

DRIVEN BY:

Science & Technology



Fiscal Year 2010
Annual Report

SAIC

Company Overview



National Security

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



Energy, Environment, and Infrastructure

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



Health and Life Sciences

We are supporting the federal government's mission to improve the quality and accessibility of patient care while reducing cost. SAIC is building a better framework for individual and public health through disease surveillance, epidemic and pandemic preparedness. We are also leveraging health information frameworks and electronic records, enabling research collaboration, and cutting-edge research and technology.

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



Cybersecurity

We provide services and solutions to help our customers prepare for, protect against, and respond to a wide array of cybersecurity threats. These services and solutions include designing comprehensive cyber-risk management programs to identify and neutralize cyber attacks, integrating and managing information security services to protect mission-critical data, and performing certification and accreditation testing of information technology systems.



Information Technology-Based Services and Solutions

Our systems engineering and implementation services and solutions help our customers design and integrate complex information technology (IT) networks and infrastructure. These services and solutions include designing, installing, testing, and maintaining IT systems. We also provide software development services and solutions to help our customers maximize value by extending and enhancing critical systems.



Corporate Responsibility

At SAIC, corporate responsibility extends beyond the contributions we make as a company solving our customers' problems through science and technology. We view corporate responsibility as our focused commitment to support our employees, enrich our surrounding communities, and improve the environment. A key component of our corporate responsibility program is promoting science, technology, engineering, and mathematics education.

SOLID RESULTS

DEAR FELLOW STOCKHOLDERS,

Since joining Science Applications International Corporation (SAIC) in September 2009, I have had the opportunity to visit our customers and employees across the country. I've gotten a first-hand look at how the science and technology solutions we are delivering to our customers are helping to solve the nation's toughest problems. We are a company with a wide breadth of capabilities and a diverse business base, which positions us well for future growth.

Our Forward Strategy

A key reason I came to SAIC was my belief that no company in this market space would have more upside potential than SAIC, particularly if we are able to leverage our various technical strengths in a more integrated fashion. To help achieve this goal, I worked closely with our senior leadership team to recast our strategy for the future.

The federal government is clearly signaling future reductions to defense spending, and the nation's overall fiscal outlook strongly suggests federal discretionary spending will be constrained or contracted to accommodate non-discretionary spending and deficit control. Yet within this market, there are segments that offer growth opportunities over the longer term. It is prudent to give full weight of that outlook in our strategy, and choose a course that outperforms the overall market in the next five

years. This will require greater focus and investment in fewer areas.

Our current business is composed of two main parts—high growth areas and core, each representing about 50 percent of current revenues. For our core traditional services business area, we expect its addressable market to be flat or modestly declining. The other 50 percent of our current business is in higher growth areas. These growth areas are subsets of our national security market, and our energy and health markets.

To be more specific, we believe the higher growth areas within national security are: C4ISR (command, control, communications, computers, intelligence, surveillance, and reconnaissance); logistics; and cybersecurity. Cybersecurity is of particular importance as it has a critical role to play as a differentiator and/or an enabler across all of our market areas—securing our networks and communications in national security, securing control and management of electric power grids in the energy market, and protecting privacy of records in the health market.

Within energy, we are focused on energy efficiency, renewable energy integration, and smart grid. In health, we believe that health records exchange and interoperability will become a key thread that connects medical systems within the government and between the government and private sectors.

These growth areas are also attractive because they are characterized by a favorable customer demand outlook, rapid technology innovation, multi-technology solutions, and a strong link to the central elements of the missions of our customers, be it fighting and winning our nation's conflicts, protecting the homeland, enabling more affordable healthcare, or producing and delivering energy. By zeroing in on these growth areas, and by integrating the outstanding talent and technology we have across this company, we can deliver leading organic growth performance.

A Solid Performance

We completed fiscal year 2010 (FY10) with revenue growth, improved operating margin, earnings per share and cash generation. Revenues totaled \$10.85 billion for FY10, an increase of 8 percent over FY09. Full-year operating income was \$867 million (8 percent of revenue), up 12 percent from \$776 million (7.7 percent of revenue) in FY09. Diluted earnings per share from continuing operations for the year were \$1.24, up 15 percent from \$1.08 in FY09. Cash flow from operations was \$620 million for the year, up 6 percent from \$583 million in FY09.

New Business Highlights

Our focus on winning larger opportunities continues to yield excellent results. We won 29 opportunities valued at more than \$100 million each in



Walt Havenstein
Chief Executive Officer

We have a team of highly motivated and dedicated colleagues, and a leadership team committed to customer satisfaction, mission success, and the highest standards of performance, ethics and integrity.

FY10, compared to 27 in FY09. These large opportunities—and other key contract wins—are helping us secure our business base, expand our current work, and build new business.

Growth was attributed to the continued ramp-up of various logistics and military programs, including our POLCHEM supply chain contract, our systems integration work for the Naval Surface Warfare Center, and our expanded work with the Military Healthcare Information Technology program. Our largest contract awards for the fiscal year included a \$357 million task order to provide logistics and operational readiness services for Mine Resistant Ambush Protected vehicles in Iraq, Afghanistan, and Kuwait. We also received a \$249 million task order from the Space and Naval Warfare Systems Command to provide modeling, simulation, and analytically based warfare analysis support.

Strategic Acquisitions

Shortly after FY10 ended, we acquired CloudShield Technologies, Inc., a leading cybersecurity and management solutions provider. Additionally, we enhanced our intelligence, surveillance, and reconnaissance capabilities by acquiring Science, Engineering and Technology Associates Corporation, which creates information technologies—ranging from video and radar systems to knowledge discovery systems—that find patterns in vast quantities of seemingly unrelated data.

Additionally, we purchased R. W. Beck Group, Inc., a leading provider of business and technical consulting services in engineering, energy, and infrastructure. This acquisition further bolsters our end-to-end capabilities in energy management; infrastructure planning and design-build; and environmental services, including water, wastewater, and solid waste management. We also announced a strategic alliance with BPL Global Ltd. (BPLG), a smart grid technology company that develops and deploys solutions to improve the efficiency and reliability of the electric power grid. As part of this alliance, SAIC acquired a minority stake in BPLG. The alliance and investment are an important part of our strategy to provide life-cycle capabilities to the rapidly evolving power industry.

