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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of
The Securities Exchange Act of 1934

Date of Report: October 9, 2007

SAIC, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

001-33072
(Commission File Number)

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

10260 Campus Point Drive, San Diego, CA 92121
(Address of Principal Executive Offices) (Zip Code)

(858) 826-6000
(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Item 7.01 Regulation FD Disclosure.**SAIC Institutional Investor Conference**

SAIC, Inc. will host today, October 9, 2007, its first Institutional Investor Conference (Conference) at its campus in McLean, Virginia. Several senior executives of the company will make presentations at the Conference and will discuss the company's financial performance and strategies for the future. Interested parties can listen to the presentations through a live Webcast on the company Web site, www.saic.com, beginning at 8:30 a.m. Eastern time today, October 9, 2007.

During the Conference, the company will reaffirm its fiscal year 2008 financial guidance originally given on December 12, 2006 and subsequently reaffirmed on April 11, 2007, June 6, 2007 and September 6, 2007. The company continues to expect fiscal year 2008 revenues between \$8.7 and \$9.0 billion, diluted earnings per share from continuing operations (EPS) between \$0.83 and \$0.88, and cash flow from operations of \$450 million or greater. The company's EPS guidance assumes no share repurchases under the company's share repurchase program after July 31, 2007.

Charts to be used in the presentations made by the company's senior executives at the Conference are attached to this Current Report on Form 8-K as Exhibit 99.1.

Also, certain unaudited historical financial statement schedules will be presented at the Conference and are attached to this Current Report on Form 8-K as Exhibit 99.2. In July 2007 the company completed a reorganization transaction resulting in the disposition of the company's 55% interest in AMSEC LLC (AMSEC). Before the reorganization transaction was completed, AMSEC was owned 55% by the company and 45% by Northrop Grumman Corporation, and AMSEC's results were reported as a consolidated subsidiary of the company. In the reorganization transaction, certain divisions of AMSEC were distributed to the company in exchange for the company's 55% interest in AMSEC. The attached unaudited historical financial statement schedules reflect as discontinued operations the results of operations and cash flows of the portion of the AMSEC business retained by Northrop Grumman Corporation following completion of the reorganization transaction. In addition, Exhibit 99.2 sets forth historical backlog and bookings data which excludes the portion of the AMSEC business retained by Northrop Grumman Corporation following the reorganization transaction.

Certain statements made in the charts attached to this Current Report on Form 8-K as Exhibit 99.1 or by executives at the Conference contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended. Forward-looking statements involve a number of risks and uncertainties. A number of factors could cause the company's actual results, performance, achievements, or industry results to be materially different from any future results, performance, or achievements expressed or implied by these forward-looking statements. Some of these factors include, but are not limited to, the risk factors set forth in the company's Annual Report on Form 10-K for the year ended January 31, 2007, and other filings that the company makes with the SEC from time to time. Due to

these uncertainties and risks, readers of this Current Report on Form 8-K and persons who view these presentations are cautioned not to place undue reliance on such forward-looking statements, which speak only as of October 9, 2007. The company disclaims any duty to update guidance or any other forward-looking statement provided in the attachment to this Current Report on Form 8-K or in the presentations made by company executives at the Conference to reflect subsequent events, actual results or changes in the company's expectations.

The information contained in this Current Report on Form 8-K, including Exhibit 99.1 and Exhibit 99.2 attached hereto, is being furnished and shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (Exchange Act), or otherwise subject to the liabilities of that section of the Exchange Act. Furthermore, the information contained in this Current Report on Form 8-K, including the Exhibits attached hereto, shall not be deemed to be incorporated by reference into any registration statement of the company or other document filed by the company pursuant to the Securities Act of 1933, as amended.

Item 9.01 Financial Statements and Exhibits.

(d) *Exhibits*

Exhibit 99.1* Charts used in executive presentations made at October 9, 2007 SAIC Institutional Investor Conference.

Exhibit 99.2* Unaudited historical financial statement schedules presented at October 9, 2007 SAIC Institutional Investor Conference.

* This Exhibit shall not be deemed "filed" for purposes of Section 18 of the Exchange Act, as amended (Exchange Act) or otherwise subject to the liability of that section of the Exchange Act, nor shall it be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act.

SIGNATURE

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

(Registrant)

SAIC, INC.

Date: October 9, 2007

By: /s/ DOUGLAS E. SCOTT

Douglas E. Scott
Its: Executive Vice President
General Counsel and Secretary



SAIC Institutional Investor Conference

Welcome and Introduction

Stuart Davis
SVP, Investor and Employee Owner Relations



Agenda



Welcome
Enterprise Overview
Operational Perspectives
Financial Overview
Corporate Q&A

Stuart Davis
Ken Dahlberg
Larry Prior
Mark Sopp

Break

Defense Solutions
Future Combat Systems

Deb Alderson
John Gully

Lunch and Future Combat Systems Demonstration

Intelligence, Security & Technology
IT & Network Solutions
Infrastructure, Logistics & Product Solutions

Stu Shea
Charles Koontz
Joe Craver

Break

Security and Transportation Security
Closing Remarks
Final Q&A

Alex Preston
Ken Dahlberg

Forward Looking Statements



Certain statements in these presentations contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended. The forward-looking statements involve a number of risks and uncertainties. A number of factors could cause our actual results, performance, achievements, or industry results to be materially different from any future results, performance, or achievements expressed or implied by these forward-looking statements. Some of these factors include, but are not limited to, the risk factors set forth in the Company's Annual Report on Form 10-K for the year ended January 31, 2007, and other filings that the Company makes with the SEC from time to time. Due to these uncertainties and risks, persons who view these presentations are cautioned not to place undue reliance on such forward-looking statements, which speak only as of October 9, 2007. The Company disclaims any duty to update guidance or any other forward- looking statement provided in these presentations to reflect subsequent events, actual results or changes in the Company's expectations.

- This presentation describes financial results through 7/31/07 (FY2008 Q2)



SAIC Institutional Investor Conference

Enterprise Overview

Ken Dahlberg
Chairman and CEO

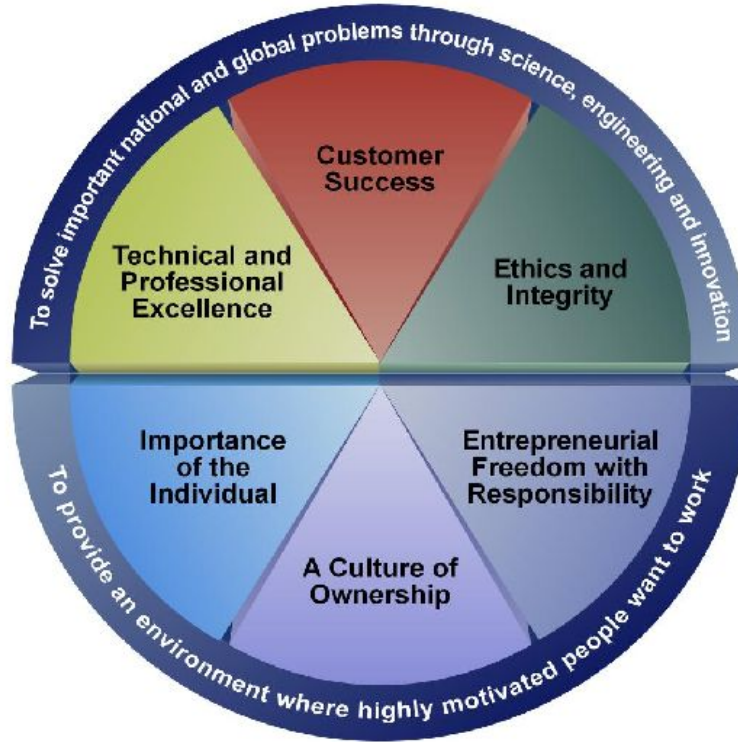


Who Are We?

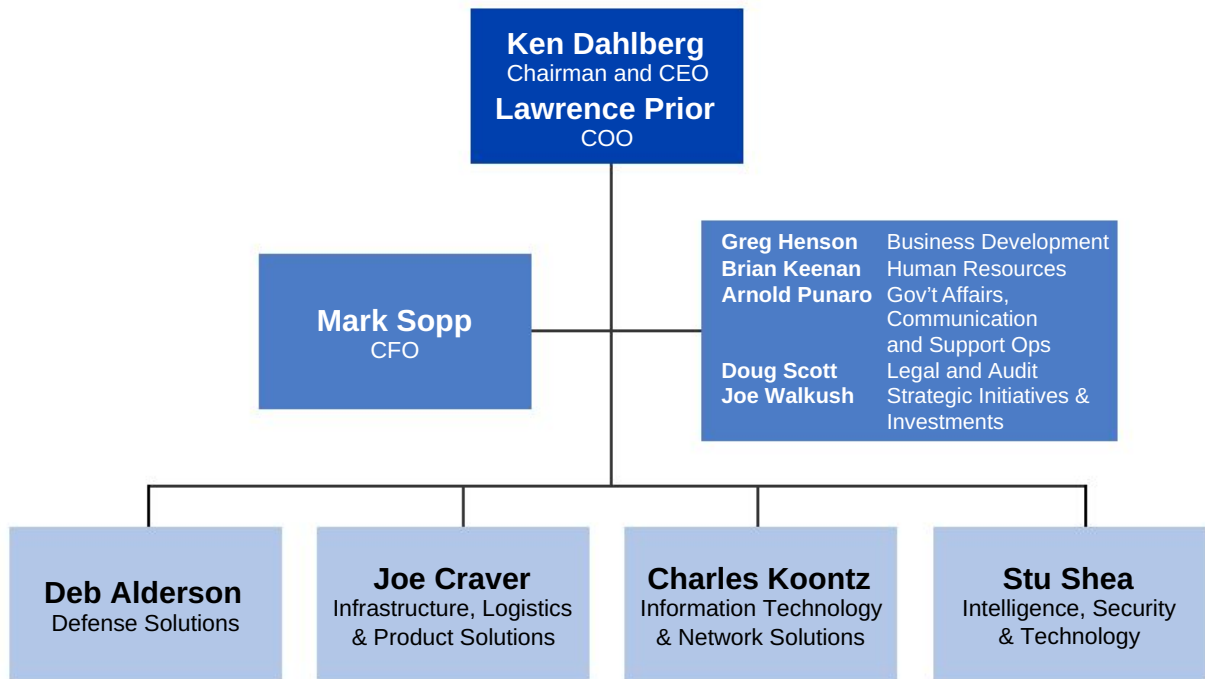


- Leading science/technology services & solutions provider
 - Platform independence creates “honest broker”
 - Broad capabilities to win and execute bundled procurements
- \$8B+ revenue—38 years of organic growth and profitability
- Focused on important national and global problems
 - National security – Homeland security – Logistics
 - Intelligence – Energy – Health care
- “Go-to” provider for government’s most difficult problems
 - Leadership positions on important national and global programs
 - Deeply embedded in our customers’ missions
- Highly skilled and innovative workforce
- Entrepreneurial culture that motivates our people
 - Built around customer/mission success and technical excellence
 - Most employees own stock, driving performance for all stockholders

SAIC Core Values & Purpose



SAIC Organization



SAIC Fundamental Guiding Principles



- Live our core values
 - Open, honest, and straightforward with all our constituencies (customers, employees, stockholders, the public)
- Build long-term value, per share, for our stockholders
 - Balance short-term and long-term objectives
- Pursue business in our “circle of competency”
 - Expand into adjacent areas when it makes sense
- Increase capability to serve our customers and drive growth
- Allocate capital on a rational, disciplined basis

Corporate Transformation



Element	November 2003	October 2007
Board	19 members (10 internal); 19 committees	11 Members (1 internal); 6 committees
Line Structure	15 Sectors, 55 Business Units No "Swim Lanes"	4 Groups, 20 Business Units Aligned by Customers/Capabilities
Strategy	"No Grand Plan"	Formal planning discipline informs investment allocations
Business Mix	Amalgam including declining markets with no strategic value	Focused on high-growth markets through acquisitions/divestitures
Collaboration	Entrepreneurial Darwinism promotes internal competition	One SAIC promoted through alignment and incentives
IT Systems	Legacy systems requiring extensive maintenance and work around	Committed \$100M to complete top-to-bottom refresh of all IT systems
People Management	Individuals responsible for their own coverage and career development	Talent Management Review w/ training, succession, and redeployment programs
Problem Contracts	High-profile issues: Greece, Trilogy, Trailblazer	Significant progress on past issues; no new major problem contracts
Capital Structure	100% owned by employees/retirees \$2.2B in cash; \$1.0B in net cash	IPO completed: ~130M share float \$1.1B in cash; \$0.1B in net debt

Focus on Execution



- **Accelerate organic growth**
 - Improving toward 6-9%
 - Greater collaboration on growing pipeline of major opportunities
- **Improve margins sustainably**
 - 20-30 bps improvement planned for FY08
 - Provided best practices training; initiated review of corporate structure/spending
- **Instill culture of discipline**
 - SOX 404 implementation complete
 - No new major problem programs
- **Improve ability to plan/forecast**
 - Implemented integrated planning process, 6 quarter rolling forecast
 - More detailed bottoms up and top down tests of reasonableness
- **Invest in people**
 - New training courses implemented, including for every new hire
 - Recruiting and retention improving through attention at all levels
- **Build technology base**
 - Increasing IR&D investment linked to business thrusts
 - 33 communities of practice link technical contributors across company

3-5 Year Outlook



- **Addressable market growth will flatten**
 - Budgets less predictable with increasing deficit pressure
 - Competition more fierce—industry will experience margin pressure
 - Lowering of prices, strong cash generation will promote more consolidation
- **Sources of Revenue—about 90% federal/10% commercial**
 - Continue our focus in federal markets
 - Commercial business provides growth and leverages synergies
- **Increased capability and recognition as major prime contractor for larger bids**
 - Government losing ability to supervise acquisition of big systems
 - SAIC must be able to provide total solutions for our customers
- **Increased ability to handle different business models**
 - Requires business savvy and risk mitigation (e.g., performance based contracting)
 - More product business to provide total solutions and better margins
- **Improved financial performance**
 - Revenue—grow 6% to 9% organically
 - Add 2%-4% from mid-sized strategic acquisitions; opportunistic on larger ones
 - Operating Margins—expand at least 100 bps
 - EPS—grow 15% on average

Near-Term Strategic Actions



- Repurchase our stock when the purchase price yields an attractive return to stockholders
- Target larger acquisition opportunities (>\$500M) opportunistically— when the fit and price are right
- Mature capabilities to develop light touch production and LRIP products from our technology base
- Improve ability to develop, deliver, and support total solutions over the program life cycle
- Build our capabilities (large program management, system engineering, team-building) and reputation as a prime
- Execute corporate campaigns around energy, health, cyber security, and space superiority
- Reduce corporate overhead and invest in organic growth

Enterprise Summary



- One year later after IPO, investment thesis is unchanged
 - Market expected to grow for years to come
 - SAIC has the ability to deliver strong returns by accelerating organic growth, expanding margins, and deploying capital
- Company is executing according to IPO plan
 - 6% organic growth rate and improving operating margin since IPO
- Demonstrated progress since IPO
 - Divested non-core businesses—AMSEC and ANX
 - Restructured leadership team
 - Built pipeline of major opportunities
 - Won large competitive programs—GPS, POL-Chem, NATO BMD
 - Deployed \$400M+ on acquisitions: AMTI, Benham, AETC, Scicom
 - Initiated share repurchase plan to managed dilution
 - Changed incentive programs to address option overhang



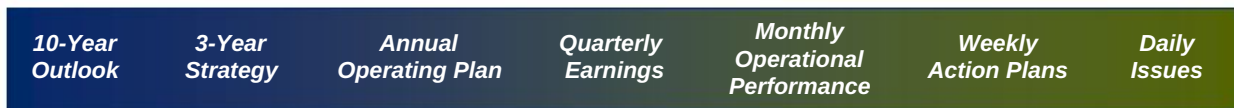
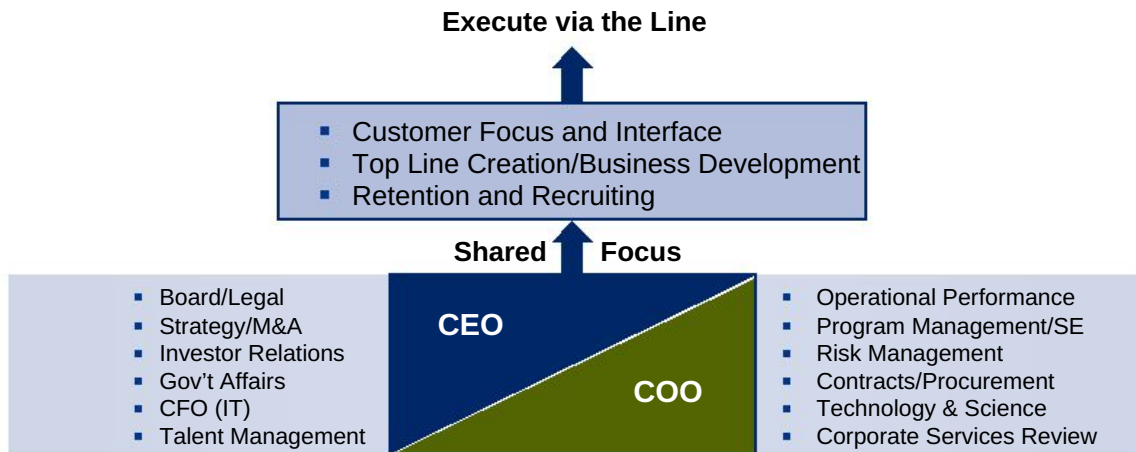
SAIC Institutional Investor Conference

Operational Perspectives

Larry Prior
COO



CEO and COO Areas of Focus



Top Line Creation



- Drivers of top-line growth
 - Employee-owners and entrepreneurs
 - Operations and division managers
 - Group presidents and business unit GM's
 - Greg Henson and the corporate team
- Key metrics:
 - Backlog: \$14.1B (Q2)
 - Book to bill: 0.8 H1, 0.9 Q2 – trending up
 - Conservative bookings and backlog definitions do not include ID/IQ master agreement values
 - Submitted pipeline awaiting award: ~\$15B (Q2) same as Q1
 - Significant wins since Q2; 6 wins >\$100M each

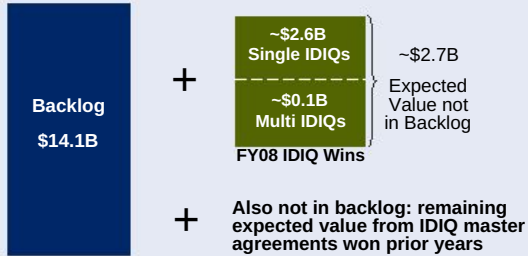


Greg Henson

Top Line Creation



Healthy Book of Business – As of Q2



Performance Factors – through 9/7/2007

- YOY win expected value is up \$2.9B
- YOY \$ win rate is up 11% (now 72%)
- YOY \$ win rate for >\$100M up 43% (now 83%)
- YTD 15 wins >\$100M
- Pursuing 102 opportunities >\$100M

