

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

**Form 10-K**

(Mark One)

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

For the fiscal year ended January 31, 2006

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: 333-128021

**SAIC, Inc.**

(Exact name of Registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**20-3562868**  
(I.R.S. Employer  
Identification No.)

**10260 Campus Point Drive, San Diego, California**  
(Address of Registrant's principal executive offices)

**92121**  
(Zip Code)

**Registrant's telephone number, including area code:**  
**(858) 826-6000**

**Securities registered pursuant to Section 12(b) of the Act:**  
**None**

**Securities registered pursuant to Section 12(g) of the Act:**  
**None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes  No

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  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of July 31, 2005, the aggregate value of the voting stock held by non-affiliates of Registrant was \$0.00.

As of April 21, 2006, there were 10,000 shares of Registrant's common stock, \$0.0001 par value, issued and outstanding.

**THE REGISTRANT MEETS THE CONDITIONS SET FORTH IN GENERAL INSTRUCTION I(1)(a) AND (b) OF FORM 10-K AND IS THEREFORE FILING THIS FORM WITH THE REDUCED DISCLOSURE FORMAT.**

## PART I

### **Item 1. Business.**

We were incorporated and capitalized in August 2005 as a wholly-owned subsidiary of Science Applications International Corporation (SAIC). Subject to the approval of the stockholders of SAIC, we intend to complete a merger pursuant to which SAIC Merger Sub, Inc., our wholly-owned subsidiary, will merge with and into SAIC, and all of the outstanding common stock of SAIC will be exchanged for our class A preferred stock. Immediately following the completion of this proposed merger reorganization, we intend to complete an initial public offering of our common stock.

We have no employees or assets other than \$1,000 in cash received in connection with our initial capitalization and have conducted no business operations during the period from our formation through January 31, 2006. Since our formation, we have not conducted any activities other than those incident to our formation, the preparation of the merger agreement and related proxy statement/prospectus and the filing of registration statements in connection with our proposed merger reorganization and initial public offering.

### **Item 1A. Risk Factors.**

Not applicable. Since our formation, we have not conducted any activities other than those incident to our formation, the preparation of the merger agreement and related proxy statement/prospectus and the filing of registration statements in connection with our proposed merger reorganization and initial public offering.

### **Item 1B. Unresolved Staff Comments.**

Not applicable.

### **Item 2. Properties.**

Not applicable.

### **Item 3. Legal Proceedings.**

Not applicable.

### **Item 4. Submission of Matters to a Vote of Security Holders.**

Omitted pursuant to General Instruction I(2)(c) to Form 10-K.

## PART II

### **Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.**

No established public trading market exists for our common stock. We are currently a wholly-owned subsidiary of SAIC, which is the sole holder of all of our issued and outstanding common stock. We have not paid or declared any dividends on our common stock.

On August 18, 2005, we issued 10,000 shares of our common stock to SAIC for \$1,000 in cash. These shares of common stock were issued pursuant to an exemption from registration under Section 4(2) of the Securities Act of 1933, as amended, as a transaction not involving any public offering.

### **Item 6. Selected Financial Data.**

Omitted pursuant to General Instruction I(2)(a) to Form 10-K. We conducted no business operations during the period from our formation through January 31, 2006 other than described above.

### **Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

Omitted pursuant to General Instruction I(2)(a) to Form 10-K. We conducted no business operations during the period from our formation through January 31, 2006 other than described above.

### **Item 7A. Quantitative and Qualitative Disclosures About Market Risk.**

We have no assets other than \$1,000 in cash received in connection with our initial capitalization and have conducted no business operations during the period from our formation through January 31, 2006 other than described above.

### **Item 8. Financial Statements and Supplementary Data.**

See Item 15(a) of this Annual Report on Form 10-K.

### **Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.**

Not applicable.

