	$86

Actual amortization expense in future periods could differ from these estimates as a result of acquisitions, divestitures, impairments, adjustments to preliminary allocations of purchase price and other factors. There were no goodwill or intangible asset impairment losses during the three months ended April 30, 2007 and 2006.

Note 5—Accumulated Other Comprehensive Loss and Other Comprehensive Income:

The components of accumulated other comprehensive loss were as follows:

	April 30, 2007	January 31, 2007
	(in millions)	
Unrealized net loss on derivative instruments	$ (9)	$ (9)
Net loss on defined benefit plan	(19)	(19)
Foreign currency translation adjustments	2	1
	$ (26)	$ (27)

Of the unrealized net loss on derivative instruments as of April 30, 2007, $2 million is expected to be recognized as expense within the next 12 months.

Other comprehensive income, net of tax consisted of $1 million in foreign currency translation adjustments for the three months ended April 30, 2007.

Note 6—Business Segment Information:

The following summarizes interim business segment information with prior year amounts adjusted for discontinued operations and reclassified for consistency with the current year's presentation:

	Three Months Ended April 30	
	2007	2006
	(in millions)	
Revenues:		
Government	$ 1,931	$ 1,812
Commercial	137	142
Total revenues	$ 2,068	$ 1,954
Operating income (loss):		
Government	$ 136	$ 140
Commercial	8	14
Corporate and Other	(4)	(12)
Total operating income	$ 140	$ 142

As described in more detail in Note 17 of the notes to consolidated financial statements in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2007, certain corporate expenses are reflected in the Government and Commercial segments based on agreed-upon allocations to the segments or as required by U.S. Government Cost Accounting Standards. Corporate expense variances to these allocations are retained in the Corporate and Other segment.

Note 7—Commitments and Contingencies:

Telkom South Africa

The Company's former Telcordia subsidiary instituted arbitration proceedings before the International Chamber of Commerce (ICC), against Telkom South Africa in March 2001 as a result of a contract dispute.

Telcordia seeks to recover damages for breach of contract, plus interest at a rate of 15.5%. Telkom South Africa counterclaimed, seeking substantial damages from Telcordia, including repayment of approximately $97 million previously paid to Telcordia under the contract and the excess costs of procuring a replacement system, estimated by Telkom South Africa to be $234 million. On September 27, 2002, Telcordia prevailed in the initial phase of the arbitration. The arbitrator found that Telkom South Africa repudiated the contract and dismissed Telkom South Africa's counterclaims against Telcordia. The damages to be recovered by Telcordia will be determined in a second phase of the arbitration.

Although Telkom South Africa challenged the arbitrator's partial award in Telcordia's favor in the South African court system, the arbitrator's decision was upheld.

The second phase of the arbitration to determine the damages to be recovered by Telcordia has now commenced. Telcordia submitted its statement of claim and related document production on March 30, 2007, which seeks damages in excess of $200 million plus interest and legal fees and costs. The arbitration hearing to establish Telcordia's damages is scheduled to commence in September 2007. At a May 2007 preliminary hearing with the arbitrator, Telkom South Africa agreed to pay $7 million of uncontested damages and such payment was recently received by Telcordia. The arbitrator also scheduled preliminary hearings in June and July 2007 to address certain issues in advance of the September 2007 damages hearing. Pursuant to the definitive stock purchase agreement for the sale of Telcordia, the Company is entitled to receive all of the proceeds, net of the tax liability incurred by Telcordia, from any judgment or settlement with Telkom South Africa.

Due to the complex nature of the legal and factual issues involved in the dispute and the uncertainty of litigation in general, the damages that Telcordia will ultimately be awarded in the second phase of arbitration, and therefore the amounts the Company will be entitled to receive, net of applicable taxes, are not presently determinable. The Company does not have any assets or liabilities recorded related to this contract and the related legal proceedings as of April 30, 2007 and January 31, 2007.

Firm-Fixed-Price Contract with the Greek Government

Original Contract. In May 2003, the Company entered into a euro-denominated firm-fixed-price contract (the Greek contract) with the Hellenic Republic of Greece (the Customer) to provide a C4I (Command, Control, Communications, Coordination and Integration) System (the System), to support the 2004 Athens Summer Olympic Games (the Olympics), and to serve as the security system for the Customer's public order departments following completion of the Olympics. The System is comprised of 29 subsystems, organized into three major functional areas: the Command Decision Support System (CDSS), the Communication and Information System and the Command Center Systems. Under the Greek contract, the System was to be completed, tested, and accepted by September 1, 2004, at a price of approximately $199 million. The Greek contract also requires the Company to provide five years of System support and maintenance for approximately $13 million and ten years of TETRA radio network services for approximately $109 million. The Greek contract contains an unpriced option for an additional five years of TETRA network services.

The Customer took delivery of the System in fiscal year 2004 for use and operation during the Olympics, and continues to use significant portions of the System today. In November 2004, the Company delivered a revised version of the CDSS portion of the System to the Customer. Beginning in December 2004 and continuing through April 2005, the Customer performed subsystems acceptance testing on each of the subsystems comprising the System based on test procedures that had not been mutually agreed upon by the parties. The Customer identified numerous omissions and deviations in its test reports. The Company believes that certain of these omissions and deviations were valid, while others were not.

Modification of Contract. On March 29, 2007, the Company and the Customer executed a modification to the Greek contract which establishes specific requirements, contract terms, and a payment schedule under which the various subsystems can be completed and provides for, among other things, the following:

- acceptance of 20 specific subsystems of the 29 subsystems comprising the System within 70 days of the execution of the modification
- payment of $34 million within 30 days of the Company submitting an invoice for certain work already performed on both the system development portion and service portion of the contract
- credit for past warranty, maintenance and TETRA services
- a revised test and acceptance process for the remaining subsystems being re-delivered during 2008
- provision of subsystem maintenance for a period of up to 5 years following subsystem acceptance

Until the acceptance of 20 of the 29 subsystems actually occurs, final determination of the appropriate price adjustments for omissions and deviations relating to those subsystems cannot be made; however, the modification limits the price reduction to a maximum of $11 million.

The Customer did not make the $34 million aggregate payment within 30 days of the Company submitting an invoice as required by the modified contract. On May 21, 2007, the Company delivered a letter advising the Customer that only $5 million of the $34 million had been paid and that the Customer was in material breach of the modified contract. In the letter, the Company provided the Customer with a courtesy 15-day period in which to cure such breach. The letter advised the Customer that the Company was entitled to pursue all legal remedies available under the contract and applicable law, including the suspension of work. Following issuance of the letter, the Customer paid an additional $22 million, leaving $7 million of the $34 million unpaid. In addition, the modification required the Customer to accept 20 specific subsystems of the 29 subsystems comprising the System within 70 days from the execution of the modification. The Company received Qualitative and Quantitative Receipt Protocols (QQRP), the document the Customer would use to evidence acceptance of a subsystem, relating to nine subsystems. The QQRPs relating to eight subsystems provided for the acceptance of the subsystems. The QQRP for Subsystem 20 – Tetra Hardware purported to reject the subsystem. The Company views this rejection as an additional breach of the modified contract and challenged this rejection with the Customer. The Customer has submitted the issue to an appeals committee.

Financial Status and Contingencies of the Greek Contract. The Company has recorded $123 million of losses under the Greek contract as of April 30, 2007. No profits or losses were recorded in the three months ended April 30, 2007 and 2006.

The Greek contract modification resulted in significant changes to the terms and conditions and the deliverables under the Greek contract and clarifies the parties' responsibilities. If the Company completes the work and receives the payments as required under the modified Greek contract, the Company may reverse a portion of the losses previously recognized. However, based on the complex nature of this contractual situation and the difficulties encountered to date, significant uncertainties exist and it is difficult to reliably estimate the ultimate outcome. Accordingly, the Company has not adjusted and will not adjust the losses on this contract until such time that the Company can more precisely estimate the ultimate outcome of the modified contract. Also, as a result of the significant uncertainties that remain on this contract that give rise to inherent hazards associated with estimating the final outcome, the Company will utilize the completed-contract method of accounting for the system development portion of this contract and therefore recognize no additional revenue on the development portion of this contract until it is completed.

The Company has $16 million of accounts receivable relating to Value Added Taxes (VAT) that it has paid and believes it is entitled to recover either as a refund from the taxing authorities or as a payment under the Greek contract upon final billing. The Greek contract requires the Customer to pay amounts owed for VAT for the System delivered. Failure by the Customer to pay these amounts could result in an additional obligation payable by the Company to the Greek taxing authorities and could increase the Company's total losses on the Greek contract.

In accordance with the terms of the Greek contract, the Company is required to maintain certain payment, performance and offset bonds in favor of the Customer. These bonding requirements have been met through the issuance of standby letters of credit. Based on the modified Greek contract, the Customer does not currently have the right to call any of the offset bonds ($56 million) and is required to reduce the payment and performance letters of credit (currently $206 million) by at least $123 million, which represents the final value of the 20 subsystems to be accepted within 70 days after March 29, 2007. If the standby letters of credit are called based on a future failure to fulfill the Company's obligations under the Greek contract, the Company may have the right to call some or all of the $110 million of bonds provided by its subcontractors in connection with their work under the Greek contract.