>\$100M Wins (since end of Q2)

- IDIQ-Single Award (expected value):
 - ISEA Services Blue Velvet: ~\$470M
 - Tactical C2 Integration Services: ~\$460M
 - Expeditionary Combat Support System: ~\$275M
- IDIQ-Multiple Award (expected value):
 - Alliant: ~\$3B
 - HHS Enterprise Systems Development: ~\$330M
- Non-IDIQ (expected value):
 - Automatic Dependent Surveillance Broadcast: ~\$100M

Business Development Thrusts

- Customer intimacy and recompetes
- Increase % of large SE&I pursuits
- Business process and tool refinement
- Adjacent market exploration
- Cross-company collaboration
- Growing the workforce (e.g. TMR, Gallup survey, training)

Retention and Recruiting



- **Retention and Redeployment**
 - Voluntary turnover - 14.3% (11.5% for scientists and engineers)
 - Redeployment reducing turnover (500 employees redeployed YTD)
- **Recruiting: >5K YTD hires**
 - Average time to fill a vacancy is 40 days
- **Talent Management Review**
 - Focused on succession planning, developing High Potentials
- **Professional and Career Development**
 - Foundation courses: leadership, program management, systems engineering, BD
 - Career Paths: program management fully rolled out; intelligence analysts, systems engineering, and line management in development for pilot in FY08
- **Employee Survey**
 - Launched in July with annual follow-on to track progress
 - Confirmed strong customer focus and entrepreneurial culture
 - Identified areas for improving frontline people management and communication



Brian Keenan

Execution



- Strong line management
 - Group presidents make markets
 - Business unit GMs have customer focus
- Program management, controls and SE
- Monthly reviews
 - Financial performance vs. plan and forecast
 - Revenue, PBT, fee, operating margin, rates, unallowable, timesold, DWC, AR
 - Business development
 - Submits, awards
 - Program management and performance
 - Retention and recruiting



Deb Alderson



Charles Koontz



Stu Shea



Joe Craver



SAIC Institutional Investor Conference

Financial Overview

Mark Sopp
EVP and CFO



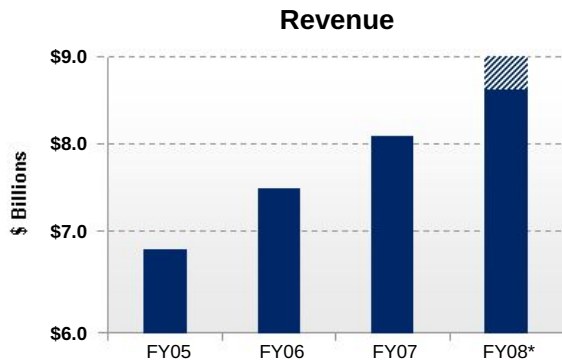
Agenda



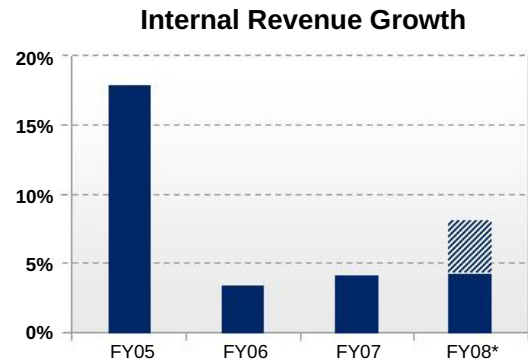
- Income Statement
- Cash Flow
- Balance Sheet

Measure	FY08 Guidance
Revenue (billions)	\$8.70 - \$9.00
Diluted EPS from continuing operations	\$0.83 - \$0.88
Cash flow from operations (millions)	\$450 or greater

Revenue Trends



* FY08 reflects disclosed guidance range



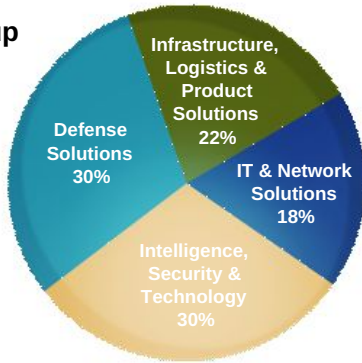
- Uninterrupted growth since 1969
- Internal growth beginning to accelerate
 - Recovery from cessation or leveling of large contracts (GIG-BE, Trailblazer, FCS) and lost recompetes (AF IPV, DNI CIO)
 - FY08 internal growth rate projected at 5-6%

FY07 Revenue Breakout

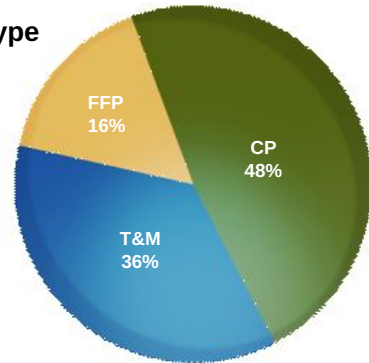


A1957-ID-02

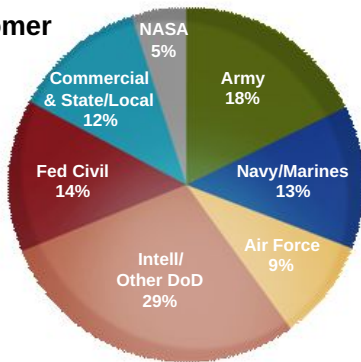
Group



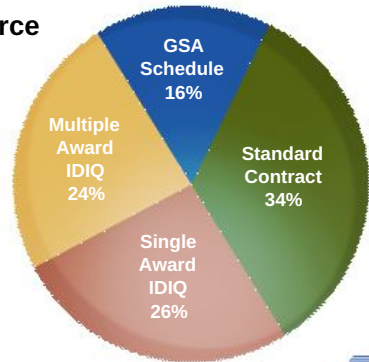
Contract Type



Customer



Contract Source



Revenue Acceleration



Pre-IPO

- Focus on Recompets
- BD Leadership Team
- Higher Growth Markets
- Organizational Alignment
- CRM Phase I

Post IPO to Q208

- Increased IR&D
- Collaborating on Larger Contracts
- Acquisition Synergies
- Aggressive Pipeline

Next 3 Years

Target
6-9%
Internal
Revenue
Growth

Internal
Growth Rate 3%



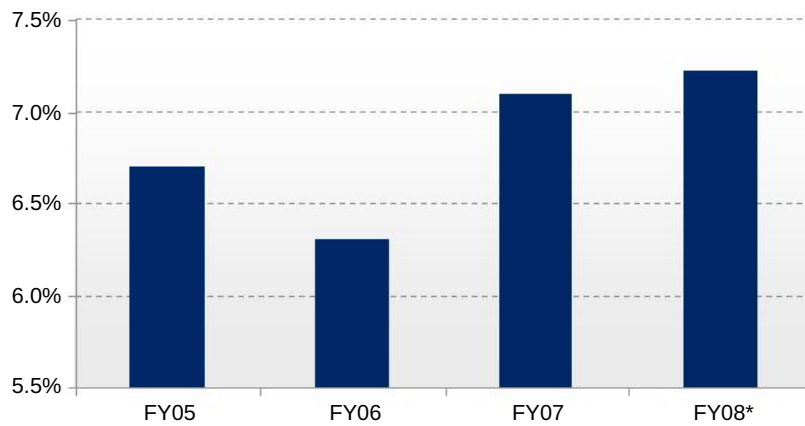
6%



IPO
FY07

Q2
FY08

Operating Margin Trend



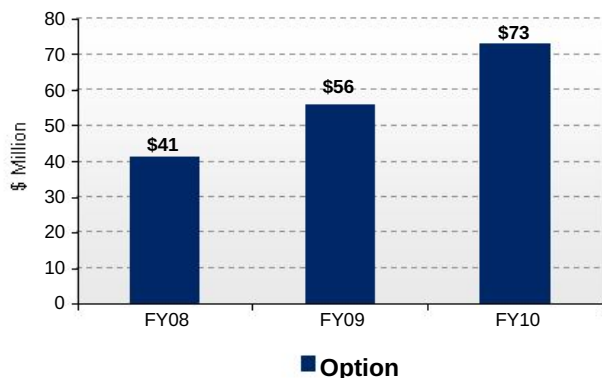
* FY08 reflects mid-point of disclosed range of 20-30 bp improvement

- Improving operating margin 20-30 bps per year
 - Despite 40 bps of FAS 123R expense in FY07 and FY08
 - FY06 margin lower because of \$83M loss on the Greek contract

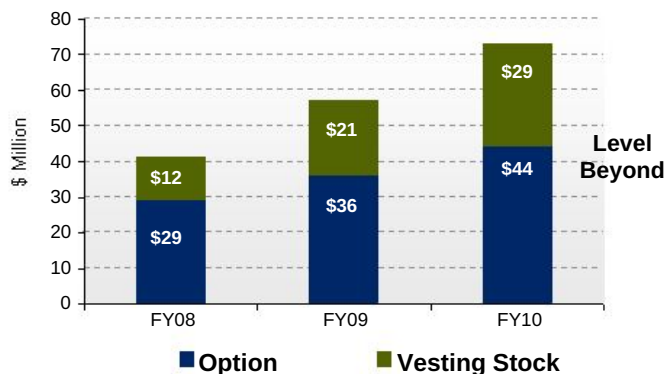
Option Expense Converted to Vesting Stock Expense



Pre-Option Reduction



Post-Option Reduction

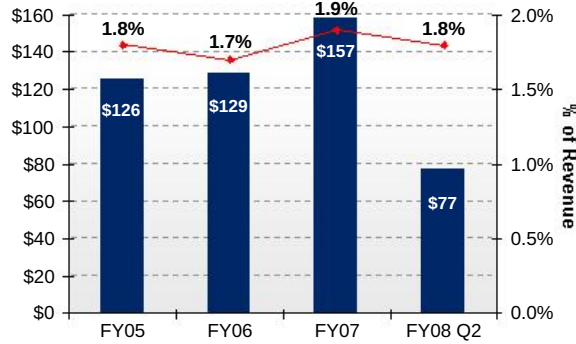


- FAS 123R expense builds to “normalized” state in FY10
- Redirected many FY08 options to vesting stock (3:1)
 - Vesting stock expense is allowable; option expense is unallowable
 - Prior option program would have eroded annual margins 60-70 bps
 - Current option programs erode margins 30-40 bps in long term state

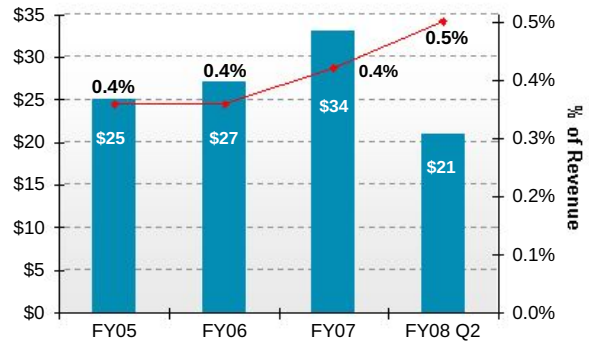
Strategic Investment Areas



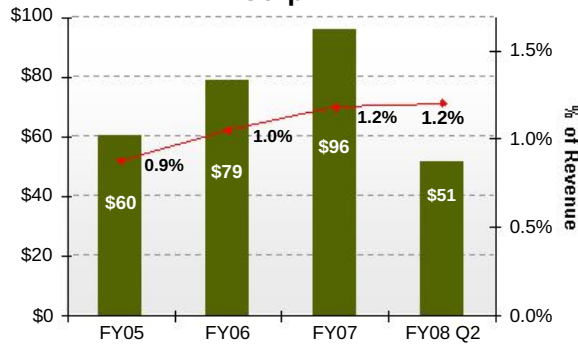
Bid & Proposal and Corp BD



IR&D

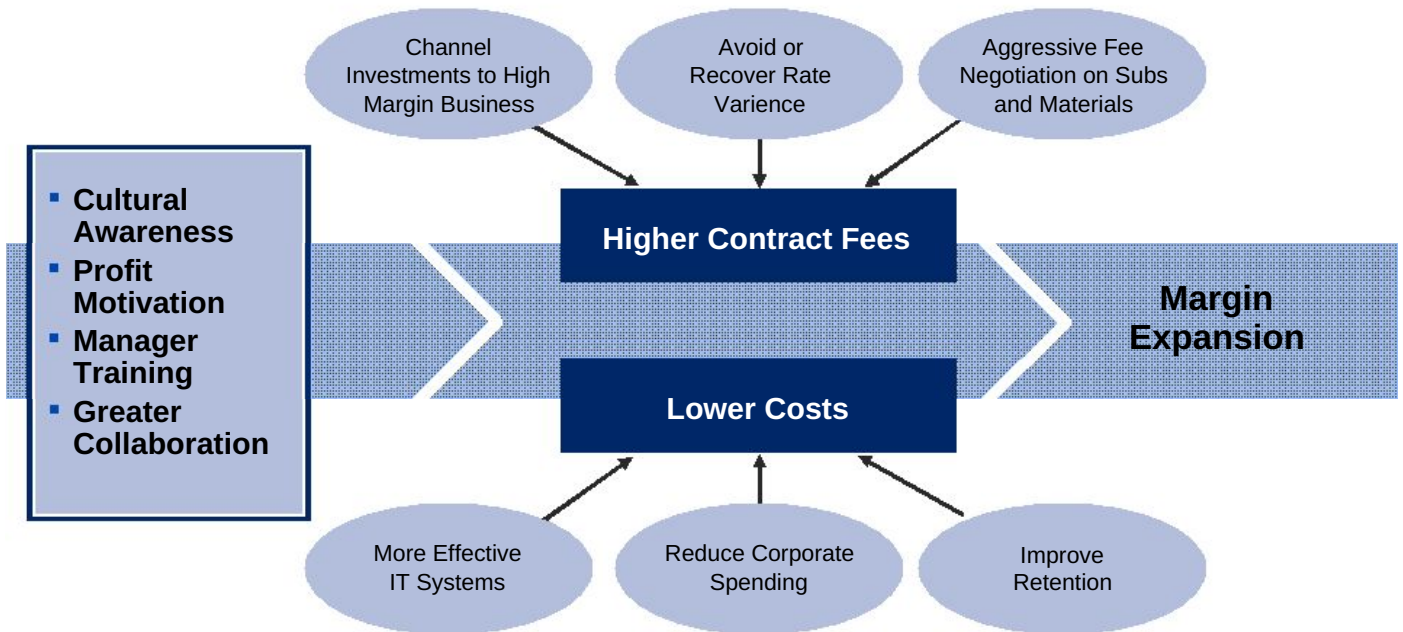


Corp IT



- Growing our key investments
- Focused on delivering either top line growth or operational efficiencies
- Expect IT spend reductions FY10

Margin Expansion – Key Steps



Margin Expansion – End State



- Ultimate margins with current business base should be 8%-9%
 - Improve 20-30 bps per year

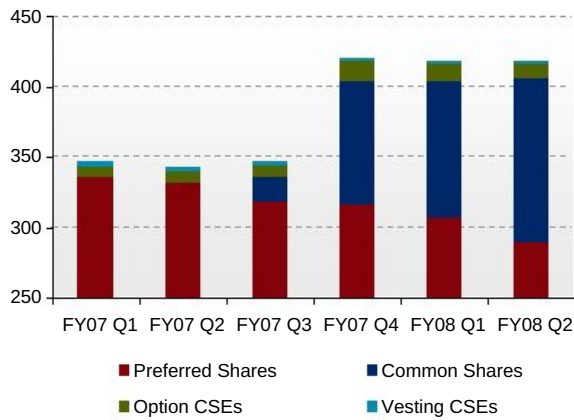
Improve Contract Fees		Reduce Indirect Costs	
■ Enhanced fee on M&S	20-40 bps	■ Cut overhead	20-40 bps
■ More internal collaboration	10-20 bps	■ Return to normal IT spend	15-25 bps
■ Fast growth in high-margin areas	10-20 bps	■ Better rate/unallowable management	10-30 bps
■ Total	40-80 bps	■ Total	45-95 bps

- Changes in business base could change end margins
 - Greater relative acceleration of logistics business (down)
 - Contractor reform actions: fee limits, holdbacks, investigations (down)
 - Customer shifts in contract mix (↑ FP/T&M up, ↑ CP down)
 - Greater relative acceleration of products business (up)

Share Count



Average Quarterly Diluted Shares



Option Overhang



- Share count held in check with share repurchase program
 - Future repurchases subject to market conditions, stock price, and other cash uses
- Reworked equity programs—retirement plan contributions and vested bonus stock replaced with cash
- Option overhang should continue to fall as larger prior year grants mature

Income Statement Takeaways



Revenue

Diverse contract base mitigates risk

Tracking to almost double pre-IPO internal growth rate

Operating Profit/Margins

G&A costs contained; increased BD and IR&D

Tracking to deliver 20 – 30 bps YoY improvement

Share Count

Option overhang significantly reduced

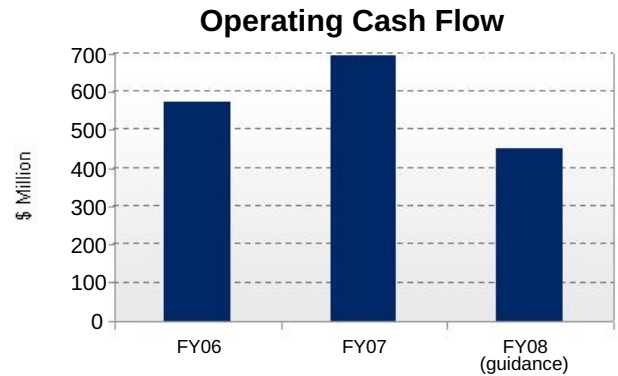
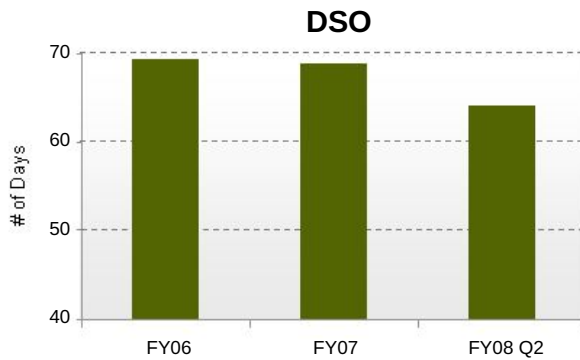
Repurchases have kept share creep in check

EPS

All EPS growth model elements on track

Targeting 15% long term growth

Operating Cash Flow Trends



- DSO continues to improve year over year (FY08 Q2 was exceptional)
- FY08 operating cash flow reduction from FY07 driven primarily by:
 - Cash partially replacing equity compensation (~\$50M)
 - Reclassification of excess option tax benefits to financing cash flow (~\$30M)
 - Income tax refund/payment timing (~\$50M)
 - Extra payroll tax payment in FY08 (~\$40M)