### **Item 9A. Controls and Procedures.**

- (a) *Evaluation of disclosure controls and procedures.* We carried out an evaluation, under the supervision and with the participation of our Disclosure Committee and management, including Kenneth C. Dahlberg (Chief Executive Officer) and Mark W. Sopp (Chief Financial Officer), of the effectiveness of our disclosure controls and procedures (as such term is 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 period covered by this report. Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported on a timely basis. These disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports that we file or submit is accumulated and communicated to management, including our principal executive officer and the principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

We were incorporated and capitalized in August 2005 as a wholly-owned subsidiary of SAIC. We have no employees, active operations or assets other than \$1,000 in cash received in connection with our initial capitalization. Since our formation, we have not conducted any activities other than those incident to our formation, the preparation of the merger agreement and related proxy statement/prospectus and the filing of registration statements in connection with our proposed merger reorganization and initial public offering. Disclosure controls and procedures have therefore been designed consistent with our current non-operational status.

Based upon their evaluation, Kenneth C. Dahlberg and Mark W. Sopp concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

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

**Item 9B. Other Information.**

*Entry into a Material Definitive Agreement.*

On April 28, 2006, we amended and restated the Agreement and Plan of Merger, dated as of November 7, 2005 (Merger Agreement), by and among SAIC, us, and SAIC Merger Sub, Inc. (Merger Sub). Subject to stockholder approval and pursuant to the Merger Agreement, Merger Sub will merge with and into SAIC, with SAIC continuing as the surviving corporation (Merger). Immediately following the Merger, SAIC will become our wholly-owned subsidiary and its stockholders will become stockholders of ours.

Pursuant to the amended terms of the Merger Agreement, we reallocated the number of shares of Class A preferred stock to be received by SAIC stockholders in the Merger upon exchange of their common stock, such that (i) 20% of such shares will be Series A-1 preferred stock, (ii) 20% of such shares will be Series A-2 preferred stock, (iii) 30% of such shares will be Series A-3 preferred stock and (iv) 30% of such shares will be Series A-4 preferred stock.

The foregoing description of the Merger Agreement, as amended and restated, does not purport to be complete and is qualified in its entirety by reference to the complete text of the Merger Agreement filed as Exhibit 2.1 to this Annual Report on Form 10-K.

**PART III**

**Item 10. Directors and Executive Officers of the Registrant.**

Omitted pursuant to General Instruction I(2)(c) to Form 10-K.

**Item 11. Executive Compensation.**

Omitted pursuant to General Instruction I(2)(c) to Form 10-K.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.**

Omitted pursuant to General Instruction I(2)(c) to Form 10-K.

**Item 13. Certain Relationships and Related Transactions.**

Omitted pursuant to General Instruction I(2)(c) to Form 10-K.

**Item 14. Principal Accounting Fees and Services.**

Our independent registered public accounting firm is Deloitte & Touche LLP. The audit of our consolidated balance sheet as of August 18, 2005, included in our registration statements, the review of our consolidated balance sheet as of October 31, 2005, included in our Quarterly Report on Form 10-Q, and the audit of our consolidated balance sheet as of January 31, 2006 were performed as part of the audit and related services for SAIC, and consequently no fees for professional services were billed to us during the year ended January 31, 2006 by Deloitte & Touche LLP. These services were approved by the audit committee of the board of directors of SAIC in accordance with its pre-approval policies and procedures.

PART IV

**Item 15. Exhibits, Financial Statement Schedules.**

(a) Documents filed as part of the report:

1. *Financial Statements*

The Report of Independent Registered Public Accounting Firm and Consolidated Balance Sheet and the notes thereto of SAIC, Inc. as of January 31, 2006, are set forth on pages F-1 through F-3.

2. *Financial Statement Schedules*

Financial statement schedules are omitted because they are not applicable or the required information is shown in the consolidated financial statements or the notes thereto.