If the Company and its subcontractors are unable to perform the modified Greek contract, damages or claims by the Customer or subcontractors may be successfully asserted against the Company, the Company's bonds may be called, and the Customer may be able to recover additional contract costs required to fulfill the Company's obligations. This could have a material adverse affect on the Company's consolidated financial position, results of operations and cash flows.

Note 8—Supplemental Guarantor Information:

In October 2006, in connection with becoming a publicly-traded company, Science Applications International Corporation completed a merger (reorganization merger) in which it became a wholly-owned subsidiary of SAIC, Inc., after which SAIC, Inc. completed an initial public offering of its common stock. SAIC, Inc. (Parent) has fully and unconditionally guaranteed the obligations of its wholly-owned subsidiary, Science Applications International Corporation (Subsidiary Issuer), under its revolving credit facility, $300 million 5.5% notes, $550 million 6.25% notes, $250 million 7.125% notes, and $100 million 6.75% notes.

The Parent has loaned all of its cash to the Subsidiary Issuer and issues stock-based awards to employees of the Subsidiary Issuer. The Subsidiary Issuer is the operating subsidiary of the Parent.

As permitted by SEC rules, the following condensed consolidating financial statements are provided as an alternative to filing separate financial statements of the Subsidiary Issuer. The condensed consolidating financial statements should be read in conjunction with the condensed consolidated financial statements of the Company and notes thereto of which this note is an integral part.

The following tables present condensed consolidating financial information for the Parent and the Subsidiary Issuer on an equity method of accounting since October 16, 2006, the effective date of the reorganization merger. The condensed consolidating statements of income and cash flows for the three months ended April 30, 2006 are not presented herein as such financial statements are those of Science Applications International Corporation, which was the sole guarantor of the debt described above during such period.

SAIC, Inc. and Subsidiaries
Condensed Consolidating Statement of Income

	Three Months Ended April 30, 2007			
	Parent	Subsidiary Issuer	Eliminations	Consolidated
	(in millions)			
Revenues	$ —	$ 2,068	$ —	$ 2,068
Costs and expenses:				
Cost of revenues	—	1,797	—	1,797
Selling, general and administrative expenses	—	131	—	131
Operating income	—	140	—	140
Non-operating income (expense):				
Interest income	15	11	(12)	14
Interest expense	—	(34)	12	(22)
Equity in net income of consolidated subsidiaries	70	—	(70)	—
Minority interest in income of consolidated subsidiaries	—	(3)	—	(3)
Income from continuing operations before income taxes	85	114	(70)	129
Provision for income taxes	5	47	—	52
Income from continuing operations	80	67	(70)	77
Discontinued operations:				
Income from discontinued operations before income taxes	—	9	—	9
Provision for income taxes	—	6	—	6
Income from discontinued operations	—	3	—	3
Net income	$ 80	$ 70	$ (70)	$ 80

SAIC, Inc. and Subsidiaries
Condensed Consolidating Balance Sheets

	April 30, 2007			
	Parent	Subsidiary Issuer	Eliminations	Consolidated
	(in millions)			
ASSETS				
Current assets:				
Cash and cash equivalents	$ —	$ 943	$ —	$ 943
Receivables, net	—	1,671	—	1,671
Inventory, prepaid expenses and other current assets	—	183	—	183
Total current assets	—	2,797	—	2,797
Property, plant and equipment, net	—	389	—	389
Intangible assets, net	—	92	—	92
Goodwill	—	964	—	964
Deferred income taxes	—	76	—	76
Other assets	1,196	109	(1,196)	109
Investment in consolidated subsidiaries	443	—	(443)	—
	$1,639	$ 4,427	$ (1,639)	$ 4,427
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payable and accrued liabilities	$ 3	$ 913	$ —	$ 916
Accrued payroll and employee benefits	—	408	—	408
Income taxes payable	—	20	—	20
Notes payable and long-term debt, current portion	—	129	—	129
Total current liabilities	3	1,470	—	1,473
Notes payable and long-term debt, net of current portion	—	1,102	—	1,102
Other long-term liabilities	—	1,379	(1,196)	183
Minority interest in consolidated subsidiaries	—	59	—	59
Total stockholders' equity	1,636	417	(443)	1,610
	$1,639	$ 4,427	$ (1,639)	$ 4,427

	January 31, 2007			
	Parent	Subsidiary Issuer	Eliminations	Consolidated
			(in millions)	
ASSETS				
Current assets:				
Cash and cash equivalents	$ 922	$ 191	$ —	$ 1,113
Receivables, net	—	1,641	—	1,641
Inventory, prepaid expenses and other current assets	270	187	(266)	191
Total current assets	1,192	2,019	(266)	2,945
Property, plant and equipment, net	—	387	—	387
Intangible assets, net	—	109	—	109
Goodwill	—	951	—	951
Deferred income taxes	—	57	—	57
Other assets	—	109	—	109
Investment in consolidated subsidiaries	373	—	(373)	—
	$1,565	$ 3,632	$ (639)	$ 4,558
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payable and accrued liabilities	$ 2	$ 1,072	$ (32)	$ 1,042
Accrued payroll and employee benefits	—	519	—	519
Income taxes payable	—	73	—	73
Notes payable and long-term debt, current portion	—	263	(234)	29
Total current liabilities	2	1,927	(266)	1,663
Notes payable and long-term debt, net of current portion	—	1,199	—	1,199
Other long-term liabilities	—	104	—	104
Minority interest in consolidated subsidiaries	—	56	—	56
Total stockholders' equity	1,563	346	(373)	1,536
	$1,565	$ 3,632	$ (639)	$ 4,558

SAIC, Inc. and Subsidiaries
Condensed Consolidating Statement of Cash Flows

	Three Months Ended April 30, 2007			
	Parent	Subsidiary Issuer	Eliminations	Consolidated
			(in millions)	
Cash flows provided by (used in) operations	$ 3	$ (137)	$ —	$ (134)
Cash flows used in investing activities	—	(8)	—	(8)
Cash flows provided by (used in) financing activities	(925)	893	—	(32)
Increase (decrease) in cash and cash equivalents from continuing operations	(922)	748	—	(174)
Cash flows provided by discontinued operations:	—	4	—	4
Cash and cash equivalents at beginning of period	922	191	—	1,113
Cash and cash equivalents at end of period	$ —	$ 943	$ —	$ 943

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of our financial condition and results of operations and quantitative and qualitative disclosures about market risk should be read in conjunction with the condensed consolidated financial statements and related notes. The following discussion contains forward-looking statements, including statements regarding our intent, belief or current expectations with respect to, among other things, trends affecting our financial condition or results of operations and the impact of competition. Such statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors. Some of these factors include, but are not limited to the risk factors set forth in our 2007 Annual Report on Form 10-K, as may be updated periodically on subsequent quarterly reports on Form 10-Q. Due to such uncertainties and risks, you are warned not to place undue reliance on such forward-looking statements, which speak only as of the date hereof. We are not undertaking any obligation to update these factors or to publicly announce the results of any changes to our forward-looking statements due to future events or developments.

Unless otherwise noted, references to years are for fiscal years ended January 31, not calendar years. For example, we refer to the fiscal year ended January 31, 2007 as “fiscal 2007.” We are currently in fiscal 2008.

Overview

Science Applications International Corporation was formed in 1969. In October 2006, in connection with becoming a publicly-traded company, Science Applications International Corporation completed a merger (reorganization merger) in which it became a wholly-owned subsidiary of SAIC, Inc., after which SAIC, Inc. completed an initial public offering of its common stock. We use the terms “Company,” “we,” “us,” and “our” to refer to SAIC, Inc. and its majority-owned and wholly-owned subsidiaries, including Science Applications International Corporation.

We are a provider of scientific, engineering, systems integration and technical services and solutions 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, as well as to customers in selected commercial markets.

Key financial highlights and events during the three months ended April 30, 2007 include:

- Consolidated revenues for the three months ended April 30, 2007 increased 6% over the same period in the prior year. This reflects internal, or non-acquisition related, growth of 2% and acquisition-related growth of 4%. From a segment perspective, Government segment revenues increased 7% and Commercial segment revenues decreased 4% for the three months ended April 30, 2007 compared to the same period of the prior year.
- Operating income for the three months ended April 30, 2007 decreased 1% compared to the same period in the prior year, reflecting increased revenues offset by declining margins primarily due to the incurrence of planned internal investment focused on increasing our long-term growth, and lower Commercial segment revenue margins due in part to a temporary use of higher priced labor to support a fixed-price IT outsourcing contract.
- Diluted earnings per share from continuing operations decreased 33% due to a $16 million, or 17%, decrease in income from continuing operations which was primarily due to a decrease in interest income of $15 million, and a 20% increase in the number of diluted weighted average shares outstanding due to the sale of 86 million shares of common stock in connection with our October 2006 initial public offering.

- Cash decreased $170 million during the three months ended April 30, 2007, primarily reflecting cash used in support of operations of $134 million principally to settle fiscal 2007 year end payables and accrued bonuses and cash used in financing activities of $32 million.
- Net bookings were approximately $1.5 billion during the three months ended April 30, 2007, which reflect a $.5 billion reduction in our total negotiated backlog compared to January 31, 2007. The reduction in the total negotiated backlog balance was primarily due to a backlog reduction of approximately $.3 billion related to work on an existing definite delivery contract vehicle that is now anticipated to be awarded and performed under an existing indefinite delivery / indefinite quantity (IDIQ) contract vehicle. We do not include future potential task orders under IDIQ contract vehicles in negotiated unfunded backlog.

