INTEGRATED SOLUTIONS
SAIC provides mission-oriented solutions for national security, energy, health, and critical infrastructure for governments and major enterprises in the U.S. and allied nations. Our solutions integrate technologies with domain and mission knowledge to support our customers’ entire life cycle.

RESULTS
Our technical strengths and integrated solutions help our customers to better perform their primary missions while reducing costs, streamlining operations, and operating more effectively.

COMPANY OVERVIEW
SAIC is a FORTUNE 500® scientific, engineering, and technology applications company that uses its deep domain knowledge to solve problems of vital importance to the nation and the world, in national security, energy and the environment, critical infrastructure, and health. The company’s approximately 43,000 employees serve customers in the U.S. Department of Defense, the intelligence community, the U.S. Department of Homeland Security, other U.S. Government civil agencies and selected commercial markets. We remain committed to the ethical performance and integrity that has marked SAIC since its founding in 1969.
C4ISR
SAIC provides support and services for command, control, communications, computers, intelligence, surveillance and reconnaissance (C4ISR) systems worldwide. We help collect and disseminate information that provides the common operational or tactical picture through our C4 offerings. Our ISR solutions and mission support help our customers tackle the toughest global ISR challenges.

Logistics, Readiness & Sustainment
SAIC delivers a wide range of logistics and product support solutions to enhance the readiness and operational capability of U.S. military personnel and their weapons and support systems. Our tailored solutions in logistics systems and technology, logistics integration, and supply chain management are helping meet the dynamic needs of the warfighter.

Energy
SAIC is a leader in addressing global energy needs, concern for the natural environment, and advancing the infrastructure we rely on for our modern way of life. We provide innovative, integrated solutions that strengthen our customers’ enterprises and help them thrive in an increasingly complex world.

Health
We apply our expertise in standards and informatics to enable the secure exchange of clinical data across local, regional and national information infrastructures to improve health outcomes. Our technology experts help facilitate the use of electronic health records to improve patient care, conduct biomedical research, and help customers turn data into meaningful information.

Cybersecurity
SAIC’s long-term cybersecurity and intelligence expertise focuses on solutions that enhance today’s security and mission capability, while proactively building solutions to help equip enterprises for tomorrow’s threats. Working closely with our customers, our cybersecurity experts help protect the integrity of communications, financial, energy, health, and defense systems.
I am pleased to report SAIC finished fiscal year 2011 (FY11) with strong performance on the key financial metrics of operating margin, earnings per share growth, and new business awards. These results demonstrate the strength and agility of our company in a challenging market environment. Our performance and success is based upon our employees’ continued dedication to solving our customers’ most critical problems, with timely and cost effective solutions, underlying consistently strong program execution.

**Another Solid Performance**

Our revenues for FY11 totaled $11.1 billion, an increase of 2 percent over FY10. Operating income was $958 million (8.6 percent of revenue), up 10 percent from $867 million (8.0 percent of revenue) in the prior fiscal year. Diluted earnings per share from continuing operations for the year were $1.51, up 22 percent from $1.24 in FY10. Cash flow from continuing operations was $737 million, up 19 percent from $620 million in the prior fiscal year.

**Implementing Our Enterprise Strategy**

We continued to make progress in implementing our enterprise strategy, which we believe will continue to help us deliver solid financial performance even in challenging market conditions. Our strategy to drive organic growth is focused on:

- Delivering high performance in all aspects of our business
- Deploying incremental business resources to higher growth areas
- Delivering strong cash flow and deploying it to further increase shareholder value

Delivering high performance in all aspects of our business means flawless execution on contracts for our customers, leveraging our differentiators across the company, expanding our operational efficiency for additional process improvement opportunities, and monetizing our real estate portfolio.

Deploying incremental business resources to higher growth areas of our market means that we will focus a greater proportion of our business development, internal research and development, and mergers and acquisitions efforts toward pursuing opportunities in intelligence, surveillance and reconnaissance; logistics, readiness and sustainment; cybersecurity; health information technology (IT); and energy. By zeroing in on these growth areas, and by integrating the outstanding talent and technology we have across our company into offerings for these areas, we can grow faster than the market. Aggressive cross-selling and development of integrated offerings is expected to expand our market share and drive internal growth.

Our efforts to implement this strategy were rewarded this fiscal year with significant contract awards in cybersecurity, logistics and energy. For example, we won two contracts to design and build geothermal power plants in Nevada and our pipeline for similar energy projects increased during the fiscal year. Expanding our cybersecurity capabilities, we opened a Cyber Innovation Center in Columbia, Md., that better enables us to help government and commercial enterprises prepare for, protect against, and respond to a wide array of cybersecurity threats.

We believe the Interstate-95 corridor in Maryland will become a major technology center. As a result of the significant new business opportunities in this region we have developed a Maryland/I-95 strategy that includes cybersecurity but also focuses on a much broader set of large opportunities with the Department of Defense. By combining our enterprisewide capabilities with our existing strategic university alliance and community relations efforts, SAIC is creating a major presence in this key region of the country.
New Business Highlights
Our focus on winning larger opportunities continues to yield good results. We won 26 opportunities valued at more than $100 million each in FY11. The combined value of these $100 million-plus wins in FY11 was $2.3 billion higher than it was in FY10. Our largest win was a 10-year, $2.5 billion single award task order from the U.S. Department of State to engineer, design, secure, operate and maintain its critical enterprisewide IT network infrastructure in support of the Bureau of Information Resource Management. The bureau provides IT infrastructure, systems and services in support of the department’s foreign policy missions.

We also continued to win significant work with new and long-term customers, helping us secure our business base, expand our current work, and build new business. Highlights of our FY11 contract awards include:

• A five-year, $351 million follow-on task order awarded by the Naval Surface Warfare Center—Crane Division to provide technical and engineering services to support sensor and weapon development and integration for air, surface and unmanned platforms
• Two task orders totaling $233 million by the U.S. Department of Homeland Security to provide a range of IT services and support to the U.S. Citizenship and Immigration Services
• A major 10-year contract by the Department of Defense to support cybersecurity analytical requirements
• The NASA Information Technology Infrastructure Integration Program East contract, which has a potential value of $321 million over five years. This is a follow-on effort for enterprise applications work performed by SAIC under the Unified NASA Information Technology Services contract, on which SAIC has been the prime contractor since January 2004

“Our performance and success is based upon our employees’ continued dedication to solving our customers’ most critical problems, with timely and cost effective solutions, underlying consistently strong program execution.”