3. *Exhibits*

<b>Exhibit Number</b>	<b>Description of Exhibit</b>
2.1	Agreement and Plan of Merger, dated as of November, 7, 2005, and amended as of April 28, 2006, by and among Science Applications International Corporation, Registrant and SAIC Merger Sub, Inc.
3.1	Restated Certificate of Incorporation of Registrant. Incorporated by reference to Exhibit 3.2 to Registrant's Amendment No. 2 to Registration Statement on Form S-4 as filed on November 9, 2005 with the SEC.
3.2	Restated Bylaws of Registrant. Incorporated by reference to Exhibit 3.4 to Registrant's Amendment No. 2 to Registration Statement on Form S-1 as filed on November 9, 2005 with the SEC.
31.1	Certification of Chief Executive Officer adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) 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.  
(Registrant)

By                                  /s/ K. C. DAHLBERG  
**K. C. Dahlberg**  
*Chairman of the Board and Chief Executive Officer*

Dated: May 1, 2006

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ K. C. DAHLBERG</u> <b>K. C. Dahlberg</b>	Chairman of the Board and Principal Executive Officer	May 1, 2006
<u>/s/ M.W. SOPP</u> <b>M.W. Sopp</b>	Principal Financial Officer	May 1, 2006
<u>/s/ J. R. HARTLEY</u> <b>J. R. Hartley</b>	Principal Accounting Officer	May 1, 2006
<u>/s/ W. H. DEMISCH</u> <b>W. H. Demisch</b>	Director	May 1, 2006
<u>/s/ J. A. DRUMMOND</u> <b>J. A. Drummond</b>	Director	May 1, 2006
<u>/s/ D. H. FOLEY</u> <b>D. H. Foley</b>	Director	May 1, 2006
<u>/s/ J. J. HAMRE</u> <b>J. J. Hamre</b>	Director	May 1, 2006
<u>/s/ A. K. JONES</u> <b>A. K. Jones</b>	Director	May 1, 2006
<u>/s/ H. M. J. KRAEMER, JR.</u> <b>H. M. J. Kraemer, Jr.</b>	Director	May 1, 2006
<u>/s/ C. B. MALONE</u> <b>C. B. Malone</b>	Director	May 1, 2006

<b>Signature</b>	<b>Title</b>	<b>Date</b>
/S/ E. J. SANDERSON, JR. E. J. Sanderson, Jr.	Director	May 1, 2006
/S/ J. P. WALKUSH J. P. Walkush	Director	May 1, 2006
/S/ J. H. WARNER, JR. J. H. Warner, Jr.	Director	May 1, 2006
/S/ A. T. YOUNG A. T. Young	Director	May 1, 2006



**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Board of Directors and Stockholder  
SAIC, Inc.

We have audited the accompanying consolidated balance sheet of SAIC, Inc. and subsidiary (the "Company") (a wholly-owned subsidiary of Science Applications International Corporation) as of January 31, 2006. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the balance sheet is free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the balance sheet, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall balance sheet presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such consolidated balance sheet presents fairly, in all material respects, the financial position of SAIC, Inc. and subsidiary as of January 31, 2006, in conformity with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP

San Diego, California  
April 24, 2006

**SAIC, INC.**  
**(a wholly-owned subsidiary of Science Applications International Corporation)**  
**CONSOLIDATED BALANCE SHEET**

	<u>January 31, 2006</u>
<b>ASSETS</b>	
Cash	\$ 1,000
<b>STOCKHOLDER'S EQUITY (Note 2)</b>	
Common stock	\$ 1
Preferred stock	—
Additional paid-in capital	999
Total stockholder's equity	<u>\$ 1,000</u>

See accompanying notes to consolidated balance sheet.

## NOTES TO CONSOLIDATED BALANCE SHEET

1. **Organization and Purpose**—SAIC, Inc. (Company) was incorporated on August 12, 2005 and capitalized on August 18, 2005 as a wholly-owned subsidiary of Science Applications International Corporation. Subject to the approval of the stockholders of Science Applications International Corporation, SAIC Merger Sub, Inc., a wholly-owned subsidiary of the Company, will merge with Science Applications International Corporation, and all of the outstanding common stock of Science Applications International Corporation will be exchanged for Class A preferred stock of the Company.

