
**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 (Date of earliest event reported): September 11, 2013

SAIC, INC.

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION

(Exact names of registrants as specified in their charters)

DELAWARE
(State or other Jurisdiction of
Incorporation)

001-33072
000-12771
(Commission File Numbers)

20-3562868
95-3630868
(IRS Employer Identification Nos.)

1710 SAIC Drive, McLean, Virginia
(Address of Principal Executive Offices)

22102
(Zip Code)

Registrants' telephone number, including area code: (703) 676-4300

N/A
(Former name or former address if changed since last report.)

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. Other Events.

Management of SAIC, Inc. (to be renamed Leidos Holdings, Inc. (“Leidos”)) and SAIC Gemini, Inc. (“New SAIC”) will hold a joint Investor Day at the Waldorf Astoria Hotel in New York City on September 11, 2013, beginning at approximately 8:25 a.m. Eastern to discuss the upcoming separation of Leidos and New SAIC. A live video broadcast of the event along with presentation materials will be available to the public through links on the Investor Relations section of the SAIC website at <http://Investors.SAIC.com>.

A copy of the investor presentation materials relating to Leidos is furnished as Exhibit 99.1 to this report and a copy of the investor presentation materials relating to New SAIC is furnished as Exhibit 99.2 to this report.

The information contained in this report, including Exhibits 99.1 and 99.2, shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (Exchange Act), or otherwise subject to the liabilities of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Section 9 – Financial Statements and Exhibits

Item 9.01. Financial Statements and Exhibits.

(d) EXHIBITS

Exhibit Number	Title
99.1	Investor Presentation Materials (Leidos).
99.2	Investor Presentation Materials (New SAIC).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned hereunto duly authorized.

SAIC, INC.

By: /s/ Raymond L. Veldman
Name: Raymond L. Veldman
Title: Secretary and Assistant General Counsel

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION

By: /s/ Raymond L. Veldman
Name: Raymond L. Veldman
Title: Secretary and Assistant General Counsel

Dated: September 11, 2013

Leidos Investor Day

Waldorf Astoria Hotel – New York, NY

September 11, 2013





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Forward-Looking Statements

Certain statements in this presentation contain or are based on "forward-looking" information within the meaning of the Private Litigation Reform Act of 1995. In some cases, you can identify forward-looking statements by words such as "expects," "intends," "plans," "anticipates," "believes," "estimates" and similar words or phrases. Forward-looking statements in this presentation include, among others: our intent to separate into two independent publicly traded companies as a result of the proposed spin-off and the timing of the proposed transaction; revenue, growth, profitability and cost-efficiency expectations for the company following the spin-off; the expectation that the spin-off will be tax-free; statements regarding the resources, potential, priorities, competitive positioning, opportunities and addressable markets for the company following the spin-off; expectations about future regular or special dividends, stock repurchases and other anticipated uses of capital. These statements reflect our belief and assumptions as to future events that may not prove to be accurate.

Actual performance and results may differ materially from the forward-looking statements made in these slides depending on a variety of factors, including: developments in the U.S. Government defense budget, including budget reductions, implementation of spending cuts (sequestration) or changes in budgetary priorities; delays in the U.S. Government budget process or approval to raise the U.S. debt ceiling; delays in the U.S. Government contract procurement process or the award of contracts; delays or loss of contracts as result of competitor protests; changes in U.S. Government procurement rules, regulations and practices; our compliance with various U.S. Government and other government procurement rules and regulations; governmental reviews, audits and investigations of our company; our ability to effectively compete and win contracts with the U.S. Government and other customers; our ability to attract, train and retain skilled employees, including our management team, and to obtain security clearances for our employees; our ability to accurately estimate costs associated with our firm-fixed-price and other contracts; our ability to comply with certain agreements entered into in connection with the CityTimematter; cybersecurity, data security or other security threats, systems failures or other disruptions of our business; resolution of legal and other disputes with our customers and others or legal or regulatory compliance issues; our ability to effectively acquire businesses and make investments; our ability to maintain relationships with prime contractors, subcontractors and joint venture partners; our ability to manage performance and other risks related to customer contracts, including complex engineering or design build projects; the failure of our inspection or detection systems to detect threats; the adequacy of our insurance programs designed to protect us from significant product or other liability claims; our ability to manage risks associated with our international business; our ability to declare future dividends based on our earnings, financial condition, capital requirements and other factors, including compliance with applicable laws and contractual agreements; risks associated with the proposed spin-off of our technical, engineering and enterprise information technology services business, such as disruption to business operations, unanticipated expenses, significant transaction costs and/or liabilities, the timing of the spin-off or a failure to complete the proposed spin-off or realize the expected benefits of the proposed spin-off; and our ability to execute our business plan and long-term management initiatives effectively and to overcome these and other known and unknown risks that we face. These are only some of the factors that may affect the forward-looking statements contained in these slides. For further information concerning risks and uncertainties associated with our business, please refer to the filings we make from time to time with the U.S. Securities and Exchange Commission.

All information in this presentation is as of September 11, 2013. The Company expressly disclaims any duty to update the forward-looking statement provided in this presentation to reflect subsequent events, actual results or changes in the Company's expectations. The Company also disclaims any duty to comment upon or correct information that may be contained in reports published by investment analysts or others.



Investor Day—Wednesday, September 11th

START	STOP	DURATION (mins)	TOPIC
7:30	8:25	55	Registration and Continental Breakfast
8:25	8:30	5	Opening Remarks and Introductions: John Sweeney, Investor Relations
8:30	8:50	20	Introduction and Company Overview: John Jumper, CEO
8:50	9:20	30	Strategy and Operations: Stu Shea, President & Chief Operating Officer
9:20	9:40	20	CEO and COO Q&A
9:40	10:10	30	National Security: Lou Von Thae, Sector President
10:10	10:30	20	National Security: Q&A
10:30	10:45	15	Break
10:45	11:15	30	Health and Engineering: Joe Craver, Sector President
11:15	11:35	20	Health and Engineering: Q&A
11:35	11:40	15	Financial: Mark Sopp, Chief Financial Officer
11:40	12:00	20	Financial: Q&A
12:00	12:15	15	Closing Remarks: John Jumper, CEO





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Introduction and Company
Overview—
John Jumper

CEO



Unlocking The Value of Leidos

- ▶ \$200M+ cost savings with more to come in FY15
- ▶ Emphasize profit growth over top line revenue
 - Target 10.0% EPS annual growth
 - Continuous improvement driving lower rates & higher margin
- ▶ Strong cash generation: priority return to shareholders
 - \$400M annual operating cash flow
- ▶ Stable business base: doing the important things
 - Intelligence, Health, Energy, Environment
- ▶ Technology leverage: deep analytics, cybersecurity
- ▶ Remove Organizational Conflict of Interest

What Has Changed...

Our Transformation

Old SAIC

- ▶ 1,000 flowers blooming and internal competition
- ▶ Organizational Conflicts of Interest
- ▶ Higher cost structure
- ▶ M&A-focused capital deployment
- ▶ Cash on the balance sheet

Leidos

- ▶ Optimized portfolios, shared resources and leveraged technology
- ▶ Free to pursue more business
- ▶ Designed to cost
- ▶ Return-focused capital deployment
- ▶ Cash returned to shareholders



Our Key Leaders With You Today

JOHN JUMPER

Chairman and Chief Executive Officer



STU SHEA

President and Chief Operating Officer



MARK SOPP

Chief Financial Officer



JOE CRAVER

President, Health and Engineering Sector



LOU VON THAER

President, National Security Sector



Aligned in Their Vision for the Company



Our Board of Directors



JOHN P. JUMPER
Chairman & Chief
Executive Officer



DAVID G. FUBINI
Director



JOHN J. HAMRE
Director



MIRIAM E. JOHN
Director



ANITA K. JONES
Director



HARRY M. J. KRAEMER, JR.
Director



LAWRENCE C. NUSSDORF
Director



ROBERT S. SHAPARD
Director



NOEL B. WILLIAMS
Director

Investment Rational

- ▶ Stable National Security Sector revenues combined with growth opportunities in Health and Engineering
- ▶ Removal of organizational conflicts of interest
- ▶ Continuous improvement to drive down costs
- ▶ Target operating margin of 8.0%+
- ▶ Low Cap Ex requirements
- ▶ Strong operating cash generation: Target \$400M + operating cash flow in FY15
- ▶ Return Value to Shareholder
 - Attractive dividend yield
 - Priority on returning cash to shareholders
 - Higher threshold for acquisitions





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Strategy and Operations— Stu Shea

PRESIDENT AND CHIEF OPERATING OFFICER



Executing on Our Vision

- ▶ Why Leidos Matters
- ▶ Who We Are
- ▶ What Makes Us Distinctive
- ▶ What is Our Value Proposition
- ▶ What You Should Expect From Us

Why Leidos Matters: Convergence of Megatrends



Securing the Future

Helping make our communities, our nation and our world a better place for generations to come.

National Security

Delivering innovative solutions that help protect freedom in all domains — air, land, sea, space and cyberspace.



Health

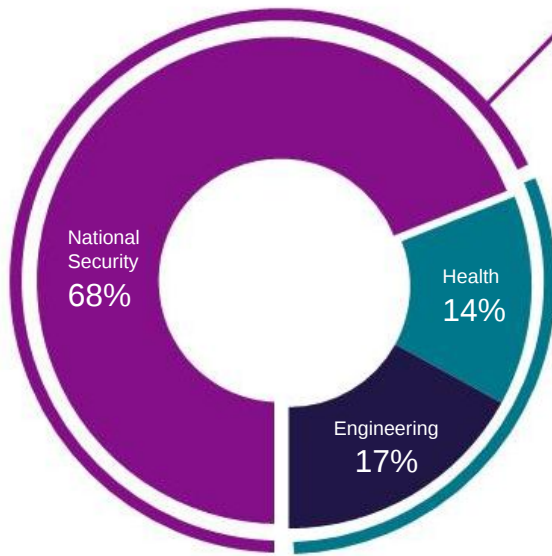
Advancing health technology to improve patient care, reduce healthcare costs, and enhance public health.

Engineering

Passionate about protecting our environment and making energy supply and delivery smarter, cleaner, and more reliable.



Who We Are



FY2014 revenues: ~\$6B

National Security Sector

- ▶ ~\$4B revenue
- ▶ 13,500 employees with >10,500 possessing DoD, TS/SCI, SAP/SAR, and DoE security clearances
- ▶ 99% government, <1% commercial
- ▶ Critical mission support for intelligence community
- ▶ C4ISR R&D and solutions for DoD
- ▶ Industry-leading cybersecurity capabilities

Health & Engineering Sector

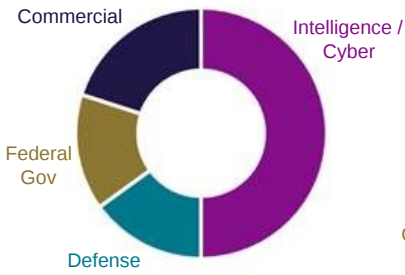
- ▶ ~\$2B revenue
- ▶ 9,500 employees
- ▶ 63% commercial, 37% government
- ▶ Healthcare information technology, electronic health records, and advanced data analytics
- ▶ Health and life science / clinical research
- ▶ Energy grid and critical infrastructure design and integration

Solutions That Secure Our Future and Our Way of Life

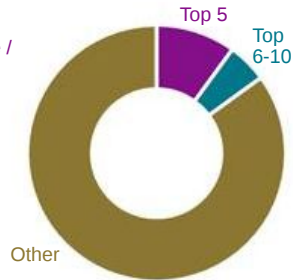


Revenue Composition

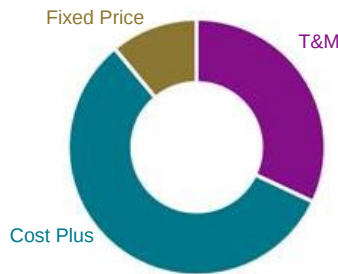
Customers



Contract Concentration



Contract Type



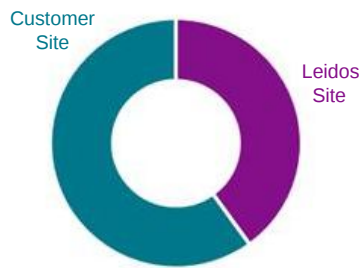
IDIQ v. Non-IDIQ



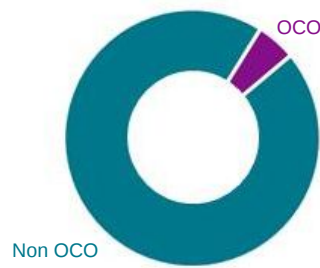
Prime vs. Subcontract



Employee Location



OCO Exposure

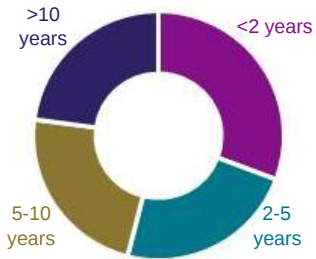


Diversified and Stable Revenue Base, Low Concentration Risk

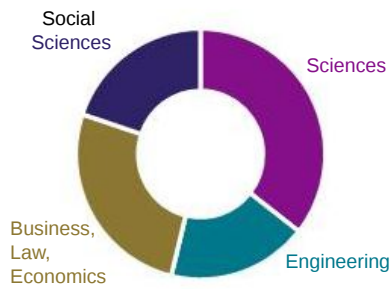


We Have the Right Team

Years of Service



Concentration



Top Operating Locations

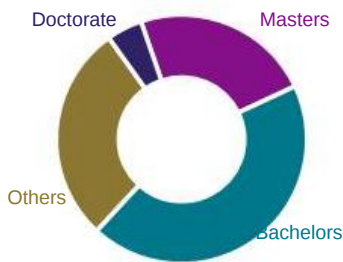
United States

- ▶ Washington, DC (26%)
- ▶ Baltimore, MD (16%)
- ▶ San Diego, CA (6%)
- ▶ Boston, MA (3%)
- ▶ Orlando, FL (3%)
- ▶ Dayton, OH (2%)
- ▶ St. Louis, MO (2%)
- ▶ Pensacola, FL (2%)
- ▶ Knoxville, TN (1%)
- ▶ Oklahoma City, OK (1%)

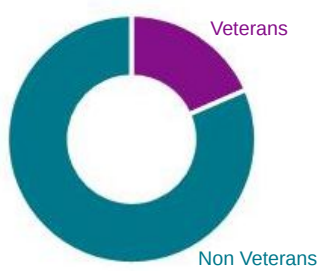
International

- ▶ Afghanistan
- ▶ Kuwait
- ▶ Germany
- ▶ Canada
- ▶ Japan
- ▶ Korea
- ▶ Australia
- ▶ United Kingdom
- ▶ Italy
- ▶ Iraq

Degrees



Veterans



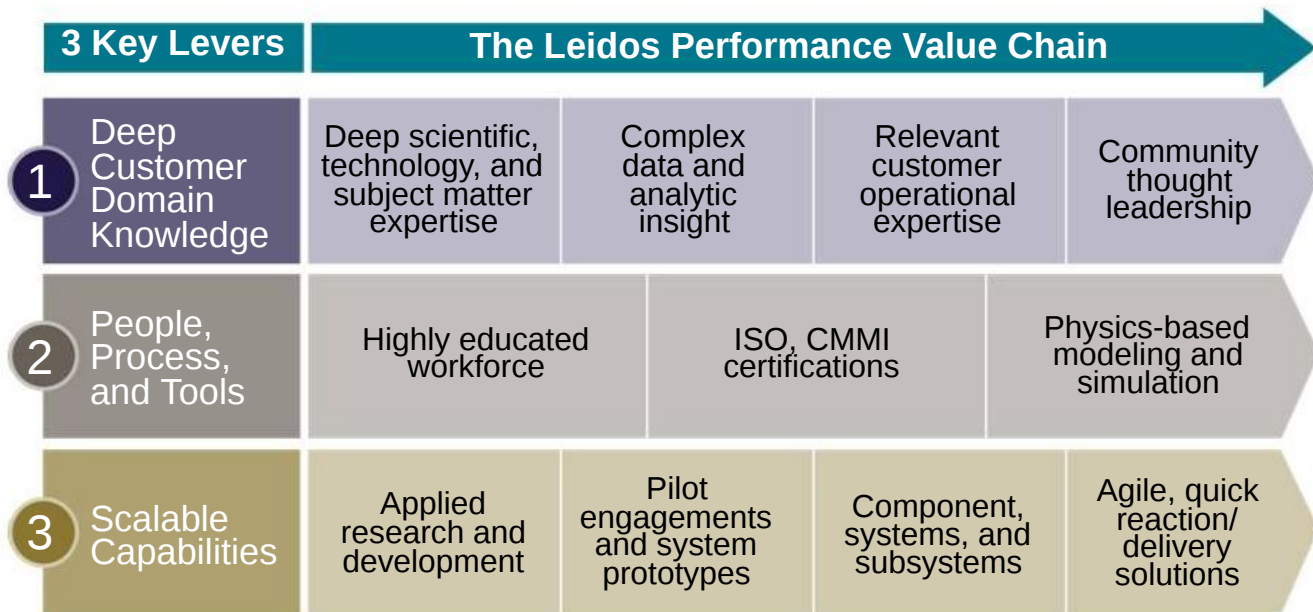
A Balanced, Well-Educated Workforce Capable of Creating the Right Solutions 

What Makes Us Distinctive: Rich Markets

One company in three opportunity rich markets of global importance

National Security (\$94B)	Health (\$43B)	Engineering (\$80B)
<ul style="list-style-type: none">• Drive leading C4ISR solutions in challenging mission environments across all operational regimes	<ul style="list-style-type: none">• Improve access and quality of healthcare by driving digitization, interoperability and personalized medicine	<ul style="list-style-type: none">• Expand commercially and internationally to meet global infrastructure and natural resource needs
<ul style="list-style-type: none">• Focus on agile, mission-critical integration• Exploit & leverage technology for mission advantage	<ul style="list-style-type: none">• Evolve value-based healthcare through data analytics• Embed cybersecurity for privacy protection	<ul style="list-style-type: none">• Build on IT, analytics and engineering capabilities• Bring science & technology solutions

What Makes Us Distinctive: Competitive Levers



What Makes Us Distinctive: Solutions That Work

One company with Three Unique Levers

1 Deep Customer Domain Knowledge

- ▶ Practical operational knowledge
- ▶ Embedded with our customer community
- ▶ Critical to mission success
- ▶ Respected community thought leadership

2 People, Processes, and Tools

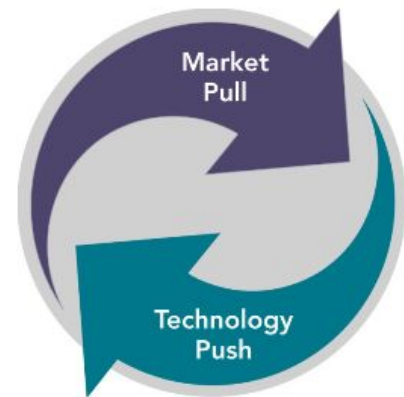
- ▶ Agile development processes
- ▶ Repeatable processes
- ▶ Reliable integrators
- ▶ Physics-based modeling and simulation
- ▶ Science and technology heritage

3 Scalable Capabilities

- ▶ Concept to creation
- ▶ Information-enabled engineering
- ▶ Advanced data analytics
- ▶ Full range of CyberSecurity
- ▶ Appropriate solutions

What Makes Us Distinctive: Information-Driven Capabilities

- ▶ Achieving technology leverage
 - **Market pull** is enabled by technology
 - ▶ Provides channel access to customers
 - **Technology push** is informed by the market
 - ▶ Retains the imperative of innovation



- ▶ Opportunity to scale
 - Diverse markets share common technical challenges
 - ▶ Health market drowning in data and need to offset demanding regulatory challenges
 - ▶ Future of a highly-interconnected infrastructure (energy sensors)
 - Additional investments key capabilities