Notional FY08 Share and Cash Flows



	Cash Flow (Million \$)	Share Count (Million Shares)
ESPP Gross	80	4
Cash Option Exercise	30	2
Vesting Stock Non-Cash Amortization Expense	50	3
FAS 123R Non-Cash Option Expense	25	
Option Tax Benefits Net of Shares Repurchased for Tax	5	
Stock Repurchased to Pay for Vesting Stock Taxes	(15)	
Price Appreciation		3
Net Cash & Shares Before Repurchases	175	11
Public & Private Repurchases to Keep Share Count Constant	(200)	(11)
Net Cash & Shares After Repurchases	(25)	0

- Annual equity programs increase cash flow by ~\$175M
 - Real cash inflows from ESPP, option exercise are ~\$110M
 - Non-cash expense from vesting stock & option programs are ~75M
- Repurchases of ~\$200M needed to keep share count constant
- Annual equity grants running at ~7M options and ~5M vesting shares
 - ~25% of grants are forfeited

Cash Flow Takeaways



Operating Cash Flow

Still exceeds net income by ~ 1.2x

More frugal with equity compensation; using ~\$50M cash to offset \$60 - \$70M of option tax benefit moved to financing per FAS 123R

Investing Cash Flow

Capex at \$70 – \$80M; figure 1% of revenue

Expect acquisitions to require \$300M-\$400M cash per year

Financing Cash Flow

Option tax benefit (\$60 - \$70M/year) is real cash flow

Repurchases are an “option” based on markets/pecking order

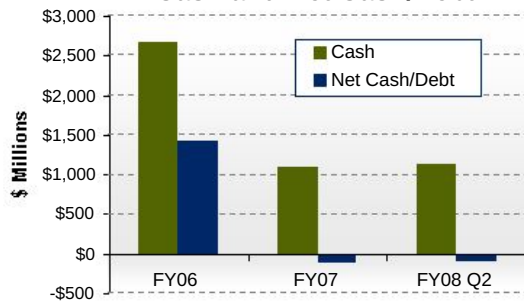
“All In”

Net annual cash generation provides for internal growth, acquisitions, capex, and share dilution management repurchases

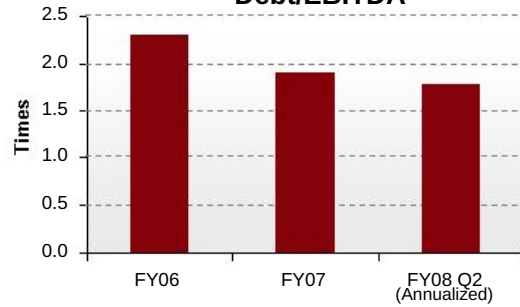
Balance Sheet Trends



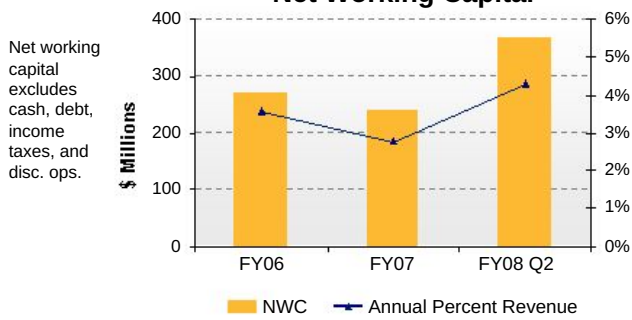
Cash and Net Cash/Debt



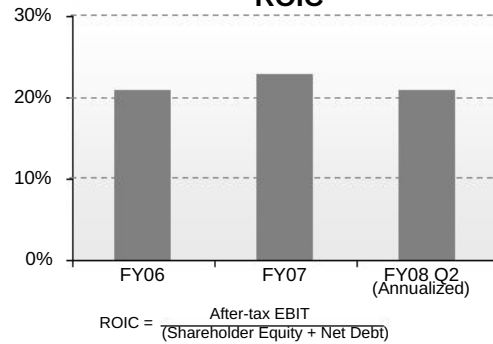
Debt/EBITDA



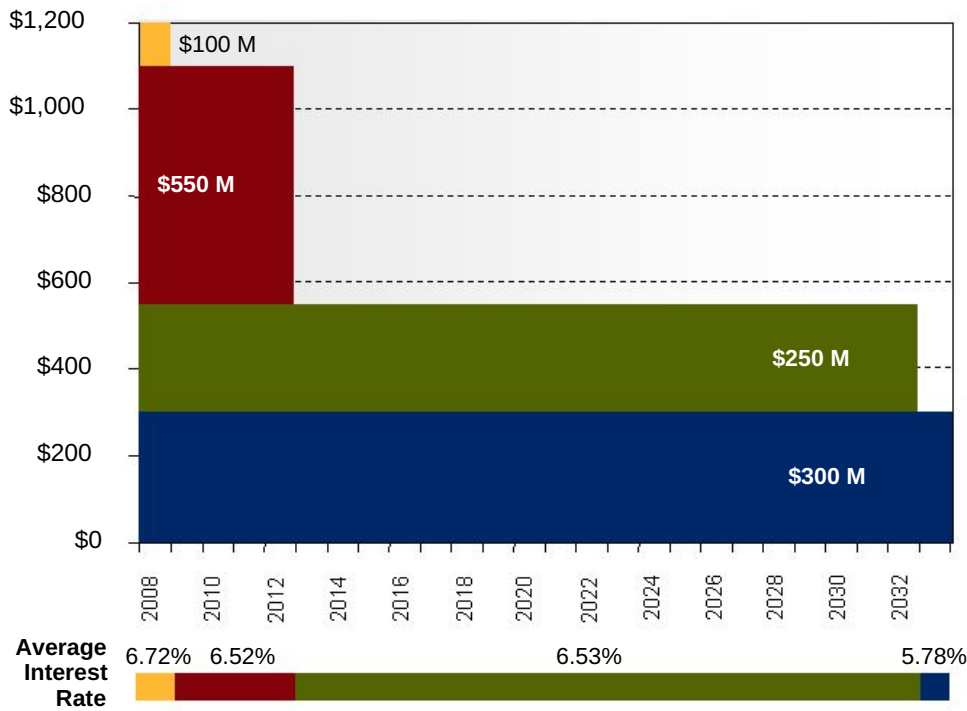
Net Working Capital



ROIC



Maturity of Notes (LT Debt)



Interest Rate

9.00% ← Libor + 350 bps

6.50%

7.43%

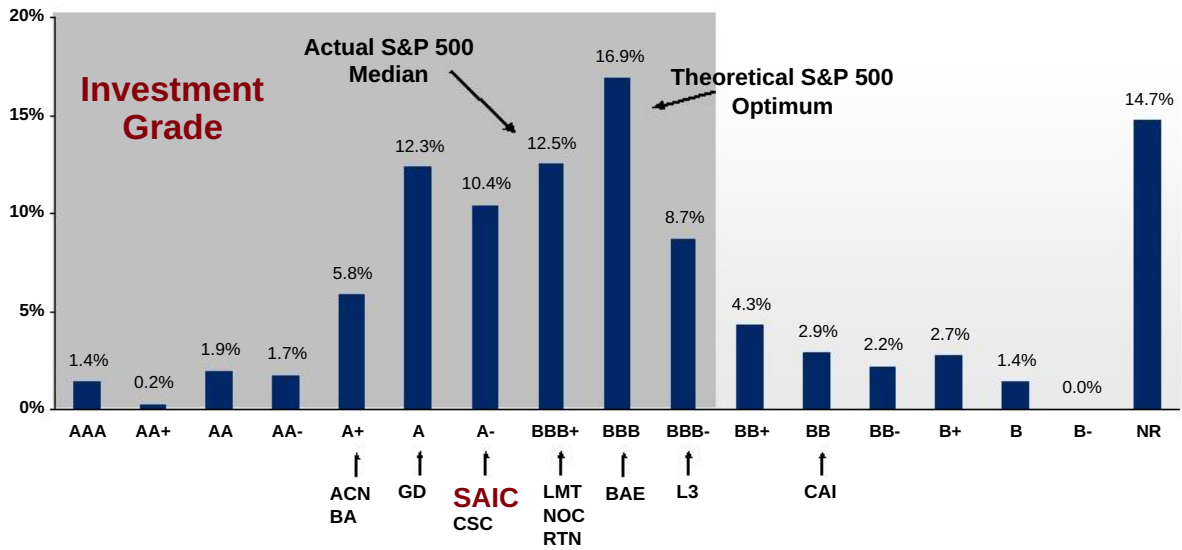
5.78%

- Debt is in long-term notes at low, fixed rates

Debt Capacity



S&P 500 Sr. Bond Rating Distribution (Excluding Financials)



- Initial capacity analysis indicates \$2B in additional borrowings possible while still maintaining solid investment grade rating (BBB)

Capital Deployment



- Deploy “excess capital” wisely according to ROIC analysis
- Internal growth through IR&D, strategic campaigns
- Acquisitions to build out capabilities and customers
 - Typically deploy \$300M-\$400M at about 1x revenue
 - Not interested in buying simply to bulk up or deploy capital
 - Focus on mid-sized deals but ready for larger
- Stock buybacks through open market transaction
 - 40M share authorization (~30M shares remaining)

Balance Sheet Takeaways



Assets

\$1.1 billion cash on hand

Strong A/R management; DSO 65 – 70 days

Liabilities

Unfunded, 5 year credit facility \$750 million

\$100 million of \$1.2 billion Notes due 2/1/2008

→ Remaining balance fixed at 6.5%

Capacity

~\$750 million of cash that can be redeployed

Credit rating A-; should be able to borrow an additional \$2B and still maintain investment grade rating

Financial Summary



- Sustainable growth in shareholder value
 - Accelerating internal growth
 - Expanding operating margins
 - Deploying capital
- Consistent, demonstrated progress on all fronts
- Realistic, achievable path with identified enablers
 - IT systems modernization expected to enable cost efficiencies
 - Building pipeline of large opportunities
 - Margin expansion training completed across the organization
 - Improving cost discipline



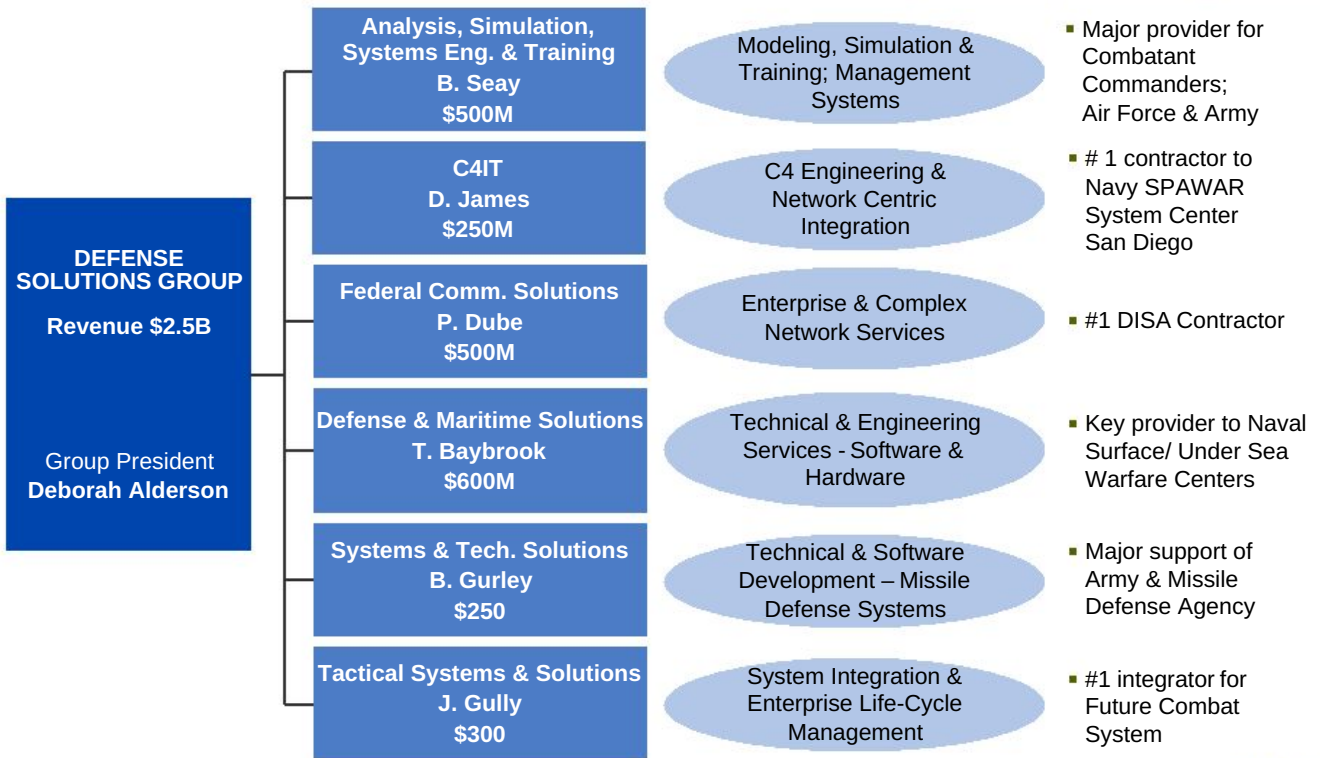
SAIC Institutional Investor Conference

Defense Solutions Group

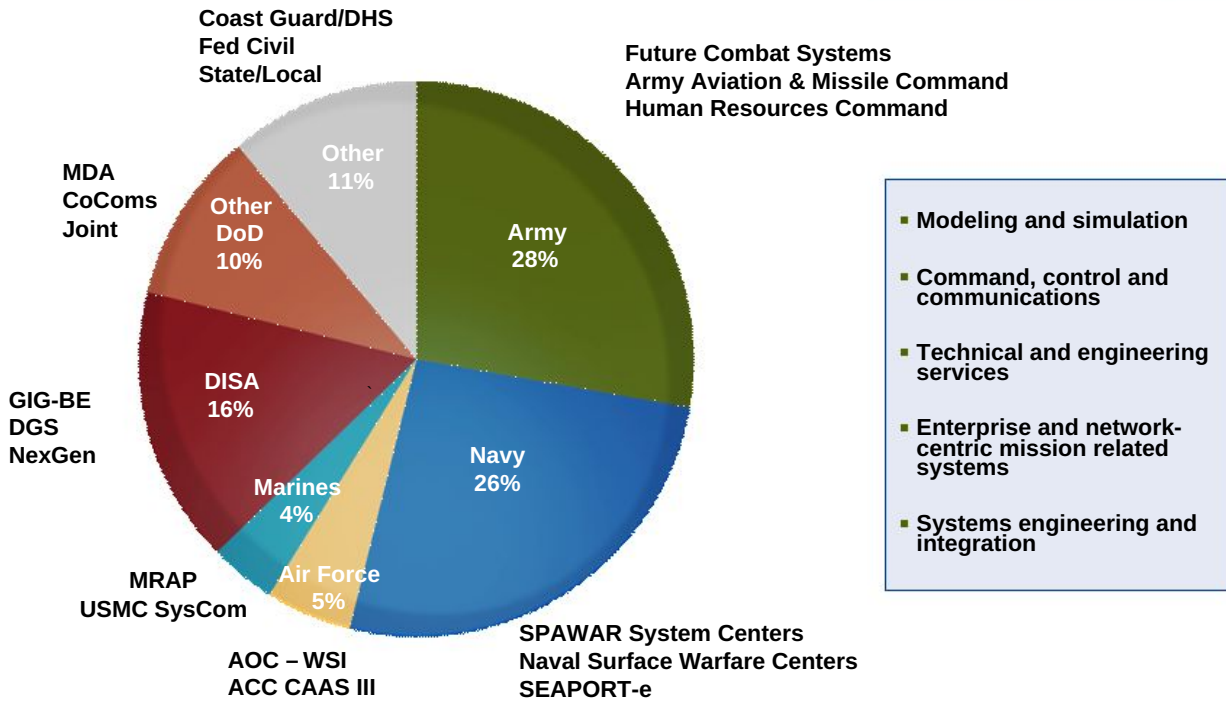
Deb Alderson
President

SAIC
From Science to Solutions

Group Structure and Focus



Key Customers and Capabilities



Vision and Strategic Intent



The preferred thought leader and value-driven implementer of complex integrated enterprise and defense solutions that improve our national security and our customers' mission success

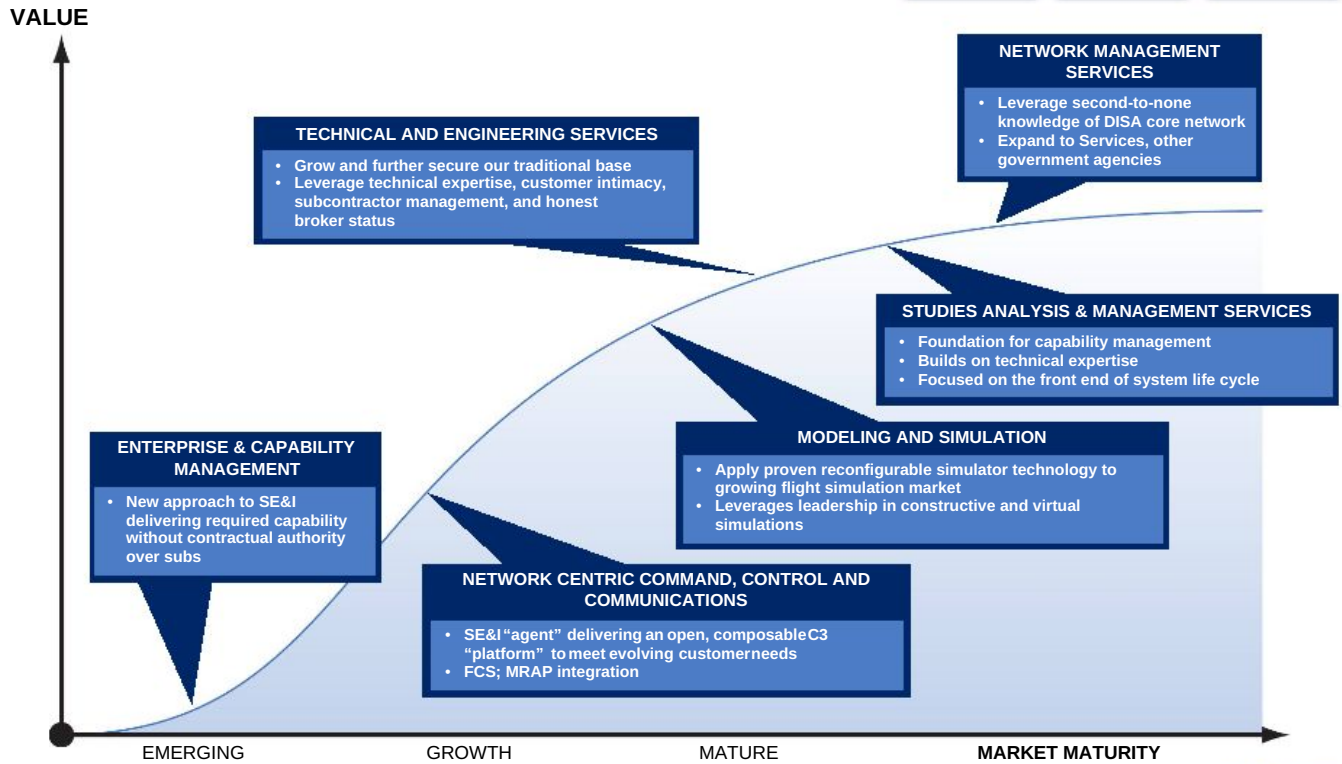
- Increase large systems business...SE&I/Engineering agent
- Lead in interoperable, SOA solutions for joint C2 & C4
- Build Cyber Related Business & Solutions
- Expand modeling, simulation, and training footprint
- Grow missile defense business
- Leverage FCS capabilities