Corporate Responsibility

In addition to the important work we do for our customers, I believe it is important for corporations like ours to be responsible citizens in the communities where we operate. For me, a key component of corporate responsibility is to help build the future workforce through support of STEM education—science, technology, engineering and mathematics. As part of this effort, we made a \$1 million commitment to K-12 STEM through our support of *FIRST*[®] (For Inspiration and Recognition of Science and Technology) and Project Lead the Way[®].

Leading with Values

I am proud to be part of a company that continues to be recognized for its outstanding achievements and dedication to ethics and integrity. This year we were honored to be chosen by FORTUNE[®] as one of the World's Most Admired Companies in the information technology services industry. The list identifies companies with the strongest corporate reputations based on nine criteria, including investment value, social responsibility, and quality of management.

We have a team of highly motivated and dedicated colleagues, and a leadership team committed to customer satisfaction, mission success, and the highest standards of performance, ethics and integrity. Our new strategy positions us to succeed over the long term in this challenging environment. I remain very enthusiastic about our company and I am confident that we will continue to deliver strong performance and value to our stockholders in FY11 and beyond.

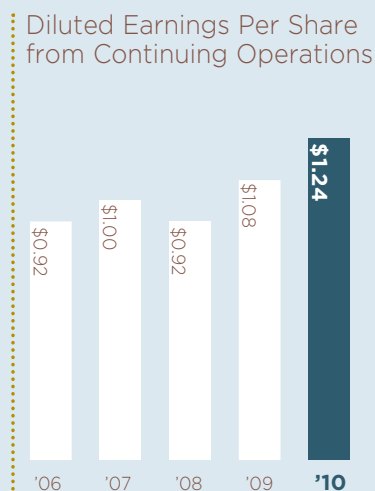
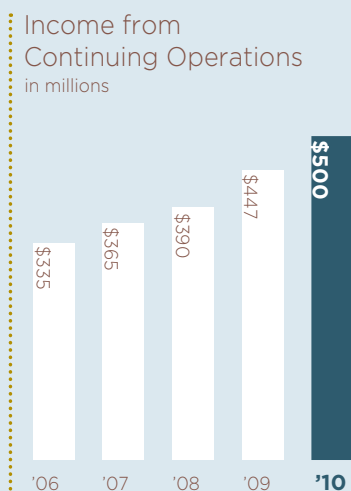
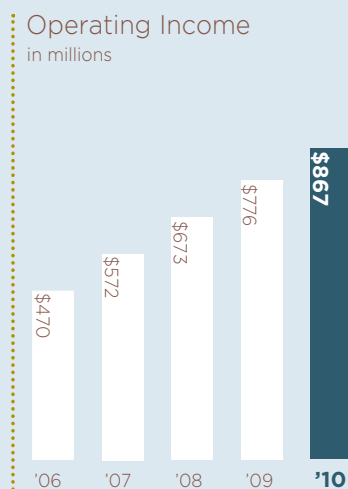
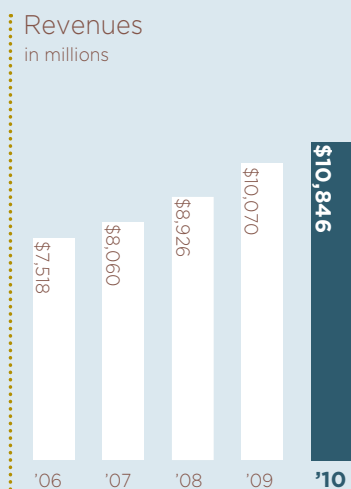
A handwritten signature in blue ink, appearing to read 'W. P. Havenstein'.

Walt Havenstein
Chief Executive Officer

PERFORMANCE

2010 FINANCIAL HIGHLIGHTS

In Fiscal Year 2010 we delivered a solid and balanced financial performance. This is a testament to our 41 years of sustained growth and the demonstrated confidence we have earned from customers worldwide.





LEADERSHIP

Group Presidents
(from left):

Joseph Craver III

Deborah Alderson

Charles Koontz

Stu Shea

PEOPLE

DRIVEN BY:

Culture & Inclusion

SAIC values different perspectives and an inclusive environment. We recognize that diversity of thought serves as a catalyst for creativity and innovation. Our employees are committed to maintaining our culture of high ethical standards, integrity, operational excellence, and customer satisfaction.

Fariba Saadat

Program Manager

Lindsey Perry

Senior Systems Engineer

Paul Miller

Senior Program Manager

Kanitha Sar

Cyber Initiatives Lead

Mark Leckert

Senior Computer Scientist

Umesh Vemuri

Deputy Chief Technology Officer,
Defense Solutions Group





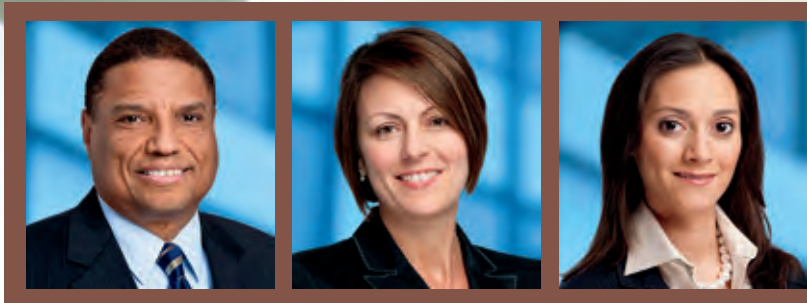


NATIONAL SECURITY

DRIVEN BY:

Freedom & Protection

SAIC personnel are deployed around the world, supporting the warfighter wherever the mission takes us. We can be found working in unmanned aerial system operations centers, flying on tactical airborne intelligence, surveillance, and reconnaissance collectors, or analyzing data at intelligence fusion centers. In an environment that demands rapid response and flawless execution, the people of SAIC apply domain expertise, analytical rigor, and innovative technologies to help customers meet their mission-critical challenges.



Providing Logistics, Readiness, and Sustainment Solutions

SAIC was first to market the Joint Logistics Integrator (JLI) capability that helped the Department of Defense (DoD) rapidly field the Mine Resistant Ambush Protected (MRAP) vehicle, as well as train its users and maintenance crews, and sustain the vehicle in theater. We are now building upon these successes to offer solutions for many platforms. Complex integration challenges that require a system-of-systems approach, widespread deployment,

and coordination with multiple original equipment manufacturers and suppliers are inevitable as the military moves away from a platform-centered model to one focused on capabilities as instantiated in fleets, formations, and functional chains (horizontal integration), logistics, sustainment and reset.