2. **Stockholder's Equity**—On August 18, 2005, the Company was authorized to issue 10,000 shares of \$0.01 par value common stock and had issued and outstanding 10,000 shares held by Science Applications International Corporation. On November 18, 2005, the Company restated its certificate of incorporation to (i) increase its authorized common stock to 2,000,000,000 shares, (ii) lower the par value on its common stock from \$0.01 to \$0.0001, (iii) authorize 1,500,000,000 shares of Class A preferred stock of which 50,000,000 shares are designated Series A-1 preferred stock and none of which are issued and outstanding, 150,000,000 shares are designated Series A-2 preferred stock and none of which are issued and outstanding, 150,000,000 shares are designated Series A-3 preferred stock and none of which are issued and outstanding and 1,150,000,000 shares are designated Series A-4 preferred stock and none of which are issued and outstanding and (iv) authorize 10,000,000 shares of blank-check preferred stock, none of which are issued and outstanding. The Company's board of directors is expressly authorized to provide for the issuance of all or any of the shares of preferred stock in one or more series and to fix the relative rights, preferences and privileges of each such series.

## EXHIBIT INDEX

<b>Exhibit Number</b>	<b>Description of Exhibit</b>
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3.1	Restated Certificate of Incorporation of Registrant. Incorporated by reference to Exhibit 3.2 to Registrant's Amendment No. 2 to Registration Statement on Form S-4 as filed on November 9, 2005 with the SEC.
3.2	Restated Bylaws of Registrant. Incorporated by reference to Exhibit 3.4 to Registrant's Amendment No. 2 to Registration Statement on Form S-1 as filed on November 9, 2005 with the SEC.
31.1	Certification of Chief Executive Officer adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
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32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

**AGREEMENT AND PLAN OF MERGER  
(As Amended)**

This AGREEMENT AND PLAN OF MERGER, dated as of November 7, 2005, and amended as of April 28, 2006 (this “*Agreement*”), is by and among Science Applications International Corporation, a Delaware corporation (“*Old SAIC*”), SAIC, Inc., a Delaware corporation and a wholly-owned subsidiary of Old SAIC (“*New SAIC*”), and SAIC Merger Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of New SAIC (“*SAIC MergerSub*”).

**RECITALS**

A. The respective boards of directors of Old SAIC, New SAIC and SAIC MergerSub have determined that it is advisable and in the best interests of each corporation that SAIC MergerSub merge with and into Old SAIC (the “*Merger*”) upon the terms and subject to the conditions of this Agreement. As a result of the Merger, Old SAIC will become a wholly owned subsidiary of New SAIC and the separate existence of SAIC MergerSub will cease.

B. The respective boards of directors of Old SAIC, New SAIC and SAIC MergerSub, by resolutions duly adopted, have authorized, approved and adopted this Agreement. The Board of Directors of Old SAIC resolved that this Agreement will be submitted to the stockholders of Old SAIC at a special meeting of stockholders. The respective stockholders of New SAIC and SAIC MergerSub will also adopt this Agreement.

C. The parties intend by this Agreement to effect a “reorganization” under Sections 351 and/or 368 of the Internal Revenue Code of 1986, as amended (the “*Code*”).

NOW, THEREFORE, Old SAIC, New SAIC and SAIC MergerSub hereby agree as follows.

