

2009

# SAIC Institutional Investor Conference

October 13 - 14 | McLean, Virginia

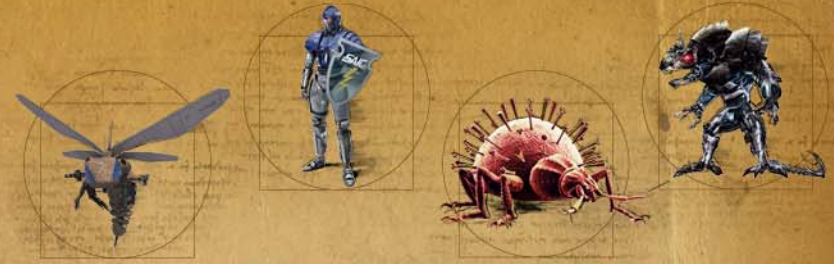


## Enterprise Update

**Ken Dahlberg**  
Chairman of the Board



# Company's Ethos

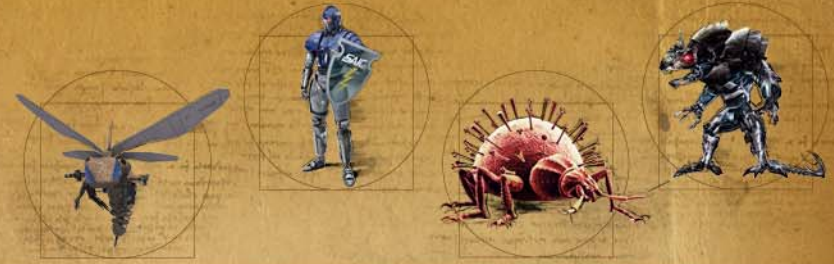


- Demonstrated ability to execute
  - Delivered on growth promises
  - Built credibility through transparent shareholder communications
- Positioning, agility, and ability to compete to ensure growth
  - Little exposure to platforms that could come under pressure
  - Significant exposure to higher growth markets
  - Winning larger programs
  - Excellent IDIQ portfolio, aggressive task order marketing, and high win rates
- Key discriminators in a tough market
  - Scale to generate significant discretion and management efficiencies
  - Technical talent to create innovative, fast response solutions
- To understand us, you need to understand our major themes:
  - From Science to Solutions
  - Smart People Solving Hard Problems

**Our Growth Prospects Remain Solid**



# From Science to Solutions



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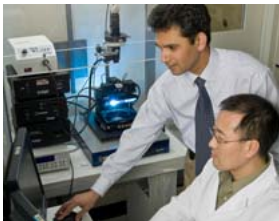
## National Security: MRAP C3 and Logistics Integration

- Rapidly engineered and deployed 15K+ vehicles to meet Army's #1 threat
- Collaborated to propose and deliver integrated in-theater logistics solution
- Leverage to M-ATVs (engineering) and USMC counter-IED (logistics)



## Critical Infrastructure: Products for Border and Port Security

- Suite of inspection and detection products to protect the nation
- VACIS<sup>®</sup> combines accuracy with speed and low footprint to facilitate commerce
- Robust military and civil markets with breakout opportunity (SFI, Mexico)



## Health: Military Health Records Management

- Invested IR&D to create SOA-based solution to share data across DoD/VA
- Operating prototype at shared DoD/VA facility (Great Lakes)
- Serves as foundation for Obama's Virtual Lifetime Electronic Record initiative

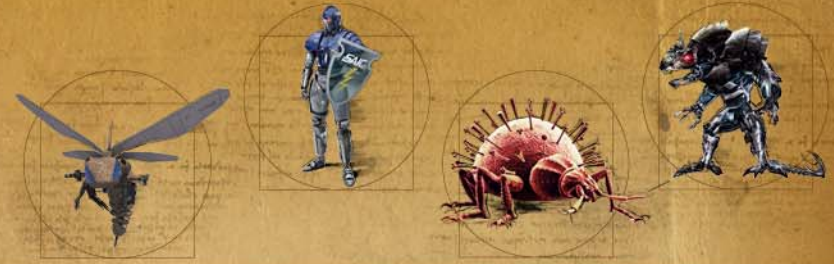


## Energy and the Environment: Smart Grid Solutions

- Combining engineering, IT, and scientific solutions to next-generation grid
- R.W. Beck acquisition/BPLG alliance create real presence in emerging market
- Cyber security, weather analytics, s/w solutions create differentiators



# Smart People Solving Hard Problems



## National Security: Chris McClone (Geospatial Modeling)

- Fusing LiDAR-based 3-D urban models and remote sensing imagery
- Internationally recognized authority on remote sensing and published author of the authoritative manual on photogrammetry



## Critical Infrastructure: William Salazar (Cyber Security)

- Prepares network defenders for actual attacks by simulating adversaries
- Directs incident response team to respond to successful cyber attacks
- Built best-of-breed D2R (Detect, Diagnose and Respond) system



## Health: Laura Peitersen (Biosurveillance)

- Coordinated public-private field avian influenza virus surveillance network
- Couples behavioral monitoring of wildlife with the use of state-of-the-art, real-time pathogen detection and rapid analysis technologies

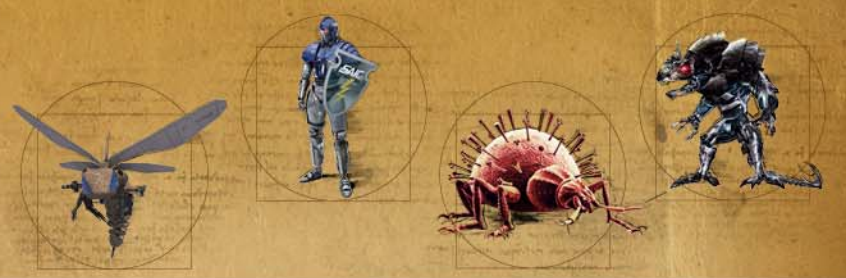


## Energy and Environment: Michael Mondshine (Climate Change)

- Climate change policy expert; developed greenhouse gas reporting standards
- Named to UN Framework Convention on Climate Change roster of experts
- Recognized by Intergovernmental Panel on Climate Change (IPCC) for contributions leading to their 2007 Nobel Peace Prize