Walt Havenstein
Chief Executive Officer
FISCAL YEAR 2011 HIGHLIGHTS

• Completed 42nd year of sustained growth
• Reached revenues of $11.1 billion
• Won 26 $100 million-plus contracts
• Awarded $2.5 billion task order by U.S. Department of State

• Increased investments in strategic growth markets
• Ranked one of the “World’s Most Admired Companies”
• Opened Cyber Innovation Center in Maryland
• Expanded support of STEM education initiatives

INTEGRATED BUSINESS PLANNING PROCESS

SAIC has created an enterprise strategy, acting as an integrated whole, taking a bigger view of our markets and capabilities and showing the way for growth for the entire enterprise.

THE APPROACH

This approach takes an enterprise view, shifts resources to focus on high-growth areas and emphasizes cross-selling to make sure our customers are aware of relevant capabilities from across the company.

THE RESULTS

SAIC is an integrated, market-driven enterprise, capable of leveraging our capabilities to become greater than the sum of its parts. We combine technologies and domain knowledge to deliver solutions that support our customers’ entire life cycles.

• A five-year, $21 million blanket purchase agreement to provide independent engineering services to support the Department of Energy’s Biomass Program
• A four and one-half year, $128 million contract to provide centralized materiel management control and distribution services to help the U.S. Army Sustainment Command ensure readiness and accelerate logistics support to commanders and troops in the field
• A 21-month, $26 million task order to provide comprehensive IT infrastructure support services to Walter Reed Army Medical Center, the largest Department of Defense military hospital
• A 30-month, $13 million contract from the City of Lakeland, Fla., to lead its new Smart Grid Initiative program

We continued to grow our pipeline of opportunities, submitted proposals, and backlog with each increasing at double-digit rates during this fiscal year. We believe this reflects our success in anticipating and reacting to a changing market environment.

Strategic Acquisitions

We continue an active and disciplined mergers and acquisitions program to identify strategic properties. During FY11, we acquired Reveal Imaging Technologies, Inc., a leading threat detection products and services company. Reveal supports the efforts of the U.S. Transportation Security Administration (TSA) and other customers in the airport and transportation safety industries as a supplier of inspection systems that assist in screening checked baggage for explosives. The acquisition enhances our homeland security solutions portfolio, adding TSA-approved baggage screening systems to existing capabilities, which include our successful VACIS® cargo inspection systems.
We also acquired human language technology and intellectual property assets from AppTek Partners and its affiliates. As part of the deal, SAIC acquired a complete suite of products for text and speech processing, including machine translation, knowledge management and automated speech recognition tools for more than 30 languages. The acquired technology and assets will help further establish SAIC as a leader in delivering language services to the intelligence, defense and law enforcement communities.

**Corporate Responsibility**
A key component of corporate responsibility is in helping to build the future workforce. Science, technology, engineering, and math, or STEM, education and building expertise in STEM are the keys to America’s future competitiveness, and to creating the workforce of talented, prepared people that SAIC needs for the future. SAIC is a committed sponsor of the country’s preeminent STEM program: the FIRST® Robotics Competition. I am proud of SAIC’s sponsorship, but I’m even more proud of our employees who volunteer in a variety of ways to support students in each of the FIRST leagues, as well as other STEM-related initiatives such as Project Lead the Way®.

In FY11, we also continued our ongoing support of our military veterans through organizations such as the Paralyzed Veterans of America and the Wounded Warrior Project, as well as numerous charitable organizations.

**Ethics and Integrity**
Ethics and integrity have been at the forefront of SAIC’s culture since its founding in 1969. Our reputation for upholding the highest standards of personal integrity and business conduct has served us well and is essential to our continued success in the marketplace.

I am pleased that SAIC was named once again to FORTUNE’s list of the world’s five most admired companies in the IT services industry. The list identified companies with the strongest reputations, based on feedback from executives, directors, and financial analysts.

We also once again received the prestigious U.S. Department of Defense Nunn-Perry Award for mentor-protégé excellence. The award recognizes outstanding efforts to form mentor-protégé teams, enhancing the ability of mentored organizations, particularly small businesses, to increase their participation in government contracts and serve as engines for economic growth.

**An Integrated, Market-Driven Enterprise**
With a strong pipeline of opportunities and a more focused business portfolio, our team is energized to enter a new fiscal year. Our company’s founder, Dr. Bob Beyster, had a favorite poster that hung over his desk and read: “None of us is as smart as all of us.” Those words guided Dr. Beyster during his long, successful tenure at SAIC, and they continue to guide us today as we evolve to an integrated, market-driven enterprise whose whole is greater than the sum of its parts.

Walt Havenstein
Chief Executive Officer

“We continued to invest in strategic growth markets through emphasis on excellent account management, cross-selling, differentiated offerings, enterprise solutions, and a focus on winning larger, more complex pursuits.”
In Fiscal Year 2011 we delivered a solid and balanced financial performance. This is a testament to our 42 years of sustained growth and the demonstrated confidence we have earned from customers worldwide.
>> Leading the way

Deborah Alderson
President, Defense Solutions Group

Joseph Craver III
President, Health, Energy and Civil Solutions Group

Stu Shea
President, Intelligence, Surveillance and Reconnaissance Group

Larry Cox
General Manager, Cyber and Information Solutions Business Unit
At SAIC, we believe diversity of thought and an inclusive environment drive innovation and creativity and create a competitive advantage in the marketplace. Our commitment to diversity and inclusion is tied to our core values, business objectives, and strategic goals. It helps us to attract and retain talented, engaged employees who are committed to maintaining our culture of high ethical standards, integrity, operational excellence, and customer satisfaction.
Integrated Picture of Battlespace Gives Warfighters an Edge

SAIC is a mission capability integrator that helps give warfighters an integrated picture of the battlespace, and ensures combatant commanders gain greater efficiency and effectiveness in deploying U.S. forces around the globe at any time. We do this by providing support and services for command, control, communications, computers, intelligence, surveillance, and reconnaissance (C4ISR) systems worldwide.