**ARTICLE I  
THE MERGER**

1.1 *The Merger*. Upon the terms and subject to the conditions of this Agreement, and in accordance with the relevant provisions of the General Corporation Law of the State of Delaware (the “*DGCL*”), SAIC MergerSub will merge with and into Old SAIC upon the Effective Time, as defined in this Agreement. Old SAIC will be the surviving corporation in the Merger (the “*Surviving Corporation*”). Upon the Effective Time, the separate existence of SAIC MergerSub will cease, and the Surviving Corporation will succeed to all of the rights and property of SAIC MergerSub, and will be subject to all of the debts and liabilities of SAIC MergerSub, as provided for in Section 259 of the DGCL. On and after the Effective Time, the Surviving Corporation will carry on its business with the assets of SAIC MergerSub, as well as with the assets of the Surviving Corporation.

1.2 *Effective Time*. As soon as practicable following the satisfaction or waiver of the conditions set forth in Article III, the Merger will be consummated by filing a certificate of merger (the “*Certificate of Merger*”) with the Secretary of State of the State of Delaware in accordance with the DGCL. The Merger will become effective when the Certificate of Merger is filed or such later time as is set forth in the Certificate of Merger. The time when the Merger becomes effective is called the “*Effective Time*.”

1.3 *Certificate of Incorporation and Bylaws*. The Certificate of Incorporation and the Bylaws of Old SAIC in effect at the Effective Time will be the Certificate of Incorporation and Bylaws of the Surviving Corporation and will remain in effect until changed or amended as provided therein or by applicable law. The name of the Surviving Corporation will be Science Applications International Corporation.

1.4 *Tax Treatment of Merger*. The parties agree to treat the Merger for U.S. federal income tax purposes as a tax-free reorganization under Sections 351 and/or 368 of the Code.

**ARTICLE II**  
**EFFECT ON CAPITAL STOCK AND EMPLOYEE BENEFIT PLANS**

2.1 *Effect on Capital Stock.* At the Effective Time, by virtue of the Merger and without any action on the part of Old SAIC, New SAIC or SAIC MergerSub, or the stockholders, as applicable, of such entities:

- (a) (i) Each share of Old SAIC class A common stock, par value \$0.01 per share, issued and outstanding immediately before the Effective Time will convert into the right to receive in the aggregate two shares of New SAIC Class A preferred stock, par value \$0.0001 per share (the “*New SAIC Class A Preferred Shares*”); and (ii) each share of Old SAIC class B common stock, par value \$0.05 per share, issued and outstanding immediately before the Effective Time will, subject to the exercise of appraisal rights as set forth in Section 2.4 below, convert into the right to receive in the aggregate forty New SAIC Class A Preferred Shares. The New SAIC Class A Preferred Shares receivable by each holder as a result of such conversions will be divided among (A) shares of New SAIC series A-1 preferred stock; (B) shares of New SAIC series A-2 preferred stock; (C) shares of New SAIC series A-3 preferred stock; and (D) shares of New SAIC series A-4 preferred stock, as follows:
- (1) First, subject to clause (2) and clause (3), the New SAIC Class A Preferred Shares receivable by each holder will be divided among four series of New SAIC Class A preferred stock on the following basis:
- (a) 20% will be series A-1 shares;
- (b) 20% will be series A-2 shares;
- (c) 30% will be series A-3 shares; and
- (d) 30% will be series A-4 shares.
- (2) Second, any fractional shares that would otherwise be allocated to New SAIC series A-1 preferred stock, series A-2 preferred stock, series A-3 preferred stock and series A-4 preferred stock as a result of the division in clause (1) above will be aggregated and reallocated as described in clause (3) below.
- (3) Third, if the total number of shares aggregated as a result of clause (2) above is one, that share will be allocated to New SAIC series A-1 preferred stock. If the total number of shares aggregated as a result of clause (2) above is two, then one of those shares will be allocated to New SAIC series A-1 preferred stock and one of those shares will be allocated to New SAIC series A-2 preferred stock. If the total number of shares aggregated as a result of clause (2) above is three, then one of those shares will be allocated to New SAIC series A-1 preferred stock, one of those shares will be allocated to New SAIC series A-2 preferred stock and one of those shares will be allocated to New SAIC series A-3 preferred stock.