Major Growth Drivers

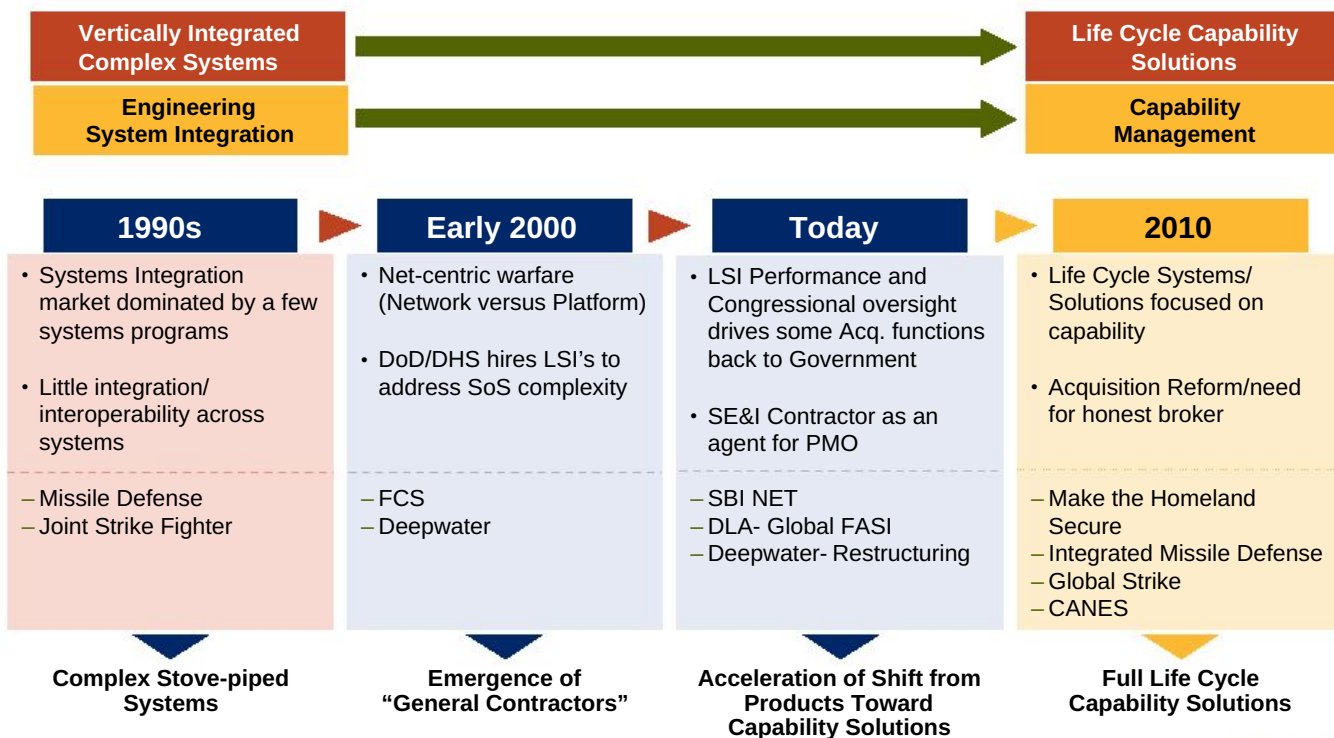


- People First – We hire the right people at the right time and treat them as our number one asset
- Integrated focus; no longer constrained by individual business units focused on a customer
 - Broad focus across the entire defense spectrum
 - Integrated systems solutions leveraging unique enterprise and system of systems experience
- Expertise in systems engineering and integration throughout the life-cycle; a cradle-to-grave market orientation
- Honest broker, unconstrained by OEM culture, permitting capability and value-driven solutions through an open business model
- Proven history of solving complex problems of national significance
- Flexibility in applications...engineering agent, LSI, Prime...large program pursuits. Capable of defining, winning and executing complex, life-cycle solutions programs
- Adept at task order execution as well as large scale program opportunities

Maturity of Business Portfolio



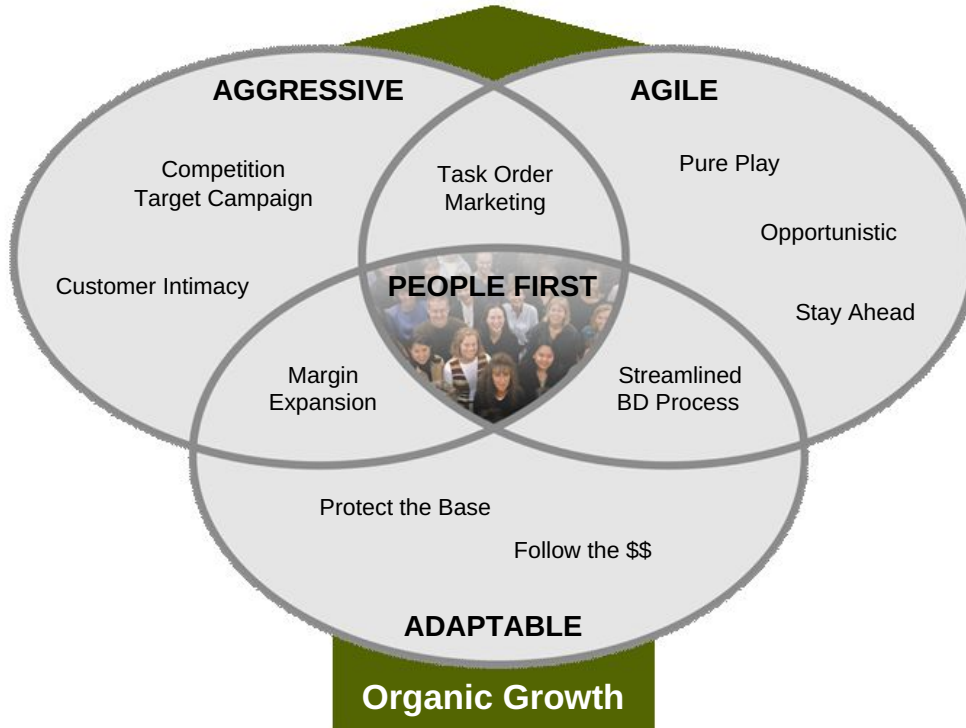
Strategy for Future Growth



President's Summary



The Way Ahead: Aggressive...Agile...Adaptable





SAIC Institutional Investor Conference

Defense Solutions Group— Future Combat Systems

John Gully
Tactical Systems & Solutions Business
Unit General Manager



Army Leadership's View of FCS



- Principal Army modernization program
- Benefits all US ground forces
- Builds on Army modular force organization
- Provides advanced capabilities
- Increases operational and strategic options
- Most affordable, effective way to modernize

"We never want a fair fight, and with FCS, our Soldiers will have the ability to see first, understand first, and act first. FCS serves the present through spin-outs, but it is the future. We must keep it on track."

*The Honorable Pete Geren - Secretary of the Army
AUSA Institute of Land Warfare Breakfast - May 10, 2007*

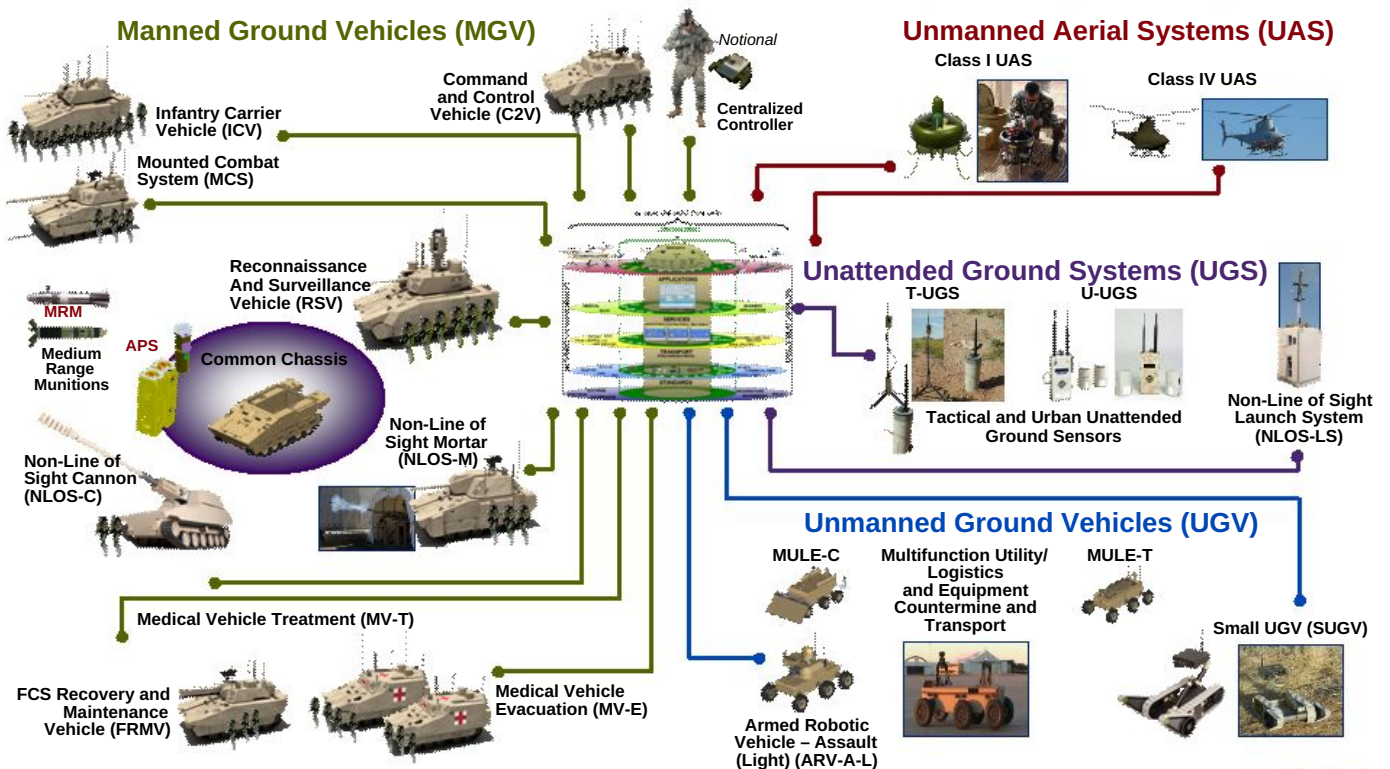


"FCS technologies will be vital to the Army's ability to fight a nontraditional war such as the combat in Iraq. We're up against an adaptive, asymmetric enemy who is changing his tactics every day. We need to give our soldiers every advantage."

*General George Casey, Jr. - Chief of Staff, U.S. Army
DefenseNews.com - 25 April 2007*



FCS System-of-Systems (SoS)



Lead Systems Integrator (LSI)



- Focuses on system engineering, system integration, system planning and control
- Gets best of industry to work the hardware / software
- Total system integration responsibility



FCS One Team – Changing the Way We Do Business



Faster

- 30% reduction in development-to-field timeline
- One integrated management team vs. multiple independent teams
- One step design process to integrate requirements to capabilities

Better

- Delivers and integrated family of systems for the FCS Brigade Combat Team (FCS BCT), vs. a collection of individual platforms
- The whole is greater than the sum of the parts
- Best of industry

Less Expensive

- Reduced life cycle cost
- Commonality across systems
- Designed-in availability



Lead Systems Integrator provides total system-of-systems integration, brings all stakeholders together, and delivers capability faster to our Warfighters

SAIC FCS SDD Program Summary



- SAIC and Boeing have formed a badgeless team in which SAIC shares Program and IPT leadership roles
 - Deputy Program Manger
 - Chief Architect
 - Chief Analyst
- SAIC's technical leadership roles include:
 - Land Warfare Technology – MGVs, UGVs, C4ISR
 - Unmanned Aerial Vehicles
 - Operational and System of Systems Architecture Design & Analysis
 - System Engineering & Integration
 - Specialty Engineering – Training, Logistics
 - Distributed Interactive Simulation, Test & Evaluation
 - Software Integration
 - Risk Management
- SAIC's Product Team leadership roles include:
 - Integrated Simulation & Test
 - Technology Development
 - Training Systems
 - Unmanned Ground Vehicles
 - Warfighter Systems
- SAIC's Business Process roles include:
 - Earned Value Management Systems
 - Supplier Management & Procurement
 - Quality Assurance

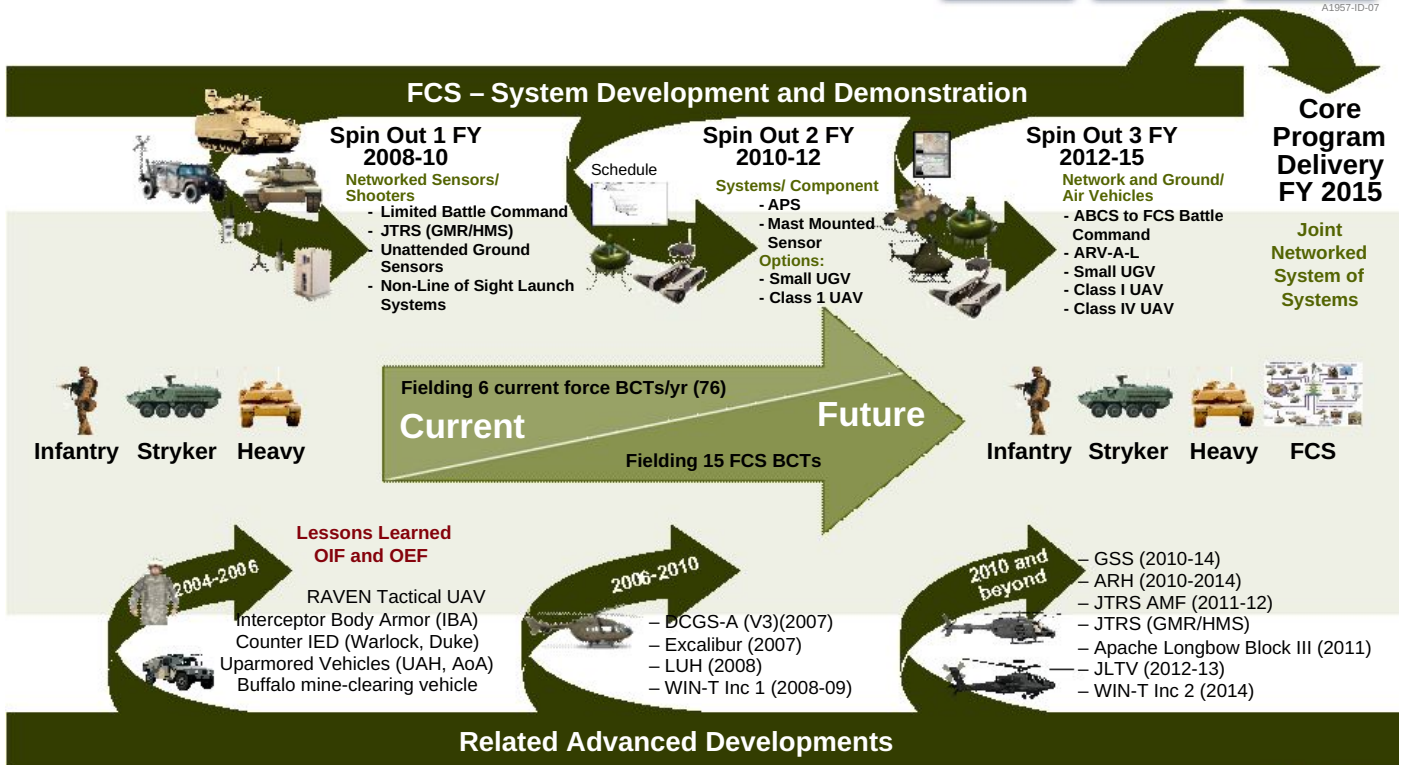


Workshare: 15% of Boeing contract cost (SAIC \$2.7B)
Contract Type: CP FF/IF
Fixed Fee: 7.5%
Incentive Fee: 7.5%

Army Modernization Strategy

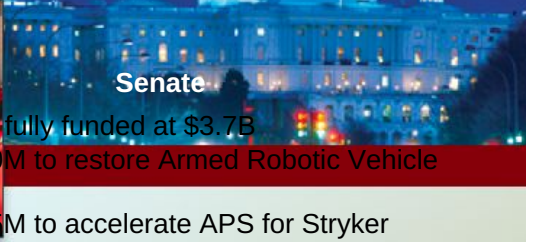
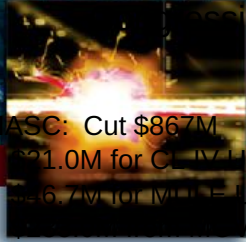


A1957-ID-07



FCS FY08 Funding

FY08 President Budget at \$3.7B...RDTE & Production



Personal Marks

House

Senate

HASC: Cut \$867M
+\$1.0M for CLM HAV
+\$6.7M for MACE UGV

SASC: FCS fully funded at \$3.7B
Added \$90M to restore Armed Robotic Vehicle Program
Added \$25M to accelerate APS for Stryker

\$566.3M for Program Management and Fee

SAIC Institutional Investor Conference

HAC-D: Net cut of \$406M
\$190.3M from MGCV
\$167.0M for Program Management (incl +\$25M for Small Business Tech Insertion)
+\$1.1M for UAV
\$3.1M for UGV
\$47.0M for Sustainment & Training

SAC-D: FCS fully funded at \$3.7B
No Adverse Language



FCS Status and Outlook



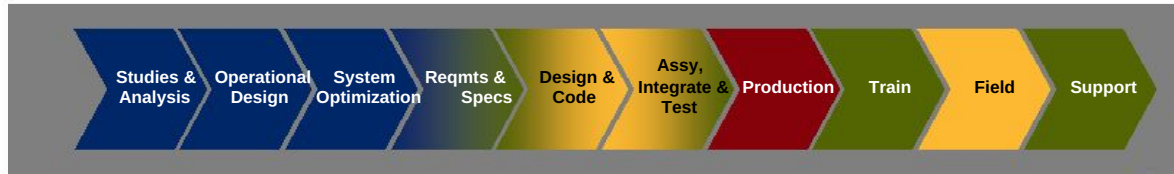
- LRIP J&A signed by ASA Claude Bolton on 11 July 2007
 - FY08 – FY13 President’s Budget identifies funding for the program
 - 18 MGV Early Production Vehicles
 - Spin Out 1: 17 BCTs
 - Spin Out 2: Enhanced Capabilities for Stryker
 - Spin-out 3: 9 BCTs
 - FCS: 3 BCTs (LRIP)
 - Logistics & Network Services, Training, and Fielding (LRIP)
- Army deployed ~1000 soldiers to Ft Bliss to evaluate FCS
- Key Highlights / Indicators
 - On budget, on schedule
 - Successful experiment 1.1 soldier exercise
 - Delivered FCS Build 1 software (~5M SLOCs)
 - Delivered first 12 current force network “Kits”
 - Initiated FCS Production planning
 - Discovery Channel “Future Weapons”
 - Major Prototype Builds Underway - All systems
- 65 test activities underway...all platforms in testing

Strong Momentum...