We help collect and disseminate information that provides the common operational or tactical picture through our C4 offerings. Our information assurance services support the secure exchange of digital, voice, and video data by C4ISR systems to appropriate levels of command—getting warfighters the right information at the right place and time.

SAIC has strong credentials and a long history developing and deploying ISR solutions. Quick reaction capabilities (QRC) in airborne, maritime, and space-based solutions are enhanced by processing, exploitation, and dissemination technologies; and worldwide mission support helps our customers in the intelligence community and the Department of Defense (DoD) tackle the toughest global ISR challenges.

**Providing C4I Support for U.S. Central Command**

From Tampa, Fla., to Afghanistan, SAIC provides C4I support for the entire U.S. Central Command (CENTCOM) organization. This includes development of a new forward headquarters in Qatar and architecture and infrastructure support throughout the CENTCOM area of responsibility. On and off the battlefield, we assist CENTCOM with its

---

**OUR CUSTOMERS INCLUDE:**

Department of Defense
Intelligence Community
Department of Homeland Security
Department of Justice
Department of State
goal of achieving full interoperability of C4I systems among U.S., allied, and coalition forces. Our services include planning, program management, integration, operation, and maintenance of headquarters and joint theater-level communications and computer networks.

Working with CENTCOM teams throughout Afghanistan—from the smallest forward operating bases to the four-star headquarters—we are assisting in the design, development, repair, and maintenance of hardware, software, systems, and networks for both U.S. and NATO forces.

Supporting Quick Reaction Airborne ISR
SAIC continues to enhance its position as a leading QRC integrator for DoD in aircraft integration, sensors, and ground station development, and processing supporting operational DoD programs in theater, while our deployed sensors flew nearly 10,000 hours last year supporting the warfighter in Iraq and Afghanistan. Our systems are leading the battle against the threats in improvised explosive devices (IED).

Providing Full Motion Video Exploitation
The Air Force Distributed Common Ground System (AF DCGS) is the service’s premier globally networked ISR weapon system. DCGS produces intelligence information collected by the U-2, RQ-4 Global Hawk, MQ-9 Reaper and MQ-1 Predator. Approximately 700 gigabytes of information flow through the system daily. SAIC supports the AF DCGS video processing capability by providing technical services that support the system’s ability to process, view, and exploit full motion video provided by UAVs and other sensor platforms.

Providing Actionable Geospatial Intelligence
SAIC personnel provide key support for an important National Geospatial-Intelligence Agency project. Through their work, geospatial imagery collected by Predator, U2, and Global Hawk aerial assets was made available to a wide range of defense and intelligence users. The SAIC team received a Meritorious Unit Citation from the intelligence community for “extraordinary effort and exceptional teamwork” on this project.

Enhancing Operational Intelligence
A new tool has helped military personnel identify builders of improvised explosive devices, potentially saving the lives of civilians and soldiers alike. SAIC played a key role in developing the portable Biometric Automated Toolset (BAT). The BAT system is used by soldiers on patrol and base security personnel to access fingerprint, iris, and facial scans for border control. SAIC provided operational support for the deployed system in Iraq and Afghanistan.

Also enhancing SAIC’s ISR capabilities is our CounterBomber® product, which is capable of automatically detecting human-borne suicide bombers at ranges beyond the blast radius of the bomb. CounterBomber is currently deployed in theater and is credited with saving lives.

Expanding Language Services Capabilities
SAIC’s language professionals can seamlessly integrate with intelligence services such as all-source analysis, reporting, writing, and debriefing. With linguistic expertise in more than 70 languages and dialects, SAIC’s capabilities range from translation and interpretation to immersive training services and deployment readiness for the intelligence and defense communities.

During the fiscal year, SAIC acquired technology, intellectual property, and related assets from three firms that
develop human language technologies: AppTek Partners, LLC; Applications Technology, Inc.; and MediaMind, LLC.

SAIC now has a complete suite of products for text and speech (voice) processing, including machine translation, knowledge management, and automated speech recognition tools for more than 30 languages. Federal government and commercial customers use these tools to automatically translate and transcribe large volumes of data and significantly reduce the time needed to edit and finalize translated output.

**Helping Transform the Defense Information System Network**

As the backbone worldwide communications network for DoD, the Defense Information System Network provides a wide range of information services to DoD users, including voice telephony, formal messaging, data networking, and video. As part of a major technology refreshment effort, we helped replace more than 200 end-of-life routers for the unclassified and classified IP network across the continental U.S., Europe, Pacific, and Southwest Asia theaters of operation.

In addition, we helped the Defense Information Systems Agency develop the target architecture to identify the new platform and required backbone changes to meet current service delivery requirements and support the vision of an Everything-over-IP architecture to enable communications across all forces and locations. We also coordinated the transition of thousands of customer circuits to the new platform by helping to ensure that interfaces, cabling, cryptographic devices, and keying material were available end-to-end.

**Supporting the Missile Defense Agency**

Working with the Missile Defense Agency, SAIC supports an integral part of the Ballistic Missile Defense System, the Ground-based Midcourse Defense (GMD) element, which gives combatant commanders the capability to engage and destroy limited intermediate- and long-range ballistic threats to the United States. All ground systems components communicate through the GMD communications network, a secure data and voice communications system using both SATCOM and fiber optic cabling for long-haul communications. SAIC provides a wide range of project management, operations, engineering, and information assurance support in leading the day-to-day monitoring and management of long-haul communications transport circuits.