Reportable Segments

We have three reportable segments: Government, Commercial, and Corporate and Other. All amounts in this “Management’s Discussion and Analysis of Financial Condition and Results of Operations” are presented for our continuing operations only.

Government Segment. Through our Government segment, we provide systems engineering, systems integration and advanced technical services and solutions primarily to U.S. federal, state and local government agencies and foreign governments. Within the Government segment, substantially all of our revenues are derived from contracts with the U.S. Government. These revenues include contracts where we serve as the prime or lead contractor, as well as contracts where we serve as a subcontractor to other parties who are engaged directly with various U.S. Government agencies as the prime contractor.

Commercial Segment. Through our Commercial segment, we primarily target commercial customers worldwide in selected commercial markets, which currently include IT services for oil and gas exploration and production, applications and IT infrastructure management for utilities and data lifecycle management for pharmaceuticals. We provide our Commercial segment customers with systems integration and advanced technical services and solutions we have developed for the commercial marketplace, often based on expertise developed in serving our Government segment customers.

Corporate and Other Segment. Our Corporate and Other segment includes the operations of our internal real estate management subsidiary, Campus Point Realty Corporation (CPRC), various corporate activities, the elimination of intersegment revenues and costs and certain corporate expense items not billable to our Government customers referred to as unallowable expenses. Our Corporate and Other segment does not contract with third-parties for the purpose of generating revenues.

Reclassifications

Prior year amounts appearing in this “Management’s Discussion and Analysis of Financial Condition and Results of Operations” have been reclassified for consistency with the current year’s presentation.

Key Financial Metrics

Bookings and Backlog. We booked net new business worth an estimated $1.5 billion during the three months ended April 30, 2007. Bookings generally represent the estimated amount of revenue to be earned in the future from net receipt of funded and unfunded contract awards during the period net of any adjustments to previously reported backlog amounts. We calculate bookings as the current period ending backlog plus the current period’s revenues less prior period ending backlog and backlog obtained in acquisitions.

Total consolidated negotiated backlog consists of funded backlog and negotiated unfunded backlog. Government segment funded backlog primarily represents the portion of backlog for which funding is appropriated and is payable to us upon completion of a specified portion of work, less revenues previously recognized on these contracts. Government segment funded backlog does not include the full potential value of our contracts because the U.S. Government and our other customers often incrementally appropriate or authorize funds for a particular program or contract on a yearly or quarterly basis, even though the contract may call for performance over a number of years. Commercial segment funded backlog represents the full value on firm contracts, which may cover multiple future years, under which we are obligated to perform, less revenues previously recognized on these contracts. Negotiated unfunded backlog represents estimated amounts of revenue to be earned in the future from (1) firm orders for which funding has not been appropriated or otherwise authorized and (2) unexercised priced contract options. Negotiated unfunded backlog does not include any estimate of future potential task orders that might be awarded under IDIQ, government-wide acquisition contract (GWAC), General Services Administration (GSA) Schedule, or other master agreement contract vehicles.

The approximate value of our total consolidated negotiated backlog as of the dates noted is as follows:

	April 30, 2007	January 31, 2007
	(in millions)	
Government segment:		
Funded backlog	$ 4,124	$ 4,065
Negotiated unfunded backlog	9,582	10,214
Total negotiated backlog	$13,706	$ 14,279
Commercial segment:		
Funded backlog	$ 687	$ 723
Negotiated unfunded backlog	162	101
Total negotiated backlog	$ 849	$ 824
Total consolidated:		
Funded backlog	$ 4,811	$ 4,788
Negotiated unfunded backlog	9,744	10,315
Total negotiated backlog	$14,555	$ 15,103

The $.5 billion reduction in total negotiated backlog as of April 30, 2007 compared to January 31, 2007 was primarily due to a backlog reduction of approximately $.3 billion related to work on an existing definite delivery contract vehicle that is now anticipated to be awarded and performed under an existing IDIQ contract vehicle. We do not include future potential task orders under IDIQ contract vehicles in negotiated unfunded backlog.

We expect to recognize a substantial portion of our funded backlog as revenues within the next 12 months. However, the U.S. Government may cancel any contract at any time. In addition, certain contracts in the Commercial segment include provisions that allow the customer to cancel at any time. Most of our contracts have cancellation terms that would permit us to recover all or a portion of our incurred costs and potential fees in such cases.

Contract Types. We generate revenues under several types of contracts. Cost-reimbursement contracts provide for reimbursement of our direct contract costs and allocable indirect costs, plus a fee or profit component. Time-and-materials (T&M) contracts typically provide for the payment of negotiated fixed hourly rates, which include allocable indirect costs and fees for labor hours plus reimbursement of other direct costs. Fixed-price-level-of-effort contracts are substantially similar to T&M contracts except that the deliverable is the

labor hours provided to the customer. Firm-fixed-price (FFP) contracts provide for payments to us of a fixed price for specified products, systems and/or services. If actual costs vary from the FFP planned costs, we generate more or less than the planned amount of profit and may even incur a loss. Target cost and fee with risk sharing contracts provide for reimbursement of costs plus a specified or target fee or profit if our actual costs equal a negotiated target cost. Under these contracts, if our actual costs are less than the target costs, we receive a portion of the cost underrun as additional fee or profit. If our actual costs exceed the target costs, our target fee and cost reimbursement are reduced by a portion of the cost overrun. We do not use target cost and fee with risk sharing contracts in our Government segment.

The following table summarizes revenues by contract type as a percentage of total contract revenues for the periods noted:

	Three Months Ended April 30	
	2007	**2006**
Cost-reimbursement	49%	47%
T&M and fixed-price-level-of-effort	35	35
FFP and target cost and fee with risk sharing	16	18
Total	100%	100%

Revenue Mix. We generate revenues under our contracts from (1) the efforts of our technical staff, which we refer to as labor-related revenues and (2) the materials used on a contract and efforts of our subcontractors, which we refer to as material and subcontractor (M&S) revenues. M&S revenues are generated primarily from large, multi-year systems integration contracts and contracts in our logistics and product support business area, and typically have lower margins than our labor-related revenues. The following table presents changes in labor-related revenues and M&S revenues on an absolute basis and as a percentage of revenues for the periods noted:

	Three Months Ended April 30				
				As a Percentage of Total Consolidated Revenues	
	2007	**Percent Change**	**2006**	**2007**	**2006**
		(dollars in millions)			
Labor-related revenues	$1,347	5%	$1,285	65%	66%
M&S revenues	721	8	669	35	34
Total revenues	$2,068	6	$1,954		

The increase in labor-related revenues for the three months ended April 30, 2007 as compared with the same period in the prior year is primarily due to inflationary increases in labor rates and reimbursable labor costs and an overall increase in the number of billable staff primarily attributable to acquisitions, offset in part by lower direct labor utilization rates, which have been caused by planned internal investment focused on increasing our long-term growth. The increase in M&S revenues during the three months ended April 30, 2007 as compared with the same period in the prior year is primarily due to an increased volume of activity under certain systems integration contracts that have a higher percentage of M&S costs than labor-related costs.

Results of Operations

The following table summarizes our consolidated results of operations for the periods noted:

	Three Months Ended April 30		
	2007	Percent Change	2006
	(dollars in millions)		
Revenues	$2,068	6%	$1,954
Cost of revenues	1,797	7	1,684
Selling, general and administrative expenses	131	2	128
Operating income	140	(1)	142
As a percentage of revenues	6.8%		7.3%
Non-operating income (expense), net	(11)		5
Income from continuing operations before income taxes	129	(12)	147
Provision for income taxes	52	(4)	54
Income from continuing operations	77	(17)	93
Income from discontinued operations, net of tax	3		13
Net income	$ 80	(25)	$ 106

Revenues. Our consolidated revenues increased 6% during the three months ended April 30, 2007 compared to the same period of the prior year due to a combination of growth in revenues from our U.S. Government customers as well as growth through the acquisition of new businesses. Approximately two percentage points of the consolidated growth during the three months ended April 30, 2007 was internal, or non-acquisition, related growth. We calculate internal growth by comparing our current period reported revenue to the prior period revenue adjusted to include the revenue of acquired businesses for the comparable prior period. The acquisition of new businesses accounted for the remaining four percentage points of the consolidated revenue growth for the three months ended April 30, 2007.

The following table summarizes changes in segment revenues on an absolute basis and as a percentage of total consolidated revenues for the periods noted:

	Three Months Ended April 30				
				As a Percentage of Total Consolidated Revenues	
	2007	Percent Change	2006	2007	2006
	(dollars in millions)				
Government revenues	$1,931	7%	$1,812	93%	93%
Commercial revenues	137	(4)	142	7	7
Total revenues	$2,068	6	$1,954		

Government segment revenues grew $119 million, or 7%, for the three months ended April 30, 2007 compared to the same period in the prior year. Approximately three percentage points of this growth for the three months ended April 30, 2007 was internal growth. Internal revenue growth in the Government segment for the three months ended April 30, 2007 was positively impacted by growth in the intelligence business area and homeland security and defense business area, offset, in part, by reductions in our logistics and product support business area due to the completion of work on a prime vendor contract subsequent to April 30, 2006. The acquisitions of new businesses accounted for the remaining four percentage points of Government segment revenue growth for the three months ended April 30, 2007.