In FY10, SAIC received a task order to provide JLI and operational readiness services for MRAP vehicles in Iraq, Afghanistan, and Kuwait. SAIC is providing logistics planning, management, and analytical support to maximize fleet readiness and sustainment.

Jim Toles
Division Manager

Sharon Danford
Senior Program Manager

Maria Gabriela DeMola
Analyst



Our Customers Include:

Department of Defense
 Department of Homeland Security
 Department of State
 Intelligence Community
 North Atlantic Treaty Organization

**Enhancing Intelligence, Surveillance, and Reconnaissance**

Irregular or “unconventional” warfare is fundamentally changing the nature of intelligence, surveillance, and reconnaissance (ISR). SAIC continues to tackle some of the toughest challenges in ISR, such as managing the enormous volumes of data that threaten to overwhelm our communications, storage, and analysis capabilities; finding terrorists and insurgents who hide “in plain sight” amidst the population; and locating improvised explosive devices before they kill or seriously wound our troops.

As an extension to the JLI concept developed for MRAP, SAIC applied JLI to help the U.S. Marine Corps counter improvised explosive devices. Under a contract awarded in FY10, SAIC serves as program support integrator for the Marine Corps Counter Radio Controlled Improvised Explosive Device (CREW) program. CREW systems are vehicle-mounted, multiband radio frequency jammers designed to block enemy use of select radio frequencies and prevent the remote detonation of land mines. As the program support integrator, SAIC supports CREW systems in areas including installation, logistics and maintenance.

SAIC also supports the Defense Intelligence Agency and the Joint Improvised Explosive Device Defeat Organization (JIEDDO) in providing quick-reaction, multi-sensor airborne ISR solutions whose objective is to directly address the

improvised explosive device threat. JIEDDO awarded SAIC a contract in FY10 to provide comprehensive technical and operational support services.

In FY10, SAIC acquired Science, Engineering and Technology Associates Corporation (SET), which enhances our ISR offering, including processing of sensor data; advanced processing, exploitation, and dissemination tools and technology; and real time information integration. SET’s products include CounterBomber®, which is capable of automatically detecting suicide bombers at ranges beyond the blast radius of the bomb.

Supporting Tactical Biometrics Systems

Distinguishing friend from foe is vital in national security. SAIC provides a number of ways to make that distinction—fingerprint, palm print, retina or iris pattern, voice signature and others. In FY10, SAIC was awarded a subcontract by Sensor Technologies Incorporated to support the U.S. Army Communications and Electronics Command by providing operations and user maintenance support to Tactical Biometrics Systems (TBS). TBS devices collect fingerprints, iris scans, facial photos and biographical information on persons of interest. The biometric data is then matched against a database, potentially identifying wanted or dangerous persons. Through this subcontract, SAIC provides operations and user maintenance support to help ensure continued,

reliable technical support of TBS systems, peripherals and networks.

Providing Key Support to U.S. Navy

SAIC is helping to enhance the U.S. Navy’s understanding of resource and warfighting decision alternatives under a task order awarded in FY10 by the Space and Naval Warfare Systems Command. We are providing modeling, simulation, and analytically based warfare analysis support to the Office of the Chief of Naval Operations’ Assessment Division, which provides capability-based analyses of all aspects of naval warfare and support requirements.

In addition, SAIC was awarded a prime contract by the Naval Sea Systems Command (NAVSEA) to provide engineering support services. NAVSEA engineers build and support the U.S. Navy’s fleet of ships and combat systems. The SAIC team provides enterprise solutions for functional areas of systems engineering, ship integration and product development, and also helps to oversee the design, construction and maintenance of surface ships.

Providing Technical Services for Naval Surface Warfare Center—Crane

In FY10, SAIC was awarded a task order by the Naval Surface Warfare Center—Crane Division to support its Joint Special Operations Response Department (JSORD) with technical and engineering services. JSORD provides the Department of Defense and



Department of Homeland Security with specialized training and support in sensors, communications, mobility, maneuverability, and special munitions and weapons. Under the task order, SAIC is providing services in areas including scientific and engineering analysis; test and evaluation; technical data and integrated logistics support; field engineering; and configuration and data management. These services will support JSORD sensor and weapon programs, with emphasis on electro-optic systems.

Supporting Tomahawk Weapons System Program

SAIC has supported the Tomahawk Weapons System Program through multiple generations of technology. In FY10, SAIC was awarded a task order by the Naval Air Systems Command to provide services in areas including systems engineering, configuration management, safety, simulation, advance concepts, and test and evaluation.

Enhancing Security and Facilitating Commerce

Customs, military, and other security-oriented organizations worldwide use SAIC's VACIS® products to detect illicit items hidden inside vehicles and cargo containers. VACIS was designed with both commerce and security in mind. Patented technologies enable VACIS systems to take up less space and enable greater throughput than competing products. Trained operators can detect more contraband without interrupting the normal flow of traffic.

The latest VACIS innovations include the All-Terrain VACIS, mounted on a commercial four-wheel drive vehicle; the VACIS IR6500 integrated railcar inspection system; and "FullScan," a technology enabling roof-to-pavement, bumper-to-bumper scanning of moving vehicles without the need for drivers or passengers to exit.

SAIC expanded its security products portfolio in FY10 by acquiring Spectrum San Diego, Inc., a high-technology security firm specializing in ultra-low-dose X-ray scanning systems. SAIC acquired Spectrum's CarScan product line, which we have renamed VACIS XPL. This product enables security personnel to scan traffic at vehicle checkpoints for hidden contraband with minimal impact on traffic flow.

Training Emergency Responders

In the past 10 years, SAIC has trained more than 500,000 emergency responders from all levels of government through the Center for Domestic Preparedness (CDP). Under a prime contract awarded in FY10 by the Department of Homeland Security Federal Emergency Management Agency, SAIC provides training support to the CDP, the only federally chartered weapons of mass destruction training center. Our support includes designing and developing emergency responder curriculum, providing qualified instructors, and managing training logistics, sustainment activities, and cost data analysis.

CASE STUDY



U.S. ARMY AVIATION AND MISSILE COMMAND SUPPORT

SAIC has a long history of helping the U.S. Army Aviation and Missile Command (AMCOM) provide mission critical systems and software engineering expertise to support a wide range of weapon systems. The software solutions we provide range from the America's Army immersive environment system used for recruiting to aviation mission planning systems, and missile and air defense integration, among other systems.