---

**Case Study >> COMMERCIALY-HOSTED INFRARED PAYLOAD**

In partnership with the U.S. Air Force Space and Missile Systems Center, SES Worldskies, U.S. Government Solutions, and Orbital Sciences Corporation, SAIC completed the first Commercially-Hosted Infrared Payload (CHIRP) Integrated Sensor Functional Test.

Developed and delivered in less than two years, CHIRP utilizes a telescope that can view a quarter of the Earth from geosynchronous orbit, and is capable of high frame-rate imaging in four specific spectral bands. The large-format focal plane arrays accommodate a wide-field-of-view infrared staring system, and at the same time reduce cost and complexity.

The ongoing success of this program demonstrates that a variety of government missions can be served by special purpose payloads hosted on commercial spacecraft enabling SAIC’s Air Force customer to field required capability in a rapid-response fashion.
LOGISTICS, READINESS & SUSTAINMENT
Tailored Solutions to Support Warfighters

SAIC provides a wide range of logistics and product support solutions to enhance the readiness and operational capability of U.S. military personnel and their weapons and support systems. Our tailored solutions in logistics systems and technology, logistics integration, and supply chain management are helping meet the dynamic needs of the warfighter.

We provide logisticians with an enterprisewide view of the logistics chain, from procurement to fulfillment. Our logistics, readiness, and sustainment solutions are helping customers across the Department of Defense as well as federal agencies and the commercial market.

Supporting the Army Sustainment Command
To help ensure that our soldiers have what they need, when and where they need it, SAIC is helping the Army Sustainment Command (ASC) enhance readiness and accelerate logistics support to commanders and troops in the field. SAIC provides centralized materiel management control and distribution services to the ASC, which serves as the Army’s logistics integrator for contingency and sustainment support of American fighting forces.

Providing Supply Chain Services for Army Depots
Under a contract awarded by the Defense Logistics Agency, SAIC supports the Anniston Army Depot in Alabama, the Red River Army Depot in Texas, and U.S. military customers around the world. SAIC provides...
supply chain management of industrial hardware and repair parts required for the repair of military vehicles, as well as other services, including collaborative demand forecasting, parts acquisition, storage, delivery, inventory management, quality assurance, data management, field-based customer support, and order processing and fulfillment.

**Supporting the Army’s 1st Theater Sustainment Command**
SAIC also provides logistics services in support of 1st Theater Sustainment Command activities throughout the U.S. Central Command area of responsibility. SAIC supports munitions storage and resupply efforts by operating ammunition supply point and theater storage area activities. These activities include storage, accountability, and distribution of ammunition stocks.

**Helping Establish Fiber Optic Network in Afghanistan**
SAIC was contracted to engineer, install, integrate, and operate Defense Information Systems Service Delivery Nodes in Afghanistan. The nodes provide a fiber optic network for increased bandwidth and improved connectivity for U.S. forces within Afghanistan and Southwest Asia. SAIC managed the complete logistics support as well as providing project management, installation, and engineering services. We continue to deliver onsite field support with technicians at these sites.

**Expanding Support of Navy Aircraft Systems**
SAIC increased its support of Navy aircraft systems as a result of four SeaPort-e task orders awarded by the Naval Surface Warfare Center—Crane. We are providing engineering, logistics, fabrication, and program management support for aircraft electro-optics, as well as supporting aircraft with ancillary equipment, self-protection systems, and armament systems.

**Enhancing Military Training**
Our simulation technologies are providing soldiers with critical training prior to deployment to Iraq and Afghanistan. SAIC’s Common Driver Trainer (CDT) received the 2010 National Training Systems Association Modeling & Simulation Award for delivering simulation technologies in support of the CDT Mine Resistant Ambush Protected (MRAP) family of vehicles. SAIC has developed MRAP-All Terrain Vehicle (M-ATV) dash panels to fit into the existing MRAP vehicle cabin, built by SAIC. The M-ATV is the fifth variant in SAIC’s CDT product line, which includes the CDT Tank Variant. SAIC delivered 16 tank variants to Fort Benning, Ga., in 2010 to support tank driver training.

In addition, SAIC has introduced a new variant, the CDT Crew Compartment (CDT C2) virtual simulator. The CDT C2 is one of the first two-crew-member simulators that enables coordinated training between the vehicle driver and the operator of an articulating arm that can detect, interrogate, and detonate improvised explosive devices.

**Transforming Virtual Training**
Synthetic Environment Core (SE Core) is the U.S. Army’s Common Virtual Environment initiative to link virtual training simulation devices into an integrated and interoperable training system. Since 2005, the SAIC team has provided architecture analysis, development, and technical and management support for the SE Core Architecture & Integration Program under the Army’s
Improving Military Readiness

SAIC supports the Advanced Information Technology Systems program, a key automation integrator, sustaining and implementing technological capabilities as the Army National Guard and Army Reserve transform into an operational force. These efforts are bringing training to the soldiers through mobile systems and online capabilities. In addition, a mobilization and soldier readiness software solution supports the National Guard Bureau’s deployment manning process, preparing soldiers and units for mobilization. SAIC integrated virtual platform technology at 54 Guard and four Army Reserve sites, helping reduce the amount of servers and hardware required and optimizing efficiency.

Receiving Recognition from DLA

In 2010, the Defense Logistics Agency (DLA) honored SAIC for outstanding readiness support and recognized the company with its Business Alliance Award as well as a Bronze Land and Maritime Recognition for Excellence Award for superior quality and delivery performance on multiple logistics programs. For supply chain management services provided on DLA’s Tires Privatization Initiative, SAIC was recognized for its contributions to the winning of a second Bronze award presented to the prime contractor, Michelin North America.

In addition, SAIC helped the DLA reach major milestones on its POLChem program, which supplies packaged petroleum, oils, lubricants (POLs), and chemical (Chems) products for U.S. military customers around the world. The program received superior customer assessments in 2010 as a result of achieving an overall quality rating of 99.58 percent.
ENERGY
Integrated Solutions Strengthen the Enterprise

SAIC is a leader in addressing global energy needs, concern for the natural environment, and advancing the infrastructure we rely on for our modern way of life. We provide innovative, integrated solutions that strengthen our customers’ enterprises and help them thrive in an increasingly complex world.