SAIC Capability Management – Addressing The Future Need



Capability Management Throughout the Life Cycle



- Exploits SAIC's front-end strength, SoS qualifications, domain expertise across full life-cycle, honest broker reputation and ability to partner with our customers to incorporate best-of-breed capabilities into full life-cycle, best value solutions
 - Address our customers' capability needs, not just their equipment needs
 - Provide disciplined SoS Life Cycle SE&I processes that are not corrupted by a solutions view focused on platforms
 - Enable greater innovation by supporting honest equipment trades
 - Maximize probability of getting it right the first time and meeting customer expectations
 - Achieve greater adaptability and flexibility through emphasis on GOTS/COTS, upgrades and spirals to offer a more robust solution (re: addressing changing user challenges)



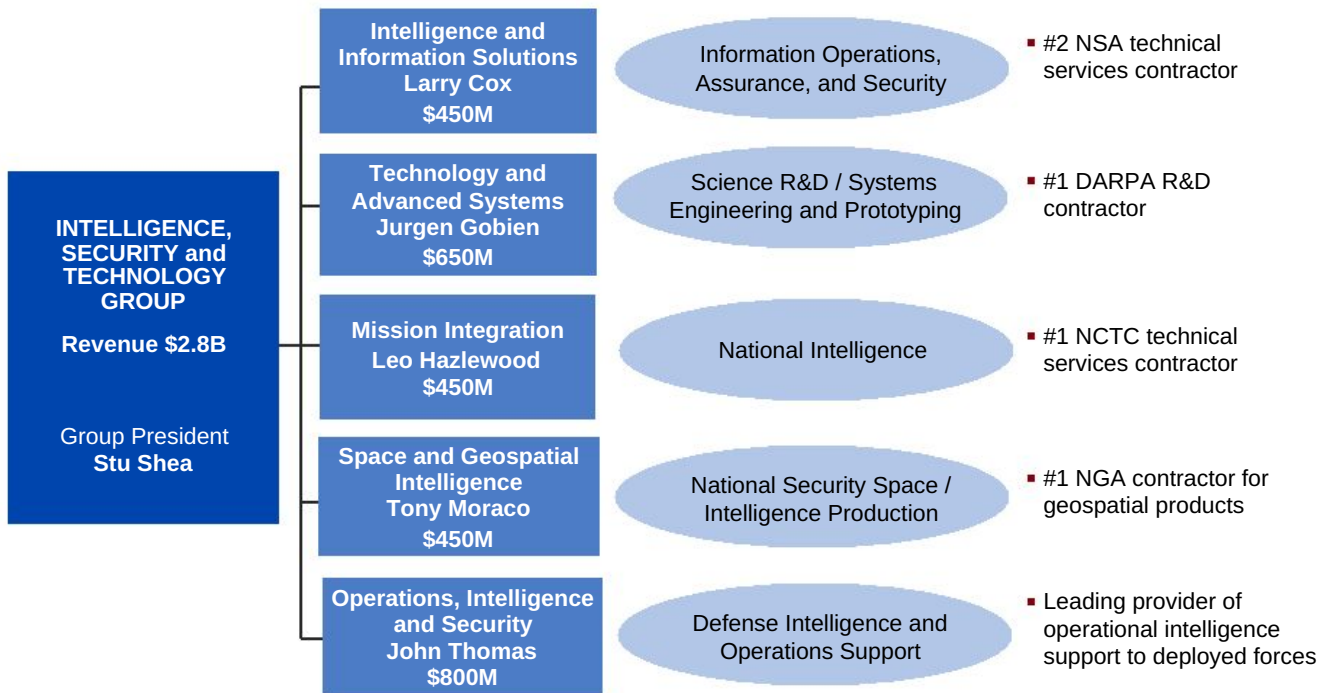
SAIC Institutional Investor Conference

Intelligence, Security and Technology Group

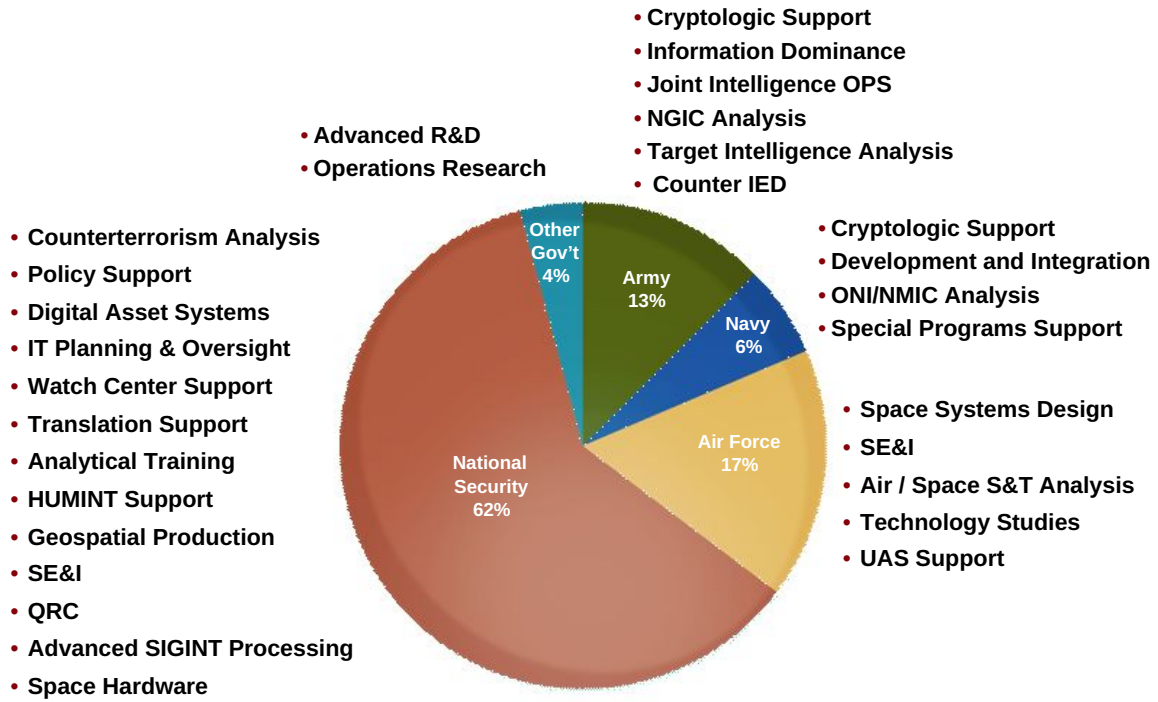
Stu Shea
President



Group Structure and Focus



Key Customers and Capabilities



IST Group Supports the Entire Intelligence Community



Vision and Strategic Intent



Frontline Partner in National Security and Intelligence

A vital member of the National Security Community.... confronting its toughest challenges

Performing mission-critical tasks for our nation's most important customers

- Top provider of full spectrum intelligence and security solutions to the national security community:
 - Preferred partner for analysis, IT, ops support, tech ops support, and system engineering and integration capabilities to the Intelligence and National Security Communities
 - Leading provider of intelligence services to downrange and contingency ops
 - Principal support contractor for the evolution of the O/DNI, Department of Homeland Security, and Department of Defense Joint Functional Component Commands
- Leading provider of intelligence, tools, and services for information and network operations in defense, government, and commercial infrastructure markets
- Top SE&I provider for DoD and NRO in National Security Space
- Top-global provider of all aspect, end-to-end physical, cyber and converged security solutions
- Top developer and integrator for intelligence, surveillance, reconnaissance, and targeting systems
- #1 Provider of system engineering and integration services for federal government's large scale, multi-vendor Systems-of-Systems
- #1 Provider of specialized, rapid-response technologies to enable intelligence and national security missions
- Leading provider of security, operational intelligence, and technology solutions for U.S. strategic partners supporting U.S. international security objectives

Success Depends on the People on our Team



Our People are our #1 Discriminator

- Breadth and depth of Group market penetration
 - Strategic, operational, and tactical levels
 - Location, location, location
- Breadth and depth of science and technology expertise
 - 33 of 64 SAIC Fellows in IST
 - Performing over half of all SAIC IR&D research
 - 5 patents issued in FY 08
- Operational acumen
- Real experience in enterprise systems
- Flexibility to provide special services
- Leading provider of cleared personnel



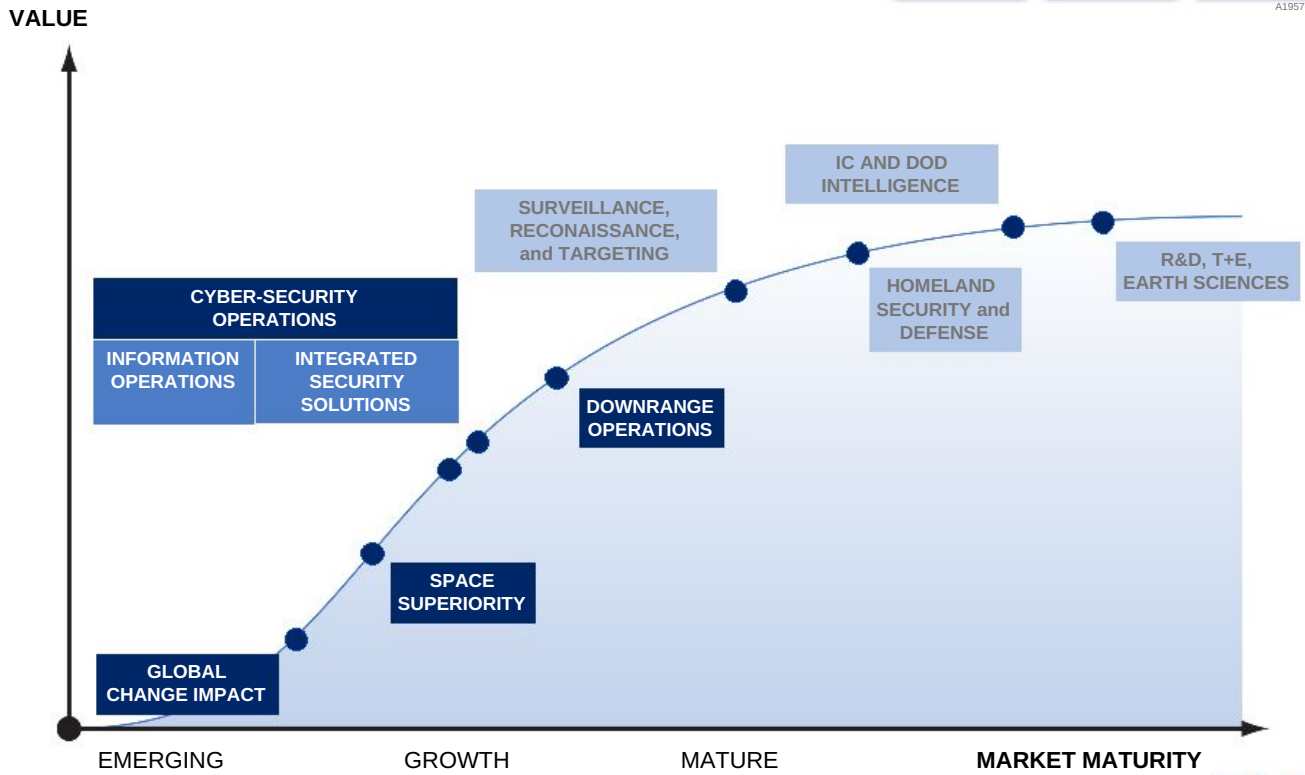
Our Senior Executives Play Leadership Roles in a Wide Variety of External Organizations

- USSTRATCOM Strategic Advisory Group
- AFCEA Intelligence Committee
- Intelligence and National Security Alliance
- Information Technology Association of America
- Defense Science Board
- Military Intelligence Corps Association
- Marine Corps Intelligence Association
- National Correlation Working Group
- NGA Advisory Board
- USGIF & GEOINT Symposium
- NSA/DARPA Leadership Panel

Maturity of Business Portfolio



A1957-10-11

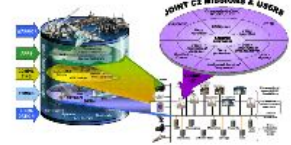


Explosive Growth Opportunities



- **Cyber-Security Operations**

- Integrated defensive and offensive computer operations that protect national military, government, and industrial networks
- \$20B Market Value (09-11)



- **Space Superiority Mission Systems**

- Satellite and ground systems that support space surveillance and offensive / defensive counter-space missions
- \$6B Market Value (09-11)



- **Downrange Operations**

- Operational services and products that support defense and intelligence overseas missions
- \$1B Market Value (09-11)



- **Global Change Impact Services**

- International operational intelligence and security services driven by global change
- \$0.5B Market Value (09-11)

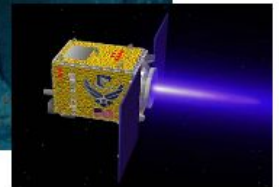
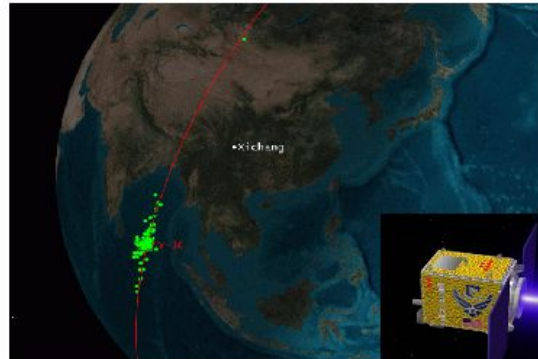


Space Superiority: A National Imperative



- On January 11, 2007, the Chinese demonstrated the ability to destroy Low Earth Orbit (LEO) satellites with a Direct Ascent Anti-Satellite (DA ASAT) missile.

- D/NRO acknowledged Chinese laser tracking of US EO - LEO satellite in 2006 (Space News)
- Intelligence Estimates project Chinese satellite-to-satellite capability in 2009 (AWS&T)



- SAIC will continue to perform on a broad range of space programs covering a wide range of technologies and operations (communications, navigation, imaging), but is targeting a growth market in the space superiority area – driven by these international events
- SAIC has participated on the cutting edge of the national space superiority initiative with thought leadership, operational sensor systems, and analytical support

President's Summary



- We have a passion for executing the mission and a commitment to take on tasks of vital interest to the Nation...our people are mission critical
- We have deep domain expertise in every mission area we support and we are the best at what we do... recognized national treasures walk our hallways
- We apply creative science and disciplined engineering to create innovative solutions for our customers – people for whom we care and strive for their success
- We work as imaginative, driven, entrepreneurial teams and we move mountains to deliver results
- We share in our customers' success, and we thrive on the hard work that gets us there
- At the same time, we take pride in our high ethical standards and joy in doing good deeds for our communities, families, friends, neighbors and fellow employees
- Our work enriches us and it is an honor to be part of SAIC



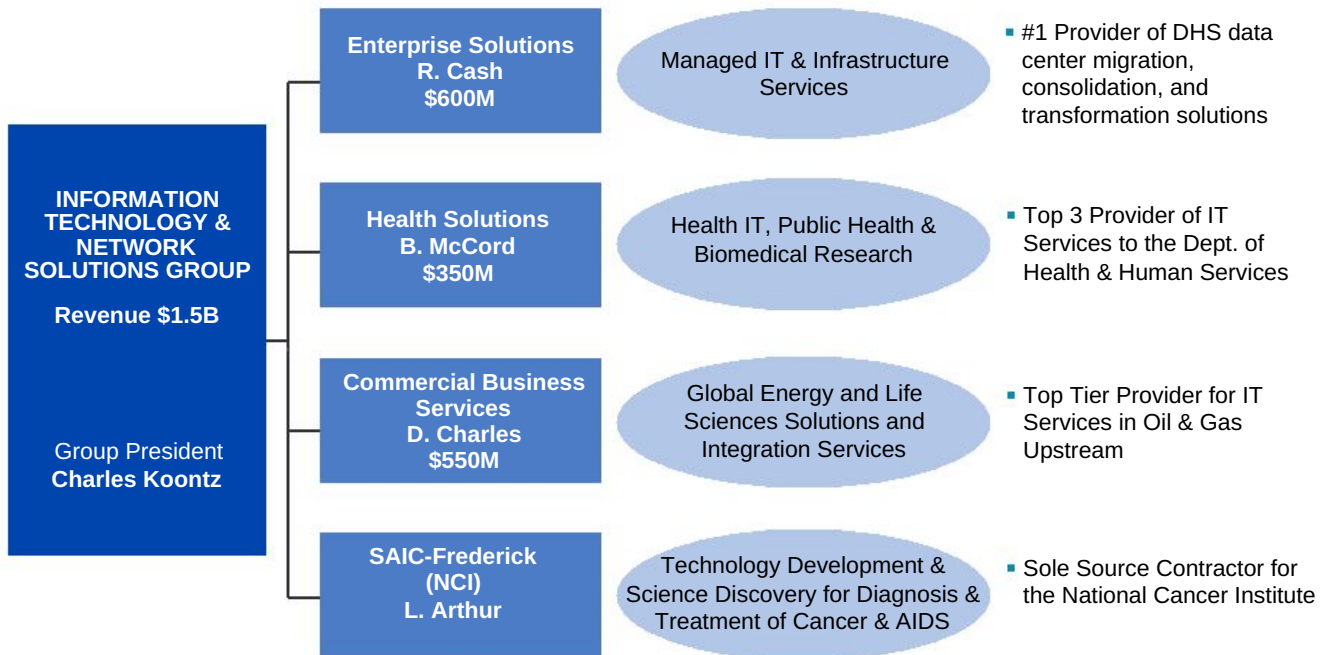
SAIC Institutional Investor Conference

Information Technology and Network Solutions Group

Charles Koontz
President



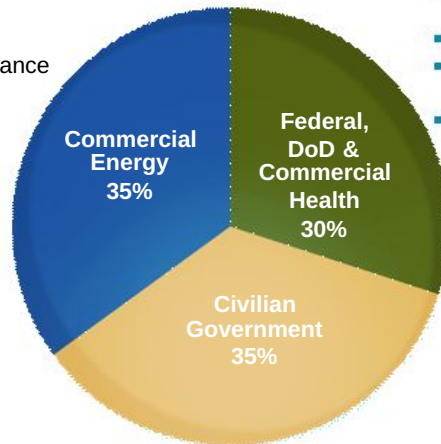
Group Structure and Focus



Key Customers & Capabilities



- Digital Oil Field Solutions
- Refinery of the Future Solutions
- Advanced Metering Infrastructure
- Application Development & Maintenance
- Enterprise Architecture
- Global Data Management
- Managed Network Services
- Infrastructure Outsourcing
 - BP
 - Scottish Power
 - Entergy



- World-wide deployment and support of IT Health Solutions
- Disease Surveillance and Bioterrorism
- Research Support and Knowledge Management
- Enterprise IT Optimization
 - CDC
 - NCI-Frederick
 - TRICARE
 - Pfizer

- Full-Service IT Provider
- Enterprise and Business Strategy Solutions
- Infrastructure and Applications Rationalization, Consolidation and Transformation
- Information Content and Data Mgmt Solutions
- Infrastructure Services Mgmt and Support
 - DHS
 - NASA
 - State/Local

Vision & Strategic Intent



The Information Technology and Network Solutions center of excellence for SAIC with responsibility for the Federal DoD (non-war-fighting), Federal Civil, Health, and Commercial & International markets. By expanding our presence in these markets, we will diversify our business thereby improving our resiliency to accommodate any DoD market shifts.