As of the Effective Time, all shares of Old SAIC class A common stock and Old SAIC class B common stock will no longer be outstanding and will automatically be canceled and will cease to exist, and each holder of a certificate representing any such shares of Old SAIC class A common stock or Old SAIC class B common stock will cease to have any rights with respect thereto, except the right to receive the New SAIC Class A Preferred Shares to be issued in consideration therefor, subject to the exercise of appraisal rights as set forth in Section 2.4 below, and the right to receive any dividend declared and payable with respect to Old SAIC class A common stock and class B common stock held on the record date for such dividend.

- (b) Each share of SAIC MergerSub common stock outstanding immediately before the Effective Time will convert into one share of class A common stock, par value \$0.01 per share, of the Surviving Corporation.

2.2 *Options or Other Rights.* Each option or other right to purchase or otherwise acquire shares of Old SAIC class A common stock granted and outstanding pursuant to Old SAIC’s stock incentive or other plans immediately before the Effective Time will convert into an option or right to acquire shares of New SAIC Class A Preferred Shares. The number of New SAIC Class A Preferred Shares to be received by each holder pursuant to such option or other right shall be divided among the four series of New SAIC Class A Preferred Shares in the manner set forth in Section 2.1(a). From and after the Effective Time, New SAIC shall have all

administrative authority with respect to such stock incentive or other plans to the extent that Old SAIC had such authority immediately prior to the Effective Time.

**2.3 Stock Certificates.** Following the Effective Time, each holder of a certificate or certificates formerly representing outstanding shares of Old SAIC class A common stock or class B common stock shall surrender the same to New SAIC or its transfer agent for cancellation. Upon surrender of such certificate or certificates, the holder thereof shall be entitled to receive in exchange therefor a number of shares of a series of New SAIC Class A Preferred Shares as determined pursuant to Section 2.1(a). Until so surrendered, subject to Section 2.5, each certificate which prior to the Effective Time represented shares of Old SAIC common stock shall be deemed for all purposes to represent ownership of the number of New SAIC Class A Preferred Shares determined under Section 2.1(a) as though such surrender had taken place. To the fullest extent authorized by law, all instructions, owners and notices recorded on Old SAIC's stock ledger in respect of shares of Old SAIC's common stock, whether certificated or uncertificated, will be recorded on the stock ledger of New SAIC in respect of such New SAIC Class A Preferred Shares. New SAIC Class A Preferred Shares issued pursuant to the Merger will be reflected on the stock ledger of New SAIC as uncertificated shares, except to the extent New SAIC determines that it will deliver a certificate or certificates therefor.

**2.4 Appraisal Rights.** Notwithstanding any provision of this Agreement to the contrary and to the extent available under the DGCL, any shares of Old SAIC class B common stock outstanding immediately prior to the Effective Time that are held by a stockholder who has neither voted in favor of the Merger nor consented thereto in writing and who has demanded properly in writing appraisal for such shares in accordance with Section 262 of the DGCL (collectively, the "Class B Dissenting Shares") will not be converted into, or represent the right to receive, the New SAIC Class A Preferred Shares. Such stockholders will be entitled to receive payment of the appraised value of Class B Dissenting Shares held by them in accordance with the provisions of such Section 262, except that all Class B Dissenting Shares held by stockholders who have failed to perfect or who effectively have withdrawn or lost their rights to appraisal of such Class B Dissenting Shares under such Section 262 will thereupon be deemed to have been converted into, and to have become exchangeable for, as of the Effective Time, the right to receive the New SAIC Class A Preferred Shares. Notwithstanding anything to the contrary contained in this Section 2.4, if the Merger is terminated or abandoned, then the right of any stockholder to be paid the fair value of such stockholder's Class B Dissenting Shares pursuant to Section 262 of the DGCL will cease.