Enterprise Strategy, Focused Leadership, and Repeatable Solutions



Leidos Investment Thesis

- ▶ Compelling vision and performance objectives
- ▶ Balanced financial strategy
- ▶ Repeatable operating model
- ▶ Aggressive portfolio management
- ▶ Common core of information-driven capabilities
- ▶ Proximity and criticality to operators & customers
- ▶ Continually optimized cost structure

What You Should Expect From Us: Performance

- ▶ **Maintain discipline**
 - Laser-focused on core markets
 - Controlled adjacencies
- ▶ **Expanding commercial portfolio**
- ▶ **Technology sharing**
 - Increased, shared investment
- ▶ **Economic profit improvement**
 - Quality revenues
 - Educated workforce
 - Higher margin expectations
- ▶ **Perform on current contracts**
 - Early contract reviews
 - Integrated early warning system
- ▶ **Divestitures and monetization**
 - Portfolio shaping
- ▶ **Better return of capital to shareholders**
- ▶ **Continuous attention to cost efficiencies**
 - Improved business ecosystems

National Security



Engineering

Health

Cybersecurity



National Security—
Lou Von Thaer

SECTOR PRESIDENT



National Security Sector - Positioned for Success

- ▶ ~\$4B in revenues
- ▶ NSS capabilities aligned to address our Nation's vast Intelligence & Defense requirements
- ▶ Intelligence collection, analysis and exploitation of data expertise are indispensable in today's world
 - Comprises 80% of NSS revenues
- ▶ New multibillion dollar OCI-deconflicted markets available to pursue
- ▶ Forty-four year track record of winning competitively and executing
- ▶ Highly regarded industry reputation
 - Adept at rapidly developing and producing cost-effective solutions



Market Shift Plays to Leidos' Advantage

PHYSICAL REALM



DIGITAL REALM



OPERATIONAL REALM



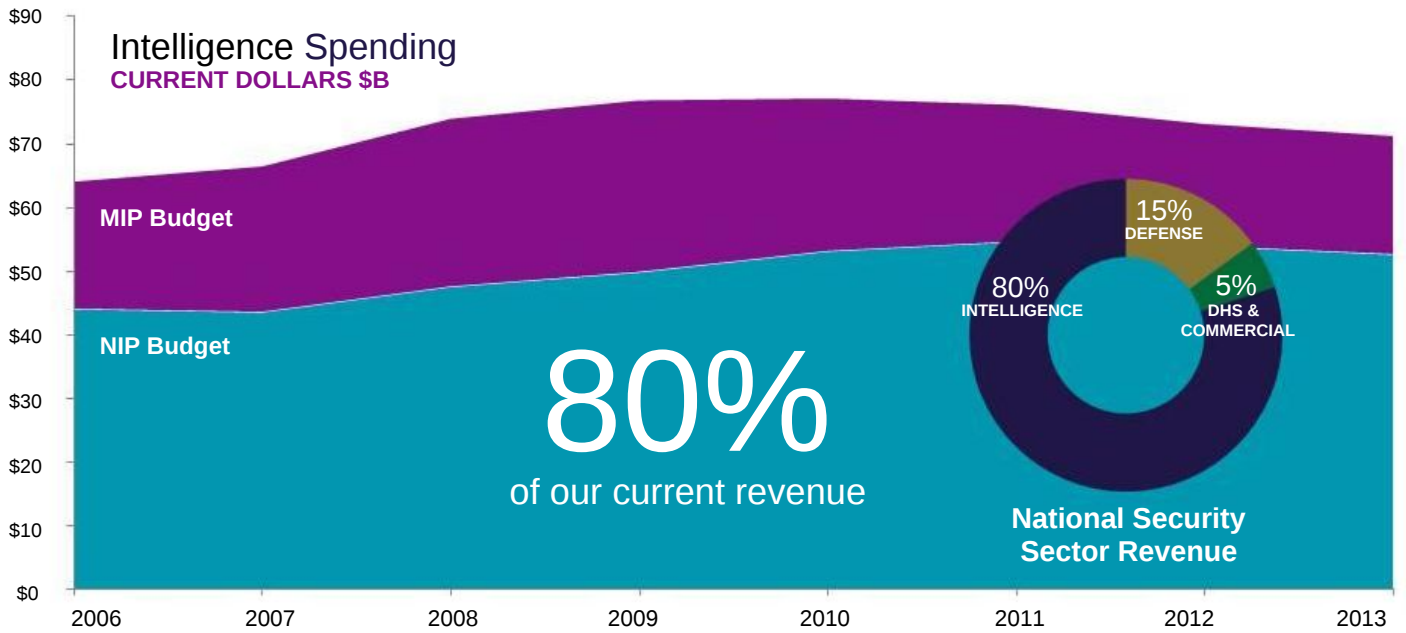
CONVERGENCE

Leidos
Information
Enabled
Solutions

In the future, those that control the information will control greater portions of the budget



Disclosed US Government Intelligence Budget



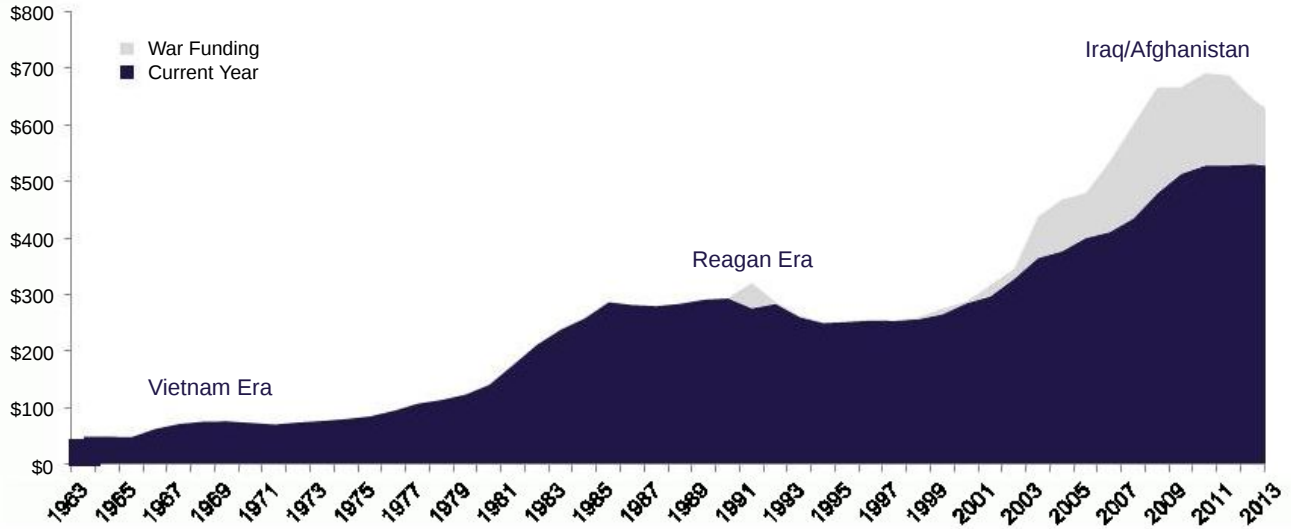
Key contributors to U.S. intelligence for four decades

Sources: DNI disclosure of National Intelligence Budget & DoD Green Book; USD not adjusted for inflation.



Expanding Growth Into Defense Market

DoD Spending
CURRENT DOLLARS \$B



Long-term growing market

Source: DoD Green Book, USD not adjusted for inflation



National Security Sector Unconstrained Markets

- ▶ Addressable market increases dramatically upon separation
- ▶ Significant opportunity space in long term Defense budgets





**Critical Mission Support in all Operational Domains:
Air, Land, Sea, Space and Cyberspace**



National Security at a Glance

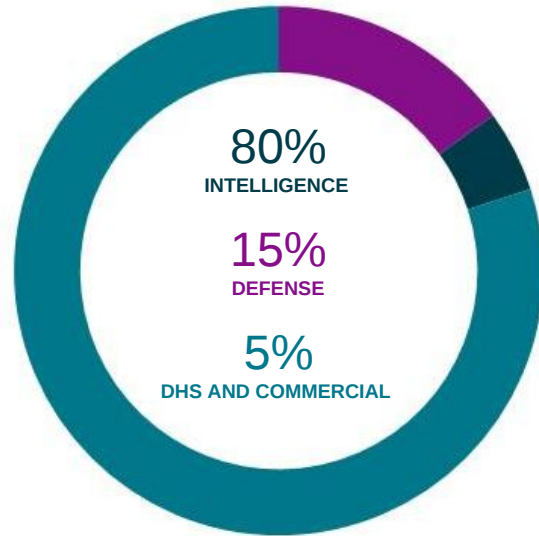
OUR CORE RESOURCES...

13,500
PROFESSIONALS

10,500
WITH SECURITY CLEARANCES

Broad technology,
development and
integration capabilities

CONTRIBUTE TO OUR CUSTOMER MISSIONS...



National Security at a Glance

BUSINESS SEGMENT	REVENUE PERCENTAGE	ADDRESSABLE MARKET
Technology	25%	\$47B
Intelligence	60%	\$23B
Cybersecurity	15%	<u>\$24B</u>
		\$94B

Increase of \$37 Billion in Addressable Market



National Security at a Glance

- ▶ Diversified contract base
- ▶ Top 10 contracts < 25% of total revenues
- ▶ 9 of Top 10 contracts in stable intelligence market

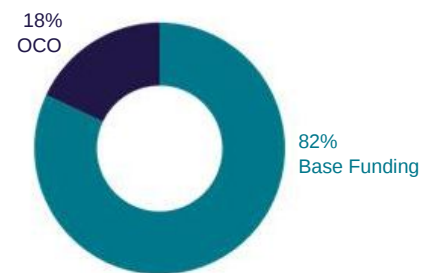
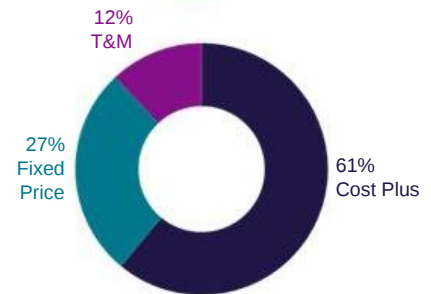
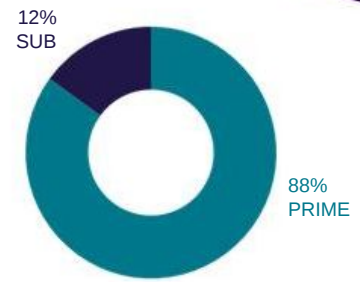
FY14 Top Contracts

PROGRAM	REVENUE	BUSINESS SEGMENT
Classified	\$154M	Intelligence
Saturn Arch	\$140M	Technology
GGI	\$102M	Intelligence
MRAP JLI	\$ 99M	Intelligence
Classified	\$ 97M	Cyber
Classified	\$ 86M	Cyber
Classified	\$ 85M	Cyber
Buckeye	\$ 79M	Technology
Blue Devil	\$ 72M	Technology
Joint Intel Ops Center	\$ 70M	Intelligence



History as a Fierce Competitor

- ▶ Proximity to operators & deep domain expertise
- ▶ Capabilities address emerging market needs
 - Rapidly deploy cost-effective technical solutions
 - Advanced analytics to solve complex information problems
 - Cybersecurity to defend critical missions and systems
- ▶ Well positioned in market for revenue & profit growth
 - Market leader with prime contracts
 - Broad and established base
 - Positioned for OCI deconflicted defense market
 - Streamlined infrastructure with costs reduced 15%
- ▶ Prolific business development engine
 - 60% increase in proposal submissions
 - \$7B of bids pending award
 - Additional \$7B of IDIQ bids submitted
 - Competitive win rate (50 – 65%)



Leidos National Security Strategy

Consistent, Reliable, Secure Technology and Information Globally for all Customers

BUSINESS SEGMENTS	DELIVERY FOCUS	MARKETS
Technology Intelligence Cybersecurity	<p>Horizontally Integrated Solutions into New Markets</p> <ul style="list-style-type: none">▶ Quick to Market▶ Tailored to Need▶ Predictive Analytics▶ Full Life Cycle Support▶ Affordable▶ Global Operations	<p>Intelligence Defense Homeland Security</p> <p>Healthcare Engineering Utilities</p>



Technology Business Segment

Technology-driven end-to-end integrated solutions operating in the air, land, sea & space

CAPABILITIES



R&D in air, sea, ground & space

- ▶ Autonomous and distributed solutions
- ▶ Modeling, simulation and training



Wide range of technical solutions

- ▶ First full-spectrum ISR in theater
- ▶ Leading Navy's diesel submarine tracking prototype
- ▶ Developing one of two high-speed prototype crafts for USSOCOM



Transitioning to new markets

- ▶ Unmanned, autonomous naval systems
- ▶ Advanced electronic warfare
- ▶ Border Security missions
- ▶ Classified next generation sensors



PRIMARY CUSTOMERS

Research organizations across DoD



Saturn Arch
Buckeye
Desert Owl



Blue Devil ISR
Target Recognition



Tactical Sonar
Naval Warfare Engineering



MOJAVE
ACTUV



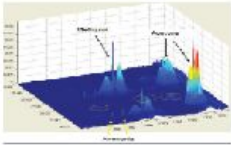
Integrated WMD
Targeting & Intelligence Support

Advanced Technology Solutions to Differentiate Leidos Offerings



Success Story: Distributed Airborne Information Solutions

Deployed technologies on Blue Devil, Buckeye, Desert Owl, Radiant Falcon, Saturn Arch



Multiple Sources



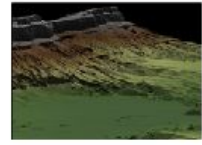
Day & Night



Full Motion Video



Wide Area Imagery



3-D Geospatial

▶ Mission Needs

- Customer needed to integrate sensor operations to identify and address threats

▶ Leidos Response

- Leidos combined our expertise, experience, and technologies to develop solutions quickly to match the need
- Idea to deployment in less than 10 months

▶ Result

- Delivered rapid persistent, multisource, integrated intelligence capability
- Identified multiple high-value targets
- Protected U.S. and coalition troops operating in high-threat areas

Catching Bad Guys and Protecting our Troops



Growth Opportunity: Naval Autonomous Technology

Design and integrate unmanned, autonomous solutions for intelligence and defense needs



130 FEET LONG

40 FEET WIDE

80 TONS

- ▶ Expanding market for Navy autonomous solutions to address expanding threats
 - Navy developing solution to counter diesel submarines
- ▶ Leidos ability to meet Navy's need
 - Leading prototype design to track diesel electric submarines for months at a fraction of their size and cost
 - Leveraging integration capabilities in ocean modeling, systems engineering and integration, and software development
 - Enabled by experience in design and build of maritime sensors, communications systems, autonomous controls, and propulsion systems
 - Positions Leidos for expanded Navy business over the coming decade

Advanced Platform Development to Meet Demanding New Mission Needs

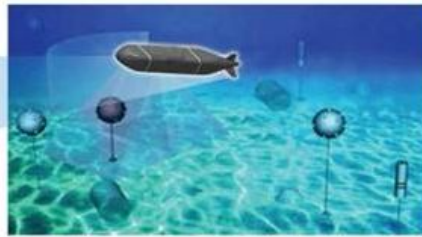
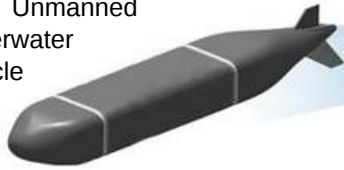


Technology Business Segment

Growth Opportunity: Naval Autonomous Technology

Design and integrate unmanned, autonomous solutions for intelligence and defense needs

UUV: Unmanned Underwater Vehicle



25 FEET LONG

5 FOOT DIAMETER

5 TONS

- ▶ Growing market for multiple mission autonomous systems
 - Navy developing affordable, versatile systems for deploying and retrieving equipment
- ▶ Leidos ability to meet Navy's need
 - Leveraging ACTUV prototype design experience
 - Knowledge in underwater operations, propulsion, and controls
 - Broad experience in intelligence, surveillance, and reconnaissance
 - Expanding Leidos offering for next-generation Navy systems

Leveraging Technology and Experience into Affordable Future Navy Workhorse



Intelligence Business Segment

Building wide range of information processing systems solving toughest challenges today

CAPABILITIES



System Engineering & Integration

- ▶ Advanced analytics
- ▶ Software development
- ▶ Intelligence analysis & operations
- ▶ Integrated logistics solutions



Delivering across Intelligence & Defense

- ▶ Top geospatial products producer for IC
- ▶ Leading NSA & Army data analytics
- ▶ First Intel & Defense Cloud architectures

Pursuing adjacent markets in Defense

- ▶ Bid Data & Cloud solutions
- ▶ Integrated intelligence systems
- ▶ Infrastructure protection
- ▶ Modernization, readiness & sustainment

PRIMARY CUSTOMERS



Classified
Intelligence Communications



Army Military Intel Enterprise
Joint Intelligence Ops Center



Geospatial Production
iSTORE Content Management



MRAP JLI
Distributed Common Ground
System



GPS System Engineering
TACAN Replacement

Delivering “Glue-ware” to Create Integrated Systems for Decision Makers



Success Story: Big Data Analytic Solution

Leverage leading data analytics successes in Intelligence into broader markets



- ▶ Mission Need
 - Intelligence community must review massive amounts of data to make accurate decisions
- ▶ Leidos Response
 - Leidos leveraged our domain knowledge, data analytics and software development capabilities to deliver the leading data analytics platform
- ▶ Result
 - Leidos solution “transformed tactical intelligence”
 - Leidos implemented a 40x improvement in throughput following year
 - “The most significant SIGINT system in aiding the Warfighter in the past 10 years”
 - In 2013, Leidos developed a commercial platform operating at a 200x improvement

Growth Opportunity: Border Security Surveillance

Rapid solution deployment for high confidence border security

- ▶ DHS seeking low-risk near-term solution for U.S. border security
 - Failed Secure Border Initiative program delayed border security implementation
 - Seeking proven system to detect and track items of interest along nation's borders
- ▶ Leidos ability to meet DHS' need
 - Leverage security and force protection
 - Integrated solution with proven systems and operations experience
 - Automated solution flexible and easy to operate
 - Positioned for growth in U.S. and global markets



Proven, affordable and flexible solutions for border security



Cybersecurity Business Segment

Delivering over \$700M of Cybersecurity to the Intelligence Community to constantly defend critical infrastructure against the most sophisticated adversaries

CAPABILITIES



Leading Cyber Provider in Intelligence Community

- ▶ Computer Defense, Exploitation, & Ops
- ▶ Predictive Cyber analytics
- ▶ Largest forensics malware in IC
- ▶ Large-scale systems design and integration



Delivering Broad Cyber Solutions

- ▶ Cryptographic algorithms, key management
- ▶ Cyber software development
- ▶ Navy 2013 Tech Award: Cyber Domain Services



Expanding Cyber beyond Intelligence Community



PRIMARY CUSTOMERS



Federal Government

Classified (Multiple)
Key Management



U.S. National Data Center
Key Management

Commercial & Critical Infrastructure

Health
Critical Infrastructure
Commercial Providers

Leveraging Cyber leadership in Intelligence to address increasing commercial demands



Success Story: Cyber Signature Management

Delivering cyber signatures to protect critical Intelligence Community infrastructure



▶ **Mission Needs**

- Intelligence community faced with constant, sophisticated cyber attacks

▶ **Leidos Response**

- Developed solution to identify and defend against new cyber threats
- Delivers software to defend against new attacks, and protect networks across IC

▶ **Result**

- Enterprisewide protection from new and emerging cyber threats
- Well positioned to leverage capabilities across defense and commercial markets

Growth Opportunity: Cyber Threat Operations

Using intelligence-based capabilities, deliver cybersecurity to protect federal and commercial entities



- ▶ DHS and commercial companies seeking secure network solutions
 - Cyber threats continue to expand in numbers and sophistication
 - Need for reliable cyber protection expanding

- ▶ Leidos has the ability to meet emerging needs
 - Deliver differentiated solutions to protect networks and information
 - Provide cybersecurity defense and incident response
 - Highest margins, fastest growing market
 - Solutions in development