In FY11, the company consolidated extensive energy, environment, and infrastructure capabilities within its wholly owned subsidiary, SAIC Energy, Environment & Infrastructure, LLC. Services include helping utility, financial, government, industrial, and municipal customers manage multipart challenges related to smart grid, energy efficiency, facilities design-build, climate change, capital program management, water, solid waste, and renewable resources.

**Developing Smart Grid Solutions**

SAIC is helping utilities across the country transition to smart grid systems designed to deliver power in an efficient, reliable, cost-effective, and eco-friendly way. For example, SAIC leads a new smart grid initiative program for the city of Lakeland, Fla. As Florida’s third-largest public power utility, Lakeland Electric provides electricity to more than 120,000 customers and is one of the first utilities in the country to pioneer a 100 percent rollout smart grid initiative. SAIC is responsible for the management, implementation, and integration of advanced metering systems and is also providing process improvement.
services, incorporating a service oriented architecture, and installing metering infrastructures as well as a customer-facing Web portal. Lakeland expects the program to help improve operational efficiency, optimize capital investments to minimize energy prices, and facilitate time-of-use pricing to give consumers more control over their energy bills.

Advanced metering infrastructure (AMI)—a key component of smart grid technology—enables utility operators and consumers to better manage energy use. For the city of Leesburg, Fla., SAIC identified and estimated a variety of operational benefits of AMI in each of the utility’s primary functional areas, including administration, field operations, office operations, revenue, and meter reading. The largest utilities in the state of Vermont are working with SAIC to support a collaborative AMI project. SAIC is helping to evaluate and recommend smart grid technologies, communication systems, and providing regulatory support for the utilities. In addition, the Maryland Energy Administration retained SAIC to prepare expert testimony that analyzed the costs and benefits of implementing a smart grid program, which aims to save taxpayer money, reduce stress on the state’s energy markets, and improve the environment. SAIC is also helping the Sacramento Municipal Utility District deploy its Smart Meters Project.

**Designing Energy Efficient Buildings**
SAIC designs and builds energy efficient facilities for a wide range of customers. In FY11, SAIC won the Design-Build Institute of America 2010 National Excellence award for the design and construction of the Dr Pepper-Snapple Soft Drink Production & Distribution Center in Victorville, Calif. SAIC completed the 900,000 square foot bottling facility on time and under budget.

SAIC provided full architectural and engineering services for the design of a new cancer center on the campus of the University of Oklahoma Health Sciences Center in Oklahoma City, Okla. The project included master planning of the selected site and the design of a new seven-story, outpatient facility, ambulatory cancer treatment center and parking garage.

**Promoting Energy Efficiency and Renewable Power**
Since March 2009, SAIC has successfully performed energy and water audits for 29 Air Force bases, covering 63.1 million square feet in more than 1,300 buildings across a wide spectrum of missions and functions. SAIC identified hundreds of energy and water conservation measures and used them to develop projects for each base. The effort will help the Air Force build a capital investment strategy for energy savings and renewable power.

SAIC is leading an effort for the National Renewable Energy Laboratory, funded by the Department of Energy, to help develop international standards for emerging marine and hydrokinetic technologies, which seek to generate renewable electricity from the nation’s oceans and free-flowing rivers and streams. SAIC serves as Head of Delegation for the U.S. in this 14-nation effort.
In addition, SAIC is helping state and city governments develop and implement energy assurance plans designed to increase energy resiliency by addressing a broad range of energy portfolios, including electric, natural gas, propane, liquefied natural gas, and petroleum distillates.

**Supporting Department of Defense Initiatives**
SAIC worked with the Air Mobility Command (AMC) at Scott Air Force Base to complete an environmental impact statement (EIS) to base a family of remotely piloted aircraft (RPA) at Grand Forks Air Force Base in North Dakota as directed by the Base Realignment and Closure (BRAC) law. The EIS was led by AMC and included multiple major commands within the Air Force and the Army National Guard. The 119th Wing of the Air National Guard will train with and operate the Predator MQ-1 RPA and the Air Combat Command will operate the Global Hawk RQ-4 RPA out of Grand Forks.

SAIC also supports ongoing investigation and environmental cleanup efforts at Fort Monroe, Va., a historic U.S. Army base ordered closed under the BRAC Act. As part of this effort, SAIC helped the Army search for potential discarded military munitions resting in the water for generations.

**Conserving Vital Resources**
As lead consultant on California’s Bay Delta Conservation Plan, SAIC is helping the state plan for the continued delivery of water to 23 million residents and 3 million acres of farmland and provide for the recovery of endangered Delta fish species. The Sacramento-San Joaquin Delta is a vital link in the state’s water system, spanning five counties in northern California at the confluence of the Sacramento and San Joaquin rivers.

SAIC is also assisting the Environmental Protection Agency’s Climate Change Division in developing the Internet-based reporting system used by regulated facilities to submit annual Greenhouse Gas data required by the Mandatory Reporting of Greenhouse Gases Rule.

---

**Case Study >> GEOTHERMAL POWER PLANT DESIGN-BUILD SUPPORT**

Geothermal energy is a renewable source of electricity and is key to achieving U.S. sustainability goals. It is a clean, environmentally friendly, sustainable method of electrical power generation. In FY11, SAIC won two contracts to design and build geothermal power plants in Nevada. For Terra Gen Sierra Holdings, LLC—a renewable energy company focused on geothermal, wind and solar generation—we are designing and building a new binary geothermal power plant with a name plate capacity of 6.2 megawatts.

For USG Nevada LLC, a wholly owned subsidiary of U.S. Geothermal Inc., a leading renewable energy company, SAIC is providing engineering, procurement, and construction services for phase one of the San Emidio project—relocation and replacement of an existing geothermal power plant in northwest Nevada.
HEALTH
Increased Efficiencies Help Improve Care

SAIC is helping government and commercial customers improve the quality of healthcare, while increasing efficiencies and lowering cost. We apply our expertise in standards and informatics to enable the secure exchange of clinical data across local, regional, and national information infrastructures to improve health outcomes.