**2.5 Dividends and Distributions.** No dividends or other distributions with respect to New SAIC Class A Preferred Shares with a record date after the Effective Time shall be paid to the holder of any unsurrendered Old SAIC stock certificate with respect to the New SAIC Class A Preferred Shares to be received in respect thereof pursuant to the Merger until the surrender of such certificate in accordance with this Article II. Subject to the effect of applicable laws, following surrender of any such certificate, there shall be paid to the person receiving New SAIC Class A Preferred Shares pursuant to the Merger, without interest, (i) at the time of such surrender, the proportionate amount of any dividends or other distributions with a record date after the Effective Time theretofore paid with respect to the whole New SAIC Class A Preferred Shares received by the person pursuant to the Merger, and (ii) at the appropriate payment date, the proportionate amount of any dividends or other distributions with a record date after the Effective Time but prior to such surrender and a payment date subsequent to such surrender payable with respect to such New SAIC Class A Preferred Shares.

**2.6 Covenant to Contribute Capital.** Upon the Effective Time, each issued and outstanding share of common stock of New SAIC that is owned by Old SAIC immediately prior to the Effective Time will be returned to New SAIC as a contribution to capital.

**ARTICLE III**  
**CONDITIONS TO CONSUMMATION OF THE MERGER**

3.1 *Conditions to Each Party's Obligation to Effect the Merger.* The respective obligations of each party to effect the Merger are subject to the satisfaction or waiver, where permissible, prior to the Effective Time, of the following conditions:

- (a) this Agreement shall have been duly adopted by the requisite vote of the stockholders of Old SAIC and SAIC Merger Sub;
- (b) New SAIC shall have amended its Certificate of Incorporation to read substantially in the form attached hereto as Exhibit A;
- (c) New SAIC shall have amended its Bylaws to read substantially in the form attached hereto as Exhibit B;
- (d) The members of the Board of Directors, members of the committees of the Board of Directors and the executive officers of Old SAIC in office immediately prior to Effective Time, including any persons elected or appointed after the date of this Agreement, shall be elected or appointed to serve as the members of the Board of Directors, members of committees of the Board of Directors and the executive officers, respectively, of New SAIC, from and after the Effective Time in accordance with the bylaws of New SAIC, except for such persons who resign or leave Old SAIC, if any, prior to the Effective Time;
- (e) the registration statement on Form S-4 and any post-effective amendment thereto filed with the Securities and Exchange Commission ("SEC") by New SAIC in connection with the Merger shall have become effective under the Securities Act of 1933, as amended (the "*Securities Act*"), and shall not be the subject of any stop order or proceeding seeking a stop order;
- (f) the registration statement on Form S-1 filed with the SEC by New SAIC in connection with the registration of New SAIC common stock shall become effective under the Securities Act, and shall not be the subject of any stop order or proceeding seeking a stop order, and the Board of Directors or the Executive Committee of the Board of Directors of Old SAIC shall have determined, in its sole discretion, that the sale of such stock will be successfully completed promptly after the completion of the Merger;
- (g) no statute, rule, regulation, executive order, decree, injunction or other order shall have been enacted, entered, promulgated or enforced by any court or governmental authority that is in effect and has the effect of prohibiting the consummation of the Merger; and
- (h) Old SAIC shall have received all governmental approvals and third-party consents required to be obtained by Old SAIC or its subsidiaries in connection with the Merger, except where the failure to obtain such approvals or consents would not reasonably be expected to have a material adverse effect on the business, financial condition or results of operations of Old SAIC and its subsidiaries taken as a whole.

**ARTICLE IV**  
**TERMINATION**

4.1 *Termination of Agreement.* This Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time, before or after the approval of this Agreement by the stockholders of Old SAIC or SAIC MergerSub, by either (i) the mutual written consent of the Board of Directors of Old SAIC, the Board of Directors of New SAIC and the Board of Directors of SAIC MergerSub, or (ii) the Board of Directors of Old SAIC in its sole discretion.