Commercial segment revenues declined by $5 million, or 4%, for the three months ended April 30, 2007 compared to the same period in the prior year. This decline is primarily due to the completion of a product support contract at the end of fiscal 2007 in our security products business area, reduced volume in our life sciences business consulting area due to customer budget reductions, and reduced IT outsourcing revenues in our United Kingdom subsidiary offset by growth in consulting work on domestic outsourcing contracts during the three months ended April 30, 2007.

Cost of Revenues. The following table summarizes changes in segment cost of revenues on an absolute basis and as a percentage of related revenues for the periods noted:

	Three Months Ended April 30				
				As a Percentage of Related Revenues	
	2007	Percent Change	2006	2007	2006
	(dollars in millions)				
Government cost of revenues	$1,698	7%	$1,583	87.9%	87.4%
Commercial cost of revenues	104	(1)	105	75.9	73.9
Corporate and Other cost of revenues	(5)		(4)		
Total cost of revenues	$1,797	7	$1,684	86.9	86.2

Total consolidated and Government segment cost of revenues increased as a percentage of total consolidated revenues for the three months ended April 30, 2007 as compared to the same period of the prior year primarily due to lower direct labor utilization rates, which was caused by a planned increase in discretionary overhead investment spending primarily in support of business development activities, and a slightly higher proportion of M&S costs compared to labor-related costs for the period compared to the same period in the prior year. M&S activities typically have lower margins than labor-related activities.

Commercial segment cost of revenues decreased $1 million, or 1%, on an absolute basis but increased as a percentage of revenues for the three months ended April 30, 2007 as compared to the same period of the prior year primarily due to lower direct labor utilization rates and higher priced labor used to support a fixed-price IT outsourcing contract in our U.K. subsidiary caused by a temporary lack of available lower priced resources in our India branch.

Corporate segment cost of revenues for the three months ended April 30, 2007 and 2006 represents the elimination of intersegment rent expense charged to our Government and Commercial segments on company-owned properties.

Selling, General and Administrative Expenses. The following table summarizes consolidated SG&A by type of activity on an absolute basis and as a percentage of consolidated SG&A for the periods noted:

	Three Months Ended April 30				
				As a Percentage of SG&A	
	2007	Percent Change	2006	2007	2006
	(dollars in millions)				
General and administrative	$ 94	(2)%	$ 96	71.8%	75.0%
Bid and proposal	27	—	27	20.6	21.1
Internal research and development	10	100	5	7.6	3.9
Total SG&A expenses	$131	2	$128		

Total consolidated SG&A increased $3 million, or 2%, on an absolute basis for the three months ended April 30, 2007 compared to the same period of the prior year primarily due to a planned increase in internal

research and development (IR&D) expenses offset by a decline in general and administrative expenses. The decline in general and administrative expenses primarily reflects a reduction in legal expenses during the three months ended April 30, 2007 related to reduced litigation activity, including our dispute on the Greek contract, offset by an increase in business development spending. The increase in IR&D expenses during the three months ended April 30, 2007 reflects increased efforts to develop new products and technologies to support our customers. Bid and proposal (B&P) expenses remained unchanged during the three months ended April 30, 2007, reflecting increased B&P activities offset by declines in production costs stemming from government actions to simplify the bidding process and actions taken by us to make our proposal process more efficient, both of which have generally reduced the cost of responding to each B&P opportunity. The level of bid and proposal activities fluctuates from quarter to quarter depending on the timing of bidding opportunities.

The following table summarizes changes in segment SG&A on an absolute basis and as a percentage of related revenues for the periods noted:

	Three Months Ended April 30				
				As a Percentage of Related Revenues	
	2007	Percent Change	2006	2007	2006
		(dollars in millions)			
Government SG&A	$ 97	9%	$ 89	5.0%	4.9%
Commercial SG&A	25	9	23	18.2	16.2
Corporate and Other SG&A	9	(44)	16		
Total SG&A expenses	$131	2	$128	6.3	6.6

Increases in Government and Commercial segment SG&A expenses for the three months ended April 30, 2007 compared to the same period of the prior year are primarily due to increased IR&D and business development spending.

Corporate and Other SG&A expenses decreased $7 million, or 44%, during the three months ended April 30, 2007 compared to the same period of the prior year due primarily to a reduction in legal expenses that were not reimbursable costs under U.S. Government Cost Accounting Standards. Unallowable corporate costs are retained in Corporate and Other SG&A.

Operating Income. The following table summarizes changes in operating income by segment on an absolute basis and as a percentage of related revenues for the periods noted:

	Three Months Ended April 30				
				As a Percentage of Related Revenues	
	2007	Percent Change	2006	2007	2006
		(dollars in millions)			
Government operating income	$136	(3)%	$140	7.0%	7.7%
Commercial operating income	8	(43)	14	5.8	9.9
Corporate and Other operating loss	(4)		(12)		
Total operating income	$140	(1)	$142	6.8	7.3

The decrease in total operating income for the three months ended April 30, 2007 reflects reduced Government and Commercial segment profitability of $10 million offset by reductions in Corporate and Other operating loss of $8 million. The decrease in Government and Commercial segment profitability for the three months ended April 30, 2007 primarily reflects lower direct labor utilization rates caused by a planned increase in discretionary overhead investment spending and increased IR&D expenses in those segments. The decrease in

Commercial segment operating income was also impacted by higher priced labor used to support a fixed-price IT outsourcing contract in our U.K. subsidiary caused by a temporary lack of available lower priced resources in our India branch. The decrease in Corporate and Other operating loss for the three months ended April 30, 2007 primarily reflects lower legal expenses related to reduced litigation activity, including our dispute on the Greek contract.

Other Income Statement Items

Interest Income. Interest income decreased by $15 million, or 52%, for the three months ended April 30, 2007 compared to the same period of the prior year due to a decrease in our interest bearing cash and marketable securities balances during the three months ended January 31, 2007 as compared to the same period in the prior year.

Interest Expense. Interest expense reflects interest on (1) our outstanding debt securities, (2) a building mortgage, (3) deferred compensation arrangements and (4) notes payable. Interest expense remained consistent for the three months ended April 30, 2007 compared to the same period of the prior year, as most of our debt instruments have fixed interest rates and there were no significant changes in the underlying debt balances during those periods.

Provision for Income Taxes. The provision for income taxes as a percentage of income from continuing operations before income taxes was 40% for the three months ended April 30, 2007. This compares with 37% for the three months ended April 30, 2006. The lower effective tax rate for the three months ended April 30, 2006 was primarily due to the reversal of $7 million in accruals for tax contingencies as a result of settlements of federal and state audits for amounts less than the recorded accruals.

Earnings per Share (EPS). Diluted EPS from continuing operations decreased $0.09 per share, or 33%, compared to the same period of the prior year primarily due to a $16 million, or 17%, decrease in income from continuing operations which was primarily due to a decrease in interest income of $15 million, and a 20% increase in the number of diluted weighted average shares outstanding primarily due to the sale of 86 million shares of common stock in connection with our October 2006 initial public offering.

Liquidity and Capital Resources

Our principal sources of liquidity are cash flows from operations and borrowings under our credit facility, and our principal uses of cash are for operating expenses, capital expenditures, working capital requirements, acquisitions, debt service requirements, stock repurchases and the funding of defined benefit pension obligations. We anticipate that our operating cash flows, existing cash, cash equivalents and borrowing capacity under our revolving credit facility are sufficient to meet our anticipated cash requirements for at least the next 12 months.

Cash Flows

The following table summarizes consolidated cash flow information for the periods noted:

	Three Months Ended April 30	
	2007	2006
	(in millions)	
Net cash provided by (used in) operations	$ (134)	$ 79
Net cash provided by (used in) investing activities	(8)	1,637
Net cash used in financing activities	(32)	(37)
Net cash provided by discontinued operations	4	1
Net increase (decrease) in cash and cash equivalents	$ (170)	$ 1,680

Cash Provided by (Used In) Operations. We used cash in support of operations of $134 million for the three months ended April 30, 2007, compared to the generation of $79 million in cash through operations for the three months ended April 30, 2006. This $213 million decrease in cash provided by operations is primarily due to differences in the timing of customer cash receipts and vendor payments ($110 million), a greater portion of fiscal 2007 bonuses and retirement plan contributions paid in cash instead of stock in the three months ended April 30, 2007 ($23 million), a decrease in income from continuing operations ($16 million) and a change in the presentation of cash flows related to tax benefits received on stock option exercises and the vesting of unvested stock and other stock awards ($27 million) as required by SFAS 123(R). Tax benefits realized from the exercise of stock options and the vesting of unvested stock and other stock awards during the three months ended April 30, 2007 are included as a component of cash flows from financing activities.

Cash Provided by (Used in) Investing Activities. We used $8 million of cash in support of investing activities, including $12 million for purchases of property, plant and equipment, during the three months ended April 30, 2007. We generated cash flows from investing activities of $1.64 billion during the three months ended April 30, 2006 primarily due to the liquidation of $1.66 billion of our investments in marketable securities primarily to prepare for the payment of a special dividend of $2.45 billion in connection with our October 2006 initial public offering. We also used $18 million for purchases of property, plant and equipment and $14 million (net of cash acquired of $1 million) to acquire one business in our Government segment during the three months ended April 30, 2006.