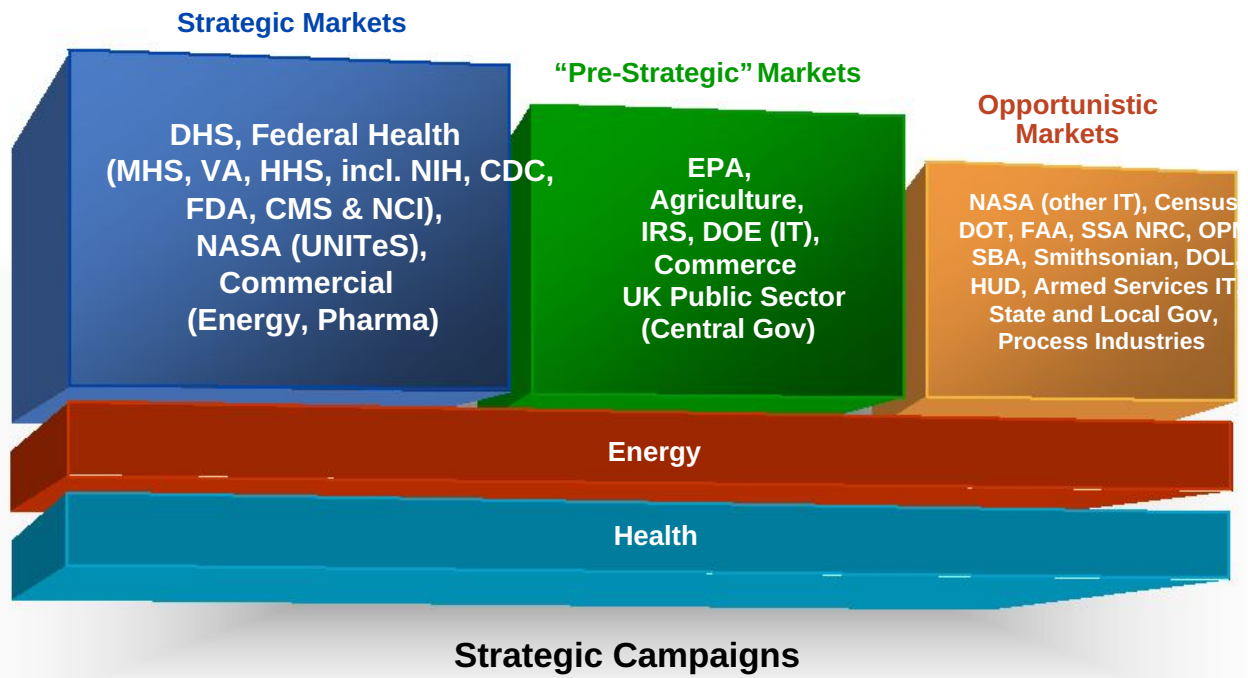
- DHS: achieve top-3 IT solutions provider status
 - Capture 3 data center migrations
 - Maintain #1 share position in EAGLE task order awards
- Expand NASA business following UNITEs re-compete win
- Become Top 5 provider of data management services in US & UK Energy
- Become Top 5 provider of IT services for Oil and Gas Upstream
- Become #1 IT provider to the Military Health System
- Expand role at CDC beyond bio-surveillance
- Double our revenue at NIH
- Become a top-3 provider of IT services at VA
 - including VHA, VBA and administrative groups
- Become a preferred contractor at CMS

Major Growth Drivers



- Use of domain knowledge to deliver IT business solutions
- ISO, ITIL, and CMMI certifications ensure customer focus and continuous improvement
- Flexible, platform-independent pricing models fit all client needs (both federal and commercial) and bring creative pricing strategies to the federal space
- “Skin in the Game” performance metrics ensure strong, sustainable performance
- Integrated Services Management Center (ISMC) and SAIC India delivers outstanding infrastructure support services at reduced cost for federal and/or commercial clients
- Migration, consolidation, transformation model reduces footprint and cost of infrastructure and provides long-term cost reduction and performance improvement as applications and data are transformed
- Strong focus on specific vertical markets with outstanding pipeline—Homeland Security, Health, and Energy—provide the domain knowledge to deliver business solutions

Major Growth Markets



Strategic Campaign - Energy



■ Core Business

- Upstream Oil & Gas
 - Enhanced Oil recovery / Digital Oil Field - Engineering & IT Services
- Downstream Oil & Gas
 - Pipelines, Refineries, Fuels, Retail
- Power generation
 - Efficiency using Fossil Fuels
 - Carbon Capture and Sequestration
- SmartGrid Solutions (T&D)
- Energy Management Services
 - Benham Associates
- Remote Power systems

■ Key Customers and Programs

- BP: Field of the Future
- Shell: Collaborative Work Environments
- Marathon: IT Outsourcing
- Entergy: Applications & IT Infrastructure
- Scottish Power: IT Outsourcing

■ Innovative Capabilities, Solutions and Technologies

- Process Modeling and Simulation
- Process Optimization
- Economic & Business Modeling
- Regulatory Consulting
- Environmental Solutions
- Command & Control Systems
- Products (Robotics, Inspection, etc.)
- Outsourced R&D
- Engineering Services (domain)
- IT (Apps, Data, Infrastructure)



Strategic Campaign - Health



■ Core Business

- Health Information Technology
 - Electronic Health Records
 - Technical & Semantic Interoperability
 - Privacy Protection
 - Data Mining & Knowledge Extraction
 - Federated Systems
- Public Health
 - Biosurveillance
 - Situational Awareness, Bioinformatics
 - Technical & Semantic Interoperability
- Life Sciences
 - Biomedical/Clinical Research
 - Clinical Trials Information Exchange (CRIX)
 - Adverse Events Surveillance
- Health Services
 - Medicare Program Integrity
 - Behavioral Health

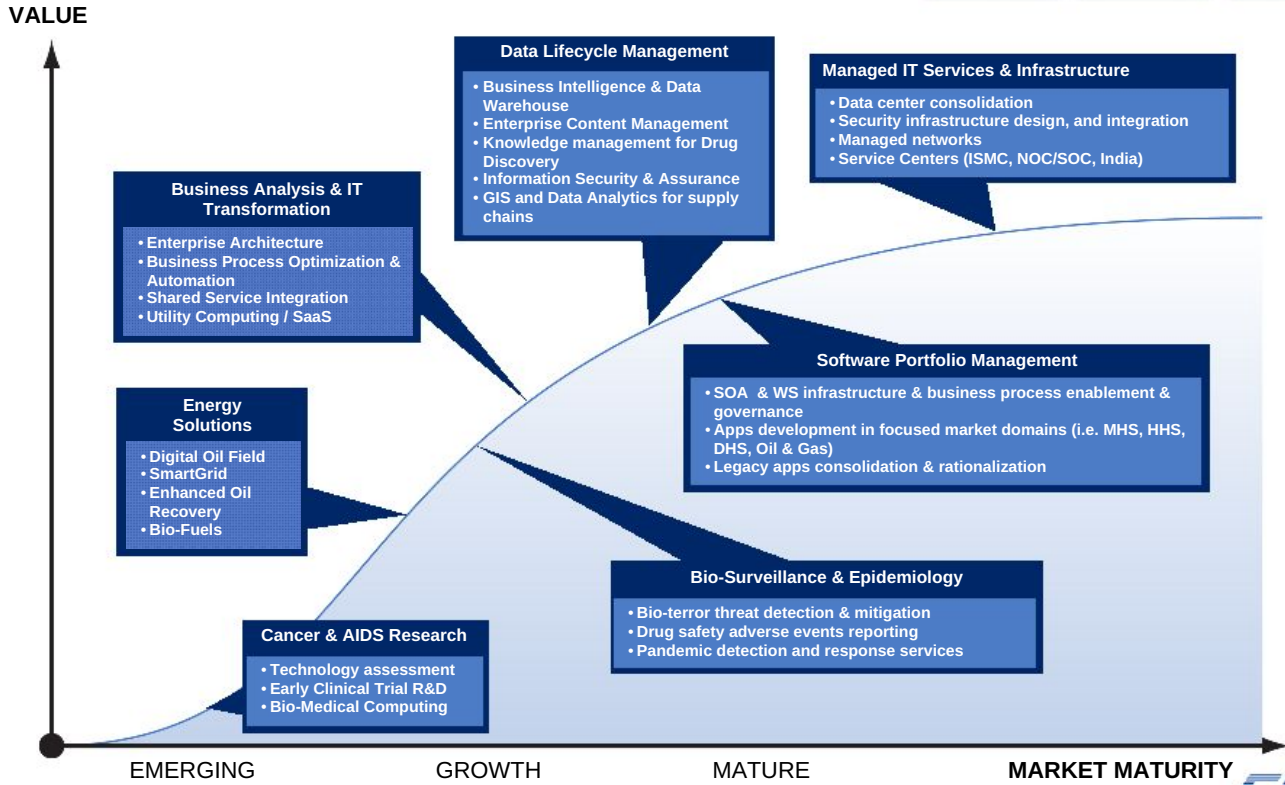
■ Key Customers and Programs

- Military Health System: CHCS Legacy Support, Tricare Online
- Department of Veterans Affairs: VistA Contractor Support
- Centers for Disease Control and Prevention: BioSense
- National Institutes of Health: Malaria Vaccine Production Support
- National Cancer Institute: NCI-Frederick FFRDC, caBIG

■ Innovative Capabilities, Solutions and Technologies

- Medical Terminology Provisioning
- Health Grid
- Drug Safety Information Exchange
- Translational Research
- DoD/VA Data Sharing
- Disease Surveillance

Maturity of Business Portfolio



President's Summary



- We are well positioned to deliver growth and margin improvement through prudent execution of our strategy
 - Invest to grow faster in “strategic” markets: DoD & Civilian Health, Homeland Security, Commercial Energy & Life Sciences
 - Launch solution campaigns in Energy & Health and prepare to invest in our “pre-Strategic” markets in FY10/11
 - Increased competitiveness via agile business models (e.g., service catalogue, performance based pricing)
 - Export our defense, intelligence and IT offerings to selected International commercial markets
 - Grow our high margin key business area via organic investments and M&A in business intelligence, software and IT transformation



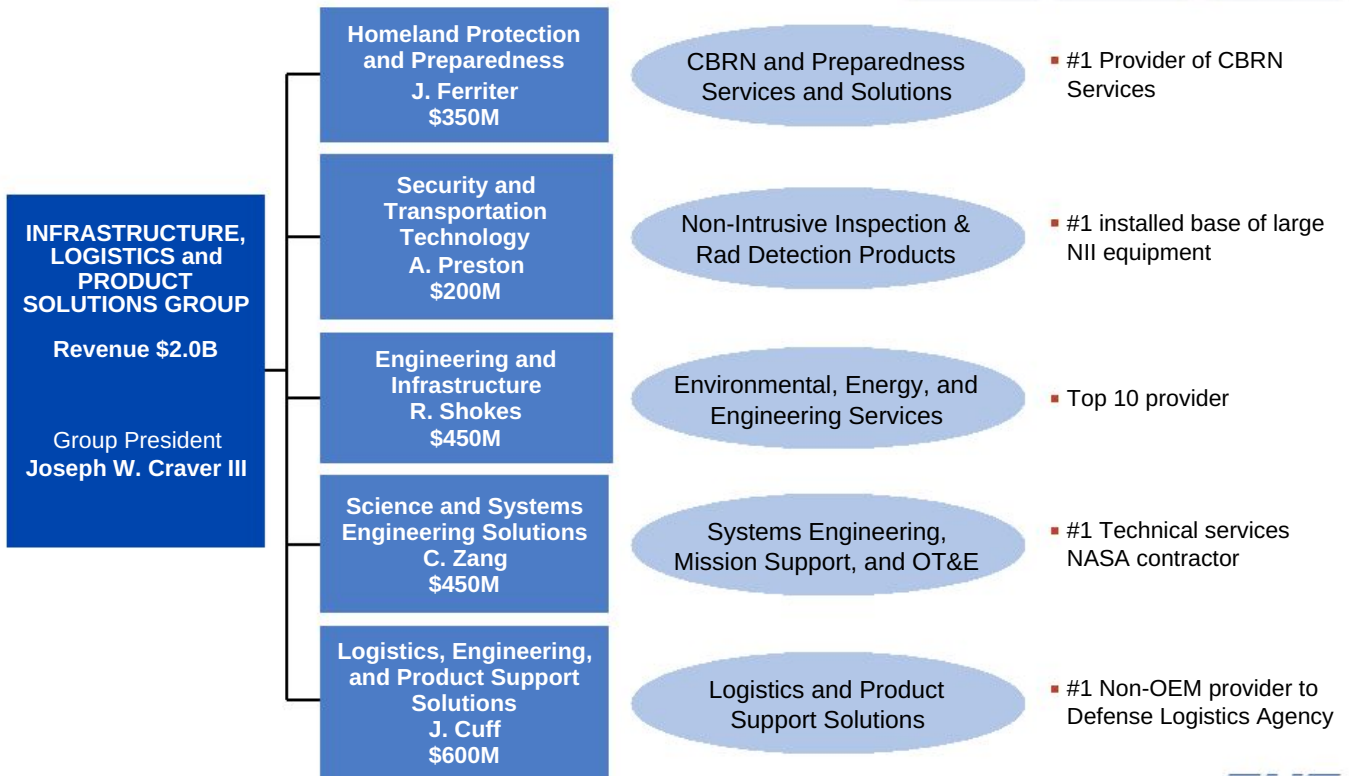
SAIC Institutional Investor Conference

Infrastructure, Logistics and Product Solutions Group

Joe Craver
President



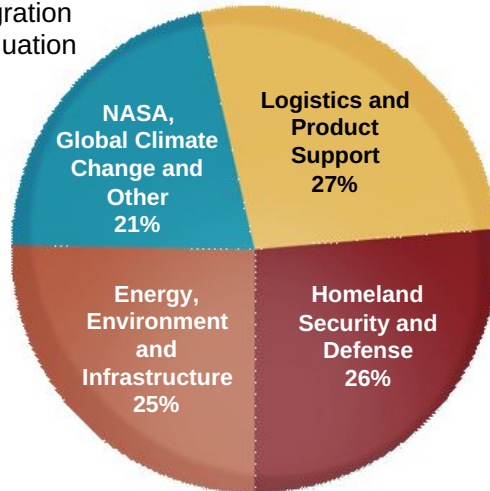
Group Structure and Focus



Key Customers and Capabilities



- Safety and Mission Assurance
- Earth Sciences Data Integration
- Operational Test and Evaluation
 - NASA
 - NOAA
 - USGS
 - FAA



- Energy Management
- Environmental Services
- Design/Build of Tech-Intensive Infrastructure
 - Comm'l
 - DoD
 - DOE

- Supply Chain Management
- Asset Visibility
- Logistics Systems
- Product Support Integration
 - DLA
 - DoD

- Integrated Container Inspection
- Radiation Detection
- CBRN Services and Systems
- Non-Intrusive Imaging Systems
- Transportation Automation
 - DHS
 - DoD
 - Int'l

Vision and Strategic Intent



Provide Life-Cycle Technical Solutions with Deep Domain Content to Homeland Security, Energy, Logistics, Environmental, and Earth Sciences Markets

- #1 Non-OEM Sustainment provider to DoD
- #1 Operational Test and Evaluation provider for DoD
- #1 Provider of Security Products for ports and borders
- #1 provider of CBRN/ All-Hazards preparedness systems and services in US
- Top 3 Integrated Energy Management Services provider
- #1 Integrator of Earth sciences/ climate change data in support of research and national policy formation