Competition



SYSTEM INTEGRATORS & SOLUTIONS



SERVICES

Booz | Allen | Hamilton



Summary

- ▶ NSS brings a 44 year history of performance in good markets and bad
 - Leidos design drives horizontal technology collaboration in expanded markets
 - Continual focus on streamlined operations at reduced cost
 - Expanded focus on increasing earnings to drive shareholder value
- ▶ Continued need for intelligence and market shift plays to Leidos' advantage
- ▶ Nimble and affordable
- ▶ Uniquely positioned to compete

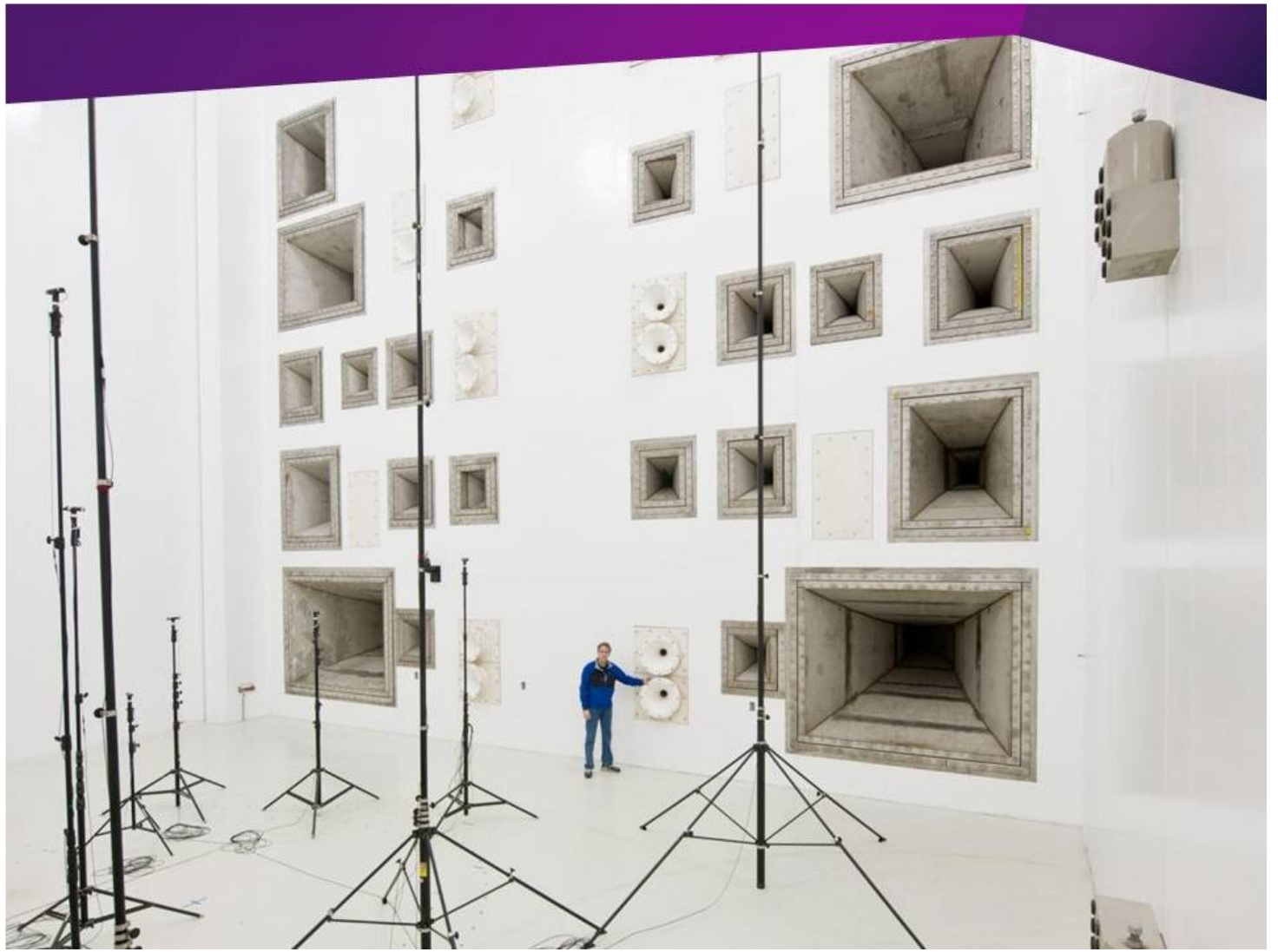
Leidos – Missions that Matter



Health & Engineering— Joe Craver

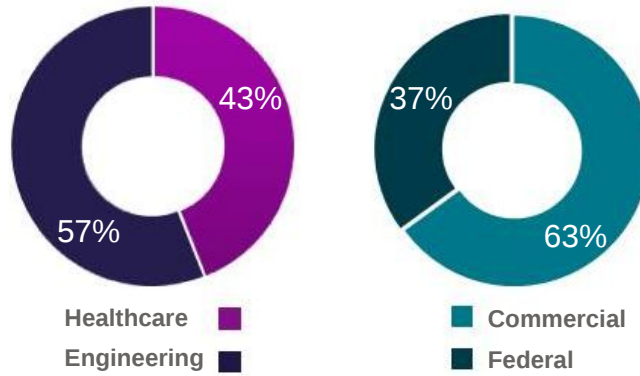
SECTOR PRESIDENT





Health & Engineering Sector

~\$2B Revenues



- ▶ Long-term market presence with solution and service delivery at scale
- ▶ Applied solutions focused on large, receptive commercial markets
- ▶ Core capability leverage with broad impact across multiple market segments



Leidos Health



Leidos Health – Positioned for Long-Term Success

- ▶ Material presence and scale in more than \$35B healthcare IT market
- ▶ Market drivers and business imperatives creating need for health organizations to seek applied solutions
- ▶ Extensive client list, reputation for quality and partnered with all the industry leading software vendors
- ▶ Uniquely positioned with expertise in IT, clinical transformation, behavioral health, life sciences and data analytics
- ▶ Positioned to grow in both Commercial and Federal markets



U.S. Healthcare Provider IT Market



- ▶ International Health IT market is more than \$90B
- ▶ Total addressable market is much bigger than just Health IT

Source: Gartner Enterprise IT spending by verticals forecast, 2013Q1



Leidos Health in the Marketplace

#9

Modern Healthcare's
2013 Management
Consulting Firms

Worked with
15 of 18
U.S. News and
World Report's
2012-13 Best
Hospitals Honor Roll



#4

KLAS Ranking of Overall
Health Services Firms

Engaged by

18 of 25

largest Academic
Medical Centers as
listed by Modern
Healthcare 2012

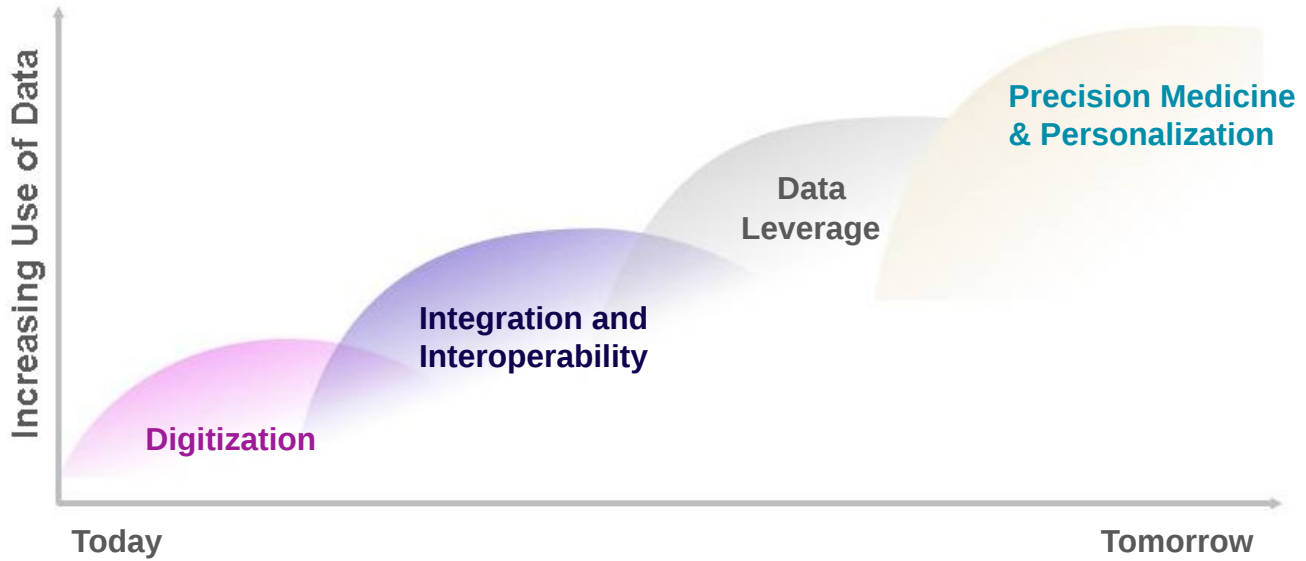


#18
Healthcare
Informatics Top 100



A New Era in Healthcare Is Emerging...

- ▶ Major Shift as Healthcare Becomes More Data-Enabled...



**Leidos' Analytical Capabilities and Domain Knowledge
Allow Us To Excel In Data-Enabled Environments**



Electronic Health Record
System Implementation
& Optimization



Health IT Framework
& Information
Exchange



Health
Information
Security

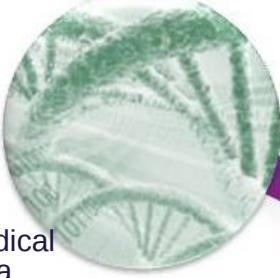


Behavioral Health
Research &
Outreach



Health Solutions

Biomedical
Data
Integration &
Warehousing



Public Health
Surveillance
& Outreach



Biomedical
Research &
Development



Advanced
Data
Analytics &
Visualization



From the Research Bench to the Patient Bedside



What We Do

	Percent of Leidos Health Business	Capabilities	Leidos Health 5-Year Growth Trajectory
EHR Consulting <i>(Digitization)</i>	45%	<ul style="list-style-type: none"> ▶ EHR implementation ▶ Optimization 	5–10%
Systems Integration <i>(Integration and Interoperability)</i>	30%	<ul style="list-style-type: none"> ▶ Information integration ▶ IT services ▶ Application development and maintenance ▶ Ongoing system support ▶ Legacy system support 	3–6%
Strategic Services and Solutions <i>(Data Leverage)</i>	15%	<ul style="list-style-type: none"> ▶ Strategic IT planning ▶ Meaningful use ▶ Clinical transformation ▶ ICD-10 ▶ Revenue cycle management ▶ Data analytics; cybersecurity 	10%+
Health Research and Life Sciences <i>(Precision Medicine and Personalization)</i>	10%	<ul style="list-style-type: none"> ▶ Behavioral health ▶ Public health ▶ Life sciences ▶ Health research 	3–6%



Leidos Health Clients

Commercial Clients	Federal Health Clients
 CATHOLIC HEALTH EAST  Presence Health  Adventist HEALTH SYSTEM  Cleveland Clinic  North Shore LIJ  STANFORD HOSPITAL & CLINICS <small>Stanford University Medical Center</small>  PRESBYTERIAN  Sutter Health <small>With You. For Life.</small>  PROVIDENCE Health & Services  Albert Einstein Healthcare Network  Einstein	 DEPARTMENT OF VETERANS AFFAIRS  DEPARTMENT OF DEFENSE  TRICARE  NATIONAL CANCER INSTITUTE  DEPARTMENT OF HEALTH & HUMAN SERVICES  NATIONAL INSTITUTES OF HEALTH  CDC  HRSA  DEPARTMENT OF HEALTH & HUMAN SERVICES

Helping Drive the Transformation Towards Value-Based Healthcare



EHR Consulting

Digitization

We Offer a Set of Client-Centric Services Designed to Get the Most out of an Organization's EHR Investment at all Stages of the Life Cycle

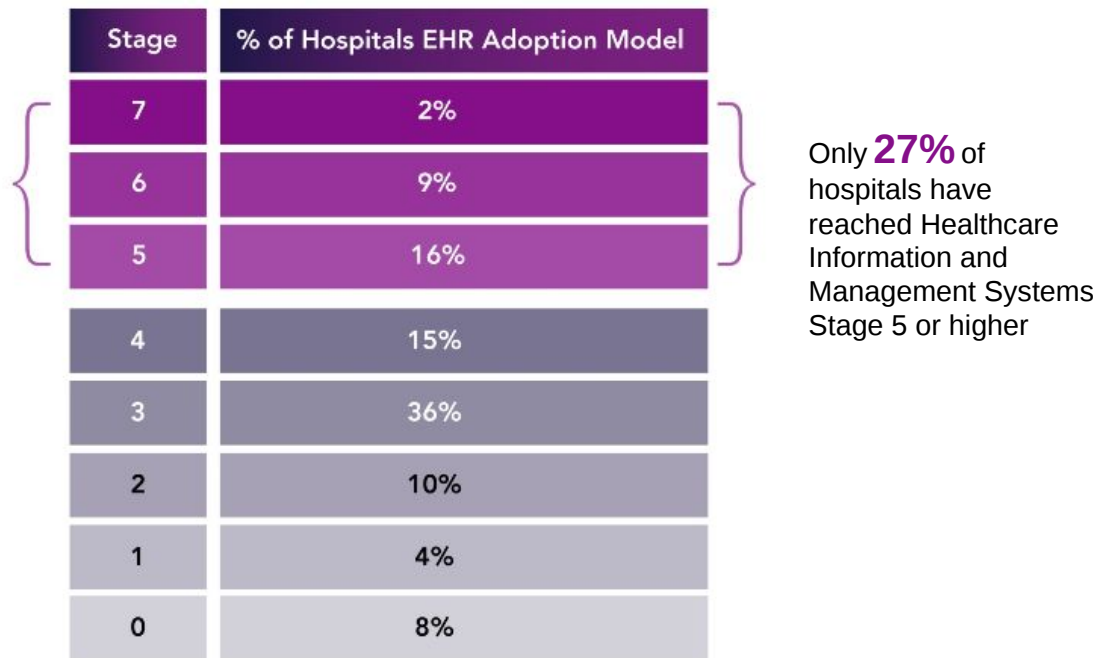
EHR Practices

- ▶ Allscripts™
- ▶ Cerner
- ▶ Epic
- ▶ McKesson
- ▶ Meditech
- ▶ Siemens



EHR Consulting

Digitization



Majority of Institutions Have Underdeveloped EHR Capabilities



Systems Integration

Integration and Interoperability

Developed & support the U.S. military AHLTA/CHCS system, the largest EHR system ever implemented

- ▶ Nearly 10 million beneficiaries
- ▶ 50 treatment facilities & 360 clinics

Provided health IT & systems integration support in connecting Inland Northwest Health Services (INHS), one of the nation's first health information exchanges, to public health entities and applications



Supported a major Canadian provincial health system in the creation and development of a health information network to link healthcare providers province wide

- ▶ Links nearly 300 healthcare facilities in 126 communities & 380 pharmacies connecting approximately 19,000 healthcare professionals

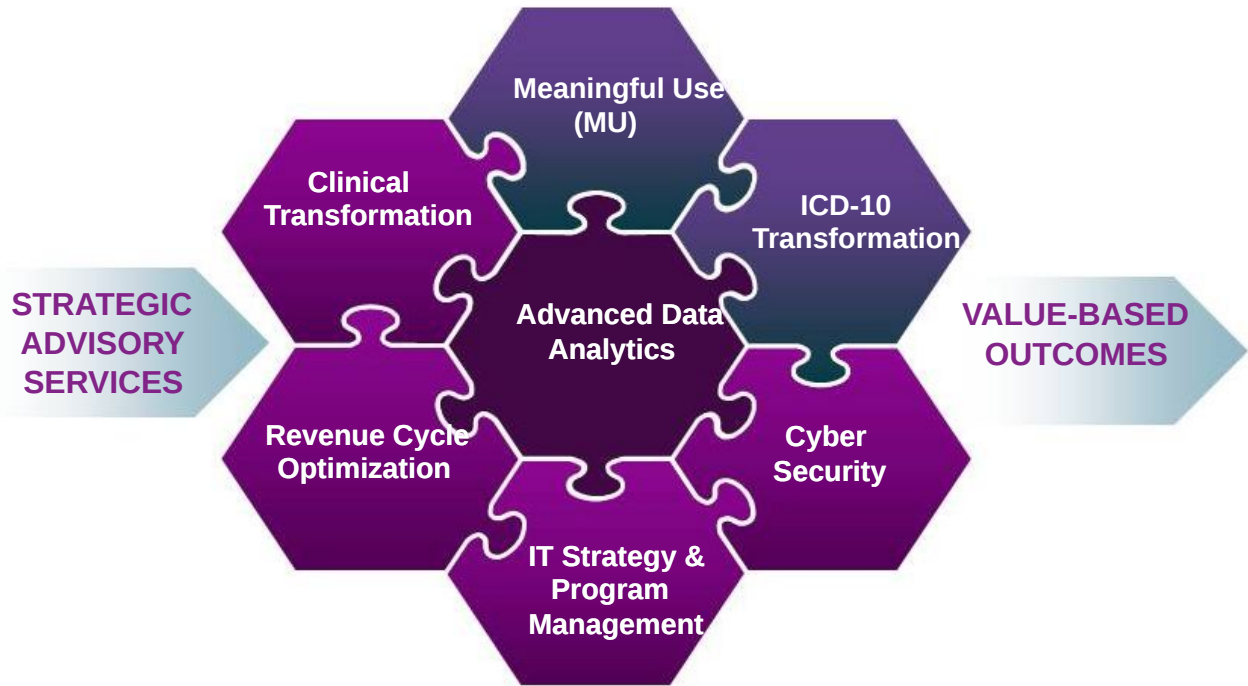


VA/DoD EHR Integration Opportunity

- ▶ Servicing over 18 million patients in both VA / MHS
- ▶ Total program cost: ~ \$5 - \$20 billion
- ▶ High Congressional visibility creating pressure for action
- ▶ Possible Scenarios:
 - Expansion of existing sharing platforms
 - Adoption of existing systems by differing agency
 - Integration and deployment of new EHR systems (COTS)

Strategic Services and Solutions

Data Leverage



True Value of Digitization is Unlocked Through Data Leverage



Strategic Services and Solutions

Data Leverage



Revenue cycle transformation...

... for one of the largest public hospitals (Grady Health System) in the United States ...