In FY10, AMCOM awarded SAIC a follow-on task order to provide professional and engineering support services to the Army Aviation & Missile Research, Development & Engineering Center Software Engineering Directorate. The Software Engineering Directorate supports the acquisition, research, development, and sustainment of some of the nation's most sophisticated weapon systems. Under the task order, SAIC is leading a team of 238 subcontractors and providing life cycle systems and software engineering support as required to help the Army integrate technology and equipment needed for continued mission success.





DRIVEN BY:

Reliability & Efficiency

SAIC is a leading implementer of energy efficiency and renewable solutions, an integrator of smart grid solutions, and a provider of advanced analytics for petroleum production and exploration. Our services and solutions help customers reduce costs, manage risks, minimize environmental impacts, and increase sustainability.

ENERGY, ENVIRONMENT



Helping Electric Utilities with Smart Grid Solutions

The concept of smart grid is about the integration of information technology (IT) with the physical nature of energy systems and electricity to deliver power in an efficient, reliable, cost-effective, and eco-friendly way. Smart grid encapsulates the complex interactions of many interdependent systems, processes, and constituents. SAIC addresses these complexities with a portfolio of system of systems engineering and integration capabilities that leverage interdisciplinary and cross-domain insight. From strategy consulting, large scale deployment, and

back office applications to advanced analytics, renewable energy integration, and cybersecurity, SAIC delivers innovative smart grid solutions that holistically address the challenges of energy, environment, infrastructure, and sustainability.

In FY10, SAIC helped utilities such as Idaho Power, the National Rural Electric Cooperative Association, and others obtain American Recovery and Reinvestment Act funding. We will continue to support these utilities in their efforts to improve and modernize their power grids and operations. The company also

Heather Thorn
Environmental
Scientist

Andrew Lissner
Marine Biologist

Vicky Frank
Senior Environmental
Scientist

T & INFRASTRUCTURE



Our Customers Include:

Boral Bricks
 Chevron U.S.A., Inc.
 Department of Commerce
 Department of Defense
 Department of Energy
 Department of the Interior
 Eni S.p.A.
 Environmental Protection Agency
 NASA
 Pacific Gas and Electric Company

formed a strategic alliance with BPL Global, Ltd. (BPLG), a smart grid technology company that develops and deploys solutions to



improve the efficiency and reliability of utility networks. The alliance couples SAIC's smart grid systems integration expertise with BPLG's service-oriented architecture platform to help utilities integrate distributed energy resources, enhance demand management capabilities, monitor critical grid assets, and provide real-time control.

Delivering Insight with Impact for the Energy Industry

Currently, the energy industry is facing several critical challenges: aging generation and transmission infrastructure, talent shortages, tightened capital markets, growing demand for energy, and the need to reduce carbon emissions, among others. In FY10, SAIC expanded its capabilities for

addressing these challenges by acquiring R.W. Beck Group, Inc., a leading provider of business and technical consulting services in engineering, energy, and infrastructure. R.W. Beck develops sustainable solutions specific to clients' engineering, economic, financial, planning, operational, and organizational challenges related to critical energy issues.

Supporting DOE's Biomass Program

Under a blanket purchase agreement awarded in FY10, SAIC's wholly owned subsidiary R.W. Beck is providing independent engineering services to support the U.S. Department of Energy (DOE) Biomass Program. As part of the program, the DOE announced that it will partially fund via grants the design, construction, and operation of 18 integrated ethanol biorefinery pilot and demonstration projects, helping promote the development and commercialization of cellulosic and algae-derived biofuel and biochemical production in the United States. R.W. Beck is serving as DOE's independent engineer on these projects, providing services including assistance in program management, technical and financial due diligence, construction and operations

monitoring, and Recovery Act compliance.

Navigating a Carbon-Constrained World

SAIC and World Energy Solutions, an operator of online exchanges for energy and green commodities, are helping utilities procure renewable energy with reverse auction technology and conduct the first legislatively mandated greenhouse gas trades. In FY10, World Energy and SAIC announced the Commonwealth of Massachusetts has contracted for over 363 million annual kWh of electricity using the World Energy Exchange®. The 24-month contracts, which commenced July 1, 2009, are projected to deliver over \$10 million in savings to the state. The awarded supplier is Direct Energy. SAIC and World Energy conducted the online auctions in May 2009, marking the fourth successful event they have assisted Massachusetts with since teaming in 2005 to support the state's energy procurements.

Harnessing the Power of Ocean Waves

Working with Oregon State University and the Northwest National Marine Renewable Energy Center, SAIC is helping to design a wave energy mobile ocean test berth for evaluating the performance of devices designed to harness the power of ocean waves. The project's goal is to develop the United States' first full-scale wave device testing facility and assist in meeting the nation's energy, economic, environmental, and national security needs.

The Pacific Gas and Electric Company (PG&E) selected SAIC as engineering consultant to design two wave energy projects off the coast of California. The program is called WaveConnect™ and is envisioned to provide the permitting and infrastructure (submarine cable, shore facility and grid interconnect) for two demonstration sites that will host multiple wave energy converter vendors.





CASE STUDY

Supporting Chevron's Environmental Programs

SAIC's Chevron environmental team earned recognition by Chevron for distinguished performance in 2009. SAIC received "Best in Class" across performance categories in safety, quality, and value, earning Chevron's highest rating and our highest score ever. The team's success reflects a commitment to Chevron's mission to achieve operational excellence through world-class performance in safety, health, environment, reliability, and efficiency.

Providing Digital Oilfield Services to Eni

SAIC has been at the forefront of defining and deploying digital oilfield solutions since the concept was introduced. In FY10, SAIC was awarded a contract by Eni S.p.A., an integrated energy company based in Italy and active in more than 70 countries, to provide integrated operations (digital oilfield) services. Under the contract, SAIC will design, build, and deploy a fully integrated system supporting all major oil and gas production processes. These services will help optimize the efficiency of Eni's operations, and increase hydrocarbon reserve recovery, as well as help improve employee health and safety by decreasing environmental hazards.

Providing Reliable, Timely Energy Data

Since 1987, SAIC has supported the U.S. Energy Information Administration (EIA) mission of providing accurate, reliable, and timely policy-neutral energy data and information to meet the needs of government, industry, and the public. In FY10, the U.S. Department of Energy awarded SAIC a follow-on contract to continue providing a wide range of technical, managerial, and project support services.