Our technology experts help facilitate the use of electronic health records to improve patient care and public health, conduct biomedical research to support global health initiatives, and provide customers with health data analytics solutions that turn data into meaningful information. SAIC creates applications and platforms that integrate health and biomedical data from disparate sources to enable secure data sharing and analysis to improve decision-making, while protecting patient privacy.

Helping the Military Health System Deliver Better Care

SAIC is helping the Department of Defense’s Military Health System (MHS) deliver better care to more than 9 million service members and their families by supporting DoD’s electronic health record system at 59 hospitals and 364 health clinics around the world. In FY11, we continued to support collaboration and interoperability initiatives for electronic health records between DoD and the Department of Veterans Affairs at the James A. Lovell Federal Health Care Center in Illinois. In addition, we continue to provide systems monitoring and management services to help assure the availability and reliability of MHS applications on its global network infrastructure.

**OUR CUSTOMERS INCLUDE:**
- Department of Agriculture
- Department of Defense
  - Army Medical Research and Materiel Command
  - Military Health System
  - Naval Health Research Center
- Department of Health and Human Services
  - Centers for Disease Control and Prevention
  - Health Resources and Services Administration
  - National Institutes of Health
    - Centers for Scientific Review
    - Electronic Research Administration
    - National Cancer Institute
    - National Heart, Lung, and Blood Institute
    - National Institute of Allergy and Infectious Diseases
  - Substance Abuse and Mental Health Services Administration
- Department of Veterans Affairs
  - Veterans Benefits Administration
  - Veterans Health Administration

**Vice President, Healthcare Transformation**

**TAKISHA SCHULTERBRANDT**

**Health and Human Services Account Manager**

**Division Manager**

**BRUNO NARDONE**

**MERVYN SANTOS**
Providing Family Support and Counseling Services
Since 1987, SAIC has delivered substance abuse and counseling services to dependents of service members stationed outside of the United States to foster mission readiness and quality of life support. In FY11, DoD awarded SAIC a blanket purchase agreement to continue managing the program.

Our virtual world technology is also being used to support warfighters and their families. In FY11, the U.S. Air Force awarded SAIC contracts to pilot the feasibility of providing virtual family support and mental healthcare for deployed personnel to help mitigate the familial, societal, and emotional effects of war. SAIC is providing its On-Line Interactive Virtual World Environment (OLIVE) software platform, hosting services, hardware, technology training, and customized services.

Conducting Research to Assist Wounded Warriors
For the Naval Health Research Center (NHRC), SAIC is supporting human performance physiology and psychological studies by planning, coordinating, designing, and executing experimental protocols. The goal is to develop surveillance markers of traumatic brain injury and establish return-to-duty criteria for wounded service members. SAIC and NHRC conduct research using the Computer Assisted Rehabilitation Environment system—one of only three virtual reality systems within DoD that is used to accelerate rehabilitation research.

Supporting the National Institutes of Health (NIH)
SAIC is helping the NIH’s National Institute of Allergy and Infectious Diseases Division of Microbiology and Infectious Diseases (DMID) save lives by providing regulatory expertise and technical support for clinical research programs. For the last two years, SAIC has managed several processes that enabled DMID to submit the first sets of H1N1 Original Investigational New Drug Applications to the Food and Drug Administration, which included several unique protocols designed for clinical trials for pediatric, adult, and elderly populations.

Assisting Health Information Exchange
SAIC is using its health information technology (IT) and systems integration expertise with Inland Northwest Health Services (INHS), an innovative health information exchange based in Spokane, Wash., to leverage electronic health records to help public health authorities identify and track outbreaks of potentially catastrophic epidemics, such as H1N1 influenza. SAIC, in conjunction with the University of Washington’s Center for Public Health Informatics, has connected INHS hospital customers to public health departments over the last two years.

This year, SAIC and INHS teamed to win a new contract with the Social Security Administration to share electronic health information to help speed decision-making on disability claims.
Supporting the Centers for Disease Control and Prevention (CDC)

SAIC is helping the CDC to support the exchange of lab data in the identification and reporting of disease conditions. Under a contract awarded in FY11, we are developing a standards-based architecture to continue progress toward full interoperability among public health laboratories and between public health laboratories and healthcare providers. The goal of this high-profile effort within the CDC is to develop the infrastructure to support laboratory electronic test orders and test results between public health partners.

As a respected provider of timely, scientifically based, and trusted health information and data, CDC relies on large IT systems for information collection, storage, and exchange. SAIC won a contract in FY11 to provide technical services to help the agency modernize its information management systems.

Helping to Improve Food Safety

The U.S. Department of Agriculture’s Food Safety and Inspection Service (FSIS) is responsible for ensuring that domestic and imported meat, poultry, and egg products are safe, wholesome, and properly labeled. SAIC is supporting FSIS in identifying food products associated with food borne illnesses and developing a computerized approach for tracking food safety performance at meat and poultry slaughter and processing facilities throughout the United States.

Supporting the National Cancer Institute (NCI)

The Laboratory of Proteomics and Analytical Technologies, which our wholly owned subsidiary SAIC-Frederick operates for NCI, has identified a biomarker for kidney cancer that can be detected in a blood sample. This is a first step toward finding a renal cancer biomarker that can be seen in a simple blood test and alert doctors to the disease at its earliest stage, when treatment is most effective. SAIC-Frederick is also assisting NCI in developing the next generation of treatments designed to match the molecular characteristics of individual tumors, which are unique from patient to patient.