... directed the full implementation of clinical and revenue cycle applications at 27 hospitals and **clinics for one of the top academic medical centers in the country ...**

Advanced Analytics... deployed social network analytics solutions to support product introduction decisions internationally **for one of the largest pharmaceutical companies in the country ...**



Health Research & Life Sciences

Precision Medicine and Personalization

- ▶ Leidos has over 25 years of combined programmatic experience providing solutions that enhance health, resilience, readiness, and performance through research, education, training and counseling in areas such as:

Performance Enhancement:

Prediction of Unplanned Loss ▪ Team Resilience ▪
Traumatic Brain Injury ▪ Rehabilitation ▪ Career-Span Health
& Wellness

Operational Stress:

Post Traumatic Stress Disorder (PTSD) ▪ Insomnia ▪
Suicide Prevention ▪ Depression ▪ Re-Integration

Behavioral Sciences:

Adolescent Substance Abuse Counseling & Prevention ▪
Substance Use & Abuse ▪ Sexual Assault & Harassment ▪
Family & Workplace Violence ▪ Prevention of Sexually
Transmitted Disease (STDs)



- ▶ Leidos researchers conduct over 70 individual research studies annually and have supported over 500 research projects in the last 5 years in the areas of health, resilience, and readiness
- ▶ Human subject studies range from 100-2,000 and large database driven research studies are in excess of 5 million records



Research and Life Sciences: Leidos Biomedical Research

Frederick National Laboratory for Cancer Research

Precision Medicine
and Personalization

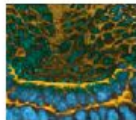


Advanced Technology Research Facility
Opened June 2012

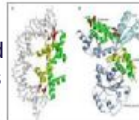
Genetics
and
genomics



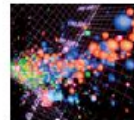
Imaging and
nanotechnology



Proteins and
proteomics



Advanced
biomedical
computing



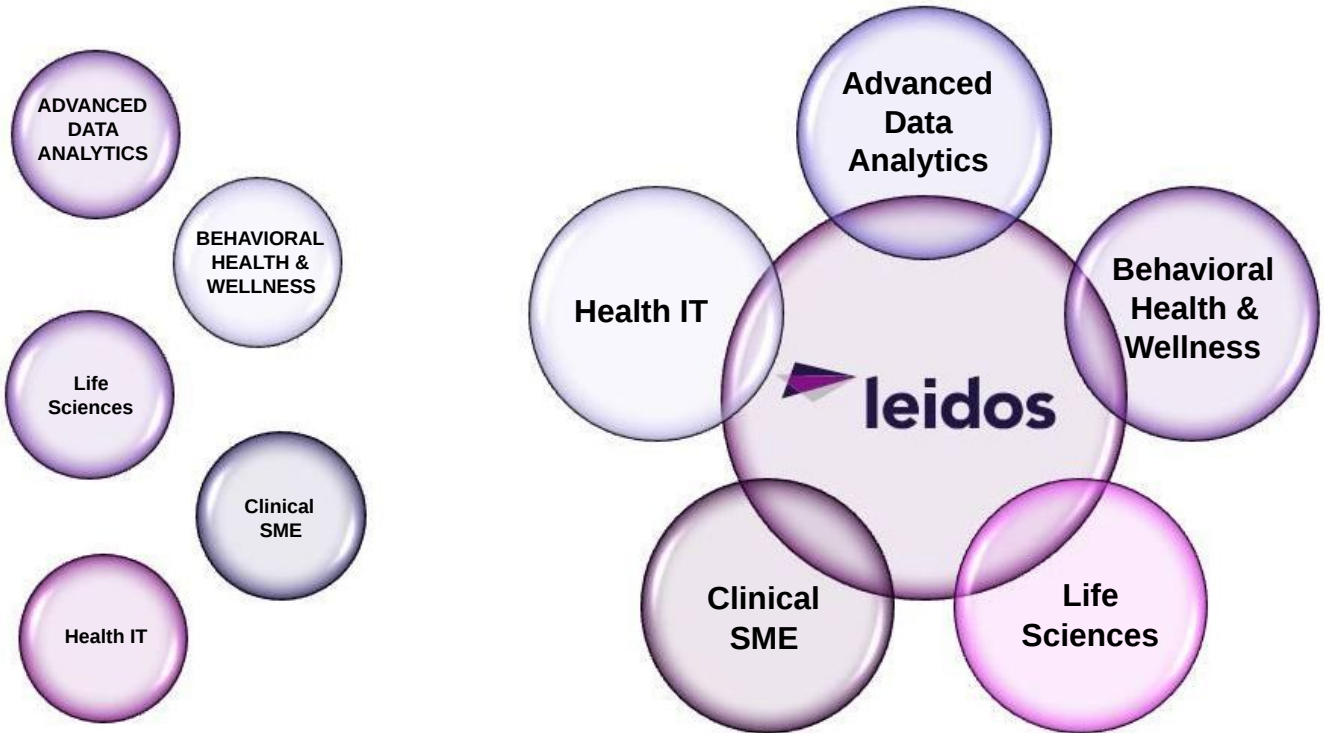
Translational
Research



Competitive Landscape



Leidos Health Competitive Advantage



Leidos Engineering



Leidos Engineering

Engineering Infrastructure Market

- ▶ Over past 22 years, the median growth of engineering services firms is 7%/year
- ▶ >\$20B/yr US market
- ▶ >\$40B/yr International
- ▶ Engineering Services grow 2-1.5X GDP

There are Positive Forces in Leidos' Space

- ▶ Power
- ▶ Oil and gas
- ▶ Industrial
- ▶ Infrastructure

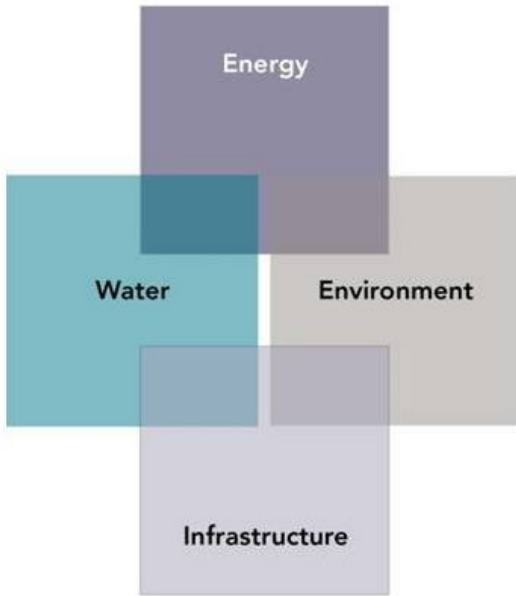
... a Customer Survey of over 800 Industry Decision Makers Revealed the Following Top 3 Priorities...

- ▶ Consistently meets deadlines, budget and delivers on commitments
- ▶ Uses systems approach to integrate engineering, technology, IT and consulting to address emerging challenges
- ▶ Has capabilities to bring clarity and insight to large data



Market Drivers

Interconnected Engineering Elements

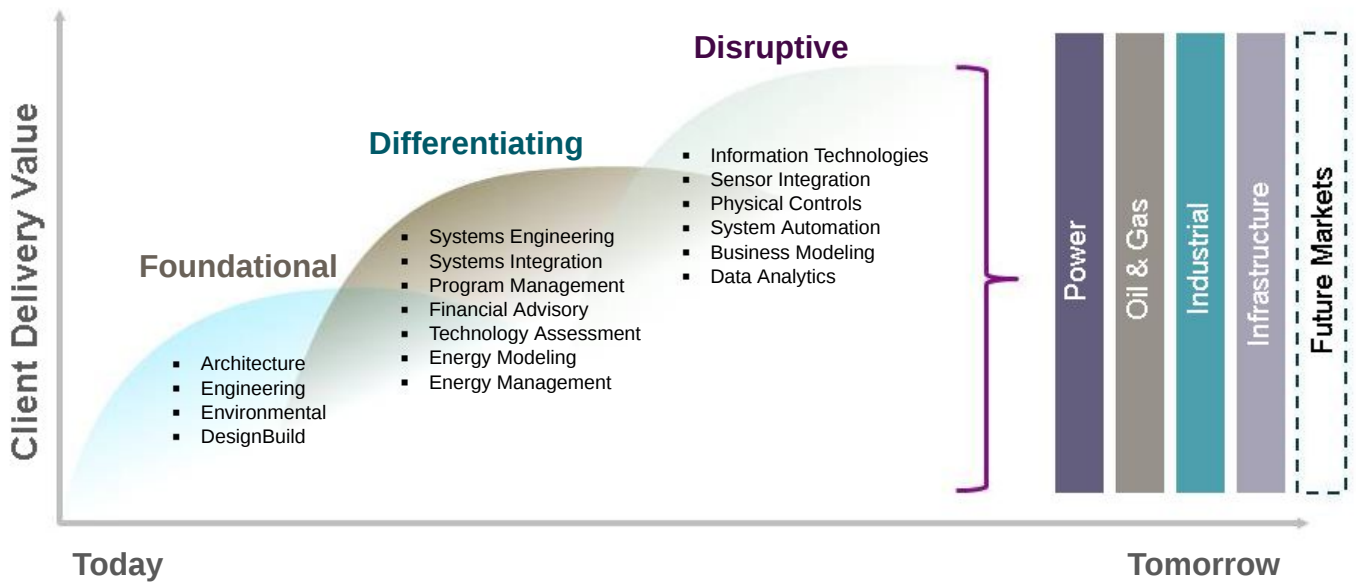


Engineering Market Sectors

Power	<ul style="list-style-type: none"> ▶ Steady spend to upgrade aging electric power grid ▶ Smart grid digitalization movement ▶ Data analytics ▶ By 2020 expect 100GW of plant retirements
Oil and Gas	<ul style="list-style-type: none"> ▶ Massive shift to shale oil and gas ▶ Significant interdependency with water and environment ▶ Strategic implications across nearly all sectors
Industrial	<ul style="list-style-type: none"> ▶ Continued gradual recovery ▶ Increasing focus on efficiency ▶ Transformational potential with shift to gas
Infrastructure	<ul style="list-style-type: none"> ▶ Need for upgrade or replacement or new builds ▶ Need for infrastructure engineering; environmental links ▶ Link between security and commerce

Leidos Engineering Approach is Our Advantage

Combining Horizontal Capability & Applying to Industry Sectors



Addressing Market Interdependence Through Horizontal Leverage





Bringing Engineering and Technology Together in Critical Markets



Industry Rankings and Awards

 **55+** INDUSTRY RANKINGS

 **21** TOP 10 RANKINGS

 **7** DESIGN-BUILD INSTITUTE OF AMERICA AWARDS



CLIMATE CHANGE BUSINESS JOURNAL
Gold Business Achievement Award
RENEWABLE ENERGY PRACTICE

CONTROL ENGINEERING 2013 System Integrator of the Year

TOP NATIONAL RANKINGS

- #3** Business Information Modeling (BIM) Engineering Firms Building Design+ Constr., July 2013
- #6** Transmission & Distribution ENR, July 2013
- #7** Environmental Management ENR, 2013
- #8** Top 50 in Program Management ENR, June 2013
- #8** Top Engineering/Architecture Firms BD+C, July 2013
- #23** Top 25 in Power ENR, July 2013
- #34** Top 500 in Design ENR, April 2013

OTHER SELECT RANKINGS

- #4** Wind Power ENR, July 2013
- #6** Auto Plants Engineering Firms ENR, July 2013
- #9** Top Data Center Engineering Firms ENR, July 2013
- #46** Top 100 in Design-Build ENR, June 2013



What We Do

Percentage of Leidos Engineering Business

Capabilities

Leidos Engineering 5 Year Growth Trajectory

▶ **Power**

25%

- ▶ Consulting
- ▶ Enterprise IT
- ▶ Energy efficiency
- ▶ T&D and smart grid
- ▶ Renewable integration

5-8%

▶ **Oil and Gas**

10%

- ▶ Shale gas
- ▶ Asset management
- ▶ Remediation
- ▶ Design and engineering

8-10%

▶ **Commercial and Industrial**

25%

- ▶ DesignBuild
- ▶ Architect and engineering
- ▶ Energy efficiency
- ▶ Advanced communications systems

3-6%

▶ **Infrastructure**

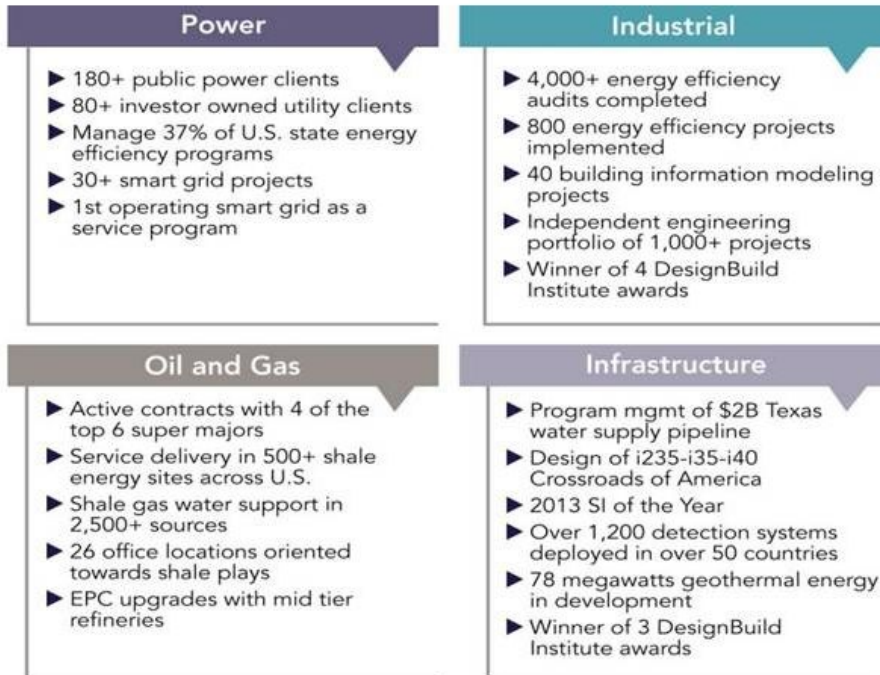
40%

- ▶ Environmental support
- ▶ Water resource management
- ▶ Civil engineering
- ▶ Financial transactions
- ▶ Secure commerce products

3-6%



Leidos Engineering Capabilities Delivered to Markets



Scale and Experience in Markets that Matter



Leidos Engineering Clients



... and Other Fortune 100 Companies



Secure Commerce



Clients Include: CBP, TSA, DoD, DOS, Mexico, Middle East



Leidos Engineering

Lenders & Developers – Consulting Engineering

7 RECENT DEAL OF
THE YEAR AWARDS

Project Finance
Magazine

- ▶ Prepared reports on nearly **1,000** power, infrastructure and industrial projects in 75 countries and territories
- ▶ Independent engineering on more than 1,000 energy projects, nearing **\$200 billion** in completed transactions
- ▶ Active in independent engineering and owner's advisory since 1978
- ▶ Reviewed nearly **500** renewable energy and 150 biofuel projects across 6 continents, with energy capacity in excess of **33,000 megawatts** over the last 2 years alone
- ▶ Evaluated over 300 major technologies

Competitive Landscape

Large Engineering



Specialized Engineering



Impact of Leidos Health & Engineering

NASA One-of-a-Kind Vibro-Acoustic Research Facility DesignBuild



Responsible Shale Exploration Support



San Diego County Airport Design, Engineering, Installation, Testing, and Commissioning



Data Analytics



Oklahoma Cancer Research Center



Financial Overview— Mark Sopp

CHIEF FINANCIAL OFFICER



Leidos Value Creation Roadmap

Profit-Focused Revenues

Year-over-year Operating Income Growth

Strong Cash Generation

Capital Allocation Effectiveness

Proven Business Model – On a New Path to Drive Shareholder Value



Profitability Actions

Focus on Profitable Growth

- ▶ Quality revenues; profit focus
- ▶ Stay within our wheelhouse; shape portfolio
- ▶ Capitalize on OCI and commercial opportunities
- ▶ Greater Leidos content, integrated technology

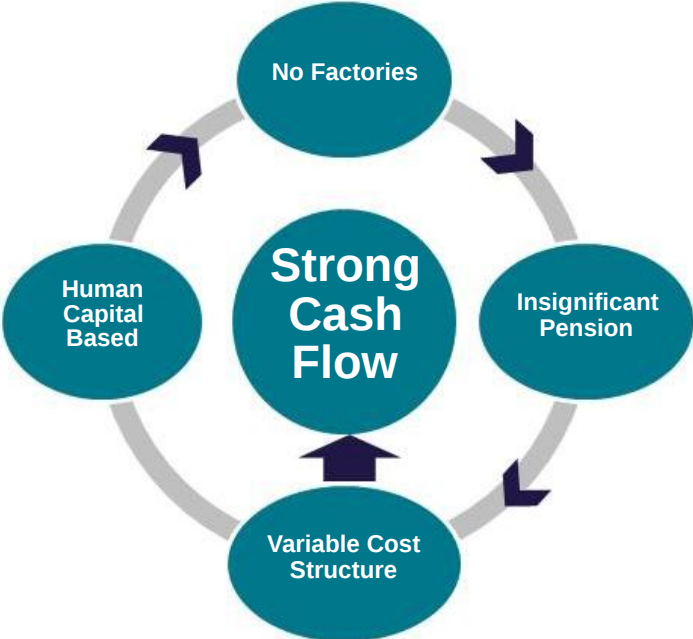
Deliver Expanded Margins

- ▶ Complete transition year costs/charges
- ▶ Full-year benefit of FY14 cost reductions; ongoing
- ▶ Underperforming business areas removed
- ▶ Reduce cost of delivery (procurement, subcontracting)

Geared for More Predictable and Low Capital-Intensive Profit Streams



Strong Cash Flow



Strong and Improving Capital Efficiency



Cash & Credit Statistics

CASH

Cash at Spin ~\$450M

Dividend from NSAIC \$295M

Est'd Beg. Cash ~\$745M

Est'd End FY14 ~\$950M

DEBT

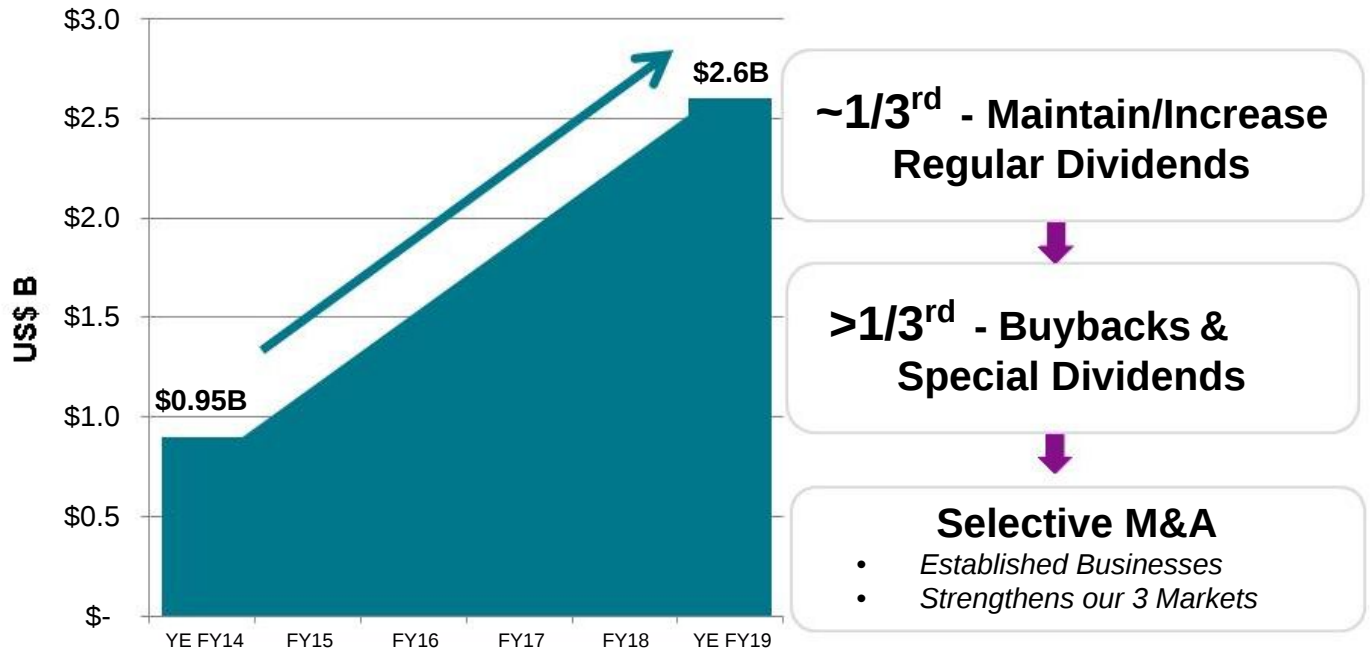
- ▶ No debt maturities till 12/2020
- ▶ Total Debt = \$1,293M
- ▶ Avg. Debt Rate 5.6%
- ▶ Anticipate maintaining investment grade rating

Meaningful Near-Term Cash Deployment Opportunity



Capital Deployment

\$350M Projected FCF*/Year; >\$2.5B deployable next 5 years



*FCF = Free Cash Flow; Derived from projected Operating Cash Flow minus projected Capital Expenditures



Recent Results & Outlook



Leidos Historical Performance

\$'s in millions	FY12	FY13	H1 FY14
Leidos Pro Forma Revenue	\$ 5,860	\$ 6,471	\$ 3,065
SAIC as Reported Operating Income	\$ 300	\$ 741	\$ 219
New SAIC	(343)	(288)	(105)
Stranded Corporate Costs	(66)	(70)	(41)
Separation Costs	-	10	55
Leidos Pro Forma Operating Income	(109)	393	128
<i>Pro Forma Operating Income %</i>	<i>-1.9%</i>	<i>6.1%</i>	<i>4.2%</i>
Non-GAAP Adjustments:			
CityTime	540	-	-
Significant EAC Adjustments	-	10	37
Intangible Impairments	19	13	34
Regulatory and Legal Settlements	22	9	15
Adj. Non-GAAP Operating Income	\$ 472	\$ 425	\$ 214
<i>Adj. Non-GAAP Operating Income %*</i>	<i>7.5%</i>	<i>6.6%</i>	<i>6.9%</i>