Achieving LEED® Silver Certification for Largest Brick Plant in U.S.

SAIC's wholly owned design-build subsidiary Benham received the Design-Build Institute of America (DBIA) 2009 National Excellence Award for the design and construction of the Boral Bricks manufacturing plant in Terre Haute, Ind. Boral is the largest manufacturer and distributor of clay brick in the United States, and the 295,000-square-foot Indiana plant is the largest brick manufacturing facility in the U.S. As part of this effort, we were able to achieve LEED Silver Certification. The U.S. Green Building Council's LEED, or Leadership in Energy and Environmental Design, is the nation's leading program for the certification of green buildings.

HAWAII ENERGY EFFICIENCY PROGRAM

Hawaii residents pay among the nation's highest prices for electricity and fuel. The most oil-dependent of the 50 states, Hawaii relies on imported petroleum for about 90 percent of its primary energy. In FY10, SAIC was awarded a prime contract by the Hawaii Public Utilities Commission to become the program administrator for the Hawaii Energy Efficiency Program, helping Hawaii residents and businesses become more energy efficient.

SAIC is helping Hawaii decrease the state's dependence on foreign oil, make better use of renewable resources, and improve energy security by developing and implementing enhanced energy efficiency programs. SAIC oversees the entire rate-payer funded Hawaii Energy Efficiency Program, including program design and implementation, customer incentives and rebates, new initiatives, and interface with the Hawaii Clean Energy Initiative.



HEALTH AND LIFE SCI

DRIVEN BY:

Quality & Accessibility

SAIC is supporting the federal government's mission to improve the quality and accessibility of patient care while reducing cost. The company is building a better framework for individual and public health through disease surveillance, epidemic and pandemic preparedness. It is also leveraging health information frameworks and electronic records, enabling research collaboration, and cutting-edge research and technology.

ENCES



Supporting the Military Health System Community

For nearly 20 years, SAIC has supported the Military Health System community, helping to sustain clinical systems that support the highest quality of care-giving to our military men and women and their family members. In FY10, SAIC received a task order to continue to provide engineering, logistics and sustainment support for the Armed Forces Health Longitudinal Technology Application (AHLTA)/ Composite Health Care System (CHCS), helping to ensure the quality care of 9.4 million beneficiaries of the Military Health System TRICARE Program.

AHLTA, the military's electronic health record, gives healthcare providers access to data about beneficiaries' conditions, prescriptions, diagnostic tests and additional information essential to providing quality care. CHCS was designed and developed for the Department of Defense (DoD) by SAIC. CHCS is a fully integrated hospital information system that helps capture, manage and share health data across the DoD enterprise by connecting medical departments, hospital wards, outlying clinics, laboratories, and pharmacies.

Heidi Kraft

Consultant, U.S. Navy
Combat Stress Control
Program

Josh Temkin

Chief Software Architect

Jean Stelter

Software Development
Manager

Our Government Customers Include:**Department of Defense**

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

Department of Health and Human Services

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

Department of Homeland Security**Department of Veterans Affairs**

SAIC-Frederick operates the federal government's drug and vaccine manufacturing facilities (Biopharmaceutical Development Program, Vaccine Pilot Plant); operates the high-performance Advanced Biomedical Computing Center; manages a nationwide program to improve research and care for the underserved in their home communities; and supports more than 300 clinical trials for patients in the United States and around the world.

SAIC-Frederick also facilitates partnerships among NCI, other government agencies, for-profit companies, educational institutions, and non-profit organizations to reduce the time and cost of developing the next generation of therapies for cancer and AIDS.

Accelerating Situational Awareness via Health Information Exchanges

SAIC accelerates the near real-time detection of disease outbreaks with a solution that enables sharing of clinical care data among federal, state and local public health organizations and private health information exchange (HIE) organizations via the Nationwide Health Information Network (NHIN).

**Providing IT Services to Walter Reed Army Medical Center**

As the largest DoD military hospital, Walter Reed Army Medical Center (WRAMC) is the hub of the Walter Reed Health Care System and provides comprehensive healthcare to more than 150,000 service members, retirees and their families. In FY10, the WRAMC Directorate of Information Management awarded SAIC a task order to provide information technology (IT) services. Under

the task order, SAIC is providing comprehensive IT services in areas including help desk support, systems administration, information assurance, and project management. SAIC has provided these services to WRAMC for the past nine years.

Speeding Delivery of Treatments for Cancer and AIDS

SAIC-Frederick, a wholly owned subsidiary of SAIC, operates the laboratories of the U.S. National Cancer Institute at Frederick, Md., helping to speed the delivery of new technologies and treatments to patients with cancer and AIDS. SAIC-Frederick's staff of more than 1,800 conducts basic research and maintains a full suite of advanced technologies in areas such as nanotechnology, genomics and imaging.





For Inland Northwest Health Services (INHS), an HIE operating in Washington state and Idaho, SAIC delivered and integrated key technologies for capturing and conforming INHS's clinical transaction data to the Healthcare Information Technology Standards Panel biosurveillance data and securely sent that data in near-real-time to all levels of public health via the NHIN gateway.

Supporting the Department of Veterans Affairs Blood Bank Program

The Department of Veterans Affairs (VA) Blood Bank Program supports clinicians in delivering patient care, and helps laboratory staff in providing safe blood transfusions, meeting blood bank regulatory agency requirements, and required hospital reporting services. In FY10, SAIC received a task order from the VA to provide technical support to the agency's Blood Bank Program systems and provide services in areas including IT product development, quality management, testing, and system administration.

Helping the Navy Enhance Medical Readiness

For more than 20 years, SAIC has worked with the U.S. Navy to enhance the health and medical readiness of our military personnel. In FY10, SAIC received a prime contract to support the Navy's Chief Bureau of Medicine and Surgery (BUMED) for medical research and development. BUMED develops and delivers operational biomedical research solutions that enhance the health, safety, readiness and performance of U.S. military forces. Under the contract, SAIC conducts biomedical, epidemiological and clinical research to help prepare and protect Navy and Marine Corps personnel. SAIC also performs research on deployment and environmental health, and provides services in areas of psychological health including operational stress, post-traumatic stress disorder and traumatic brain injury.