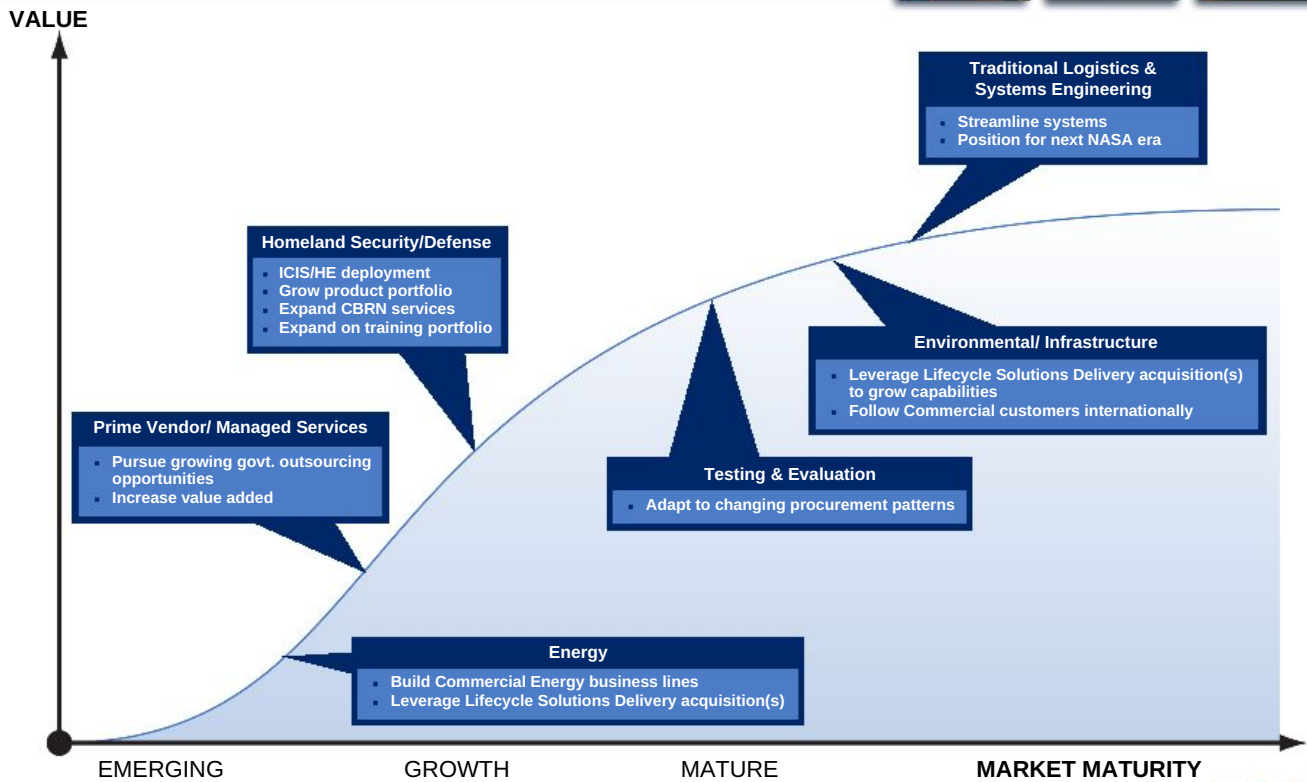
Major Growth Drivers



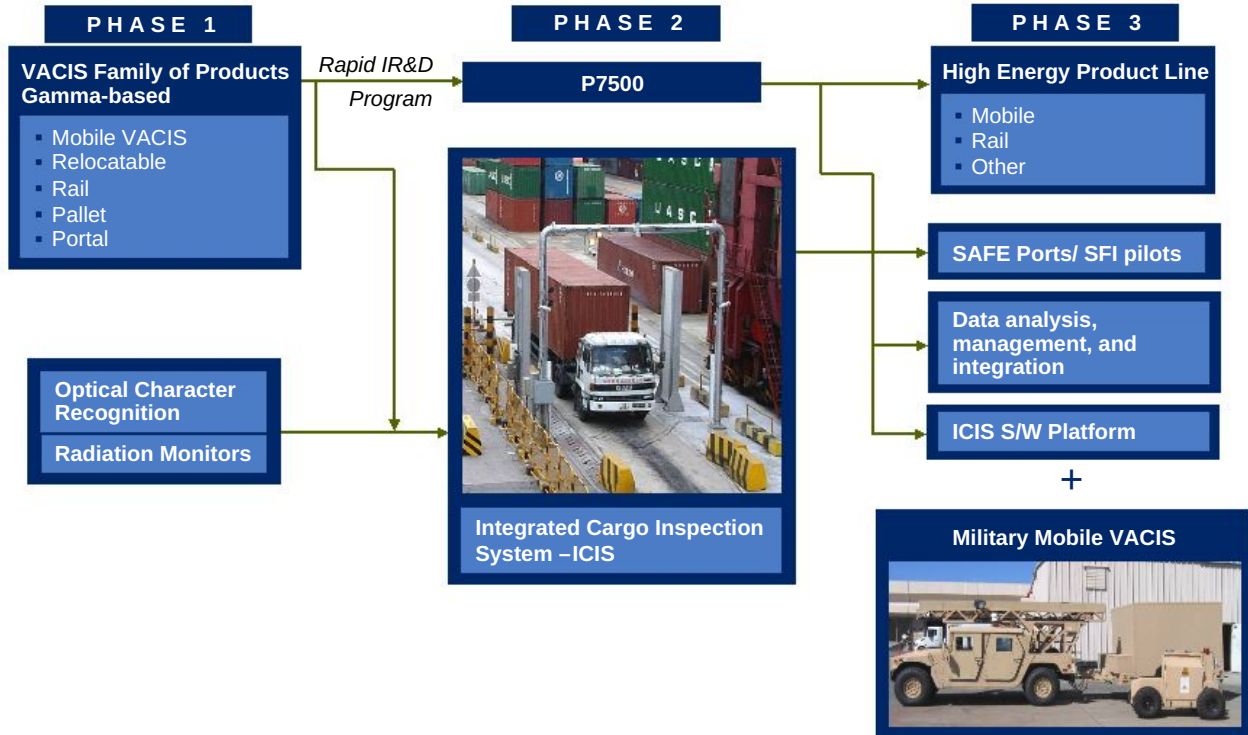
SAIC combines deep domain and technical expertise with customer understanding to deliver Life-Cycle Technology Solutions across our markets

- Superior performance in Non-Intrusive Inspection
 - Patented technology drives greater penetration and throughput, smaller footprint
 - Security and Commerce
- Proprietary technology platform drives supply chain efficiency
- Deep CBRN expertise makes us private sector supplier of choice
- End-to-end Energy Management Services solution provider
- Deep talent base and exceptional reputation in Test and Evaluation community keeps us the market leader
- Deep reputation for quality and commitment to safety at NASA
- Lifecycle technology deployment skills and experience
- Robust Health and Safety program and record of success

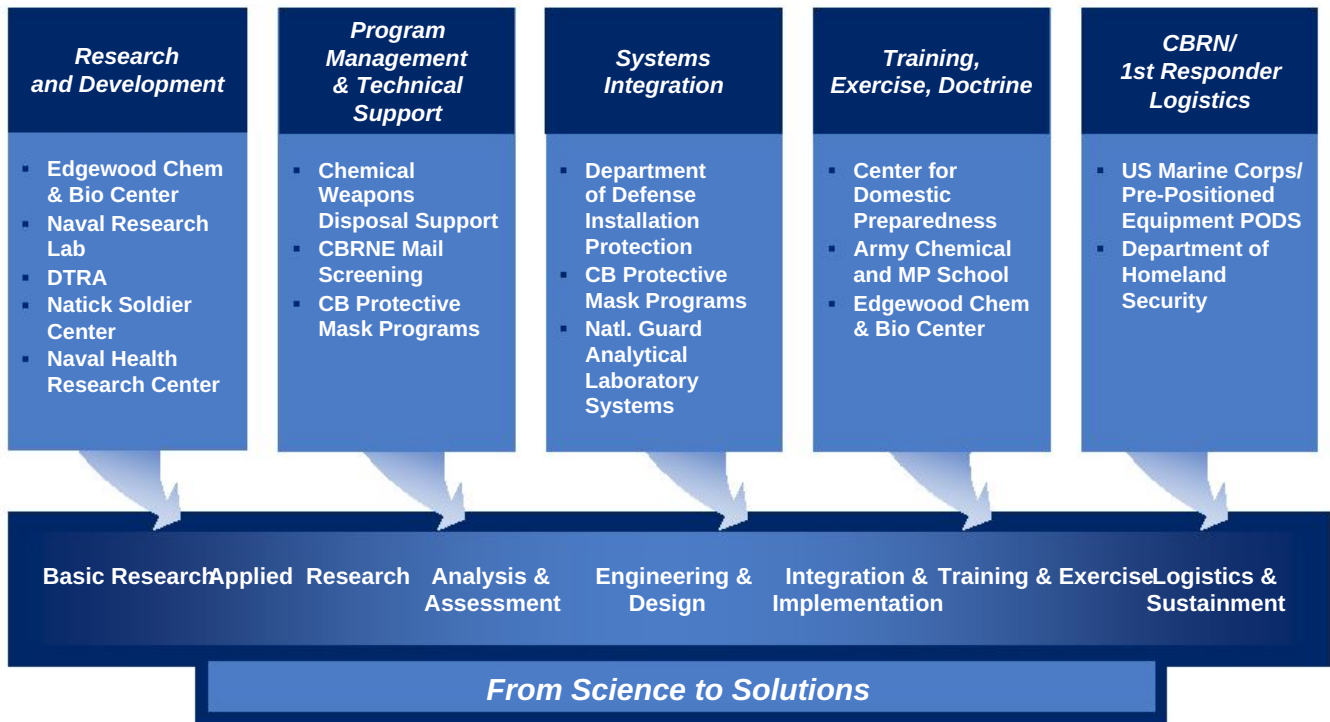
Maturity of Business Portfolio



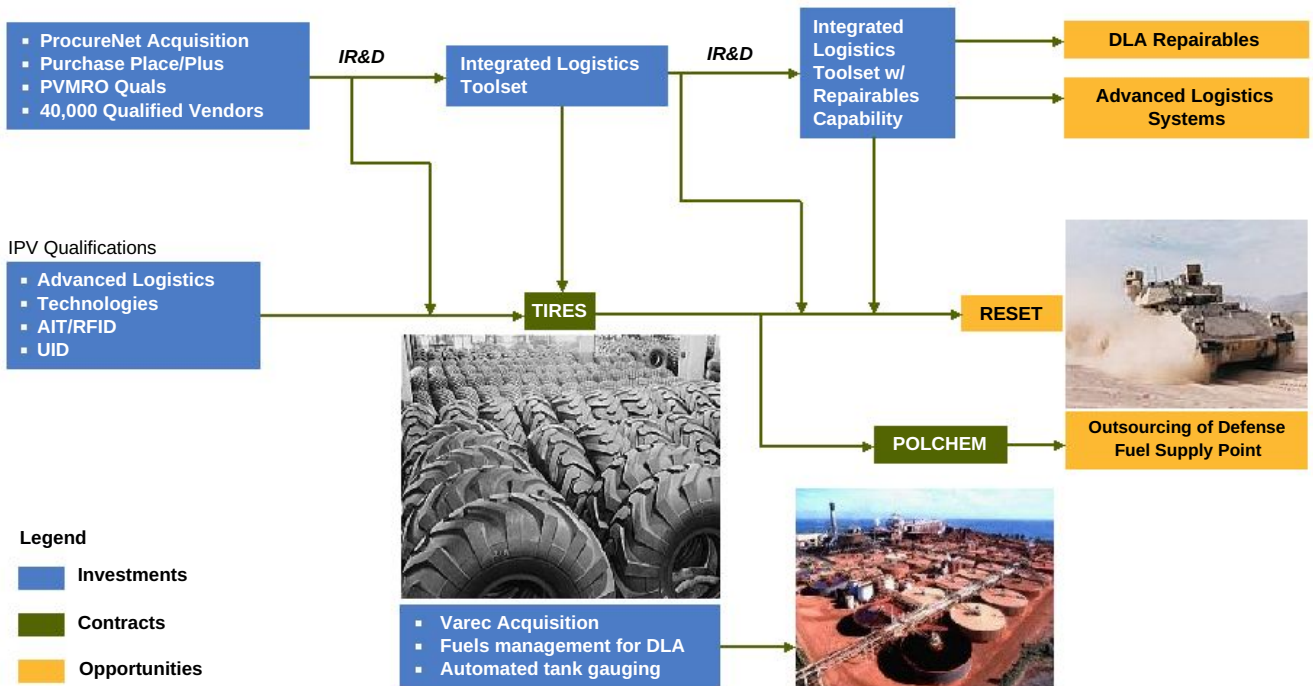
Integrated Strategy for Trade Security



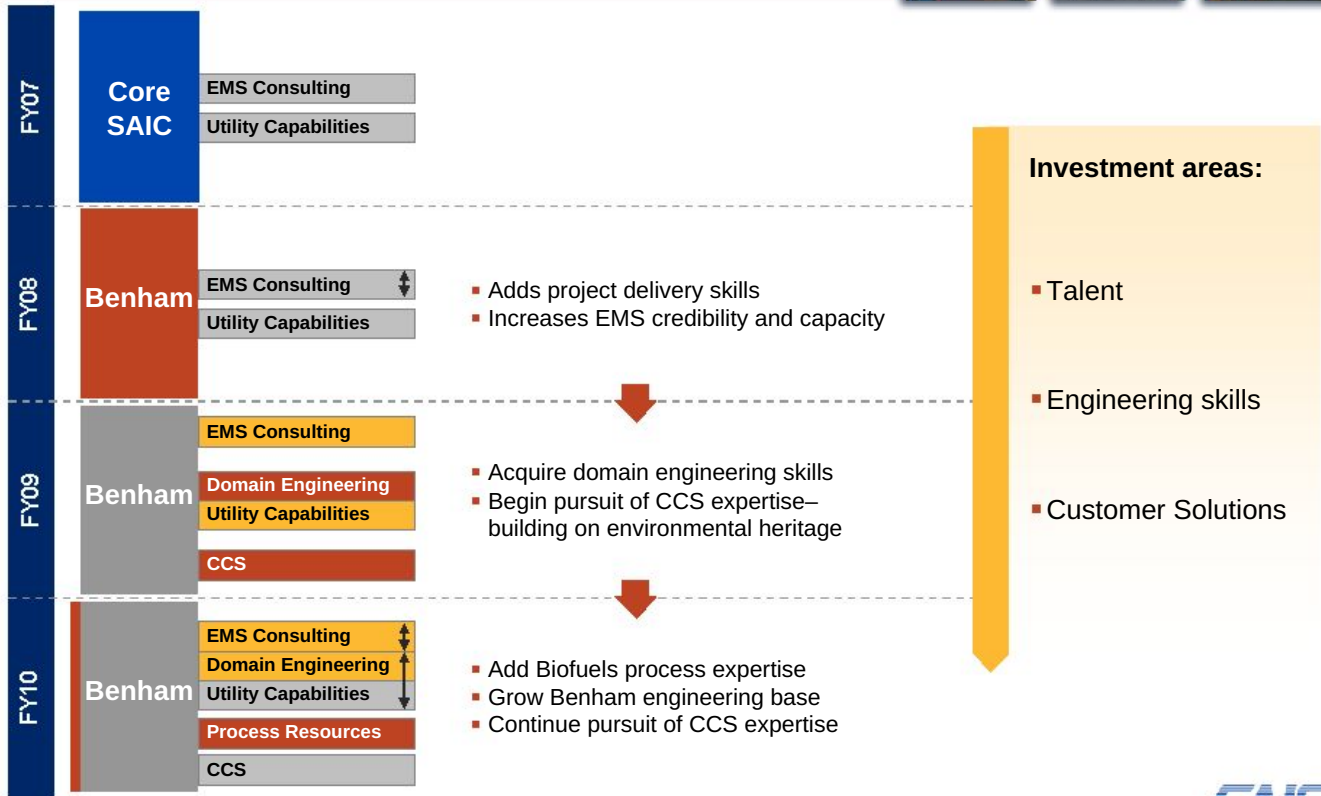
CBRN Lifecycle Solutions



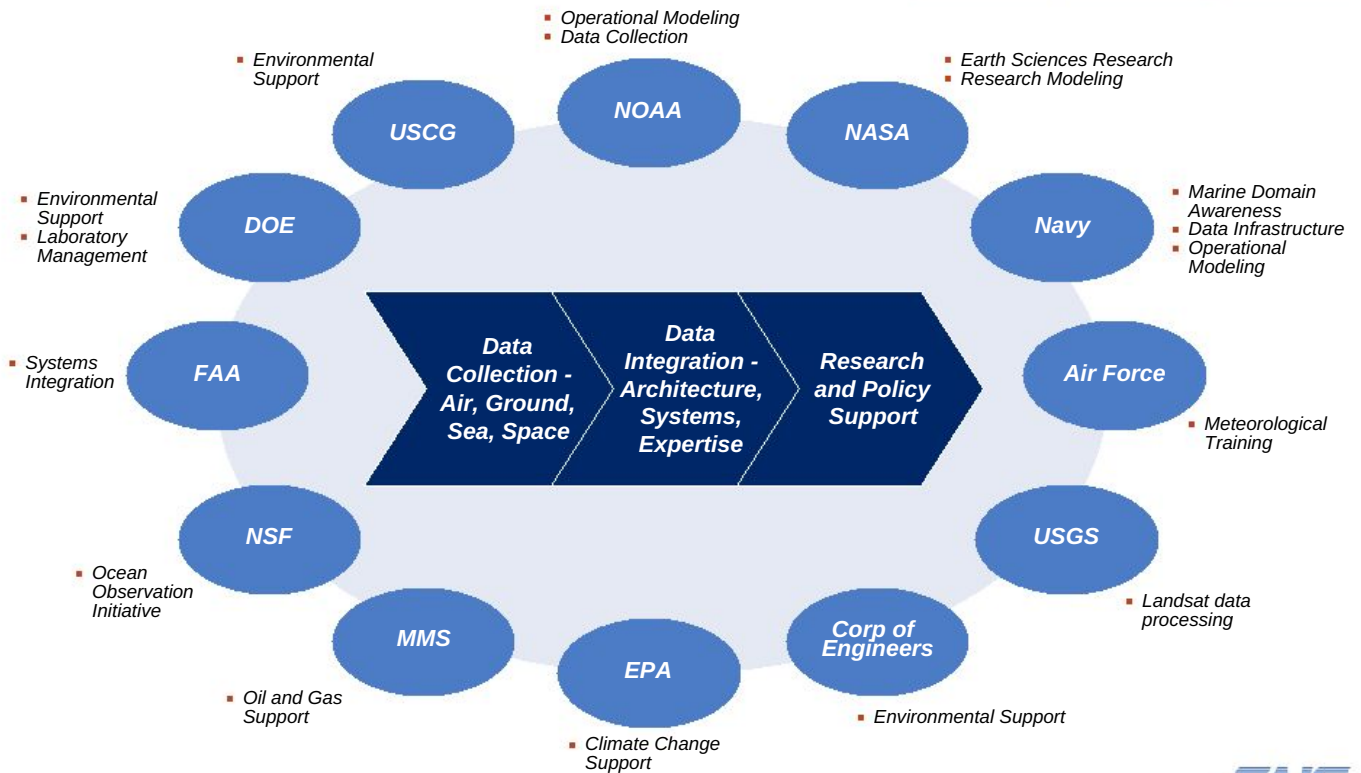
Logistics Investments Paying Off



Building Portfolio of Capabilities in Energy (Non-IT)



Leadership in Climate Change



President's Summary



- We are well-positioned to deliver growth and profitability to our shareholders and distinctive capabilities and solutions to our customers:
 - Delivering Energy Management Services and Engineering capabilities to a nation struggling with fast-rising energy costs
 - Helping protect the Homeland with CBRN, Preparedness, and Trade Security solutions
 - Supporting the Department of Defense with logistics and product sustainment solutions
 - Playing a leadership role in our nation's Climate Change research and policy program
 - Supporting NASA in its human spaceflight and exploration missions



SAIC Institutional Investor Conference

Infrastructure, Logistics and Product Solutions Group— Non-Intrusive Inspection Systems

Alex Preston

*Security and Transportation Technology
General Manager*



Business/Product Overview



◀ Imaging inspection systems

Gamma ray and X-ray imaging for cargo and vehicles

Integrated solutions ▶
Combinations of technologies for complex requirements



Sensing and classification products ▶

Identification of radiation sources, explosives, chemicals, and other hazardous materials