* Operating Income % appropriately adjusted for CityTime and EAC revenue impacts

See Appendix for description of pro forma non-GAAP adjustments

Pro Forma (PF) Financials

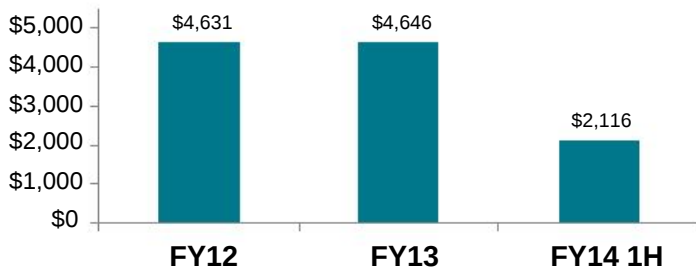
- ▶ Consolidated + segments; Oct '13
- ▶ Leidos PF includes:
 - CityTime settlement
 - >100bps stranded costs
 - Significant special charges FY12-14

Adjusted Non-GAAP Op Income

- ▶ Discrete items adjusted
- ▶ Provides additional insight into core operating performance
- ▶ Reflects stranded corporate costs and does not reflect cost savings program

National Security Segment Financials

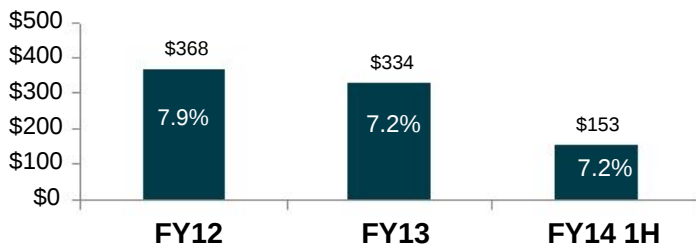
Adjusted Non-GAAP Revenue (\$M)



Revenue

- ▶ 1HFY14 down due to JLI and Federal spending cuts

Adjusted Non-GAAP Operating Income (\$M)



Adjusted Non-GAAP Operating Income

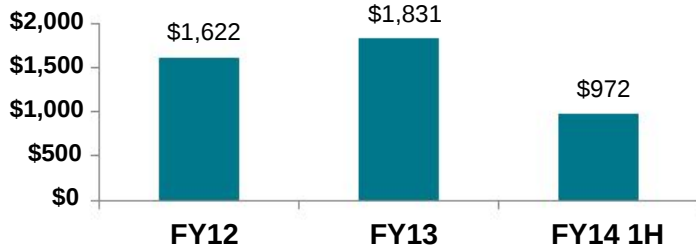
- ▶ Reflects stranded corporate costs; does not reflect cost savings program
- ▶ Adds back Impairments and EAC adjustments for one program

See Non-GAAP reconciliation in the Appendix



Health & Engineering Segment Financials

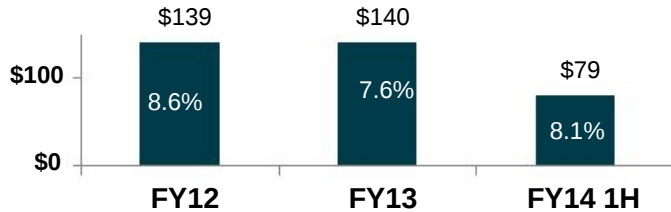
Adjusted Non-GAAP Revenue (\$M)



Revenue

- ▶ Revenue; growth from acquisitions; 1HFY14 internal revenues flat

Adjusted Non-GAAP Operating Income (\$M)



Adjusted Non-GAAP Operating Income

- ▶ Reflects stranded corporate costs; does not reflect cost savings
- ▶ Adds back impairments and EAC adjustments for one program

See Non-GAAP reconciliation in the Appendix



Leidos FY 14 Guidance

- ▶ Consistent with SAIC Inc. guidance issued Sept 4, 2013, except:
 - Separation now assumed; triggers Stranded Corporate Costs ~\$60M (\$.12 EPS)
 - Legal expenses previously reported as part of TSIT~\$10M (\$.02)
 - EPS, provided on a pre-split and post-split basis

Revenues (billions)	\$ 5.85	to	\$ 6.10
EPS Continuing Operations, pre-stock split	\$ 0.45	to	\$ 0.51
EPS Continuing Operations, split adjusted	\$ 1.80	to	\$ 2.04
Operating Cash Flows (millions)	\$325	+	



FY15 Margin Improvement Outlook

FY14 1H Adjusted Non-GAAP Operating Income

FY14/15 cost savings program	1.0% -1.5%
HE Sector profit improvements	0.7% -1.25%
Anticipated portfolio changes	<u>0.1% -0.2%</u>

Targeted FY15 Operating Margin **8.0%**

Major Levers:

- ▶ Full year benefit of \$200M+ cost reductions
- ▶ Ongoing streamlining; lower wrap rates
- ▶ NSS removal of non-core under-performing business areas
- ▶ Restoring normative commercial health margins
- ▶ HES focus on higher fee consulting engineering projects
- ▶ Profit-focused incentives and accountability

Focused on Bottom Line in Difficult Top-Line Environment



Playing to our Strengths:

Leidos FY15 to FY17 Targets

- ▶ Profit-focused
- ▶ Lower cost structure
- ▶ Strong Cash Flow
- ▶ Attractive Regular Dividend (~1/3 FCF)
- ▶ Targeting > 1/3 FCF buybacks/special dividends

Targeted Organic Growth:

FY15	+/- low single digit
FY16-17	+ low single digit

Targeted Annual Operating Margin

8.0%+

Targeted EPS* Growth/Yr.

10.0%+

Targeted Operating Cash Flow/Yr.

\$400M+

* GAAP EPS from Continuing Operations



Summary

1. Attractive, large, enduring, increasingly integrated markets
2. Streamlining, separation, and portfolio moves prep for clean FY15+
3. Profit growth and capital effectiveness focus
4. Deployment opportunity > \$2.5B over the next 5 years
 - >2/3 FCF targeted for dividends and buybacks
 - Select, established M&A to build our three markets
 - Systematically deploy excess cash

Repositioned with Focus on Driving Profit Growth and Returning Cash to Shareholders



Appendix



Unaudited Pro Forma Consolidated Financial Information

The unaudited pro forma consolidated financial information included in this presentation was derived from the Company's historical consolidated financial statements and is being presented to show the effect of the proposed spin-off of New SAIC. The unaudited pro forma consolidated financial information should be read in conjunction with the historical financial statements and accompanying notes. The unaudited pro forma consolidated financial information is presented for the six months ended August 2, 2013 and the years ended January 31, 2013 and 2012 and assumes the separation occurred on February 1, 2011.

The pro forma adjustments are based on the best information available and assumptions that management believes are reasonable, that reflect the impacts of events directly attributable to the proposed spin-off, and that are factually supportable. The pro forma adjustments may differ from those that will be calculated to report New SAIC as discontinued operations in Leidos' future filings. The unaudited pro forma consolidated financial information is provided for illustrative and informational purposes only and is not intended to represent or be indicative of what Leidos' results of operations or financial position would have been had the separation occurred on the dates indicated. The unaudited pro forma consolidated financial information also should not be considered representative of Leidos' future results of operations or financial position.

The pro forma adjustments represent the following:

- Removal of the results of operations for the Technical Services and Information Technology segment that comprises New SAIC.
- Removal of non-recurring transaction and infrastructure setup costs incurred by the Company in connection with the proposed spin-off of New SAIC.
- Addition of certain general corporate overhead expenses (stranded costs) that were not specifically related to New SAIC and do not meet the requirements to be presented as a component of discontinued operations.



Non-GAAP Reconciliations

This presentation includes the financial measures Adjusted Non-GAAP Revenue, Adjusted Non-GAAP Operating Income, and Free Cash Flow, all of which are defined as non-GAAP financial measures by the Securities and Exchange Commission (SEC). These measures may be different than similarly-titled non-GAAP financial measures used by other companies. The presentation of this financial information is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with generally accepted accounting principles (GAAP). Explanations of our non-GAAP financial measures are as follows:

Adjusted Non-GAAP Revenue is a non-GAAP financial measure that is reconciled to the most directly comparable GAAP financial measure, Revenue. Adjusted Non-GAAP Revenue adjusts Revenue for the following discrete events:

- ▶ CityTime – This adjustment represents to a legal settlement related to a timekeeping contract with the City of New York.
- ▶ Significant EAC Adjustments – This adjustment represents write-downs for two discrete contracts during the periods presented that were unusual in nature and in amount.

The Company uses non-GAAP financial measure to provide investors with visibility to how the company performed without these discrete events.

Non-GAAP Reconciliations (Continued)

Adjusted Non-GAAP Operating Income is a non-GAAP financial measure that is reconciled to the most directly comparable GAAP financial measure, Operating Income. Adjusted Non-GAAP Operating Income adjusts Operating Income for the following discrete events:

- ▶ CityTime – This adjustment represents to a legal settlement related to a timekeeping contract with the City of New York.
- ▶ Intangible Impairments – This adjustment represents impairments of long-lived assets due to changes in actual performance against performance projected when the long lived assets were acquired.
- ▶ Significant EAC Adjustments – This adjustment represents write-downs for two discrete contracts during the periods presented that were unusual in nature and in amount.
- ▶ Regulatory and Legal Settlements – This adjustment represents settlements for discrete regulatory and legal matters.

The Company uses non-GAAP financial measure to provide investors with visibility to how the company performed without these discrete events.

Non-GAAP Reconciliations – Adjusted Non-GAAP Revenue and Operating Income

Non-GAAP Adjusted Operating Income Reconciliation by Sector

	FY12					FY13					FY14				
	HE Seg	NSS Seg	TSIT	Corp Seg	Total	HE Seg	NSS Seg	TSIT	Corp Seg	Total	HE Seg	NSS Seg	TSIT	Corp Seg	Total
SAIC as Reported Revenue	\$ 1,622	\$ 4,631	\$ 4,238	\$ (2)	\$ 10,489	\$ 1,831	\$ 4,646	\$ 4,693	\$ (5)	\$ 11,165	\$ 972	\$ 2,101	\$ 2,116	\$ (8)	\$ 5,181
SAIC Gemini, Inc.	-	-	(4,238)	-	(4,238)	-	-	(4,693)	-	(4,693)	-	-	(2,116)	-	(2,116)
CityTime to Leidos	-	-	-	(391)	(391)	-	-	-	(1)	(1)	-	-	-	-	-
Leidos Pro Forma Revenue	1,622	4,631	-	(393)	5,860	1,831	4,646	-	(6)	6,471	972	2,101	-	(8)	3,065
Non-GAAP Adjustments:															
CityTime	-	-	-	410	410	-	-	-	-	-	-	-	-	-	-
Significant EAC Adjustments	-	-	-	-	-	10	-	-	-	10	16	15	-	-	31
Adj Non-GAAP Revenue	\$ 1,622	\$ 4,631	\$ -	\$ 17	\$ 6,270	\$ 1,841	\$ 4,646	\$ -	\$ (6)	\$ 6,481	\$ 988	\$ 2,116	\$ -	\$ (8)	\$ 3,096
Sector as Reported Operating Income	\$ 156	\$ 398	\$ (199)	\$ (55)	\$ 300	\$ 160	\$ 371	\$ 314	\$ (104)	\$ 741	\$ 45	\$ 157	\$ 139	\$ (122)	\$ 219
SAIC Gemini, Inc.	-	-	199	-	199	-	-	(314)	28	(286)	-	-	(139)	34	(105)
Stranded Corporate Costs	(17)	(49)	-	-	(66)	(20)	(50)	-	-	(70)	(13)	(28)	-	-	(41)
CityTime	-	-	-	(542)	(542)	-	-	-	(2)	(2)	-	-	-	-	-
Pro Forma Separation Costs	-	-	-	-	-	-	-	-	10	10	-	-	-	\$ 55	55
Pro Forma Operating Income	139	349	-	(597)	(109)	140	321	-	(68)	393	32	129	-	(33)	128
<i>Pro Forma Operating Income %</i>	<i>8.6%</i>	<i>7.5%</i>	<i>0.0%</i>	<i>151.9%</i>	<i>-1.9%</i>	<i>7.6%</i>	<i>6.9%</i>	<i>0.0%</i>	<i>1133.3%</i>	<i>6.1%</i>	<i>3.3%</i>	<i>6.1%</i>	<i>0.0%</i>	<i>412.5%</i>	<i>4.2%</i>
Non-GAAP Adjustments:															
CityTime	-	-	-	540	540	-	-	-	-	-	-	-	-	-	-
Significant EAC Adjustments	-	-	-	-	-	10	-	-	-	10	17	20	-	-	37
Intangible Impairments	-	19	-	-	19	-	13	-	-	13	30	4	-	-	34
Regulatory and Legal Settlements	-	-	-	22	22	-	-	-	9	9	-	-	-	15	15
Adj. Non-GAAP Operating Income	\$ 139	\$ 368	\$ -	\$ (35)	\$ 472	\$ 150	\$ 334	\$ -	\$ (59)	\$ 425	\$ 79	\$ 153	\$ -	\$ (18)	\$ 214
<i>Adj. Non-GAAP Operating Income %</i>	<i>8.6%</i>	<i>7.9%</i>	<i>N/A</i>	<i>N/A</i>	<i>7.5%</i>	<i>8.1%</i>	<i>7.2%</i>	<i>N/A</i>	<i>N/A</i>	<i>6.6%</i>	<i>8.0%</i>	<i>7.2%</i>	<i>N/A</i>	<i>N/A</i>	<i>6.9%</i>

Note: The "as reported" amounts above and throughout this presentation have been recasted to give effect to reorganizations and discontinued operations



Non-GAAP Reconciliations – Free Cash Flow

Free Cash Flow is a non-GAAP financial measure that is reconciled to the most directly comparable GAAP financial measure, cash flows used in operating activities. The company believes that reporting free cash flow provides investors with greater visibility into how effectively it generates cash. The company calculates free cash flow by subtracting expenditures for property, plant and equipment from total cash flows used in operating activities.

(\$ in millions)	<u>FY15-FY19</u>
Projected average annual operating cash flow	\$ 400
Projected average annual expenditures for property, plant and equipment	<u>(50)</u>
Free cash flow	<u>\$ 350</u>



leidos



Investor Day Presentation

September 11, 2013

Forward-Looking Statements

Certain statements in this presentation contain or are based on "forward-looking" information within the meaning of the Private Litigation Reform Act of 1995. In some cases, you can identify forward-looking statements by words such as "expects," "intends," "plans," "anticipates," "believes," "estimates," and similar words or phrases. Forward-looking statements in this presentation include, among others: our intent to separate into two independent publicly traded companies as a result of the proposed spin-off; revenue, growth and cost-efficiency expectations for the two independent companies following the spin-off; the expectation that the spin-off will be tax-free; statements regarding the resources, potential, priorities, competitive positioning and opportunities for the independent companies following the spin-off; expectations about future dividends and the timing of the proposed transaction. These statements reflect our belief and assumptions as to future events that may not prove to be accurate. Actual performance and results may differ materially from the forward-looking statements made in this presentation depending on a variety of factors, including, but not limited to: failure to obtain necessary regulatory approvals or to satisfy any of the other conditions to the proposed spin-off; adverse effects on the market price of our common stock and on our operating results because of a failure to complete the proposed spin-off; failure to realize the expected benefits of the proposed spin-off; negative effects of announcement or consummation of the proposed spin-off on the market price of the company's common stock; significant transaction costs and/or unknown liabilities; general economic and business conditions that affect the companies in connection with the proposed spin-off; unanticipated expenses such as litigation or legal settlement expenses; changes in capital market conditions that may affect proposed debt financing; the impact of the proposed spin-off on the Company's or the newly formed company's employees, customers and suppliers; disruption to business operations as a result of the proposed transaction; the inability to retain key personnel; and the inability of the companies to operate independently following the spin-off. The proposed spin-off will be subject to customary regulatory approvals, the receipt of a tax opinion from counsel, the execution of intercompany agreements, finalization of the capital structure of the two corporations, final approval of the SAIC board and other customary matters.

These are only some of the factors that may affect the forward-looking statements contained in this presentation. For further information concerning risks and uncertainties associated with our business, please refer to the filings we make from time to time on behalf of SAIC, Inc. and SAIC Gemini Inc. with the U.S. Securities and Exchange Commission (SEC), including the "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Legal Proceedings" sections of the Registration Statement on Form 10 of SAIC Gemini, Inc., and any amendment thereto, which may be viewed or obtained through the SEC's website, www.sec.gov.

All information in this presentation is as of September 4, 2013. The Company expressly disclaims any duty to update the forward-looking statement provided in this presentation to reflect subsequent events, actual results or changes in the Company's expectations. The Company also disclaims any duty to comment upon or correct information that may be contained in reports published by investment analysts or others.