CASE STUDY



HEALTH SYSTEMS DATA SHARING

Congress has mandated that the Departments of Defense and Veterans Affairs share real-time, computable clinical data and applications between their respective electronic health records (EHR) systems, AHLTA and VistA. SAIC has built a prototype health information framework that makes the two systems interoperable, allowing both departments to use the EHR systems they already have and comply with President Obama's vision of a single, Virtual Lifetime Electronic Record that follows servicemen and servicewomen from the day they enlist to the day they die.

The prototype is being used at the Captain James A. Lovell Federal Health Care Center in Illinois, which will be the first center that combines care for veterans and military personnel. The technology could also be adapted to help health information exchange organizations in the public and private sectors.



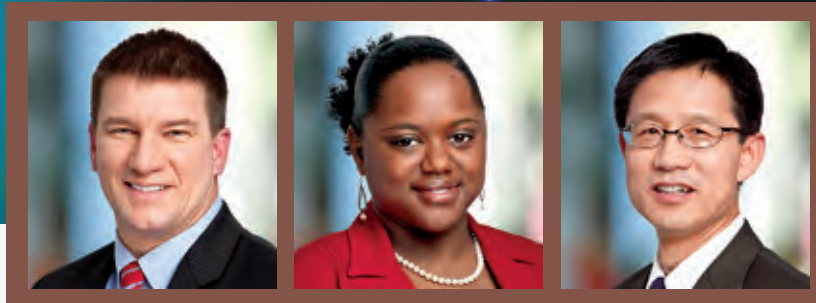
CYBERSECURITY

DRIVEN BY:

Innovation & Solutions

SAIC's trained, certified and cleared cyber professionals are tackling some of the most important challenges facing federal and commercial critical infrastructure. With outfitted cyber labs to test, implement and deploy leading-edge solutions and contract vehicles into the intelligence community and the military, SAIC's platform and vendor agnostic approach drives its top tier leadership in cyber situational awareness, managed security, network operations, and certification and accreditation.





Providing Cyber Solutions for National Security, Energy, Health

Our cybersecurity product and solution offerings are helping customers across our national security, energy, and health markets to secure networks and communications, protect the privacy of records, and secure control and management of electric transmission and distribution grids. Shortly after FY10 ended, SAIC enhanced its cyber capabilities by acquiring CloudShield Technologies, Inc., a leading cybersecurity and management solutions provider.

CloudShield's patented cybersecurity technology enables customers to inspect, analyze and control traffic on the network in real-time in order to provide security and information assurance. SAIC intends to use this deep packet inspection technology and our combined cybersecurity capabilities to provide sophisticated information technology network services and security solutions to governments and commercial service providers.

Scott Widlake
Group Pricing Director

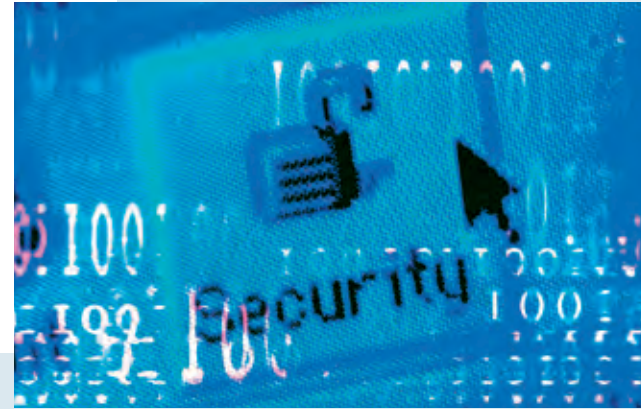
Mela Clark
Project Control Analyst

Yang Wen
Linguist



Our Customers Include:

Commercial Customers
 Department of Defense
 Department of Health and
 Human Services
 Department of Homeland Security
 Intelligence Community
 NASA

**Delivering Confidence in Supply Chains**

Confidence in the supply chains of integrated systems and the integrity of the people, processes and technology that comprise them is a national security imperative in a global economy. SAIC's technical excellence has made the company a leading player in Common Criteria (CC) and Federal Information Processing Standard (FIPS) testing markets. With the acquisition of Atlan, Inc., SAIC became one of the largest suppliers of testing, evaluation, auditing, and compliance. With extensive knowledge of CC and FIPS schemes, SAIC has developed a cyber supply chain assurance reference model that integrates both defense in depth and defense in breadth, applying security and risk management principles across the supply chain.

Protecting Department of Defense Information Systems

In FY10, SAIC was awarded a prime task order by the Defense Information Systems Agency (DISA) to provide information assurance (IA) training support to the Department of Defense

(DoD). SAIC is developing and delivering IA education, training, and awareness products to help DoD continue to meet all DoD and federal cybersecurity requirements. SAIC also provides technical support to DISA's public key infrastructure (PKI) program, providing PKI education, training and certification for DoD civilian and military members, as well as providing DoD computer network defense operators with training for protecting networks, and detecting and reacting to current cybersecurity threats and vulnerabilities.

Providing Critical Insight via Synthetic Environments

SAIC is combining its modeling and simulation expertise with its cyber professional workforce to develop an advanced cyberspace wargaming capability. This effort extends SAIC's work as the lead architect and integrator for OneSAF®, the Army's solution to its wargaming needs. The high-fidelity simulation of systems, networked devices, network users, and network attackers can be used to assess critical system vulnerabilities,

train operators and users, and provide a real-world context for exercises and planning purposes.

Providing Comprehensive Preparedness to Protect and Defend

SAIC's CyberNEXS is a new concept in cyber training, competition and certification. Live, realistic, and available from anywhere, CyberNEXS prepares system administrators and students with tools and skills to protect and defend critical information technology systems against today's real-world threats. It has been used by the U.S. military for cyber defense training. In FY10, CyberNEXS provided the core exercise technology during the Air Force Association National High School Cyber Defense Competition.

CyberNEXS is a fully functioning network, with servers and desktops, switches and routers, firewalls, and intrusion detection systems. The heart of the system is the ScoreBot, which measures performance on a minute-by-minute basis. The challenge is to harden the systems assigned,



and then thwart actual cyber attacks while maintaining critical services. This service can be delivered over the Internet, providing flexibility and scalability.