4.2 *Effect of Termination and Abandonment.* In the event of termination of this Agreement and abandonment of the Merger pursuant to this Article IV, this Agreement shall forthwith become null and void and have no effect, and no party hereto shall have any liability or further obligation to any other party to this Agreement.



**ARTICLE V  
MISCELLANEOUS**

5.1 *Further Assurances.* Each of Old SAIC, New SAIC and SAIC MergerSub shall use its best efforts to take all such action as may be necessary or appropriate to effectuate the Merger under the DGCL. If, at any time after the Effective Time, any further action is necessary or desirable to carry out the purposes of this Agreement, the Surviving Corporation, Old SAIC, New SAIC, SAIC MergerSub and their respective officers or other authorized persons are authorized to take any such necessary or desirable actions.

5.2 *Amendment.* This Agreement may be amended by the parties hereto at any time before or after adoption of the Agreement by the stockholders of Old SAIC or SAIC MergerSub, but after such stockholder approval, no amendment shall be made which by law requires the further approval of such stockholders without obtaining such further approval. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto.

5.3 *Entire Agreement; Assignment.* This Agreement and the exhibits and any documents delivered by the parties in connection herewith constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof. Neither this Agreement nor any right, interest or obligation under this Agreement may be assigned, in whole or in part, by operation of law or otherwise, without the prior written consent of the other parties.

5.4 *Governing Law.* This Agreement will be governed by and construed in accordance with the substantive laws of the State of Delaware regardless of the laws that might otherwise govern under principles of conflicts of laws applicable thereto.

5.5 *Parties in Interest.* Nothing in this Agreement, express or implied, is intended to confer upon any other person any rights or remedies of any nature whatsoever under or by reason of this Agreement.

5.6 *Counterparts.* This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original, but all of which will constitute one and the same agreement, and will become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed on its behalf by its respective officers thereunto duly authorized.

SCIENCE APPLICATIONS INTERNATIONAL  
CORPORATION, a Delaware corporation

By: \_\_\_\_\_ /S/ DOUGLAS E. SCOTT

Name: Douglas E. Scott

Title: Senior Vice President, General Counsel and Secretary  
SAIC, INC., a Delaware corporation

By: \_\_\_\_\_ /S/ DOUGLAS E. SCOTT

Name: Douglas E. Scott

Title: Senior Vice President, General Counsel and Secretary  
SAIC MERGER SUB, INC., a Delaware corporation

By: \_\_\_\_\_ /S/ DOUGLAS E. SCOTT

Name: Douglas E. Scott

Title: Secretary

## SAIC, INC.

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 annual report on Form 10-K 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)) 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) [Omitted pursuant to Release 33-8238];
  - 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 (the registrant's fourth fiscal quarter in the case of an annual report) 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: May 1, 2006

/s/ KENNETH C. DAHLBERG

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**Kenneth C. Dahlberg**  
Chief Executive Officer

## SAIC, INC.

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 annual report on Form 10-K 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)) 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) [Omitted pursuant to Release 33-8238];
  - 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 (the registrant's fourth fiscal quarter in the case of an annual report) 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: May 1, 2006

/s/ MARK W. SOPP

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Mark W. Sopp  
Chief Financial Officer

**SAIC, INC.**  
**CERTIFICATION PURSUANT TO**  
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of SAIC, Inc. (the "Company") on Form 10-K for the period ended January 31, 2006, 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: May 1, 2006

/s/ KENNETH C. DAHLBERG

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**Kenneth C. Dahlberg**  
**Chief Executive Officer**

**SAIC, INC.**  
**CERTIFICATION PURSUANT TO**  
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of SAIC, Inc. (the "Company") on Form 10-K for the period ended January 31, 2006, 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: May 1, 2006

/s/ MARK W. SOPP  
\_\_\_\_\_  
Mark W. Sopp  
Chief Financial Officer