Cash Used in Financing Activities. We used $32 million of cash in support of financing activities during the three months ended April 30, 2007, including $94 million used to repurchase shares of preferred and common stock offset by proceeds from the sale of stock, primarily through stock option exercises, of $35 million and tax benefits realized on option exercises and the vesting of unvested stock and other stock awards of $27 million. We used $37 million of cash in support of financing activities during the three months ended April 30, 2006, primarily representing $16 million generated through sales of stock offset by $32 million in repurchases of stock and $20 million used to settle a note payable. Tax benefits realized from the exercise of stock options and the vesting of unvested stock and other stock awards during the three months ended April 30, 2006 are included as a component of cash flows from operations. Repurchases of our shares reduce the amount of retained earnings and additional paid-in capital in the stockholders’ equity section of our consolidated balance sheets.

Stock Repurchase Program

In December 2006, our board of directors authorized a stock repurchase program under which we may repurchase up to 40 million shares of our common stock. Stock repurchases under this program may be made on the open market or in privately negotiated transactions with third parties. Whether repurchases are made and the timing and actual number of shares repurchased depends on a variety of factors including price, corporate and regulatory requirements and other market conditions. Through April 30, 2007, we repurchased 5 million shares of our common stock under this program, which includes 2.5 million shares repurchased during the three months ended April 30, 2007.

Outstanding Indebtedness

Notes payable and long-term debt totaled $1.23 billion at April 30, 2007 and January 31, 2007, with debt maturities between calendar 2008 and 2033. In addition to our long-term debt, we have a credit facility providing for $750 million in unsecured borrowing capacity.

Notes Payable and Long-term Debt. Our outstanding notes payable and long-term debt consisted of the following:

	April 30, 2007	January 31, 2007
	(in millions)	
5.5% notes due 2033	$ 296	$ 296
6.25% notes due 2012	549	549
7.125% notes due 2032	248	248
6.75% notes due 2008	97	96
Other notes payable	41	39
	1,231	1,228
Less current portion	129	29
Total	$ 1,102	$ 1,199

All of the notes described above contain customary restrictive covenants, including, among other things, restrictions on our ability to create liens and enter into sale and leaseback transactions. We were in compliance with such covenants as of April 30, 2007. For additional information on our notes payable and long-term debt, see Note 8 of the notes to consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended January 31, 2007.

Credit Facility. We have a five-year revolving credit facility providing for $750 million in unsecured borrowing capacity at interest rates determined, at our option, based on either LIBOR plus a margin or a defined base rate through fiscal 2012. As of April 30, 2007, $650 million of the revolving credit facility was available, reduced by $100 million of standby letters of credit issued in connection with our contract with the Greek government. The terms of the standby letters of credit require them to remain outstanding until the customer formally accepts the system pursuant to the contract. See also “Commitments and Contingencies—Firm-Fixed-Price Contract with the Greek Government.”

The facility contains various customary restrictive covenants, including financial covenants. As of April 30, 2007, we were in compliance with all covenants under the credit facility.

Off-Balance Sheet Arrangements

We are party to various off-balance sheet arrangements including various guarantees, indemnifications and lease obligations. We have outstanding performance guarantees and cross-indemnity agreements in conjunction with our joint venture investments. See Notes 15 and 19 of the notes to consolidated financial statements and “Item 7. Management Discussion and Analysis of Financial Condition and Results of Operations—Commitments and Contingencies” in our Annual Report on Form 10-K for the fiscal year ended January 31, 2007 for detailed information about our lease commitments and off-balance sheet arrangements.

Commitments and Contingencies

Telkom South Africa

Our former subsidiary, Telcordia, instituted arbitration proceedings before the International Chamber of Commerce (ICC), against Telkom South Africa in March 2001 as a result of a contract dispute. Telcordia seeks to recover damages for breach of contract, plus interest at a rate of 15.5%. Telkom South Africa counterclaimed, seeking substantial damages from Telcordia, including repayment of approximately $97 million previously paid to Telcordia under the contract and the excess costs of procuring a replacement system, estimated by Telkom

South Africa to be $234 million. On September 27, 2002, Telcordia prevailed in the initial phase of the arbitration. The arbitrator found that Telkom South Africa repudiated the contract and dismissed Telkom South Africa's counterclaims against Telcordia. The damages to be recovered by Telcordia will be determined in a second phase of the arbitration.

Although Telkom South Africa challenged the arbitrator's partial award in Telcordia's favor in the South African court system, the arbitrator's decision was upheld.

The second phase of the arbitration to determine the damages to be recovered by Telcordia has now commenced. Telcordia submitted its statement of claim and related document production on March 30, 2007, which seeks damages in excess of $200 million plus interest and legal fees and costs. The arbitration hearing to establish Telcordia's damages is scheduled to commence in September 2007. At a May 2007 preliminary hearing with the arbitrator, Telkom South Africa agreed to pay $7 million of uncontested damages and such payment was recently received by Telcordia. The arbitrator also scheduled preliminary hearings in June and July 2007 to address certain issues in advance of the September 2007 damages hearing. Pursuant to the definitive stock purchase agreement for the sale of Telcordia, we are entitled to receive all of the proceeds, net of the tax liability incurred by Telcordia, from any judgment or settlement with Telkom South Africa.

Due to the complex nature of the legal and factual issues involved in the dispute and the uncertainty of litigation in general, the damages that Telcordia will ultimately be awarded in the second phase of arbitration, and therefore the amounts we will be entitled to receive, net of applicable taxes, are not presently determinable. We do not have any assets or liabilities recorded related to this contract and the related legal proceedings as of April 30, 2007 and January 31, 2007.

Firm-Fixed-Price Contract with the Greek Government

Original Contract. In May 2003, we entered into a euro-denominated firm-fixed-price contract (the Greek contract) with the Hellenic Republic of Greece (the Customer) to provide a C4I (Command, Control, Communications, Coordination and Integration) System (the System), to support the 2004 Athens Summer Olympic Games (the Olympics), and to serve as the security system for the Customer's public order departments following completion of the Olympics. The System is comprised of 29 subsystems, organized into three major functional areas: the Command Decision Support System (CDSS), the Communication and Information System and the Command Center Systems. Under the Greek contract, the System was to be completed, tested, and accepted by September 1, 2004, at a price of approximately $199 million. The Greek contract also requires us to provide five years of System support and maintenance for approximately $13 million and ten years of TETRA radio network services for approximately $109 million. The Greek contract contains an unpriced option for an additional five years of TETRA network services.

The Customer took delivery of the System in fiscal year 2004 for use and operation during the Olympics, and continues to use significant portions of the System today. In November 2004, we delivered a revised version of the CDSS portion of the System to the Customer. Beginning in December 2004 and continuing through April 2005, the Customer performed subsystems acceptance testing on each of the subsystems comprising the System based on test procedures that had not been mutually agreed upon by the parties. The Customer identified numerous omissions and deviations in its test reports. We believe that certain of these omissions and deviations were valid, while others were not.

Modification of Contract. On March 29, 2007, we and the Customer executed a modification to the Greek contract which establishes specific requirements, contract terms, and a payment schedule under which the various subsystems can be completed and provides for, among other things, the following:

- acceptance of 20 specific subsystems of the 29 subsystems comprising the System within 70 days of the execution of the modification
- payment of $34 million within 30 days of our submitting an invoice for certain work already performed on both the system development portion and service portion of the contract
- credit for past warranty, maintenance and TETRA services
- a revised test and acceptance process for the remaining subsystems being re-delivered during 2008
- provision of subsystem maintenance for a period of up to 5 years following subsystem acceptance

Until the acceptance of 20 of the 29 subsystems actually occurs, final determination of the appropriate price adjustments for omissions and deviations relating to those subsystems cannot be made; however, the modification limits the price reduction to a maximum of $11 million.

The Customer did not make the $34 million aggregate payment within 30 days of us submitting an invoice as required by the modified contract. On May 21, 2007, we delivered a letter advising the Customer that only $5 million of the $34 million had been paid and that the Customer was in material breach of the modified contract. In the letter, we provided the Customer with a courtesy 15-day period in which to cure such breach. The letter advised the Customer that we were entitled to pursue all legal remedies available under the contract and applicable law, including the suspension of work. Following issuance of the letter, the Customer paid an additional $22 million, leaving $7 million of the $34 million unpaid. In addition, the modification required the Customer to accept 20 specific subsystems of the 29 subsystems comprising the System within 70 days from the execution of the modification. We received Qualitative and Quantitative Receipt Protocols (QQRP), the document the Customer would use to evidence acceptance of a subsystem, relating to nine subsystems. The QQRPs relating to eight subsystems provided for the acceptance of the subsystems. The QQRP for Subsystem 20 – Tetra Hardware purported to reject the subsystem. We view this rejection as an additional breach of the modified contract and challenged this rejection with the Customer. The Customer has submitted the issue to an appeals committee.

Financial Status and Contingencies of the Greek Contract. We have recorded $123 million of losses under the Greek contract as of April 30, 2007. No profits or losses were recorded in the three months ended April 30, 2007 and 2006.

The Greek contract modification resulted in significant changes to the terms and conditions and the deliverables under the Greek contract and clarifies the parties’ responsibilities. If we complete the work and receive the payments as required under the modified Greek contract, we may reverse a portion of the losses previously recognized. However, based on the complex nature of this contractual situation and the difficulties encountered to date, significant uncertainties exist and it is difficult to reliably estimate the ultimate outcome. Accordingly, we have not adjusted and will not adjust the losses on this contract until such time that we can more precisely estimate the ultimate outcome of the modified contract. Also, as a result of the significant uncertainties that remain on this contract that give rise to inherent hazards associated with estimating the final outcome, we will utilize the completed-contract method of accounting for the system development portion of this contract and therefore recognize no additional revenue on the development portion of this contract until it is completed.