Taking New Approaches to Augment Proven Ones

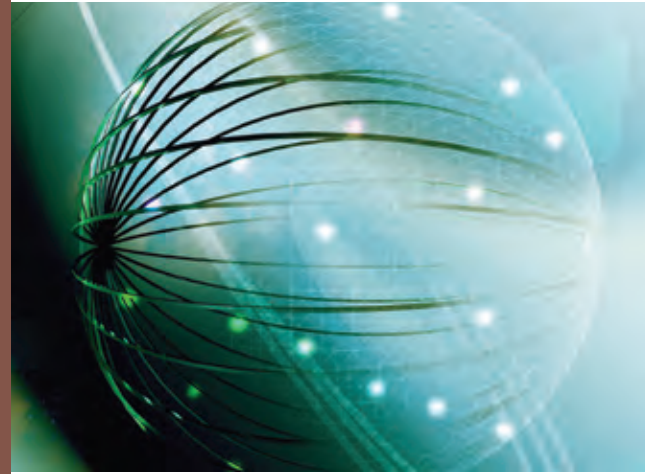
SAIC continues to expand and evolve its cyber offerings. For example, Digital Echo—used by the intelligence community as an open-source analytics tool—is a technology-driven solution to assess, measure, and target online discourse, providing insight into online sentiment. Digital Echo couples cutting-edge technologies and commercially-based methodologies with highly qualified analysts to provide customers with a range of analytic outputs such as novelty detection, data clustering, time series analysis, social network analysis, and the ability to measure discourse through a series of metrics such as “buzz.”

The software has wide applicability to government and commercial markets, such as brand

management and crisis communications. Digital Echo is a scalable, configurable platform adapting and integrating commercially available software with custom coding and proprietary algorithms. It can collect, process, filter, parse, archive, search, and conceptually analyze unstructured data in the native language.

Supporting the National Communications System

In FY10, the U.S. Department of Homeland Security (DHS) Office of Cybersecurity and Communications awarded SAIC a prime contract to provide scientific, engineering and technical services in support of the National Communications System (NCS), a cornerstone of the country’s ability to provide key communications services to support government functions during emergencies. The NCS is an office within DHS charged with enabling national security and emergency preparedness communications using the national telecommunications system.



CASE STUDY

U.S. AIR FORCE NETWORK OPERATIONS SUPPORT

The U.S. Air Force (AF) Intelligence Surveillance Reconnaissance Agency awarded SAIC a prime contract in FY10 to support AF Network Operations (AFNETOPS) with management and analytical services. AFNETOPS manages and secures all AF network operations, providing the warfighting structure to fly and fight in cyberspace, and providing coherency, responsiveness, and agility of network defense against increasingly numerous and sophisticated adversaries.

Under the contract, SAIC is providing management and analytical support in areas including command and control; developing and implementing tools and procedures for cyber defense and attack operations; and incorporating support and exploitation capabilities and functions.





DRIVEN BY:

Performance & Reliability

As a leading provider of information technology (IT) solutions for all layers of the modern enterprise, from enterprise strategy consulting to managed infrastructure services, SAIC's IT experts are helping global enterprises address today's competitive realities and challenges. We do this by combining effective and advanced technology, customer domain expertise, and reliable delivery and performance.



IT-BASED SERVICES



Providing Information Technology Services for NASA

In FY10, the National Aeronautics and Space Administration (NASA) awarded SAIC a contract extension to continue work on the Unified NASA Information Technology Services contract initially awarded to SAIC in 2004. Under the extension, SAIC will continue to provide IT services to NASA's Marshall Space Flight Center in Huntsville, Ala., and support all NASA Centers, including NASA Headquarters, and support NASA's international sites and networks. SAIC will also provide services

in support of NASA's wide-area network, IT security, enterprise architecture, data center management and operations, digital television (NASA TV), and the integrated enterprise management program.

Enhancing Immigration and Customs Enforcement's IT Capabilities

Working with components of the U.S. Department of Homeland Security (DHS) and federal, state and local organizations, the Immigration and Customs Enforcement (ICE) protects national security by enforcing the nation's customs and immigration

C.J. Loria
Space Division
Manager

Roberto Estrada
Chief Systems
Architect

Cynthia Johnson
Systems Engineer

AND SOLUTIONS



Our Customers Include:

- Department of Defense
- Department of Homeland Security
- Entergy Corporation
- Environmental Protection Agency
- Intelligence Community
- NASA
- National Science Foundation



laws. In FY10, DHS awarded SAIC multiple task orders to support the ICE Office of the Chief Information Officer. Under these task orders, SAIC is supporting ICE modernization and helping maintain the agency's core applications in areas including intelligence, international affairs, investigations, and detention and removal. Our efforts are helping further strengthen ICE's capabilities in information sharing, analyst-to-agent collaboration, and data exploitation to enhance national security and make our communities safer.

Managing the National Science Foundation's IT Infrastructure

An independent federal agency created by Congress in 1950, the National Science Foundation (NSF) promotes the progress of science. In FY10, the NSF awarded SAIC a contract to manage its information technology infrastructure and provide a comprehensive suite of IT, voice and data telecommunications, and related services.

SAIC is helping NSF improve systems and database architecture; streamline data center and infrastructure processes; improve communications and collaboration; and develop a more portable, managed service provisioning model.

Supporting the U.S. Army's Chief Information Officer

Under a task order awarded in FY10, SAIC is delivering technical and analytical support services to the U.S. Army's Chief Information Officer (CIO). SAIC is providing technical and analytical services for the Army CIO's mission to enhance and integrate enterprise-wide information technology capabilities to support warfighter requirements. Our support is in areas including enterprise architecture; portfolio management; strategy; command, control, communications, computers and information technology; and operational capabilities.

Providing Enterprise IT Solutions for the U.S. Army

To support the Joint Readiness Training Center at Fort Polk, SAIC is providing a variety of IT and network support services. The center helps improve military readiness by providing realistic,





CASE STUDY

combined arms training. Under a task order awarded in FY10 by the U.S. Army's Director of Information Management, SAIC is delivering a wide range of IT support including information assurance; automation and network support; and telephone, wireless and data communications services.

Providing IT Support to the Environmental Protection Agency

SAIC provides a wide range of IT services to the U.S. Environmental Protection Agency's Office of Environmental Information (OEI). OEI is responsible for the management and implementation of a secure IT infrastructure, and provides the agency with IT solutions to support mission success. SAIC provides support services in areas including call center and application deployment management, network and user support, geospatial services, and IT security.

Helping DARPA with Terahertz Electronics Research

Drawing on its capabilities in high-power, high-frequency electronics, SAIC is helping the Defense Advanced Research Projects Agency (DARPA), Microsystems Technology Office to provide research and development services leading to the delivery of prototype terahertz-frequency, high-power amplifiers. Future military and aerospace applications that operate at terahertz frequencies will need greatly improved terahertz transmitter and receiver technologies to be effective. Achieving the level of circuit technology integration necessary to enable practical terahertz systems will require new methods for integrating devices into compact circuits.