SAIC Investor Day –Wednesday, September 11

Start	Stop	Duration (mins)	Topic
1:30	1:35	5	Opening Remarks and Introductions: Paul Levi, Investor Relations & Treasurer
1:35	2:15	40	Introduction and Company Overview: Tony Moraco, Chief Executive Officer (CEO)
2:15	2:45	30	Enterprise Information Technology & Technical and Engineering: Nazzic Keene, Sector President
2:45	3:00	15	Break
3:00	3:30	30	Financial Highlights: John Hartley, (CFO)
3:30	3:45	15	Closing Remarks: Tony Moraco, (CEO)
3:45	4:30	45	Questions and Answers: Tony Moraco, Nazzic Keene, and John Hartley

Transaction Overview

- On September 27, 2013, the Parent (to be renamed Leidos Holdings, Inc.) plans to spin-off the technical engineering and enterprise information technology business
- The IRS issued a favorable ruling as to the tax-free nature of the transaction

Distributing Company	SAIC, Inc. (NYSE:SAI) changing to ---Leidos Holdings, Inc. (NYSE:LDOS)
Distributed Company	Science Applications International Corporation
Ticker	SAIC
Exchange	NYSE
Distribution Ratio	One share of SAIC for each 7 shares of SAI
Expected SAIC Shares Outstanding	~ 49 million
Dividend Policy	SAIC currently intends to pay an initial dividend of \$0.28 ⁽¹⁾ per quarter on its common stock
Capital Structure	\$226 million Cash \$200 million Revolving Credit Facility \$500 million Term Loan

- Expected Key Dates
 - When-Issued Trading Begin **September 16, 2013**
 - Distribution Record Date **September 19, 2013**
 - Distribution Date: **September 27, 2013 (11:59 PM/ET)**
 - Regular Way Trading Begin **September 30, 2013**

(1) Dividend adjusted for share distribution ratio



Company Overview

Chief Executive Officer – Tony Moraco

SAIC Overview

- Leading technology integrator specializing in technical engineering and enterprise IT services to the U.S. Government
- Long term mission service delivery and customer relationships
- 40+ year history of successful performance
- Significant scale and diversified contract base, over \$4.0 billion in annual revenues
- Highly skilled workforce of about 14,000 employees
- Strong and predictable cash flow
- Experienced management team of proven industry leaders



Spin Enables Access to a Larger Federal Market

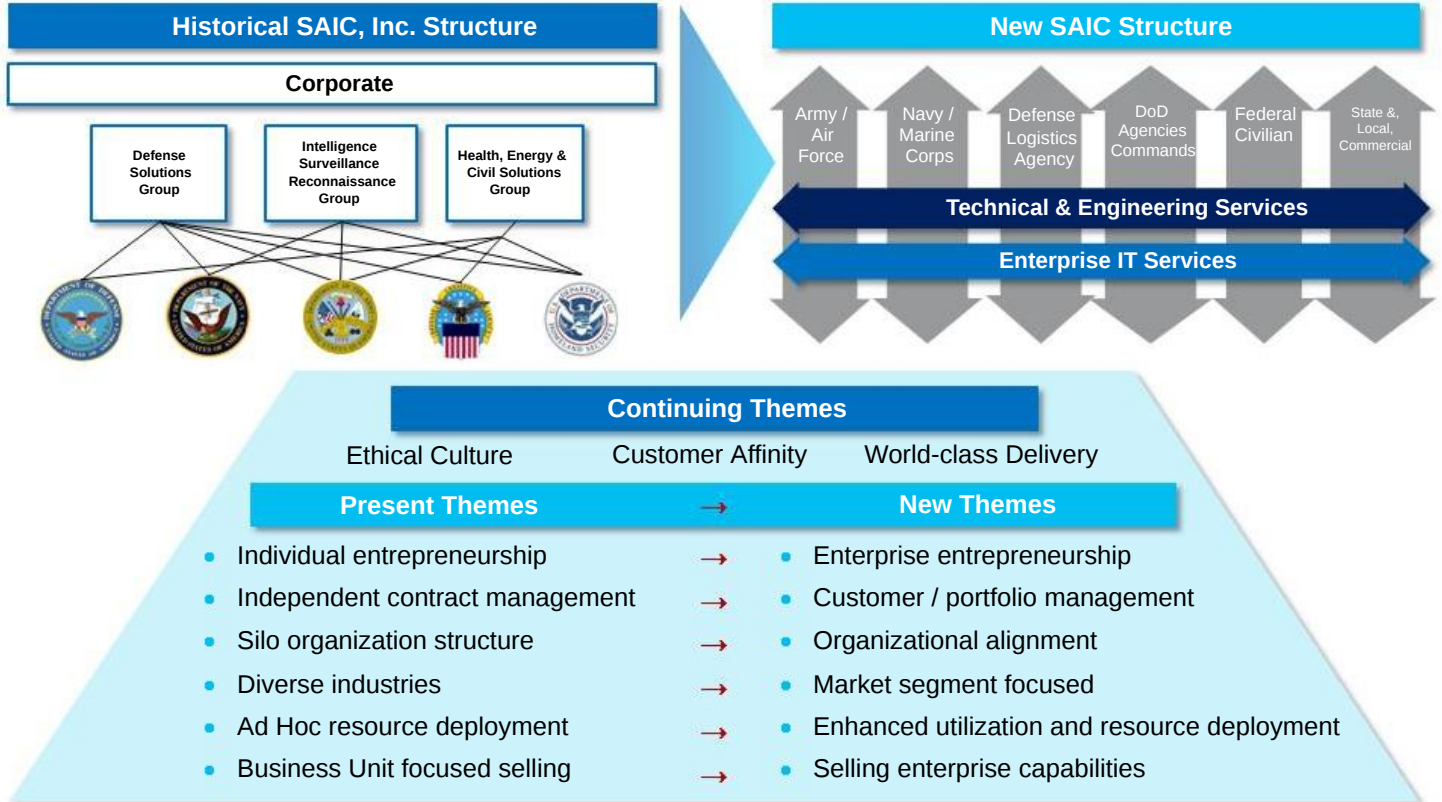
Total US Government
SAIC Addressable
Prior to Split
~\$160B



New Unconstrained
Addressable
~\$25B

SAIC Addressable After Split ~\$185B		
Customer		Addressable Spend
Army		\$37B
Air Force		\$23B
Navy/Marine Corps	 	\$30B
DoD Agencies / Defense Logistics	 	\$35B
Federal Civilian	 	\$60B

Enterprise Transformation to Create a Highly Aligned Organization



Investment Highlights

Enduring Customer Relationships And Mission-Oriented

- Focused on serving our customers leveraging both deep mission domain knowledge and the breadth of enabling IT solutions
- Strategic alignment with the enduring mission needs of our customers
- Long term relationships with all key customers, with several individual contracts over 20 years

Full Lifecycle Offerings

- End-to-end offerings support entire mission and enterprise lifecycles
- Services include design, development, integration, training, and sustainment
- Leadership position built upon differentiated offerings such as Supply Chain Management, Hardware Integration, and Global Network Integration

Significant Scale and Diversified Contract Base

- One of the largest pure play technical services providers to the U.S. Government
- Over 1,500 active contracts and task orders
- Prime contractor on 91% of select premier contract vehicles across the federal government

Tailored Operational Model and Competitive Structure

- Effective account management and service lines for critical mission delivery
- Optimized corporate center leveraging shared services for efficient pricing structures
- Execute enterprise best practices to include CMMI certification

Technical Experts Led by Experienced Management

- 66% of our employees deployed at customer sites
- Over 65% of workforce hold a security clearance; 32% of workforce have a technical degree
- Executive team members average over 25 years of industry experience

Solid Financial Position

- Recurring revenue base with margin expansion potential
- Strong cash flow generation and balance sheet strength
- Flexibility of pursuing capital deployment alternatives

Mission-Oriented Services Promote Enduring Revenue

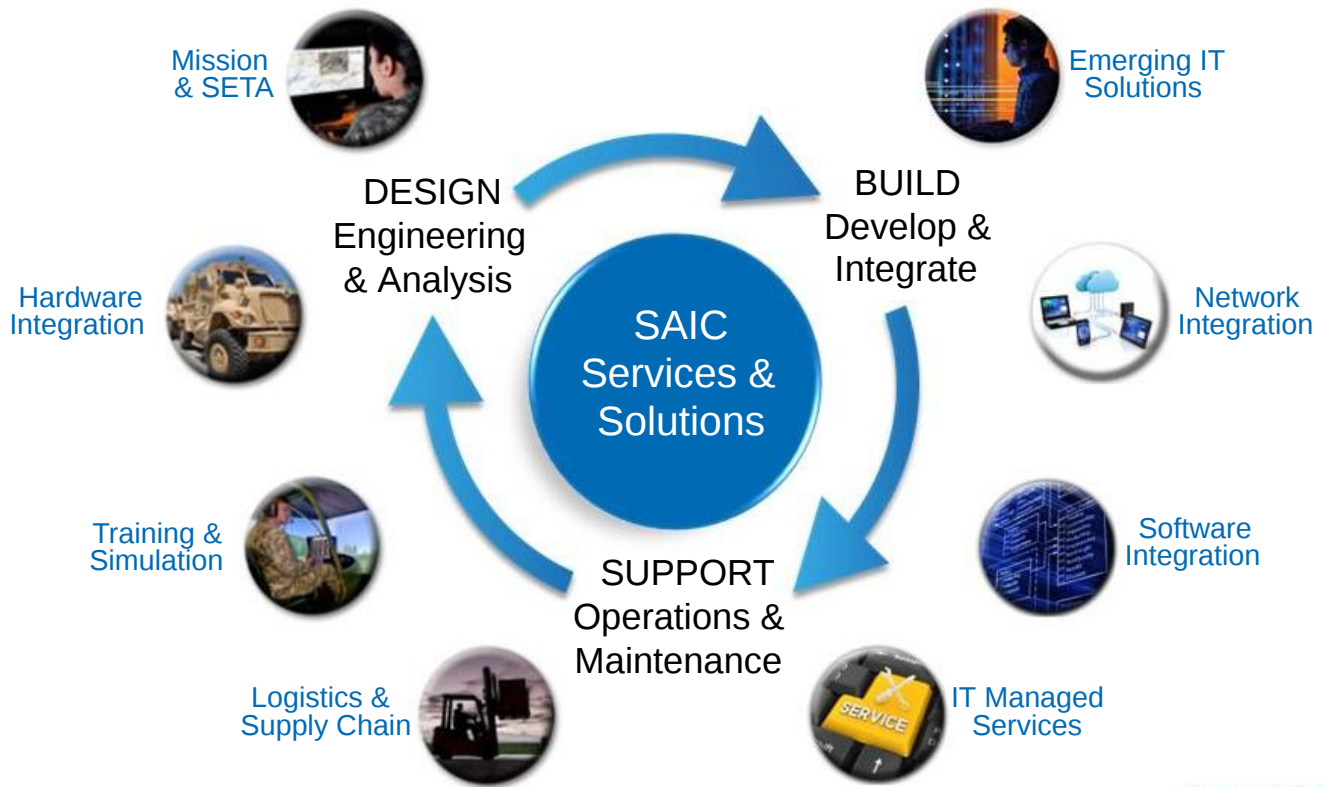
- **Enabling coalition operations** for secure joint theater-level communications and enterprise networks globally
- **Enabling our armed forces** through weapon systems engineering, force protection, and training
- **Integrating technology** for armed services aerospace systems and tactical vehicles
- **Extending the life of current mission critical assets** via hardware integration, modernization, and sustainment support
- **Enabling eDiplomacy** by connecting Department of State Embassies, Consulates and Diplomatic Missions worldwide
- **Ensuring equipment, weapons and supplies are available** for military installations and forward deployed units
- **Maintaining military force readiness** and assessing future concepts for military engagement
- **Advancing space exploration** by connecting scientists across the globe
- **Providing cyber security services** that protect and defend information systems by ensuring availability, integrity, authentication and confidentiality



Enduring Customer Relationships

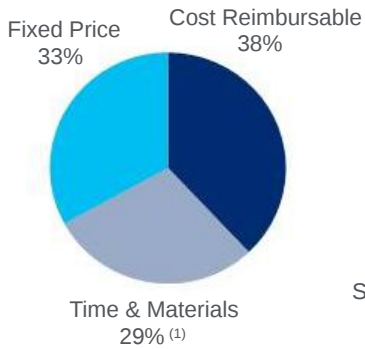
Customer	Army/Air Force	Navy/ Marine Corps	Defense Logistics Agency	DoD Agencies & Commands	Federal Civilian	State, Local and Commercial
Relationship Strength	30+ years	30+ years	30+ years	30+ years	20+ years	20+ years
Top Customers and Commands	<ul style="list-style-type: none"> Aviation & Missile Life Cycle Management Command Program Exec. Office for Simulation, Training, & Instrumentation Mission & Installation Contract Command Air Force 754th Electronics Systems Group Research, Development & Engineering Command 	<ul style="list-style-type: none"> Space & Naval Warfare Systems Command U.S. Fleet Forces Command Naval Surface Warfare Center Crane Division 	<ul style="list-style-type: none"> Defense Logistics Agency Troop Support Defense Logistics Agency Land and Maritime 	<ul style="list-style-type: none"> U.S. Central Command Defense Information Systems Agency Missile Defense Agency Defense Threat Reduction Agency Washington Headquarters Services 	<ul style="list-style-type: none"> Department of Homeland Security National Aeronautics and Space Administration Department of State Department of Agriculture 	<ul style="list-style-type: none"> State of California Toyota Hawaii City of San Diego
Sample Contract Values / Lengths	<ul style="list-style-type: none"> \$820M / 3 years \$670M / 5 years \$433M / 5 years 	<ul style="list-style-type: none"> \$667M / 3 years \$245M / 5 years 	<ul style="list-style-type: none"> \$2.3B / 10 years \$1.4B / 10 years \$1.1B / 7 years 	<ul style="list-style-type: none"> \$345M / 4 years \$255M / 5 years 	<ul style="list-style-type: none"> \$4.0B / 10 years \$3.0B / 5 years \$2.6B / 10 years 	<ul style="list-style-type: none"> \$150M / 5 years \$100M / 5 years \$43M / 5 years

Full Lifecycle Services & Solutions

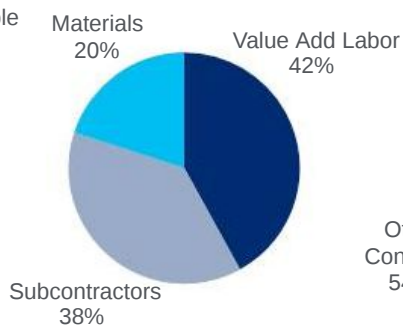


Significant Scale and Diversified Contract Base

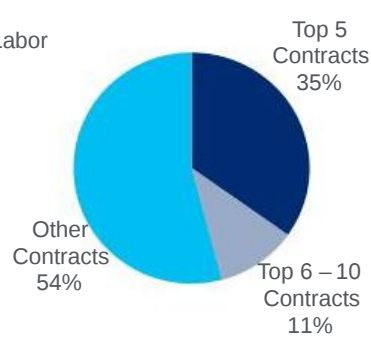
Contract Type



Revenue Mix



Contract Concentration



ID/IQ vs. Non-ID/IQ



Balanced Distribution of Revenue Sources

Scalable Prime Contracts
91% SAIC Prime Contracts

Over 1,500 Active Contracts and Task Orders
Over \$7B in Backlog

Strong ID/IQ Contract Win Rate
Generally a Top 5 Task Order Awardee on Multi-Award ID/IQ's

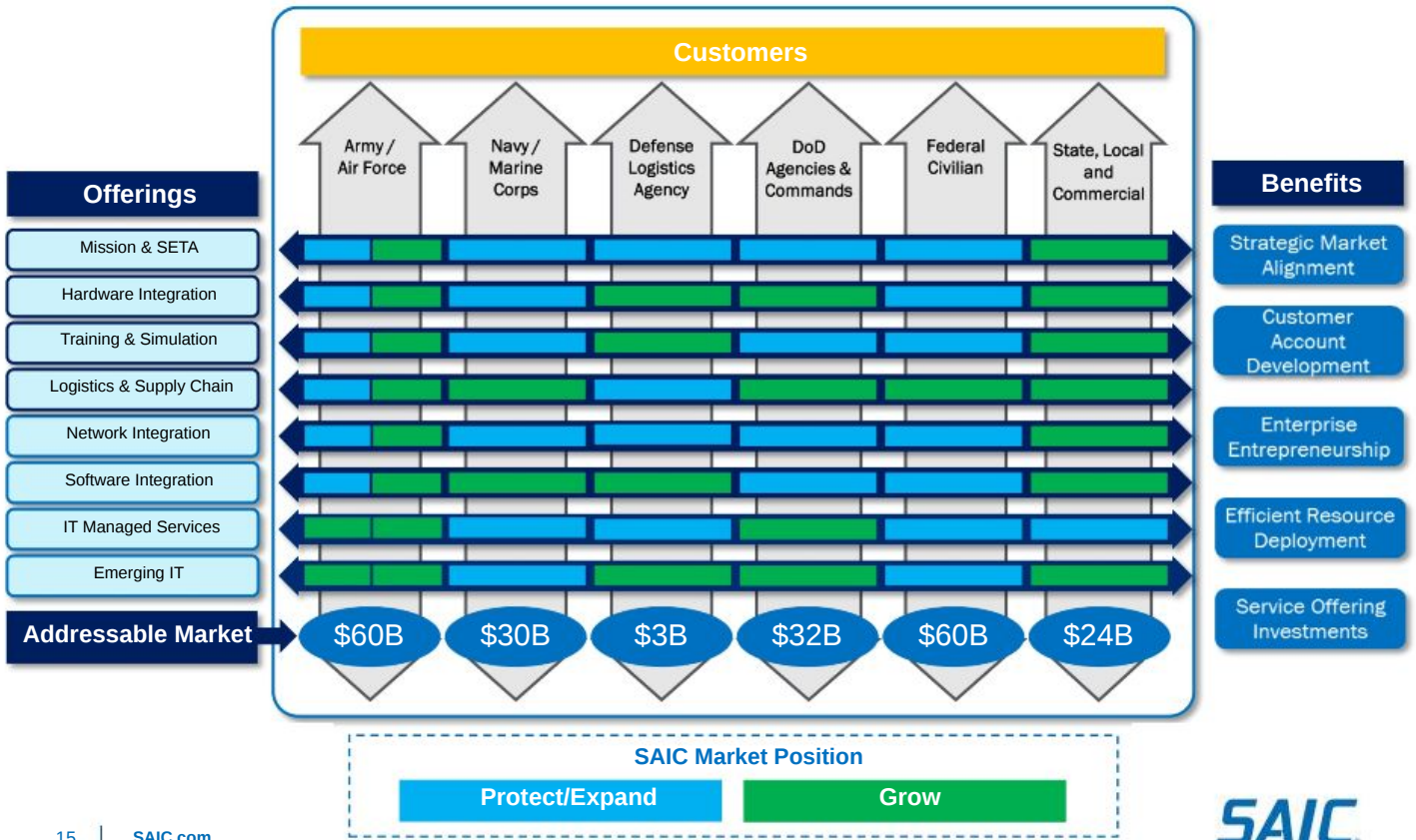
(1) Includes fixed-price-level-of-effort.

SAIC Competitive Landscape



SAIC competes effectively across this landscape

Operating Model to Drive Growth

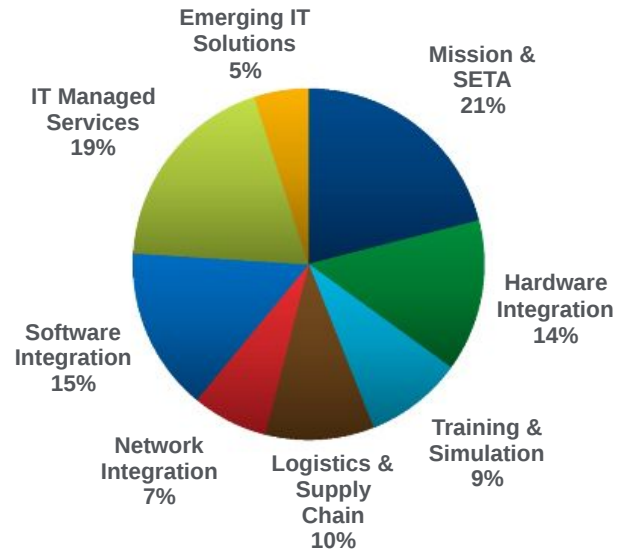


Workforce with Technical Expertise

Employee Demographics

- About 14,000 employees
- 66% of employees deployed at customer sites
- Over 65% of employees hold a security clearance
- Large percentage of workforce with higher education
- Veterans account for approximately 25% of our workforce
- Key certifications in critical technologies across Microsoft, Cisco and VMware

Distributed Employee Base



Experienced Leadership Team



Anthony J. Moraco
Chief Executive Officer

- President, SAIC Government Solutions Group
- President, SAIC Intelligence, Surveillance, and Reconnaissance Group
- Executive Vice President, SAIC Corporate Operations



Thomas G. Baybrook
Chief of Administration and Operations

- Former Acting President of SAIC's Defense Solutions Group
- Led U.S. Navy and Marine Corps marketing efforts for SAIC's Systems Engineering Group
- 21 years various assignments with U.S. Army Corps of Engineers



John R. Hartley
Chief Financial Officer

- Senior Vice President and SAIC Corporate Controller
- Joined SAIC in 2001 as Vice President and Director of Accounting Operations
- Before joining SAIC, spent 12 years with Deloitte LLP



Deborah L. James⁽¹⁾
President, Technical and Engineering Sector

- Executive Vice President, SAIC Communications & Gov't Affairs
- Senior Vice President, SAIC Business Unit General Manager
- Former Assistant Secretary of Defense for Reserve Affairs, Department of Defense



Brian F. Keenan
Executive Vice President Human Capital Officer

- Executive Vice President of SAIC Human Resources
- Prior to SAIC, spent more than 15 years at Mobil and ExxonMobil in HR leadership roles
- Served seven years in the U.S. Army



Nazzic S. Keene
President, Enterprise IT Sector

- Senior Vice President, SAIC Corp Strategy and Planning
- Prior to SAIC, Senior Vice President and General Manager, CGI, U.S. Enterprise Markets
- Communications and IT industry experience after graduating from the University of Arizona



Laura K. Kennedy
Senior Vice President and Chief Ethics Officer

- Prior to SAIC, served as Vice President for Global Compliance at Honeywell International
- Prior to Honeywell, spent 21 years in legal private practice, specializing in the areas of government contracts and international trade compliance



Mark D. Schultz
Executive Vice President General Counsel

- Prior to SAIC, served as General Counsel for MWH Global, SRA International and Raytheon Missile Systems
- Prior business law experience with Sidley Austin and Perkins Coie in telecommunications and aerospace industries



Thomas E. Wofford
Senior Vice President, Internal Audit

- Prior to SAIC, served as Director of Global Audit for General Electric's Energy Division
- Prior internal audit experience with Dresser, Inc., Trinity Industries, and E-Systems, Inc.
- Also served as Manager of Finance, Controller, and CFO with E-Systems subsidiaries

SAIC Board of Directors



Edward J. Sanderson, Jr. (Chairman) *

Director since October 2002

- Executive Vice President of Oracle (Retired)
- President of Unisys Worldwide Services
- Partner at both McKinsey & Company and Accenture (formerly Andersen Consulting)



Robert A. Bedingfield

- Global Coordinating Partner at Ernst & Young LLP (Retired)
- Aerospace & Defense Practice Leader at Ernst & Young
- Trustee of the University of Maryland at College Park Board of Trustees since 2000



France A. Córdoba* (1)

Director since February 2008

- President of Purdue University (Retired)
- Chancellor at the University of California, Riverside
- Chief Scientist of the National Aeronautics and Space Administration



Jere A. Drummond *

Director since July 2003

- Vice Chairman of BellSouth Corporation (Retired)
- President and Chief Executive Officer of BellSouth Communications Group
- President and Chief Executive Officer of BellSouth Telecommunications, Inc



Thomas F. Frist, III *

Director since September 2009

- Principal of Frist Capital, LLC
- Co-Managed FS Partners, L.L.C.