We have $16 million of accounts receivable relating to Value Added Taxes (VAT) that we have paid and believe are entitled to recover either as a refund from the taxing authorities or as a payment under the Greek contract upon final billing. The Greek contract requires the Customer to pay amounts owed for VAT for the System delivered. Failure by the Customer to pay these amounts could result in an additional obligation payable by us to the Greek taxing authorities and could increase our total losses on the Greek contract.

In accordance with the terms of the Greek contract, we are required to maintain certain payment, performance and offset bonds in favor of the Customer. These bonding requirements have been met through the issuance of standby letters of credit. Based on the modified Greek contract, the Customer does not currently have the right to call any of the offset bonds ($56 million) and is required to reduce the payment and performance letters of credit (currently $206 million) by at least $123 million, which represents the final value of the 20 subsystems to be accepted within 70 days after March 29, 2007. If the standby letters of credit are called based on a future failure to fulfill our obligations under the Greek contract, we may have the right to call some or all of the $110 million of bonds provided by our subcontractors in connection with their work under the Greek contract.

If we and our subcontractors are unable to perform the modified Greek contract, damages or claims by the Customer or subcontractors may be successfully asserted against us, our bonds may be called, and the Customer may be able to recover additional contract costs required to fulfill our obligations. This could have a material adverse affect on our consolidated financial position, results of operations and cash flows.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The preparation of these financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting periods. Management evaluates these estimates and assumptions on an on-going basis. Our estimates and assumptions have been prepared on the basis of the most current reasonably available information. The results of these estimates form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates under different assumptions and conditions.

We have several critical accounting policies, which were described in our Annual Report on Form 10-K for the fiscal year ended January 31, 2007, that are both important to the portrayal of our financial condition and results of operations and require management’s most difficult, subjective and complex judgments. Typically, the circumstances that make these judgments complex and difficult have to do with making estimates about the effect of matters that are inherently uncertain. There were no significant changes to the critical accounting policies during the three months ended April 30, 2007.

Effects of Inflation

Our cost-reimbursement type contracts are generally completed within one year. As a result, we have generally been able to anticipate increases in costs when pricing our contracts. Bids for longer-term FFP and T&M contracts typically include sufficient provisions for labor and other cost escalations to cover cost increases over the period of performance. Consequently, revenues and costs have generally both increased commensurate with the general economy. As a result, net income as a percentage of total consolidated revenues has not been significantly impacted by inflation.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

During the three months ended April 30, 2007, there were no material changes in our market risk exposure. For a discussion of our market risk associated with foreign currency risk and interest rate risk as of January 31, 2007, see “Quantitative and Qualitative Disclosures about Market Risk” in Part II, Item 7A, of our Annual Report on Form 10-K for the year ended January 31, 2007.

Item 4. Controls and Procedures.

(a) *Evaluation of disclosure controls and procedures.* Our management, with the participation of our principal executive officer (our Chairman and Chief Executive Officer) and principal financial officer (our Executive Vice President and Chief Financial Officer), has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Securities Exchange Act of 1934, as amended (Exchange Act)) as of the end of the quarterly period covered by this report, and our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities Exchange Commission. These disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and our principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

(b) *Changes in internal control over financial reporting.* There have been no changes in our internal control over financial reporting that occurred in the quarterly period covered by this report that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

SAIC, INC.

PART II

OTHER INFORMATION

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

(c) Purchases of Equity Securities by the Company

In December 2006, our board of directors authorized a stock repurchase program under which we may repurchase up to 40 million shares of our common stock as part of our overall strategy for capital allocation. Stock repurchases under this program may be made on the open market or in privately negotiated transactions with third parties. Whether repurchases are made and the timing and actual number of shares repurchased will depend on a variety of factors including price, corporate and regulatory requirements and other market conditions.

The following table presents repurchases of our stock during the quarter ended April 30, 2007:

Period	(a) Total Number of Shares (or Units) Purchased (1) (2)	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
February 1, 2007—February 28, 2007	2,964,953	$ 18.41	684,500	36,915,650
March 1, 2007—March 31, 2007	4,097,502	17.87	982,700	35,932,950
April 1, 2007—April 30, 2007	1,729,457	17.83	877,300	35,055,650
Total	8,791,912	18.04	2,544,500	

(1) Includes shares purchased as follows:

	February	March	April
Under publicly announced plans or programs	684,500	982,700	877,300
Upon surrender by stockholders of previously owned shares in payment of the exercise price of non-qualified stock options	1,353,867	2,499,426	846,411
In privately negotiated transactions	926,586	615,376	5,746
Total	2,964,953	4,097,502	1,729,457

(2) Does not include newly issued shares acquired by the Company in connection with employee exercise of non-qualified stock options to satisfy employees' statutory tax withholding obligations related to the options.

Item 6. Exhibits.

10.1 Form of Indemnification Agreement

31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32.1 Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

32.2 Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SAIC, INC.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SAIC, Inc.

Date: June 6, 2007

/s/ MARK W. SOPP

Mark W. Sopp
Executive Vice President and Chief Financial Officer and as a duly authorized officer

Exhibit 10.1

INDEMNIFICATION AGREEMENT

This Agreement is made as of _______________, 2007, between SAIC, Inc., a Delaware corporation (the "Company"), and «Name» (the "Indemnitee").

RECITALS

A. The Company and Indemnitee recognize that highly competent persons have become more reluctant to serve publicly-held corporations as directors or in other capacities unless they are provided with adequate protection through insurance and/or adequate indemnification against inordinate risks of claims and actions against them arising out of their service to, and activities on behalf of, those corporations.

B. In recognition of (1) Indemnitee's need for substantial protection against personal liability in order to enhance Indemnitee's continued and effective service to the Company and (2) Indemnitee's reliance on the provisions of the Company's Restated Certificate of Incorporation ("Certificate of Incorporation") requiring indemnification of the Indemnitee to the fullest extent permitted by law, and in part to provide Indemnitee with specific contractual assurance that the protection promised by the Certificate of Incorporation will be available to Indemnitee (regardless of, among other things, any amendment to or revocation of the Certificate of Incorporation, any change in the composition of the Company's Board of Directors or an acquisition transaction relating to the Company), the Company wishes to provide in this Agreement for the indemnification of, and the advancing of expenses to, Indemnitee to the fullest extent permitted by law and as set forth in this Agreement.

C. The Certificate of Incorporation and the General Corporation Law of the State of Delaware ("DGCL") expressly provide that the indemnification provisions set forth therein are not exclusive and contemplate that contracts may be entered into between the Company and members of the Board of Directors, officers and other persons with respect to indemnification.

D. It is reasonable, prudent and necessary for the Company to obligate itself contractually to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified.

E. This Agreement is a supplement to, and in furtherance of, the Certificate of Incorporation and any resolutions adopted pursuant thereto and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

AGREEMENT

In consideration of the premises and of Indemnitee's agreeing to serve or continuing to serve the Company directly or, at its request, with another enterprise, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Basic Indemnification Agreement.

(a) General Indemnity and Exceptions.

(1) **Indemnity.** In the event Indemnitee was, is or becomes a party to or witness or other participant in, or is threatened to be made a party to or witness or other participant in, a Claim (as defined in Section 9(b)) by reason of (or arising in part out of) an Indemnifiable Event (as defined in Section 9(d)), the Company shall indemnify Indemnitee to the fullest extent permitted by law, against: (i) any and all Expenses (as defined in Section 9(c)), judgments, fines, penalties and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection therewith) of such Claim actually and reasonably incurred by or on behalf of Indemnitee in connection with such Claim; and (ii) any federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement. Such indemnification shall be made as soon as practicable but in any event no later than 30 days after written demand is presented to the Company.

(2) **Indemnity Exceptions Prior to Change in Control.** Notwithstanding anything in this Agreement to the contrary, prior to a Change in Control (as defined in Section 9(a)) and except as set forth in Sections 1(b), 3 and 7, Indemnitee shall not be entitled to indemnification pursuant to this Agreement in connection with any Claim: (i) initiated by Indemnitee against the Company or any director or officer of the Company, unless the Company has joined in or consented to the initiation of such Claim; (ii) made on account of Indemnitee's conduct which constitutes a breach of Indemnitee's duty of loyalty to the Company or its stockholders or is an act or omission not in good faith or involves intentional misconduct or a knowing violation of the law; or (iii) arising from the purchase and sale by Indemnitee of securities in violation of Section 16(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

(b) Reviewing Party Determination of Indemnification. The indemnification obligations of the Company under Section 1(a) shall not be applicable if the Reviewing Party (as defined in Section 9(f)) has determined (in a written opinion, in any case in which the special independent counsel referred to in Section 2 is involved) that Indemnitee would not be permitted to be indemnified under applicable law; provided, however, that if Indemnitee has commenced legal proceedings in the Court of Chancery of the State of Delaware (the "Delaware Court") to secure a determination that Indemnitee should be indemnified under applicable law, any determination made by the Reviewing Party that Indemnitee would not be permitted to be indemnified under applicable law shall not be binding until a final judicial determination is made with respect thereto (as to which all rights of appeal therefrom have been exhausted or lapsed). If there has not been a Change in Control, the Reviewing Party shall be selected by the Board of Directors, and if there has been such a Change in Control, the Reviewing Party shall be the special independent counsel referred to in Section 2. If there has been no determination by the Reviewing Party or if the Reviewing Party determines that Indemnitee substantively would not be permitted to be indemnified in whole or in part under applicable law, Indemnitee shall have the right to commence litigation in the Delaware Court seeking an initial determination by the court or challenging any such determination by the Reviewing Party or any aspect thereof and the Company hereby consents to service of process and to appear in any such proceeding. Any determination by

the Reviewing Party otherwise shall be conclusive and binding on the Company and Indemnitee. The Company shall indemnify Indemnitee for Expenses incurred by Indemnitee in connection with the successful establishment or enforcement, in whole or in part, by Indemnitee of Indemnitee's right to indemnification or advances.