Under a contract awarded in FY10, SAIC will develop prototype terahertz amplifiers that will help enable follow-on development of new military and dual use systems for imaging, communications, and other applications.

ENTERGY CORPORATION IT SERVICES SUPPORT

SAIC has supported Entergy Corporation since 1999, providing recovery support during Hurricanes Katrina and Rita, and other major storms, helping the company develop two new data centers, and enhancing overall IT service delivery. Entergy awarded SAIC a follow-on contract in FY10 to provide comprehensive IT support services through 2015.

Entergy owns and operates power plants with approximately 30,000 megawatts of electric generating capacity, and is the second-largest nuclear generator in the United States. Entergy delivers electricity to 2.7 million utility customers in Arkansas, Louisiana, Mississippi, and Texas. Under the contract, SAIC is delivering application development and maintenance, as well as infrastructure support, help desk, data center operations, and telecommunications services.



DRIVEN BY:

Community & Commitment

Our commitment to corporate responsibility is driven by a desire to make a difference in the areas in which we live and work. Over the past year, SAIC continued to support its employees and make significant and lasting improvements to our communities and our environment.

Promoting Science, Technology, Engineering, and Mathematics Education

A key component of corporate responsibility is in helping to build the future workforce. In FY10, SAIC launched an enterprise-wide initiative to help inspire, engage and educate students in K-12 science, technology, engineering, and mathematics (STEM) education. To help kick off this long-term nationwide effort, the company pledged \$1 million worth of sponsorships to two leading non-profit organizations with demonstrated results in the STEM arena. Our strategic relationships with *FIRST*[®] (For Inspiration and Recognition of Science and Technology) and Project Lead The Way (PLTW[®]) enable us to support all grade

levels of STEM education—from kindergarten through high school—and activities both inside and outside the classroom. *FIRST* operates through extracurricular participation of students, while PLTW functions as part of a school's formal curriculum.

We also sponsor a space camp for elementary school students, support cyber defense and other technology competitions for junior high and high school students, and have strategic alliances with seven major universities across the United States. In FY10, for example, SAIC provided a grant to the University of Oklahoma to support collaborative project and research programs in climate change and other areas.



CORPORATE RESPONSIBILITY

These activities represent only a portion of SAIC's actions in the area of corporate responsibility. For the complete story, please see <http://www.saic.com/about/corporate-responsibility/>.

Above, from left: To promote environmental awareness through recycling, SAIC sponsored the "Green Dream" summer tour of rock band O.A.R.; SAIC CEO Walt Havenstein announced a \$1 million commitment to K-12 STEM education through our support of *FIRST* robotics competitions and other activities; SAIC women veterans were honored by senior executives and board members at an event celebrating the anniversary of the Women in Military Service for America Memorial.

Support for Our Armed Services

To further demonstrate our appreciation for those who serve, SAIC made a corporate donation to the Women in Military Service for America (WIMSA) Memorial, the only national memorial honoring the 2.5 million women who have served in the U.S. Armed Forces. SAIC also hosted an event celebrating the anniversary of the WIMSA Memorial to recognize the talent, sacrifice, and dedication of those who have served and continue to serve their country.

SAIC also was a major sponsor of other events to support the military, such as Army Ten-Miler and Navy 5-Miler races, which benefit the military's morale, welfare, and recreation programs; as well as the Wings of Freedom Tour, which showcases authentically restored

World War II military aircraft, and honors veterans of the U.S. Army Air Force's 8th Air Force.

Support for Medical Research

SAIC employees took up the fight against breast cancer from coast to coast in October 2009 as part of Breast Cancer Awareness Month. Teams from Maryland, California, Florida, and other locations participated in the American Cancer Society (ACS) Making Strides Against Breast Cancer walks, raising thousands of dollars for the organization. We also support medical research for cancer, AIDS and other diseases. In FY10, for example, we made a donation to the ACS Border Sierra Region in San Diego. SAIC has a long association with the American Cancer Society around the country, and we operate one

of the National Cancer Institute's leading cancer research centers in Frederick, Md.

Concern for the Environment

Committed to sustainability and security, SAIC sponsored a "Green & Secure" event at our McLean, Va. headquarters, where employees recycled and disposed of more than 17,000 pounds of old computer equipment and personal documents in an environmentally friendly manner. We held a similar event at our San Diego campus.

SAIC employees helped collect more than 8,000 pounds of recyclables during the rock band O.A.R.'s SAIC-sponsored Green Dream Tour, which aimed to educate fans about environmental responsibility through recycling at concerts.

Directors



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Chairman of the Board



W.P. Havenstein
Chief Executive
Officer



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



F.A. Córdova
President,
Purdue University



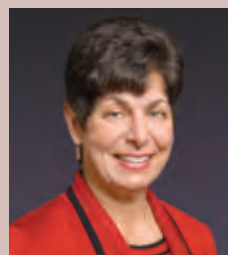
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Vice Chairman,
BellSouth Corp. (Ret.)



T.F. Frist, III
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Frist Capital L.L.C.



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



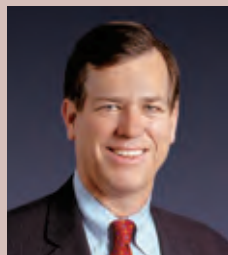
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Baxter International, Inc.



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



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



STOCKHOLDER INFORMATION

Corporate Headquarters

1710 SAIC Drive
McLean, VA 22102

Stock Listing

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

Stockholder Services

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

BNY Mellon Shareowner Services
U.S. Telephone: 866-400-SAIC
International Telephone:
201-680-6625
www.bnymellon.com/shareowner

Stockholder Relations

Questions from stockholders, analysts, and others can be directed to:

Investor Relations
SAIC
1710 SAIC Drive
McLean, VA 22102
Telephone: 703-676-2283

Questions can also be submitted through the Investor Relations section on www.saic.com.

Annual Report and Form 10-K

The SAIC 2010 Annual Report and Form 10-K are available from the SAIC Web site at www.saic.com. An Adobe Acrobat Portable Document Format (PDF) can be downloaded from this location.

SAIC on the Internet

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

Independent Registered Public Accounting Firm

Deloitte & Touche LLP
San Diego, Calif.

Produced by SAIC Communications

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