◀ Intermodal solutions

OCR, digital imaging, and biometrics to streamline terminal processes



Railway and road systems ▶

RFID and OCR systems for rail management and traffic enforcement



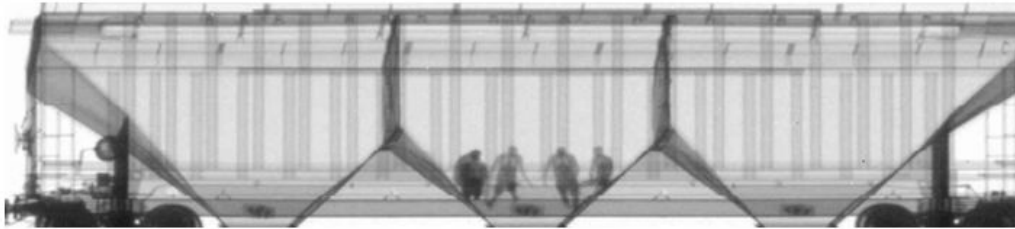
Non Intrusive Inspection (VACIS) Overview



Veracruz, Mexico



Otay Mesa, California



Integrated Cargo Inspection System (ICIS) Overview



A1957-ID-08

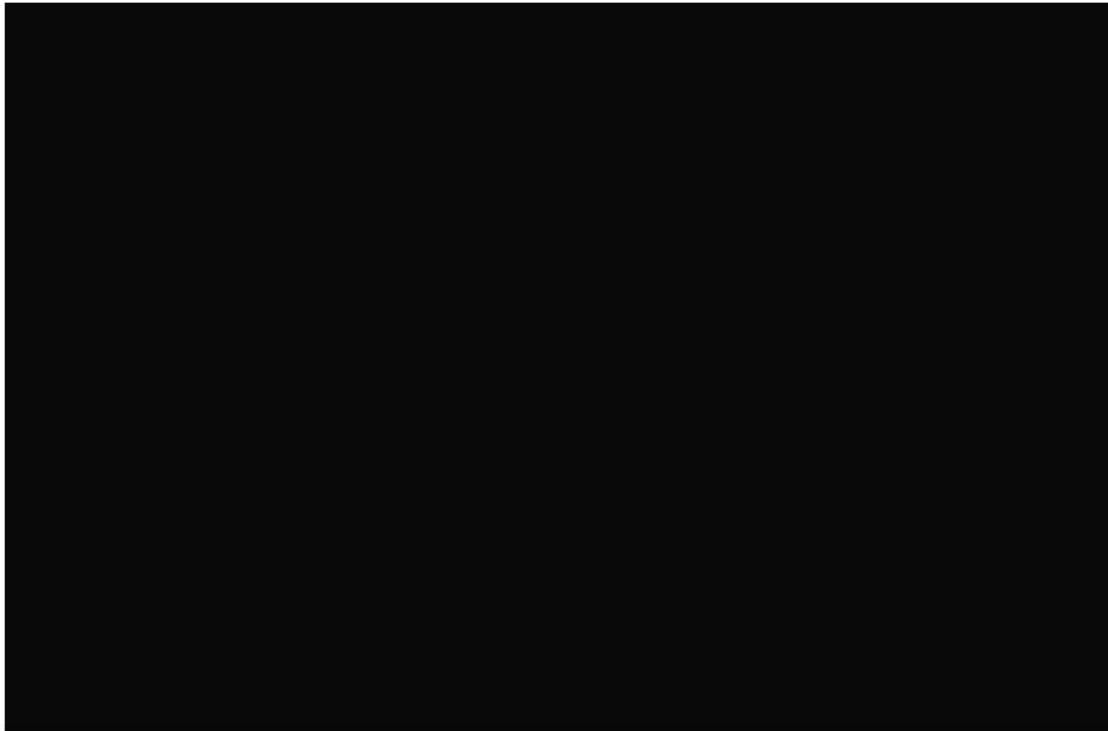


- System to scan vehicles without impeding traffic
- Provides assurance of security
- Integrates data from many sources:
 - Gamma ray imaging
 - Radiation scanning
 - OCR equipment Identification
 - Driver data
- Console displays integrated data
- Streamlines inspection processes
- Fixed and mobile configurations

Integrated Cargo Inspection System (ICIS) Overview



Integrated Cargo Inspection System (ICIS) Overview



Market / Growth Opportunities



- Safe Ports Act – 100% screening of US bound containers
 - Secure Freight Initiative – 7 port pilots in 2007/2008
 - Congressional Feedback
 - October: Southampton, Honduras, Pakistan
 - April: Oman, Hong Kong, Singapore, Korea
- Container Security – Information Management
 - US Targeting Center Pilot in progress
- Air Cargo Security – Democrat's Security Initiative
- Ship-To-Ship Container Transfer – Product Initiative
- Military Mobile market/aftermarket opportunity

High Energy Portal (P7500) Product Development



P7500 in Southampton, UK

- First deployment of new core X-Ray technology
- Rapid development (less than 12 months) and deployment
- Deployed as part of Secure Freight Initiative
- Significant return on investment in less than one year
- SAIC is setting the standard for 'commerce and security'

High Energy Portal (P7500) Product Development



High Energy Mobile Product Development



High Energy Mobile Product Development



High Energy Mobile Product Development



What does it take to be successful in the Security Products business?

- **Competitive Pricing**
 - SAIC commercial price for a mobile x-ray system will be \$2.4M
 - 25% lower cost than competitive products
- **Greater Effectiveness/Value**
 - Higher throughput (price/performance)
 - Lower lifecycle (service) costs
- **Lower Safety Risk**
 - Smallest control area
 - Lowest dose to driver
 - Lowest dose to cargo
- **Rapid Development**
 - First production unit delivery will be Dec 2007

Military Mobile Applications



Military Mobile Applications



Military Mobile Applications



- 23 Military Mobile VACIS units in production
 - Delivery schedule: 4-5 per month from May through September
 - Likely shipment South West Asia
- In theater maintenance and support provided by SAIC
 - Complements 'Award Winning' maintenance and service in Iraq
- Commercial product for aftermarket and military applications

Next Generation Mil Mobile Product Development



A1957-ID-09



Next Generation Mil Mobile Product Development



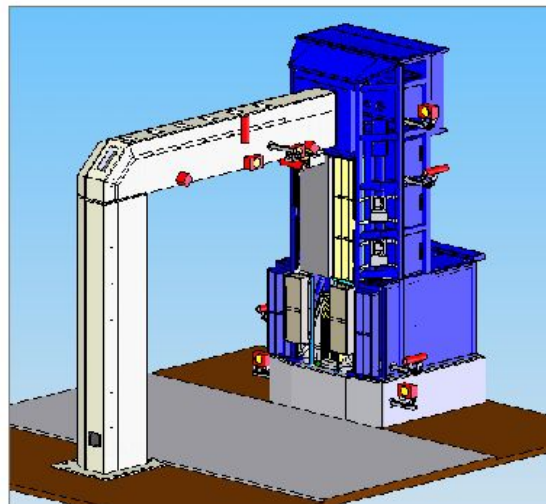
A1957-ID-09



Hutchison Port Holdings Pilot (IP6500) Product Development

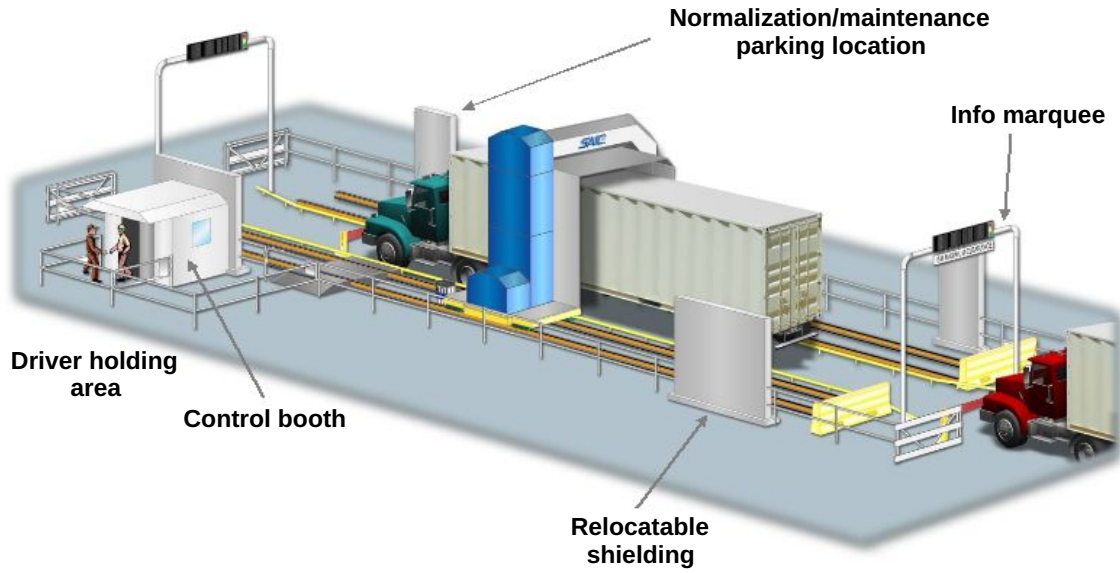


- 'ICIS in a box' combining X-Ray and Advanced Spectroscopic Portal (ASP)
- Reduce footprint, civil works costs, maintenance compared to ICIS
- Hutchison Port Holdings currently evaluating the integrated unit
- 6 months from specification to first production unit
- Exploits SAIC unique integration capabilities



Spectroscopic Portal Option/Upgrade

CAARS Conceptual Design



SAIC, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited, in millions, except per share amounts)

	Three Months Ended						Year Ended			
	July 31	April 30	January 31	October 31	July 31	April 30	January 31			
	2007	2007	2007	2006	2006	2006	2007	2006	2005	2004
Revenues	\$2,222	\$2,011	\$ 2,089	\$ 2,081	\$1,994	\$1,897	\$8,061	\$7,518	\$6,910	\$5,573
Costs and expenses:										
Cost of revenues	1,910	1,746	1,820	1,807	1,714	1,633	6,974	6,568	6,044	4,828
Selling, general and administrative expenses	139	129	127	133	129	126	515	480	406	365
Goodwill impairment	—	—	—	—	—	—	—	—	—	7
Gain on sale of business units, net	—	—	—	—	—	—	—	—	(2)	—
Operating income	173	136	142	141	151	138	572	470	462	373
Non-operating income (expense):										
Interest income	14	14	19	35	33	29	116	96	44	49
Interest expense	(23)	(22)	(24)	(22)	(23)	(23)	(92)	(88)	(87)	(80)
Minority interest in income of consolidated subsidiaries	(1)	(2)	(1)	(1)	(2)	(1)	(5)	(3)	(3)	—
Other income (expense), net	(4)	—	1	1	1	2	5	(7)	(28)	10
Income from continuing operations before income taxes	159	126	137	154	160	145	596	468	388	352
Provision for income taxes	60	51	53	64	60	54	231	133	125	135
Income from continuing operations	99	75	84	90	100	91	365	335	263	217
Discontinued operations:										
Income from discontinued operations before minority interest in income of consolidated subsidiaries and income taxes (including net gains on sales)	37	13	4	25	6	5	40	902	181	168
Minority interest in income of consolidated subsidiaries	1	1	2	3	2	2	9	11	11	10
Provision (benefit) for income taxes	4	7	2	14	1	(12)	5	299	24	24
Income from discontinued operations	32	5	—	8	3	15	26	592	146	134
Net income	<u>\$ 131</u>	<u>\$ 80</u>	<u>\$ 84</u>	<u>\$ 98</u>	<u>\$ 103</u>	<u>\$ 106</u>	<u>\$ 391</u>	<u>\$ 927</u>	<u>\$ 409</u>	<u>\$ 351</u>
Earnings per share:										
Basic:										
Income from continuing operations	\$ 0.24	\$ 0.19	\$ 0.21	\$ 0.27	\$ 0.30	\$ 0.27	\$ 1.04	\$ 0.96	\$ 0.72	\$ 0.59
Income from discontinued operations	0.08	0.01	—	0.02	0.01	0.05	0.07	1.70	0.40	0.36
	<u>\$ 0.32</u>	<u>\$ 0.20</u>	<u>\$ 0.21</u>	<u>\$ 0.29</u>	<u>\$ 0.31</u>	<u>\$ 0.32</u>	<u>\$ 1.11</u>	<u>\$ 2.66</u>	<u>\$ 1.12</u>	<u>\$ 0.95</u>
Diluted:										
Income from continuing operations	\$ 0.24	\$ 0.18	\$ 0.20	\$ 0.26	\$ 0.29	\$ 0.26	\$ 1.00	\$ 0.93	\$ 0.70	\$ 0.58
Income from discontinued operations	0.07	0.01	—	0.02	0.01	0.05	0.07	1.65	0.39	0.35
	<u>\$ 0.31</u>	<u>\$ 0.19</u>	<u>\$ 0.20</u>	<u>\$ 0.28</u>	<u>\$ 0.30</u>	<u>\$ 0.31</u>	<u>\$ 1.07</u>	<u>\$ 2.58</u>	<u>\$ 1.09</u>	<u>\$ 0.93</u>
Weighted average shares outstanding:										
Basic	405	404	403	336	331	336	352	348	365	370
Diluted	<u>418</u>	<u>418</u>	<u>420</u>	<u>347</u>	<u>342</u>	<u>347</u>	<u>364</u>	<u>359</u>	<u>375</u>	<u>377</u>

SAIC, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, in millions)

	Three Months Ended						Year Ended	
	July 31	April 30	January 31	October 31	July 31	April 30	January 31	
	2007	2007	2007	2006	2006	2006	2007	2006
Cash flows from operations:								
Net income	\$ 131	\$ 80	\$ 84	\$ 98	\$ 103	\$ 106	\$ 391	\$ 927
Income from discontinued operations	(32)	(5)	—	(8)	(3)	(15)	(26)	(592)
Adjustments to reconcile net income to net cash provided by (used in) operations:								
Depreciation and amortization	18	17	19	18	19	15	71	68
Stock-based compensation	22	23	21	7	21	15	64	39
Excess tax benefits from stock-based compensation	(12)	(27)	(9)	—	—	—	(9)	—
Other non-cash items	10	2	8	3	12	(1)	22	16
Increase (decrease) in cash and cash equivalents, excluding effects of acquisitions and divestitures, resulting from changes in:								
Receivables	33	(26)	(40)	(17)	(12)	1	(68)	49
Inventory, prepaid expenses and other current assets	(28)	1	(35)	1	23	19	8	41
Deferred income taxes	6	—	(2)	16	4	(15)	3	(42)
Other assets	(1)	(2)	1	4	—	(3)	2	(19)
Accounts payable and accrued liabilities	35	(115)	68	51	(46)	(40)	33	53
Accrued payroll and employee benefits	91	(108)	24	56	90	(73)	97	95
Dividend payable	—	—	(9)	9	—	—	—	—
Income taxes payable	(7)	27	71	(30)	2	65	108	(75)
Other long-term liabilities	(9)	4	(2)	(1)	(2)	2	(3)	13
Total cash flows provided by (used in) operations	257	(129)	199	207	211	76	693	573
Cash flows from investing activities:								
Expenditures for property, plant and equipment	(11)	(12)	(9)	(33)	(13)	(18)	(73)	(52)
Acquisition of businesses, net of cash acquired	—	—	(234)	(112)	(18)	(14)	(378)	(226)
Purchases of marketable securities available-for-sale	—	—	—	—	—	(4,258)	(4,258)	(7,852)
Proceeds from sales and maturities of marketable securities available-for-sale	—	—	—	—	—	5,917	5,917	7,561
Other	(7)	5	(8)	5	(4)	10	3	(12)
Total cash flows provided by (used in) investing activities	(18)	(7)	(251)	(140)	(35)	1,637	1,211	(581)
Cash flows from financing activities:								
Payments on notes payable and long-term debt	(8)	(1)	(1)	(1)	(6)	(12)	(20)	(40)
Sales of stock and exercise of stock options	20	35	43	7	34	16	100	155
Payment of a special dividend	—	—	(2,439)	—	—	—	(2,439)	—
Sales of stock through initial public offering	—	—	(1)	1,244	—	—	1,243	—
Repurchases of stock	(78)	(94)	(67)	(73)	(552)	(32)	(724)	(818)
Excess tax benefits from stock-based compensation	12	27	9	—	—	—	9	—
Other	(1)	1	—	(1)	—	(1)	(2)	(4)
Total cash flows provided by (used in) financing activities	(55)	(32)	(2,456)	1,176	(524)	(29)	(1,833)	(707)
Increase (decrease) in cash and cash equivalents from continuing operations	184	(168)	(2,508)	1,243	(348)	1,684	71	(715)
Cash flows of discontinued operations:								
Cash provided by (used in) operating activities of discontinued operations	4	(5)	(13)	26	4	5	22	(296)
Cash provided by (used in) investing activities of discontinued operations	—	3	(2)	17	—	—	15	1,063
Cash used in financing activities of discontinued operations	—	—	—	(22)	(1)	(7)	(30)	(6)
Increase (decrease) in cash and cash equivalents from discontinued operations	4	(2)	(15)	21	3	(2)	7	761
Total increase (decrease) in cash and cash equivalents	188	(170)	(2,523)	1,264	(345)	1,682	78	46
Cash and cash equivalents at beginning of period - continuing operations	943	1,109	3,631	2,342	2,688	1,001	1,001	959
Cash and cash equivalents at beginning of period - discontinued operations	—	4	5	30	29	34	34	30
Cash and cash equivalents at beginning of period	943	1,113	3,636	2,372	2,717	1,035	1,035	989
Cash and cash equivalents at end of period - continuing operations	1,131	943	1,109	3,631	2,342	2,688	1,109	1,001
Cash and cash equivalents at end of period - discontinued operations	—	—	4	5	30	29	4	34
Cash and cash equivalents at end of period	<u>\$1,131</u>	<u>\$ 943</u>	<u>\$ 1,113</u>	<u>\$ 3,636</u>	<u>\$2,372</u>	<u>\$ 2,717</u>	<u>\$ 1,113</u>	<u>\$ 1,035</u>

SAIC, INC.
CONSOLIDATED BACKLOG AND BOOKINGS
(Unaudited, in millions)

	As Of					
	July 31 2007	April 30 2007	January 31 2007	October 31 2006	July 31 2006	April 30 2006
Funded backlog	\$ 4,494	\$ 4,659	\$ 4,625	\$ 3,928	\$ 3,899	\$ 3,844
Negotiated unfunded backlog	9,597	9,718	10,286	10,339	10,365	10,429
Total consolidated negotiated backlog	<u>\$14,091</u>	<u>\$14,377</u>	<u>\$ 14,911</u>	<u>\$ 14,267</u>	<u>\$14,264</u>	<u>\$14,273</u>
	Three Months Ended					
	July 31 2007	April 30 2007	January 31 2007	October 31 2006	July 31 2006	April 30 2006
Net bookings	\$ 1,936	\$ 1,477	\$ 2,568	\$ 1,978	\$ 1,972	\$ 2,406
Book-to-bill ratio	0.9	0.7	1.2	1.0	1.0	1.3