(c) Advancement of Expenses. If requested by Indemnitee in writing, the Company shall advance (within ten business days of such written request) any and all Expenses to Indemnitee (an "Expense Advance"). The obligation of the Company to make an Expense Advance shall be subject to the condition that the Company receives an undertaking that, if, when and to the extent that the Reviewing Party determines that Indemnitee would not be permitted to be so indemnified under applicable law, the Company shall be entitled to be reimbursed by Indemnitee (who hereby agrees to reimburse the Company) for all such amounts theretofore paid; provided, however, that if Indemnitee has commenced legal proceedings in Delaware Court as provided in Section 1(b), then Indemnitee shall not be required to reimburse the Company for any Expense Advance until a final judicial determination is made with respect thereto (as to which all rights of appeal therefrom have been exhausted or lapsed). Indemnitee's obligation to reimburse the Company for Expense Advances shall be unsecured and no interest shall be charged thereon.

2. Special Independent Counsel after Certain Changes in Control.

(a) Role of Special Counsel. If there is a Change in Control of the Company (other than a Change in Control approved by two-thirds or more of the Company's Board of Directors who were directors immediately prior to such Change in Control), then with respect to all matters thereafter arising concerning the rights of Indemnitee to indemnity payments and Expense Advances under this Agreement or any other agreement, the Certificate of Incorporation or the Company's Bylaws (the "Bylaws") now or hereafter in effect relating to Claims for Indemnifiable Events, the Company shall seek legal advice only from special independent counsel selected by Indemnitee and approved by the Company (which approval shall not be unreasonably withheld or delayed) and who has not otherwise performed services for the Company within the last five years or for Indemnitee. Such special independent counsel, among other things, shall, within 90 days of its retention, render its written opinion to the Company and Indemnitee as to whether and to what extent Indemnitee would be permitted to be indemnified under applicable law.

(b) Selection of Special Counsel. In the event that Indemnitee and the Company are unable to agree on the selection of the special independent counsel, such special independent counsel shall be selected by lot from among at least five law firms with (i) offices in the State of Delaware having more than fifty attorneys, (ii) a rating of "av" or better in the then current Martindale Hubbell Law Directory and (iii) attorneys specializing in corporate law. Such selection shall be made in the presence of Indemnitee (and his or her legal counsel or either of them, as Indemnitee may elect).

(c) Payment for Special Counsel. The Company agrees to pay the reasonable fees of the special independent counsel referred to above and to fully indemnify such counsel against any and all expenses (including attorneys' fees), claims, liabilities, and damages arising out of or relating to this Agreement or to its engagement pursuant hereto.

3. Indemnification for Enforcement Expenses. The Company shall indemnify Indemnitee against any and all expenses (including attorneys' fees) and, if requested by Indemnitee in writing, shall (within ten business days of such written request) advance such expenses to Indemnitee, which are incurred by Indemnitee in connection with any Claim asserted or action brought by Indemnitee for (a) indemnification or advance payment of Expenses by the Company under this Agreement or any other agreement, Certificate of Incorporation or the Bylaws now or hereafter in effect relating to Claims for Indemnifiable Events and/or (b) recovery under any directors' and officers' liability insurance policies maintained by the Company, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advance expense payment or insurance recovery, as the case may be. The Indemnitee shall qualify for advances solely upon the execution and delivery to the Company of an undertaking providing that the Indemnitee undertakes to repay the advance to the extent that it is ultimately determined that the Indemnitee is not entitled to be indemnified by the Company.

4. Partial Indemnity. If, under any provisions of this Agreement, Indemnitee is entitled to indemnification by the Company of some, but not all, of the Expenses, judgments, fines, penalties and amounts paid in settlement of a Claim, the Company shall indemnify Indemnitee for the portion thereof to which Indemnitee is entitled. Moreover, notwithstanding any other provision of this Agreement, to the extent that Indemnitee has been successful on the merits or otherwise in defense of any or all Claims relating in whole or in part to an Indemnifiable Event or in defense of any issue or matter therein, including dismissal without prejudice, Indemnitee shall be indemnified against all Expenses incurred in connection therewith. In connection with any determination by the Reviewing Party or otherwise as to whether Indemnitee is entitled to be indemnified hereunder, the burden of proof shall be on the Company to establish that Indemnitee is not so entitled.

5. No Presumption. For purposes of this Agreement, the termination of any action, suit or proceeding by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere, or its equivalent, shall not create a presumption that Indemnitee did not meet any particular standard of conduct or have any particular belief.

6. Indemnification Procedures.

(a) Notification of Claim. Within 30 days after receipt by Indemnitee of notice of the commencement of a Claim which may involve an Indemnifiable Event, Indemnitee will, if a claim in respect thereof is to be made against the Company under this Agreement, submit to the Company a written notice identifying the Claim, but the omission so to notify the Company will not relieve it from any liability which it may have to Indemnitee under this Agreement unless the Company is materially prejudiced by such lack of notice.

(b) Defense of Claim.

(1) With respect to any such Claim as to which Indemnitee notifies the Company of the commencement thereof: (i) the Company will be entitled to participate therein at its own expense; and (ii) except as otherwise provided below, to the extent that it may wish, the Company (jointly with any other indemnifying party similarly notified) will be entitled to assume the defense thereof, with counsel selected by the Board of Directors and reasonably satisfactory to Indemnitee.

(2) After notice from the Company to Indemnitee of its election to assume the defense of a Claim, the Company will not be liable to Indemnitee under this Agreement for any legal or other expenses subsequently incurred by Indemnitee in connection with the defense thereof, other than reasonable costs of investigation or as otherwise provided below.

(3) Indemnitee shall have the right to employ its own counsel in such action, suit or proceeding, but the fees and expenses of such counsel incurred after notice from the Company of its assumption of the defense thereof shall be at the expense of Indemnitee unless (i) the employment of counsel by Indemnitee has been authorized by the Company, (ii) Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and the Indemnitee in the conduct of the defense of such action, or (iii) the Company shall not in fact have employed counsel to assume the defense of such action, in each of which cases, the fees and expenses of counsel shall be at the expense of the Company. The Company shall not be entitled to assume the defense of any claim brought by or on behalf of the Company or as to which Indemnitee shall have made the conclusion provided for in clause (ii) above.

(c) Consent to Settlement. With respect to any such Claim as to which Indemnitee notifies the Company of the commencement thereof, the Company shall not be liable to indemnify Indemnitee under this Agreement for any amounts paid in settlement of any action or claim effected without its written consent. The Company shall not settle any action or claim in any manner which would impose any penalty or limitation on Indemnitee without Indemnitee's written consent. Neither the Company nor Indemnitee will unreasonably withhold or delay their consent to any proposed settlement.

7. Non-exclusivity. The rights of Indemnitee under this Agreement shall be in addition to any other rights Indemnitee may have under the Certificate of Incorporation, the Bylaws, the DGCL, any agreement, a vote of the stockholders, a resolution of directors or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee acting on behalf of the Company and at the request of the Company prior to such amendment, alteration or repeal. To the extent that a change in the DGCL (whether by statute or judicial decision), the Certificate of Incorporation or the Bylaws permits greater indemnification than would be afforded currently under the Certificate of Incorporation, the Bylaws and this Agreement, it is the intent of the parties that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy in this Agreement is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and

remedy under this Agreement or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy under this Agreement shall not prevent the concurrent assertion or employment of any other right or remedy.

8. Liability Insurance.

(a) Policy; Notice. To the extent the Company maintains an insurance policy or policies providing directors' and officers' liability insurance, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any Company director or officer. If, at the time the Company receives notice from any source of a Claim as to which Indemnitee is a party or a participant (as a witness or otherwise), the Company has directors' and officers' liability insurance in effect, the Company shall give prompt notice of such Claim to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all reasonably necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such Claim in accordance with the terms of such policies.

(b) Potential Change in Control. In the event of a Potential Change in Control (as defined in Section 9(e)), the Company shall maintain in force any and all insurance policies then maintained by the Company providing directors' and officers' liability insurance, in respect of Indemnitee, for a period of at least two years after the end of current policy period then in effect. In satisfying this obligation, the Company shall not be obligated to pay premiums in excess of 200% of the annualized premium for each such policy based on the premium in effect on the date of the Potential Change in Control, and in the event coverage cannot be obtained for such amount, the Company shall cause to be obtained as much insurance as can be obtained for an amount equal to 200% of the annualized premium on terms not less favorable than those in effect on the date of the Potential Change in Control in terms of coverage and amounts. The Company shall indemnify Indemnitee for Expenses incurred by Indemnitee in connection with any successful action brought by Indemnitee for recovery under any insurance policy referred to in this Section 8(b) and shall advance to Indemnitee the Expenses of such action in the manner provided in Section 3 above. Notwithstanding the foregoing, the Company shall have no obligation under this Section 8(b) in the event that (i) the Potential Change in Control results in a Change in Control and (ii) the acquiring company, surviving corporation or other resulting entity is required to provide directors' and officers' liability insurance, in respect of Indemnitee, and for at least the period provided in this Section 8(b) on terms and in amounts that are at least equal to or more favorable than those in effect on the date of the Potential Change in Control.