John J. Hamre *

Director since June 2005

- President and CEO of the Center for Strategic & International Studies
- Served as Deputy Secretary of Defense



Anthony J. Moraco

Chief Executive Officer of Science Applications International Corporation

- President, SAIC Government Solutions Group
- President, SAIC Intelligence, Surveillance, and Reconnaissance Group
- Executive Vice President, SAIC Corporate Operations



Steven R. Shane

- Partner at Accenture plc (Retired)
- Managed Accenture's US Federal, State and Local, Canada Federal and Canadian Provincial businesses
- Provided advisory services to the executive level at Fannie Mae and other clients

Key Investments

Enterprise Investments

Tailored Offerings

Expanded Market Share

Key Investment Areas

Internal Transformation

- Efficient corporate center structure designed to the new company's business model
- Operating model implementation
 - Focuses customer account management
 - Optimizes resource deployments

Business Development

- Pipeline expansion from OCI elimination
- Prioritized investment for Bid and Proposal in each Customer Group
- Leverage broad prime contract vehicle base

Capabilities

- Investments in workforce subject matter expertise
- Investments in differentiated offerings in each service line
- Technology re-use of proven offerings for tailored solutions
- Develop strategic partnerships to enhance capabilities

Reinvesting in our enterprise drives shareholder value

Strong Financial Position

REVENUE & MARGIN

- Large, recurring revenue base; \$4B+ “renewed” company with significant scale and market position
- Revenue base provides significant investment capacity
- Margin opportunities in leaner, focused organization

Strong Revenue Base With Margin Expansion

CASH FLOW

- Predictable free cash flow to support capital deployment
- Balance sheet strength with firepower for future growth

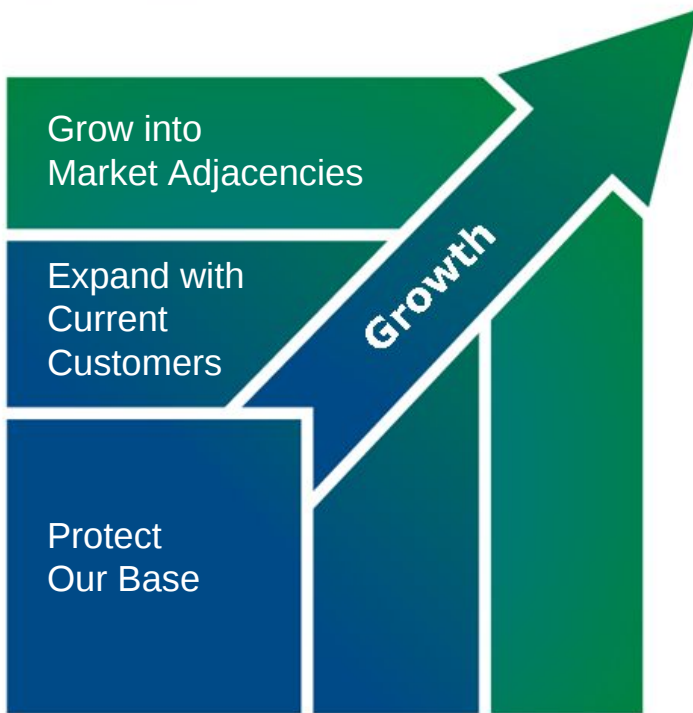
Predictable Cash Generator

CAPITAL DEPLOYMENT

- Disciplined philosophy in deploying capital for shareholder value
- Direct return to shareholders of excess cash

Capital Deployment Consistency

Performance Strategy Summary



- **Protect** our revenue base
 - Excellent contract execution
 - Retain incumbent positions
- **Expand** current offerings to current customers
 - Leverage existing service line portfolio to existing customers
- **Grow** into “white space”
 - Strategic targeting of new customers for our mature capabilities
 - Utilize differentiated offerings

*Strategically aligned enterprise investments
to expand offerings*



Sector Overviews

Sector President –Nazic Keene

Sector Overviews

Enterprise Information Technology

- Deliver proven full systems lifecycle Information technology solutions and services
 - Design, development, deployment, management, operations, and security
- Deliver mission critical technology solutions solving most complex customer IT challenges
- Leverage technology to significantly reduce our customers operating costs while improving their mission support

Technical and Engineering

- Provide mission focused full life-cycle technical, engineering, and professional services
 - Customer affinity coupled with technical expertise
 - Cost-effective solutions through enabling technologies, tailored toolsets, and innovative methodologies
- Specialize in weapons system engineering, logistics and supply chain management, ground vehicle integration, system upgrade and maintenance, training and simulation, and program support services

Intersection of mission and technology for dependable and reliable service delivery

Top Contracts & Programs

	Customer / Program	Scope	Period of Performance (POP)	Total Contract Value
Enterprise IT	U.S. Army/ITES-2S	<ul style="list-style-type: none"> Supports IT services including data centers and software development 	2006 – 2016	\$1.5B
	State Dept / Vanguard	<ul style="list-style-type: none"> Provides enterprise-wide IT network infrastructure services 	2011 – 2021	\$2.6B
	NASA / NICS	<ul style="list-style-type: none"> Manages communication services for all 80,000 network users 	2011 – 2021	\$1.3B
	DHS / EAGLE	<ul style="list-style-type: none"> Provides infrastructure engineering, O&M, and software development services 	2006 – 2013	\$1.2B
Technical & Engineering	U.S. Army Aviation and Missile Command Expedited Professional & Engineering Support Services	<ul style="list-style-type: none"> Engineering and software support for aerospace systems 	2005 - 2013	\$3B
	Defense Logistics Agency Tires Successor Initiative	<ul style="list-style-type: none"> Supply chain management services for military tires 	2005 - 2013	\$3B
	U.S. Navy Network Integration Engineering Facility	<ul style="list-style-type: none"> C4I services for Navy's premier C4ISR System Center lab 	2011 –2018	\$1.2B
	National Aeronautics and Space Administration JSC Safety and Mission Assurance Engineering Contract	<ul style="list-style-type: none"> Safety and mission assurance engineering support services 	2013 - 2018	\$200M



Service Offerings

Enterprise Information Technology Offerings



Network Integration

- Design and integration for Wide Area Networks and Local Area Networks
- IP telephony integration
- Network security
- Resiliency and redundancy
- Certification and accreditation



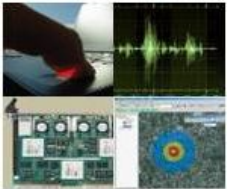
Software Integration

- Software application development and maintenance
- Rapid legacy system modernization
- Service-oriented architecture design
- Mobile application development and management, application stores
- ERP integration
- Mobility



IT Managed Services

- Data center management
- Operation and cloud migration
- Network engineering
- Disaster recovery
- Managed mobile and tactical infrastructure solutions



Emerging IT Solutions

- Cloud and virtualized computing infrastructure
- Big data and data analytics
- Software defined networks
- Business transformation
- Cyber security

Technical and Engineering Offerings



Mission & SETA

- Mission support including base security and mission engineering
- SETA support including high-end engineering support, assistance & advisory services, C4 systems, R&D support
- Program Support: Program management



Hardware Integration

- In-service engineering support
- C5ISR system integration services
- Force protection systems
- Marine engineering
- R&D support



Training & Simulation

- Training and mission rehearsal planning and management
- Scenario development
- Live, virtual, and constructive training
- Simulation training aids and products
- Process improvement



Logistics & Supply Chain

- Supply chain management
- Stock management support
- Material acquisition
- Demand forecasting
- Distribution
- Sustaining engineering

NASA Integrated Communications Services

Contract Details

- Contract Name: Integrated Communications Services
- Customer: National Aeronautics and Space Administration
- POP: 6/2011 -5/2021
- Contract Value: \$1.3 Billion



Providing two thirds of the agency's IT infrastructure, we enhance the user experience for more than 60,000 NASA professionals at locations worldwide

SAIC Offerings

Network Integration

- Consolidates and manages Wide Area Networks and Local Area Networks and provides a single, global point of contact for every NASA center
 - Manage NASA's Global Network connecting numerous countries, including Russia, Australia, Germany, Canada, Spain, Argentina, France, and Chile
 - 500+ point to point dedicated circuits
 - 35,000+ switch voice circuits
 - Satellite services for each center
 - 3 Wide Area Networks: Mission, Corporate, and Research
 - 50+ LANs (including international connectivity)
 - 80,000 network users
 - 156,000 devices connected
 - 200 connections to universities and partners

Department of State Vanguard 2.2.1

Contract Details

- Contract Name: Vanguard 2.2.1
- Customer: Department of State
- POP: 2/2011 – 2/2021
- Contract Value: \$2.6 Billion



Developing a new partnership by providing a broad spectrum of IT, network, and software services in support of U.S. diplomats around the globe

SAIC Offerings

Maintain and enhance enterprise-wide IT network and services infrastructure for Department of State Bureau of Information Resource Management

IT Managed Services

- Support 105,000 users at 385 DoS sites worldwide including classified environments
- 24/7/365 technical Tier II and Tier III support
- 2,000+ servers
- 5,000 Blackberries / 5,000 network devices

Network Integration

- 40,000+ phone lines, including POTS and secure
- 500+ point to point direct circuits; 250+ VPNs
- 50+ satellite and microwave circuits
- 10+ connections to other government agencies

Software Integration

- ~40 active Development, Modernization, and Enhancement (DME) projects to expand system capabilities and services
- IT transformation projects to extend the Foreign Affairs Network in support of other agencies



AMCOM Express BPA

Contract Details

- Contract Name: AMCOM Express BPA
- Customer: U.S. Army
- POP: 2/2005 – 2/2015
- Contract Value: \$3.0 Billion



Partner with customers to apply broad-based mission, platform, and technical knowledge to serve unique needs

SAIC Offerings

Mission & SETA

- C4ISR/Cyber analysis and test
- Air worthiness analysis for all special operations helicopters, Army airplanes and unmanned aircraft systems (UAS/Drones)
- Corrosion prevention and control for aviation and missile weapons systems
- Develop and integrate advanced technologies during entire life cycle of supported systems

Training & Simulation

- Trained over 20,000 students in basic skills and digital master gunner courses
- Serious gaming solutions
- Maintain and operate UAS simulations in support of live, virtual and constructive simulation events

Software Integration

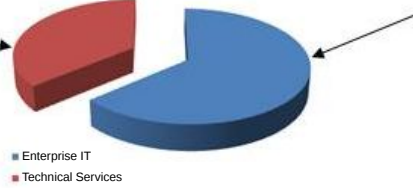
- Lifecycle SW support for over 200 projects in the
- aviation, UAS, missiles, mission command, and force protection domains



Department of Transportation Expanding in the Federal Aviation Administration

FY2012 FAA Addressable Market \$3B

- Traditional market space for SAIC
- Systems Acquisition Support
 - Concept Development
 - Requirements Definition
 - Prototype Development
 - Safety Engineering
 - Testing



- New focus area for SAIC
- Air Traffic Control
 - Telecom, Wireless services
 - Flight and Aviation Information to Airlines or General Aviation
 - Infrastructure Support
 - Outsourced Service: Training, Helpdesk, Cloud
 - Management, Cloud solutions, IT application to support non-NAS functions

Current Contracts (\$575M)

Full Portfolio Pipeline

Current Contracts		NextGen Initiatives \$107M	ATO-T Eng \$70M	ATO-T C&F \$32M	Volpe TMIS \$150M	ETASS-SB \$60M	ITSS \$156M	Opportunities		ITSS-SD \$150M 2013	FCS \$110M 2013	AIMM S2 \$30M 2013	CSMC \$60M 2014	IT Infr \$100M 2014	NG Init's \$110M 2014	Flight Svcs \$400M 2014	SE2020 SB \$35M 2014	ATCOTS \$200M 2014	NAVTAC \$200M 2015
Enterprise IT	Network Integration						X	Enterprise IT	Network Integration	X	X	X	X	X		X			
	Software Integration						X	Enterprise IT	Software Integration	X	X		X	X					
	IT Managed Services							Enterprise IT	IT Managed Services	X	X	X	X	X	X	X		X	X
	Emerging IIT Solutions						X	Enterprise IT	Emerging IIT Solutions	X	X	X	X			X		X	X
Technical & Engineering	Mission & SETA							Technical & Engineering	Mission & SETA		X	X	X	X			X		X
	Hardware Integration		X		X	X		Technical & Engineering	Hardware Integration										
	Logistics & Supply Chain	X	X					Technical & Engineering	Logistics & Supply Chain		X	X	X				X	X	X
	Training and Simulation	X	X	X	X	X		Technical & Engineering	Training and Simulation		X	X	X		X		X	X	X

SAIC Market Position Protect/Expand Grow



Integrated Growth Strategy

PROTECT

- **Recognized and valued by our customers as trusted and highly capable partner dedicated to their mission success**
 - Dedicated client management team
 - Flawless execution of proven services and solutions
- **Maximize position in mission critical areas**
 - Global network integration
 - Combat & weapon systems engineering, integration, and modernization
 - Supply chain management including prime vendor maintenance & repair operations

Stable and Predictable Revenue

EXPAND

- **Leveraging our strong 40+ year SAIC heritage while thoughtfully investing in the future to retain our competitive advantage**
 - Expand market position in existing clients by selling the full enterprise
- **Growth Opportunities in**
 - Cloud –migration and brokerage Solutions
 - Mobility systems integration
 - “Governmentside” engineering and technical support
 - Hardware integration, integrated training, and logistics services

Incremental Revenue & Profit

GROW

- **Well positioned for future growth selling proven, market leading solutions into adjacent markets**
 - Next generation enterprise networks & unified communications
 - ITaaS Platform –all IT as a service
 - Managed services, outsourced solutions
 - Enterprise IT and technical and engineering services (e.g. Air Force)
 - Technical services expansion/OCI uplift (e.g. NAVAIR/NAVSEA)

Accelerated Profitable Growth

SAIC

Our Model Will Drive Operational Excellence & Growth

Services and Solutions

- Enhanced, innovative capabilities and solutions through service group alignment and focus on best-in-class
- Through enterprise-wide resource planning, easier, quicker access to the right resources at the right time, wherever in SAIC they reside
- Leverage enterprise-wide skills and expertise for program needs and issue resolution

Customer Centric

- Building on our 40+ year history of serving our customers
- Dedicated account management teams of experienced senior executives
- Improved customer relationships through focused account management
- More effectively sell and deliver the entire range of SAIC's services and solutions to all customers, both current and new

Functional Alignment

- A highly competitive cost structure to bid and win more profitable work
- Optimized services across the company to maintain competitive rates that help stretch customer budgets

One 'connected' team focused on enterprise goals and aligned on company success



Financial Overview

Chief Financial Officer –John R. Hartley

Financial Objectives Post Spin

- Low single digit revenue growth in challenging market
 - Considering revenue base of approximately \$4 Billion
- Incremental operating margin improvement
 - Indirect cost structure efficiency, increased value added content, and solid program execution
- Efficient free cash flow in excess of net income
- Effective and disciplined capital deployment
 - Deploying cash in excess of minimum operating needs

Solid Financial Position

Margin Performance

Strong Cash Flows

Disciplined Capital
Deployment

*SAIC's financial objectives designed to grow
shareholder value*

SAIC –Creating Shareholder Value

Value Proposition Principles:

- Understood and executed at every level of the enterprise
- Explicit and disciplined in how we deliver value
- Tangible metrics that measure our progress
- Well aligned incentives that drive behavior throughout the enterprise
- Transparency with investors to provide visibility into business

Organizational alignment

Say what we do

Do what we say

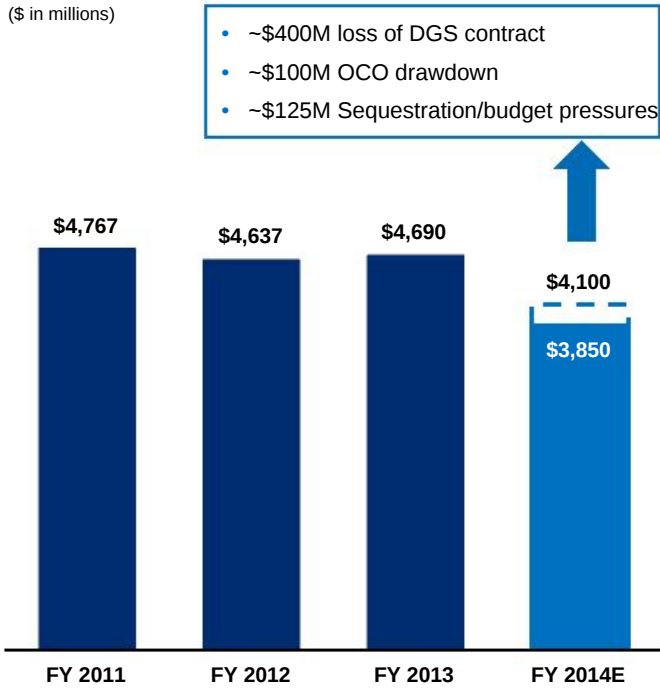
Transparency of mission

Make our value proposition clear

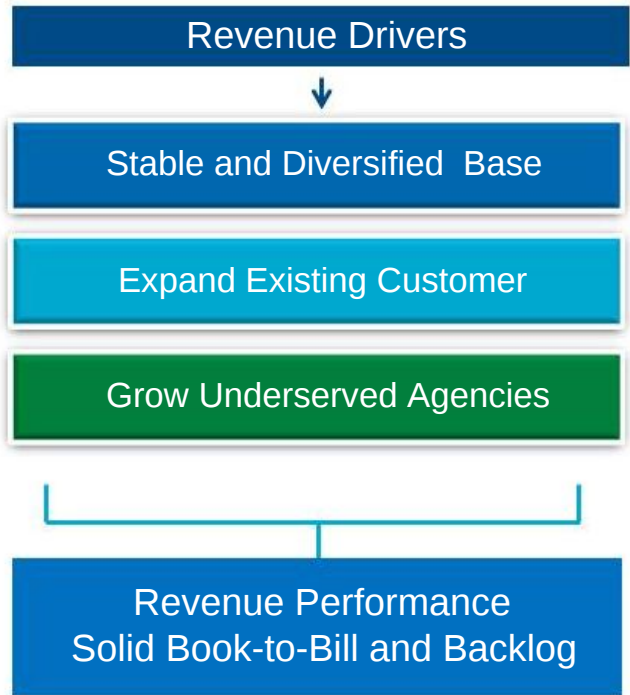
Grow shareholder value through delivery of return on investment

Financial Performance

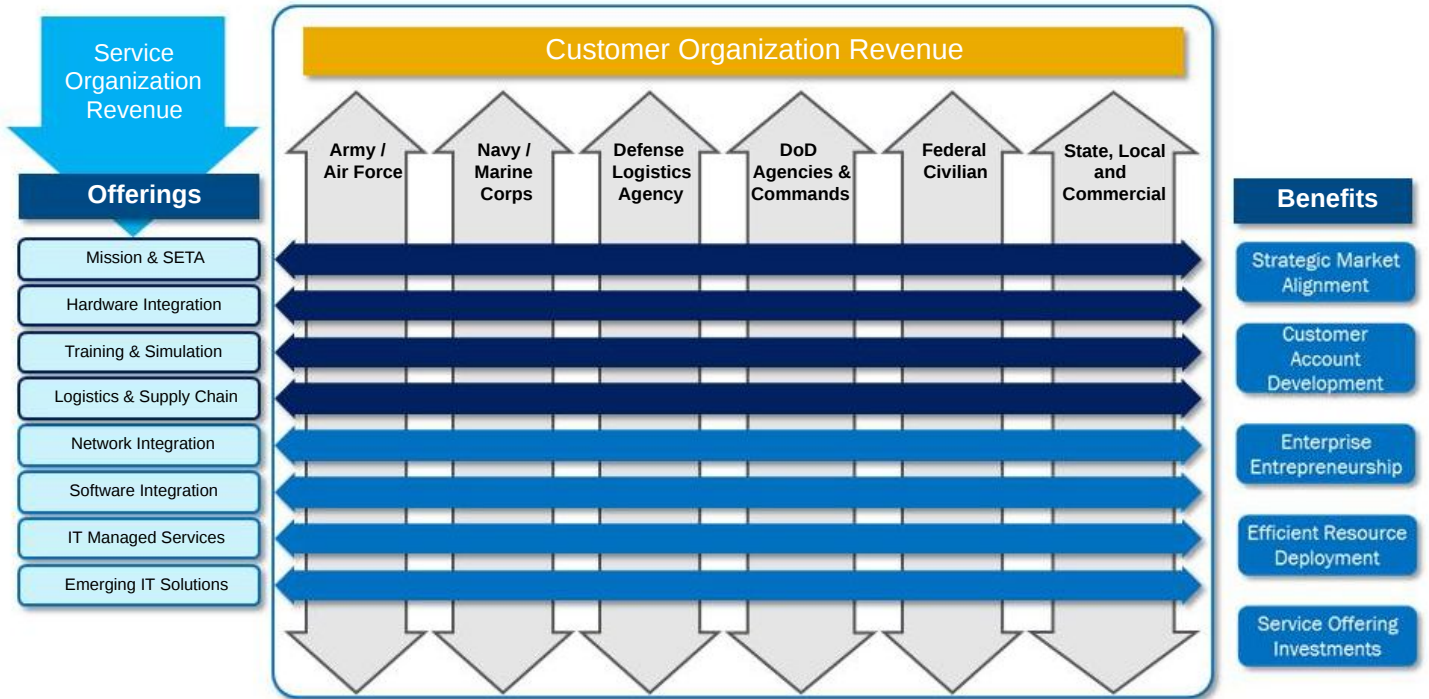
Revenues⁽¹⁾ (\$ in millions)



(1) Excludes revenues performed by parent.