Case Study >> BIOPHARMACEUTICAL DEVELOPMENT PROGRAM

The National Cancer Institute’s Biopharmaceutical Development Program (BDP), operated by SAIC-Frederick, develops drugs for further research and testing in human clinical trials, taking on projects that focus on new targets in very early development, often prior to any commercial interest. The program manufactured the drug for a phase III clinical trial that showed a significant improvement in outcome among children with high-risk pediatric neuroblastoma, the most common childhood cancer. The experimental treatment stimulates the immune system to attack cancer cells. The BDP has also developed and produced prototype, clinical-grade drugs for metastatic melanoma; metastatic kidney cancer; lymphoma; acute myeloid leukemia; Type 1 diabetes; and cancers of the colon, neck and breast.
Sustained Innovation, Research Addresses Cyber Threats

SAIC’s long-term cyber and intelligence expertise focuses on solutions that enhance today’s security and mission capability, while proactively building solutions to help equip enterprises for tomorrow’s threats.

Working closely with our customers, our cyber experts help protect the integrity of communications, financial, energy, health, and defense systems. SAIC understands that the dynamic nature of cyber requires sustained research, innovation, and training as well as increased public-private sector partnership.

Investing in Innovation and Collaboration
Taking a hands-on approach to tackling cyber challenges, we opened a new Cyber Innovation Center (CIC) in Columbia, Md. This facility better enables us to help government and commercial enterprises prepare for, protect against, and respond to a wide array of cybersecurity threats. The CIC includes a technical solutions lab and secured infrastructure intended to help SAIC develop and deliver comprehensive cyber-risk management programs to identify and neutralize cyber attacks, integrate and manage information security services to protect mission-critical data, and perform certification and accreditation testing of information technology systems.

OUR CUSTOMERS INCLUDE:

- Commercial Customers
- Department of Defense
- Department of Homeland Security
- Department of the Treasury
- Intelligence Community
- International Customers
- NASA
Supporting Key Cyber Programs

During the year, SAIC won several contracts focused on intelligence analysis and cyber programs for critical infrastructure, government and intelligence community customers.

For example, SAIC cyber experts are supporting the day-to-day operations of the Defense-wide Information Assurance Program, including compliance, computer network defense, and workforce improvement. The program provides for the availability, integrity, authentication, confidentiality, non-repudiation, and rapid restitution of information and information systems that are essential elements of the Defense Information Infrastructure.

SAIC has a long history of providing support to research, development, and test and evaluation activities. Under a contract awarded by the Department of Defense (DoD), Defense Technical Information Center, we are providing technical services to help secure mission critical data and strengthen sharing capabilities at DoD components and other government agencies. The services we provide under this contract will support these important efforts in the defense community, and help meet an expanding need to integrate, share and secure data used to meet national security objectives.

We are also providing cyber research and development support for an important U.S. ally. Working with the Australian government, our scientists and engineers are developing technologies aimed at forensic analysis of digital media, real-time characterization of data flows in carrier grade circuits, and data mining systems.

Delivering Expertise to the U.S. National Cybersecurity Strategy

SAIC cyber professionals are assisting with the national strategy on cybersecurity. SAIC personnel provide cyber-oriented services across the intelligence community on policy, cyber intelligence, counterintelligence, processes, strategies, and coordination of cyber activities.

The Comprehensive National Cybersecurity Initiative is the largest sustained cybersecurity initiative in the U.S. government to date. The initiative touches on every major department and agency involved in cybersecurity with a significant portion focused outside of the intelligence community. As such, this initiative will be transitioned out of the intelligence community to The White House. SAIC personnel are integrally involved as portfolio managers, advisors, and consultants on this national effort and will continue support during and after the transition.

Providing Cyber Investigations and Digital Forensics Support

Continuing our long history of expertise in cyber investigations and digital forensics, we are providing cyber incident investigations and forensics support to a number of commercial and government organizations around the world.

Additionally, SAIC invested further in its digital forensics capability by establishing a dedicated laboratory focused on mobile media and devices due to the increased threat trend in this market.
Case Study >> CLOUD SHIELD NETWORK SECURITY SOLUTIONS

Fiscal year 2011 proved to be a successful year for SAIC and its wholly owned subsidiary CloudShield Technologies, Inc., a leading cybersecurity and network infrastructure solutions provider. For example, CloudShield installed hardware and software for a major European provider of wireless and broadband services to several million customers. The deployed solution consisted of products and services aimed at improving the telecommunications company’s overall defensive network posture and gaining back performance in the face of malicious attacks that can consume in excess of 80 percent of the bandwidth. Additionally, CloudShield continued expansion in South America, deploying network traffic management and security functions including DNS defense for a large telecommunications operator in Brazil.

Also, CloudShield launched a new application, CloudSentry®, which combines the power of active threat intelligence on its proven cybersecurity platform to enable effective defenses against today’s most sophisticated network attackers. CloudSentry is designed to protect the mission critical infrastructure of tier one telecommunications companies, Internet service providers, and national governments. It provides carrier-class converged threat solutions addressing cybersecurity concerns such as botnets, malware, phishing, and spam.

Achieving Recognition for Cyber Capabilities
During the fiscal year, a number of SAIC cybersecurity programs received national recognition. For example, SAIC received the Air Force Association’s highest honor in the field of aerospace education—the Hoyt S. Vandenberg Award, which honors outstanding achievements of men and women throughout the Air Force, government, academia and aerospace industry. SAIC shared the award with the University of Texas at San Antonio for its founding partnership, and Northrop Grumman for its presenting sponsorship of CyberPatriot, the national high school cyber defense competition designed to excite, educate and motivate the next generation of cyber defenders, and other science, technology, engineering, and mathematics graduates.

The CyberPatriot competition is powered by SAIC’s patent-pending CyberNEXS cybersecurity trainer. CyberNEXS provides a live cyber environment in which students have to maintain critical services while responding to real-world hacker attacks. SAIC’s CyberNEXS team also received an award for the success it has had with the San Diego Mayor’s Cyber Cup, a cybersecurity competition designed for high school students that provides a virtual training and competition environment with live, real-time scenarios to fight cyber attacks.

SAIC also was honored for CyberProtect, a web-based training exercise simulation for risk management and network defense. It enables individuals to play one-on-one against the computer’s artificial intelligence in an exercise intended to increase familiarity with information assurance concepts and terminology. CyberProtect recently won the silver medal Brandon Hall Award in the “Best Learning Game” category.