9. Certain Definitions.

(a) A ***"Change in Control"*** of the Company means, and shall be deemed to have occurred upon, any of the following events:

(1) The acquisition by any person (as defined in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof including a group as defined in Section 13(d) thereof) of beneficial ownership (as defined in Rule 13d-3 of the General Rules and Regulations under the Exchange Act) of twenty-five percent (25%) or more of the outstanding Voting Securities; provided,

however, that the following acquisitions shall not constitute a Change in Control for purposes of this subparagraph (1): (i) any acquisition directly from the Company; (ii) any acquisition by the Company or any of its subsidiaries; (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its subsidiaries; or (iv) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subparagraph (3) below; or

(2) Individuals who, as of June 8, 2007, constitute the Board of Directors of the Company (the "Incumbent Board") cease for any reason to constitute at least a majority of the Company's Board of Directors; provided, however, that any individual who becomes a director of the Company subsequent to June 8, 2007 and whose election, or whose nomination for election by the Company's stockholders, to the Board of Directors was either (i) approved by a vote of at least a majority of the directors then comprising the Incumbent Board or (ii) recommended by a nominating committee comprised entirely of directors who are then Incumbent Board members shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act), other actual or threatened solicitation of proxies or consents or an actual or threatened tender offer; or

(3) Consummation of a reorganization, merger, or consolidation or sale or other disposition of all or substantially all of the assets of the Company (a "Business Combination"), in each case unless following such Business Combination, (i) all or substantially all of the persons who were the beneficial owners, respectively, of the outstanding shares and outstanding Voting Securities immediately prior to such Business Combination own, directly or indirectly, more than fifty percent (50%) of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the Company, as the case may be, of the entity resulting from the Business Combination (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the outstanding Voting Securities (provided, however, that for purposes of this clause (i) any shares of common stock or voting securities of such resulting entity received by such beneficial owners in such Business Combination other than as the result of such beneficial owners' ownership of outstanding shares or outstanding Voting Securities immediately prior to such Business Combination shall not be considered to be owned by such beneficial owners for the purposes of calculating their percentage of ownership of the outstanding common stock and voting power of the resulting entity); (ii) no person (excluding any entity resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such entity resulting from the Business Combination) beneficially owns, directly or indirectly, twenty-five percent (25%) or more of the combined voting power of the then outstanding voting securities of such entity resulting from the Business Combination unless such person owned twenty-five percent (25%) or more of the outstanding shares or outstanding Voting Securities immediately prior to the Business Combination; and (iii) at least a majority of the members of the Board of Directors of the entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or the action of the Board of Directors, providing for such Business Combination; or

(4) Approval by the Company's stockholders of a complete liquidation or dissolution of the Company.

For purposes of clause (3) above, any person who acquires outstanding voting securities of the entity resulting from the Business Combination by virtue of ownership, prior to such Business Combination, of outstanding Voting Securities of both the Company and the entity or entities with which the Company is combined shall be treated as two persons after the Business Combination, who shall be treated as owning outstanding voting securities of the entity resulting from the Business Combination by virtue of ownership, prior to such Business Combination of, respectively, outstanding Voting Securities of the Company, and of the entity or entities with which the Company is combined.

(b) A ***"Claim"*** is any threatened, pending or completed action, suit, proceeding or alternative dispute resolution mechanism, or any inquiry, hearing or investigation, whether conducted by the Company or any other party, and whether civil, criminal, administrative, investigative or other.

(c) "Expenses" include attorneys' fees and all other costs, fees, expenses and obligations of any nature whatsoever paid or incurred in connection with investigating, defending, being a witness in, participating in (including appeal), or preparing to defend, any Claim relating to any Indemnifiable Event.

(d) An ***"Indemnifiable Event"*** is any event or occurrence (whether before or after the date hereof) related to the fact that Indemnitee is or was a director, officer, employee, consultant, agent or fiduciary of or to the Company, or any subsidiary of the Company, or is or was serving at the request of the Company as a director, officer, employee, trustee, agent or fiduciary of another corporation, partnership, joint venture, employee benefit plan, trust or other enterprise, or by reason of anything done or not done by Indemnitee in any such capacity.

(e) A ***"Potential Change in Control"*** shall be deemed to have occurred if (i) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control; (ii) any person (including the Company) publicly announces an intention to take actions which, if consummated, would constitute a Change in Control; (iii) any person, other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company, who is or becomes the beneficial owner, directly or indirectly, of securities of the Company representing 9.5% or more of the combined voting power of the Company's then outstanding Voting Securities, increases such person's beneficial ownership of such securities by five percentage points or more over the initial percentage of such Voting Securities held by such person; or (iv) the Board of Directors of the Company adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control has occurred.

(f) A **“*Reviewing Party*”** is (i) the Company’s Board of Directors (provided that a majority of directors are not parties to the particular Claim for which Indemnitee is seeking indemnification) or (ii) any other person or body appointed by the Company’s Board of Directors, who is not a party to the particular Claim for which Indemnitee is seeking indemnification, or (iii) if there has been a Change in Control, the special independent counsel referred to in Section 2.

(g) **“*Voting Securities*”** means any securities of the Company which vote generally in the election of directors.

10. Amendments, Termination and Waiver. No supplement, modification, amendment or termination of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

11. Contribution. If the indemnification provided in Sections 1 and 3 is unavailable, then, in respect of any Claim in which the Company is jointly liable with Indemnitee (or would be if joined in the Claim), the Company shall contribute to the amount of Expenses, judgments, fines, penalties and amounts paid in settlement as appropriate to reflect: (a) the relative benefits received by the Company, on the one hand, and Indemnitee, on the other hand, from the transaction from which the Claim arose, and (b) the relative fault of the Company, on the one hand, and of Indemnitee, on the other, in connection with the events which resulted in such Expenses, judgments, fines, penalties and amounts paid in settlement, as well as any other relevant equitable considerations. The relative fault of the Company, on the one hand, and of Indemnitee, on the other, shall be determined by reference to, among other things, the parties’ relative intent, knowledge, access to information and opportunity to correct or prevent the circumstances resulting in such Expenses and liabilities. The Company agrees that it would not be just and equitable if contribution pursuant to this Section 11 were determined by pro rata allocation or any other method of allocation which does not take account of the equitable considerations described in this Section 11.

12. Subrogation. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

13. No Duplication of Payments. The Company shall not be liable under this Agreement to make any payment in connection with any Claim made against Indemnitee to the extent Indemnitee has otherwise actually received payment (under an insurance policy, the Certificate of Incorporation or otherwise) of the amounts otherwise idemnifiable hereunder.

14. Binding Effect. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of the Company), spouse, heirs, and personal and legal representatives. This

Agreement shall continue in effect regardless of whether Indemnitee continues to serve as a director or officer (or in one of the capacities enumerated in Section 9(d) hereof) of the Company or of any other enterprise at the Board of Director's request.

15. Severability. The provisions of this Agreement shall be severable in the event that any of the provisions hereof (including any provision within a single section, paragraph or sentence) are held by a court of competent jurisdiction to be invalid, void or otherwise unenforceable, and the remaining provisions shall remain enforceable to the fullest extent permitted by law.

16. Applicable Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. The Company and Indemnitee hereby irrevocably and unconditionally:

(a) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Delaware Court and not in any other state or federal court in the United States of America or any court in any other country;

(b) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement;

(c) appoint, irrevocably, to the extent such party is not a resident of the State of Delaware, the Company's agent for service of process as its agent in the State of Delaware for acceptance of legal process in connection with any such action or proceeding against such party with the same legal force and validity as if served upon such party personally within the State of Delaware;

(d) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court; and

(e) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

17. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

IN WITNESS WHEREOF, the parties have entered into this Indemnification Agreement effective as of the date first written above.

SAIC, INC.

By: ____________________
Name: ____________________
Title: ____________________

____
«Name»

SAIC, INC.

Exhibit 31.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Kenneth C. Dahlberg, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ending April 30, 2007 of SAIC, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 6, 2007

/s/ KENNETH C. DAHLBERG

Kenneth C. Dahlberg
Chief Executive Officer

SAIC, INC.

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Mark W. Sopp, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ending April 30, 2007 of SAIC, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: June 6, 2007

/s/ MARK W. SOPP

Mark W. Sopp
Chief Financial Officer

SAIC, INC.

Exhibit 32.1

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of SAIC, Inc. (the Company) on Form 10-Q for the period ending April 30, 2007 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Kenneth C. Dahlberg, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 6, 2007

/s/ KENNETH C. DAHLBERG

Kenneth C. Dahlberg
Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of SAIC, Inc. (the Company) on Form 10-Q for the period ending April 30, 2007 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Mark W. Sopp, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 6, 2007

/s/ MARK W. SOPP

Mark W. Sopp
Chief Financial Officer