Aligned with Performance Measures



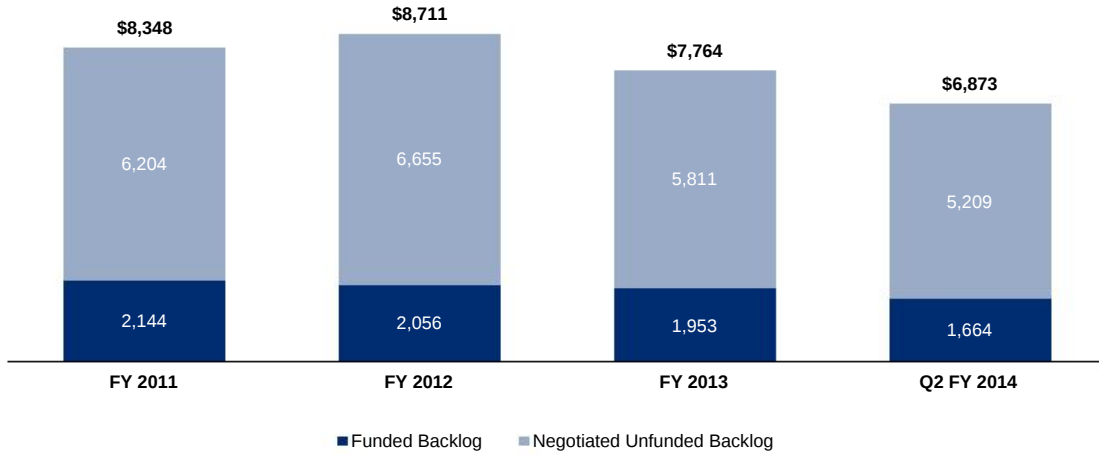
*Incentive Structure Aligned
with Operational Priorities*

Backlog

Historical Backlog

(\$ in millions)

- Continued increase in ID/IQ contracts
- Award delays continuing
- Growth in pending awards

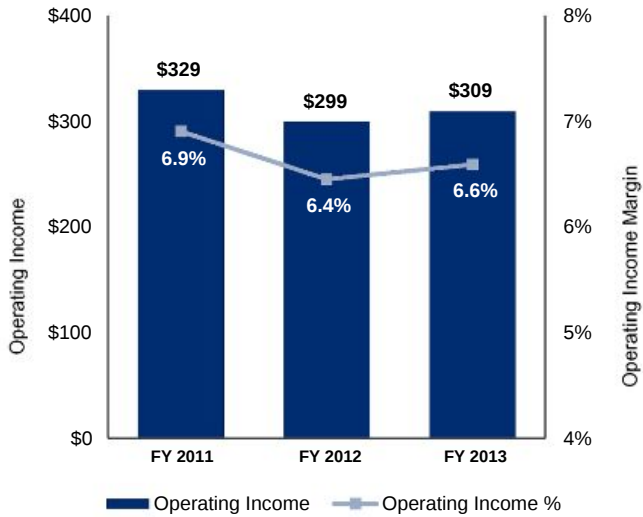


Book to Bill Ratio			
	--	1.1x	0.8x
			0.6x ⁽¹⁾

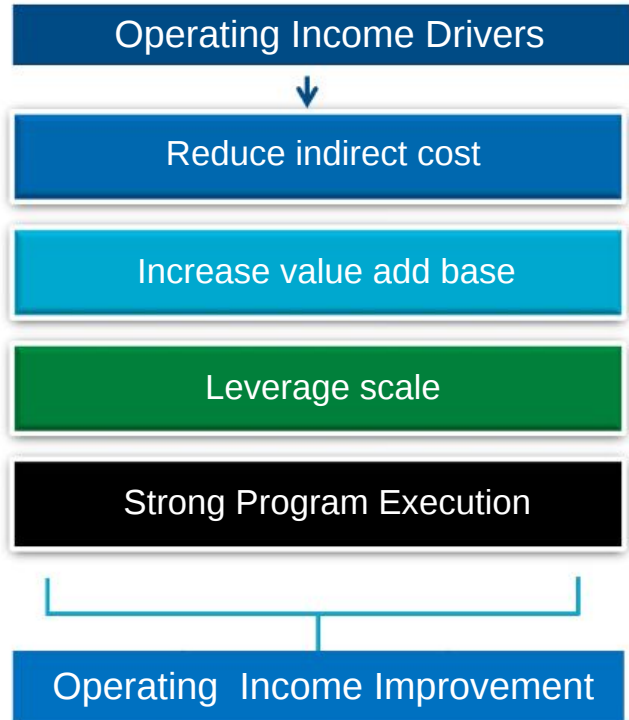
(1) H1 FY 2014 book to bill ratio.

Financial Performance

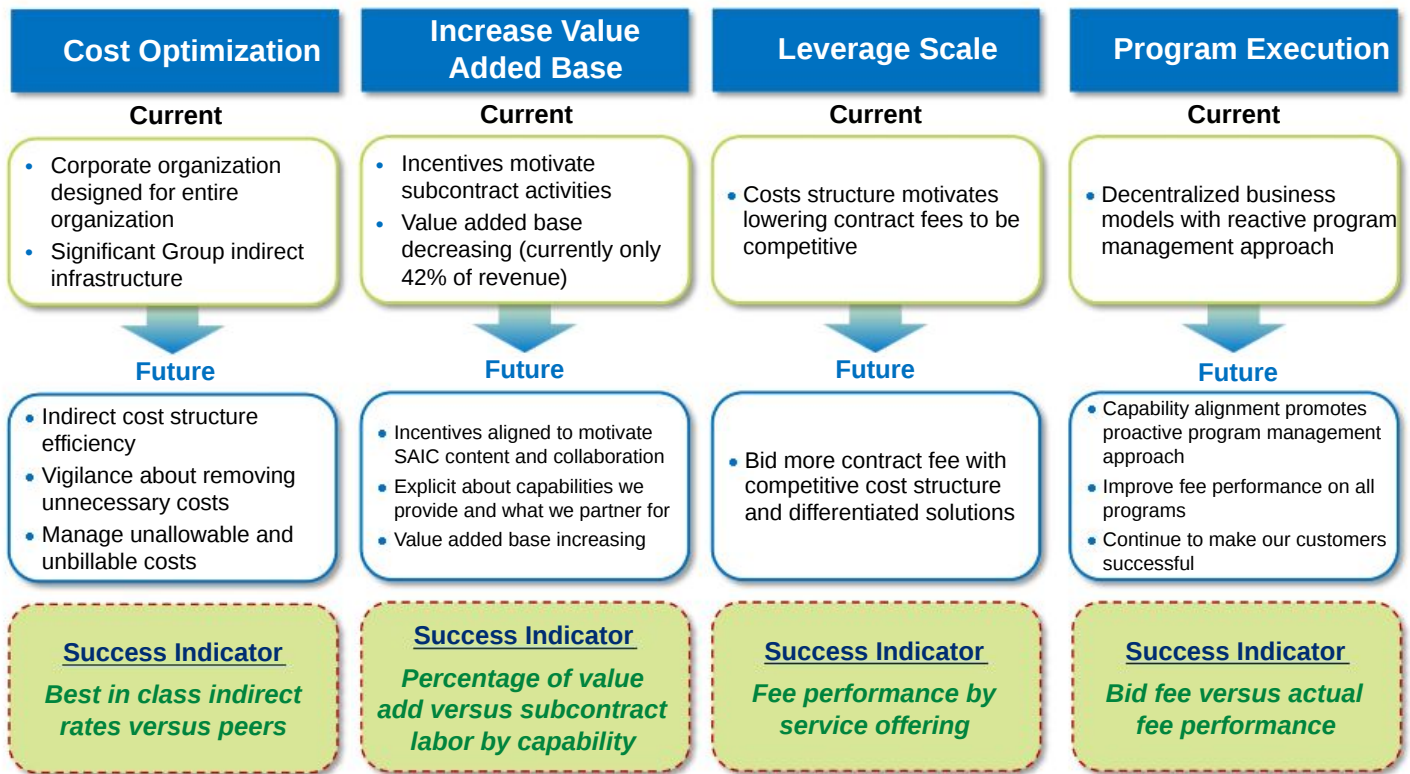
Operating Income (Excluding Separation Expenses)⁽¹⁾
(\$ in millions)



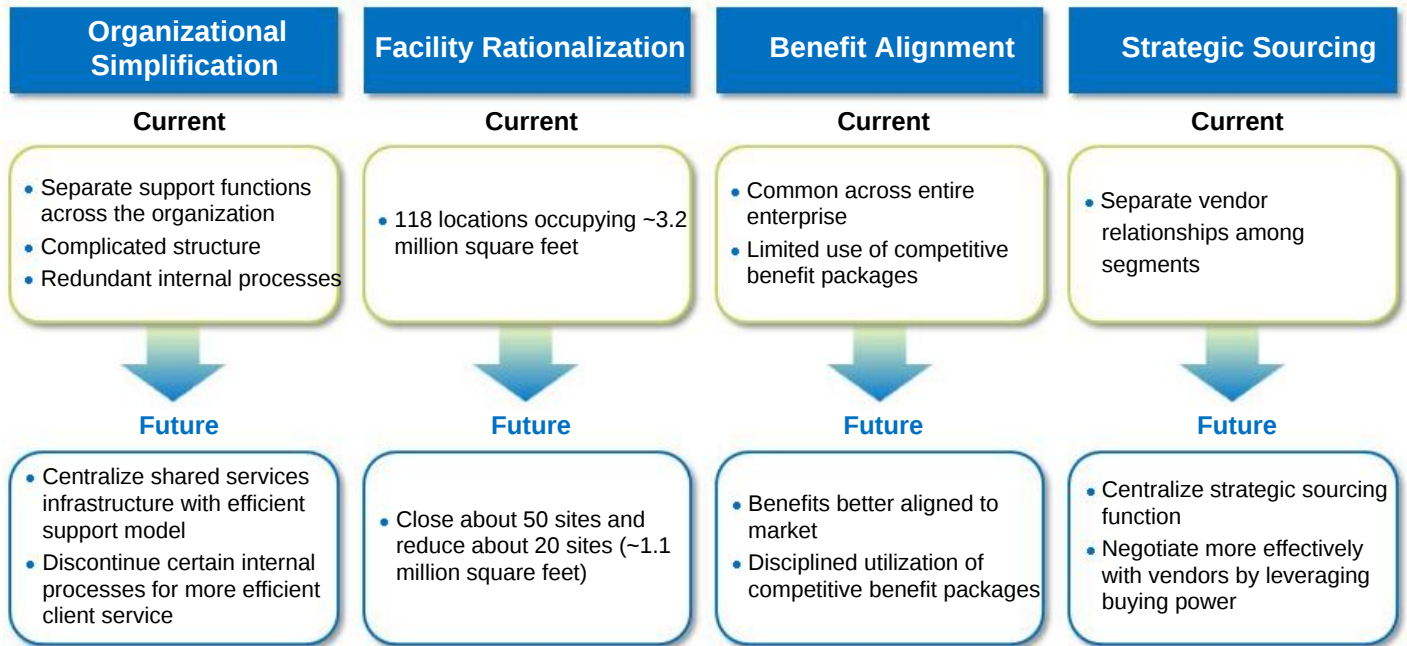
(1) Excludes \$28 million of separation transaction expenses in FY 2013. FY14 will also reflect separation transaction expenses.



Operating Income Drivers



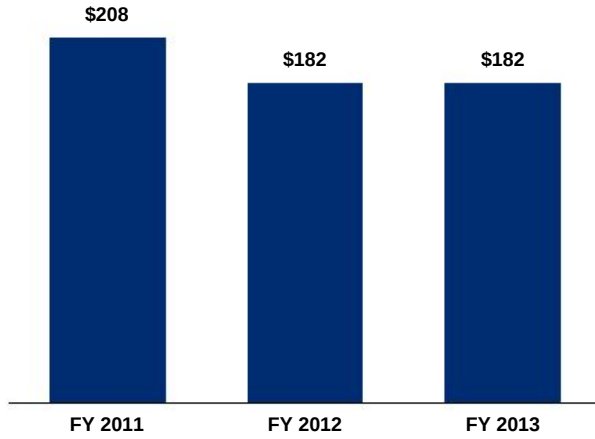
Near-Term Cost Optimization Opportunities



Historical Net Income and Cash Flow Generation

Historical Net Income

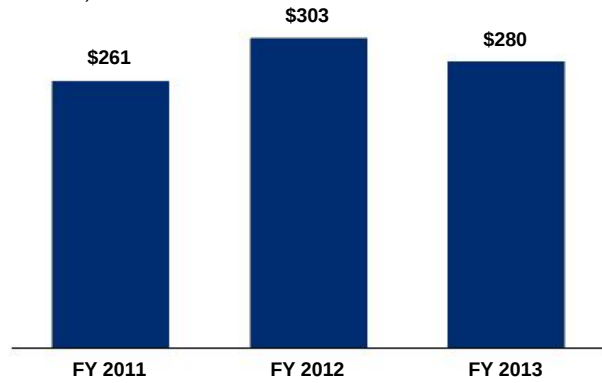
(\$ in millions)



FY13 includes separation transaction expenses net of tax

Historical Operating Cash Flow

(\$ in millions)



Multiple of Net Income

Fiscal Year	Multiple of Net Income
FY 2011	1.3x
FY 2012	1.7x
FY 2013	1.5x

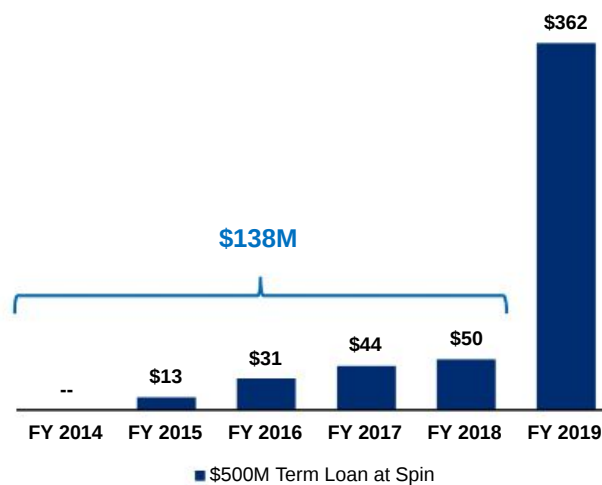
- Operating cash flow generation of greater than 1.0x of net income on long term basis
- Capital expenditures are expected to be less than 1% of total revenues
- FY14 cash flow negatively impacted by cancellation of governments accelerated payment program (~\$30M)
- Ample flexibility to pursue capital deployment alternatives

Capital Structure Overview

Capitalization (\$ in millions)

	5/3/2013 Pro Forma
Cash	\$226
New Revolving Credit Facility ⁽¹⁾	--
New Term Loan Facility (Fixed Rate with Interest Rate Swap)	\$500
Capital Lease Obligations & Notes Payable	3
Total Debt	\$503
Total Book Equity	384
Total Capitalization	\$887
Credit Statistics	
Total Debt / FY 2014 EBITDA	Less than 2.0x

Debt Maturity Profile (\$ in millions)



(1) Undrawn, 5-year \$200 million Senior Unsecured Revolving Credit Facility.
 (2) EBITDA excludes Gemini transaction/separation expenses.

SAIC FY14 Guidance

- Revenue **\$3.85 Billion to \$4.10 Billion**
- Diluted Earnings Per Share^{(1) (2)} **\$0.34 to \$0.38**
- Operating Cash Flow **Equal to or Greater Than \$125 Million**

(1) Based upon SAIC, Inc. average effective share count of 343 Million at September 4, 2013, includes estimated transaction expenses of \$35M net of taxes.

(2) After adjustment for the distribution in the spin transaction ratio of one (1) SAIC share for every seven (7) SAI owned, Diluted Earnings Per Share guidance will be \$2.38 to \$2.66, as adjusted.

Long Term Financial Targets FY14 to FY16

Annual Organic Revenue Growth	Low single-digit growth
Target Operating Margin (for 3 to 5 years)	Year-over-Year Increase
Tax Rate	35% to 40% range
Maximize cash flow generation, free cash flow to exceed net income	Deploy excess cash for shareholder value creation

Capital Allocation Priorities

- **Dividend**— Maintain relative portion of historical SAIC, Inc. current dividend
- **Debt Reduction**— Not intended in excess of required amortization
- **Capital Deployment**— For shareholder value creation

Capital deployment in excess of minimum operating cash level



Closing Remarks

Chief Executive Officer – Tony Moraco

Investment Highlights

Enduring Customer Relationships
and Mission-Oriented

Full Lifecycle Offerings

Significant Scale and Diversified
Contract Base

Tailored Operational Model and
Competitive Structure

Technical Experts Led by
Experienced Management

Solid Financial Position



SAIC

WORLD-CLASS MISSION RENEWED SCALE REBORN AUTHENTIC
TECHNICAL EXPERTS ENDURING CUSTOMER RELATIONSHIPS EXPERIENCED LEADERSHIP
ENTERPRISE INFORMATION TECHNOLOGY



SAIC®

TECHNICAL & ENGINEERING SOLUTIONS
NETWORKED ENTERPRISE ENTREPRENEURS DEPENDABLE UNCONSTRAINED GROWTH
PROVEN INTEGRATED RESTARTED PARTNER FULL-LIFECYCLE