In the commercial market, SAIC received the Best-in-Class Award at the 2010 Archer Governance, Risk and Compliance Summit. SAIC built the operational security management system on the Archer SmartSuite Framework to automate and manage processes around inventory, incidents, change requests, shift logs, online standard operating procedures, project management and custom signatures, as well as integrate third-party technologies to eliminate data duplication and centrally report on security events.
SAIC’s commitment to making significant and lasting improvements in our communities and the environment is central to our view of corporate responsibility and a reflection of the talented professionals who work here.

**Inspiring Young People Toward a Career in Engineering**

In FY11, SAIC expanded its enterprise-wide program to help inspire and engage students in the pursuit of science, technology, engineering, and mathematics (STEM) education by increasing its support of Project Lead The Way (PLTW®), FIRST® (For Inspiration and Recognition of Science and Technology), and other organizations working in the STEM arena. PLTW partners with middle schools and high schools to prepare students for the jobs of the 21st century by engaging them in a hands-on, project-based curriculum that emphasizes innovation and critical thinking. SAIC helped PLTW implement initiatives to enhance engineering curricula at high schools in Alabama, Florida, Kentucky, and Virginia. An increasing number of SAIC employees also supported FIRST, which works to inspire students from kindergarten through high school to be science and technology leaders, by mentoring students participating in robotics competitions across the country.

Our continued support to the Women in Military Service for America (WIMSA) Memorial included a donation to the WIMSA Foundation’s new initiative to inspire more young women to pursue STEM-related careers.

To further strengthen our science and technology ties with universities across the nation, SAIC launched a number of new initiatives in FY11 as part of its Strategic University Alliances program. For example, we teamed...
with the University of Maryland to promote education, research, and technology development in cybersecurity. We also expanded our support to the University of Alabama in Huntsville business school to further academic programs in enterprise resource planning, and launched a new alliance with the University of Southern California’s Viterbi School of Engineering.

**Support for Our Veterans**

Dedicated to serving the interests of veterans, SAIC works with military transition centers, military associations and veteran organizations to identify and hire candidates who have served in the military. We also team with the Wounded Warrior Project, an organization that assists severely injured service members with career training. Today, nearly 25 percent of SAIC’s workforce comprises military veterans—approximately 10,000 people.

SAIC is also a strong supporter of the Paralyzed Veterans of America (PVA), which works to help find care, benefits and jobs for veterans with spinal cord injuries or diseases. SAIC’s contribution to the PVA included support of the National Veterans Wheelchair Games, the world’s largest annual wheelchair sports competition, and the Paralyzed Veterans Golf Open.

Our employees serve on the boards of several organizations that make a difference to the lives of our servicemen and servicewomen every day, including the Special Operations Warrior Foundation, Tragedy Assistance Program for Survivors, and several USO chapters.

**Environmental Stewardship**

SAIC takes practical and innovative steps to minimize the environmental impact of our facilities by, among other things, incorporating sustainable designs into our building construction and promoting composting and recycling at our facilities. As a result, we received recognition from Newsweek as one of the greenest big companies in America for the second straight year. This list rates companies based on their environmental impact, green policies and performance, and reputation.

For the third consecutive year, SAIC sponsored the band O.A.R. (Of a Revolution) on its 2010 Green Dream Tour, which aims to educate fans about environmental responsibility through recycling. SAIC employee volunteers helped collect more than 21,000 pounds of recyclables during the tour—nearly three times the amount collected the previous year.

These activities represent only a portion of SAIC’s actions in the area of corporate responsibility. For the complete story, please refer to our latest corporate responsibility report on www.saic.com/about/corporate-responsibility/.
Directors

A. Thomas Young  
Chair of the Board  
Former Executive  
Vice President,  
Lockheed Martin Corp.

Walter P. Havenstein  
Chief Executive Officer

France A. Córdova  
President,  
Purdue University

Jere A. Drummond  
Former  
Vice Chairman,  
BellSouth Corp.

Thomas F. Frist, III  
Principal,  
Frist Capital L.L.C.

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

Miriam E. John  
Former  
Vice President,  
Sandia National Laboratories

Anita K. Jones  
University Professor Emerita,  
Computer Sciences,  
University of Virginia

John P. Jumper  
General,  
United States Air Force (Ret.)

Harry M.J. Kraemer, Jr.  
Former Chairman,  
President and Chief  
Executive Officer,  
Baxter International, Inc.

Lawrence C. Nussdorf  
President and Chief Operating Officer,  
Clark Enterprises, Inc.

Edward J. Sanderson, Jr.  
Former  
Oracle Corporation Executive

Louis A. Simpson  
Former President and CEO of  
Capital Operations,  
GEICO Corp.
Statements in this Annual Report other than historical data and information may constitute forward-looking statements that involve risks and uncertainties. A number of factors could cause our actual results, performance, or achievements or industry results to be very different from the results, performance, or achievements expressed or implied by such forward-looking statements. Some of these factors include, but are not limited to, the risk factors set forth in the Company’s Annual Report on Form 10-K for the fiscal year ended January 31, 2011, and in such other filings that the Company makes with the SEC from time to time. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date hereof.

The SAIC logo and VACIS are either registered trademarks or trademarks of Science Applications International Corporation in the United States and/or other countries.

CloudSentry is either a registered trademark or trademark of CloudShield Technologies, Inc., in the U.S. and/or other countries; CounterBomber is either a registered trademark or trademark of Science, Engineering and Technology Associates Corporation in the U.S. and/or other countries; FIRST is either a registered trademark or trademark of the United States Foundation for Inspiration and Recognition of Science and Technology in the U.S. and/or other countries; Project Lead The Way and PLTW are either registered trademarks or trademarks of Project Lead The Way, Inc. in the U.S. and/or other countries.

Photo Credits: Page 16 far left photo courtesy of U.S. Army; page 31 small photo courtesy of Paralyzed Veterans of America.

© 2011 Science Applications International Corporation. All rights reserved.

Printed on recycled paper.