# SAIC Organization

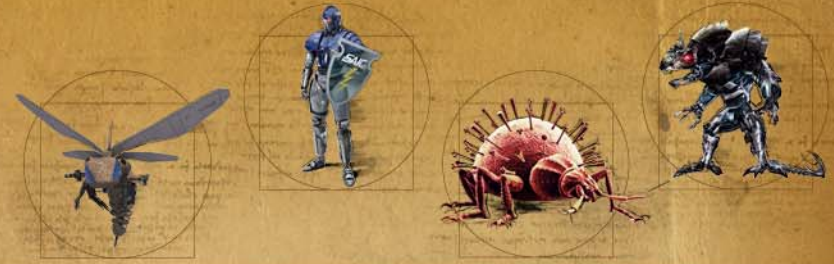


 <b>Chairman</b> Ken Dahlberg	 <b>CEO</b> Walt Havenstein	 <b>CFO</b> Mark Sopp
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 <b>Defense Solutions</b> Deb Alderson	 <b>Intelligence, Security and Technology</b> Stu Shea	 <b>Information Technology and Network Solutions</b> Charles Koontz	 <b>Infrastructure, Logistics and Product Solutions</b> Joe Craver
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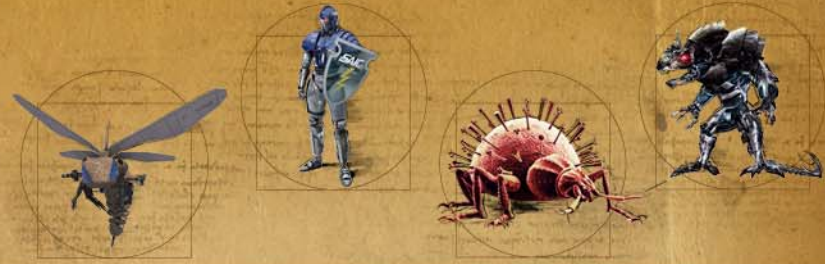
 <b>Technology</b> Amy Alving	 <b>Business Development</b> Jim Cuff	 <b>Human Resources</b> Brian Keenan
 <b>Gov't Affairs, Communication and Support Ops</b> Arnold Punaro	 <b>Legal and Audit</b> Doug Scott	 <b>Strategic Initiatives and Investments</b> Joe Walkush

# Major Accomplishments



- **Corporate Governance**
  - Hired ideal CEO replacement to extend the business momentum
  - Received shareholder approval to eliminate dual-class share structure
- **Financial Performance**
  - TTM internal revenue growth of 9%, 40 bps margin expansion, 17% EPS growth
  - Excellent program performance with virtually no program write-downs
- **Business Growth**
  - Positioned for future growth with aggressive submittals and competitive win rates
  - Increased traction in all major campaigns, especially cyber, energy, and logistics
  - Acquired significant new capability in energy, live training, and translation and analysis
- **Employee Engagement**
  - Significantly improved voluntary attrition—9.2% FY10 YTD; 11.9% FY09; 13.9% in FY08
  - Successfully implemented several engagement initiatives; validated by survey results
- **Management Efficiency**
  - On track for successful transition to Costpoint Deltek for gov't business by year-end
  - Continued transition to shared services model throughout the organization

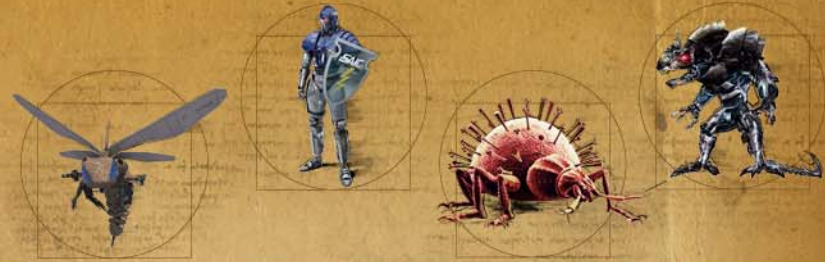
# Business Development Successes



- Protracted procurement cycle has led to H1 book-to-bill of 0.9
  - Pace has picked up since Q2 and on track for record year in IDIQ vehicle awards
  - High YTD win rates on recompetes (90%+) and new business (60%+)
- Large awards tracking higher
  - 24 \$100M+ wins YTD (11 in Q3) vs. 27 in FY09 and 17 in FY08
  - 42 more \$100M+ decisions expected this year, including 32 pending awards
- Pending proposals and fully qualified pipeline at all-time highs
  - \$9.3 billion pending standard contract/task order proposals (\$8.5 billion at Q2)
  - \$16.6 billion pending including IDIQs (\$13.0 billion at Q2)
  - \$91 billion qualified pipeline (\$83 billion at Q2, \$70 billion a year ago)
  - Another \$90B of potential opportunities in “track” status
- Expect significant stimulus awards by year-end (>\$100M)
  - Many smart grid opportunities with utilities awaiting decision at DOE
  - Also pursuing opportunities in energy efficiency, infrastructure, homeland security, IT solutions, health, and environmental
- Major improvements to business development infrastructure
  - New leadership emphasizing collaboration (BD Council, Account Mgmt)



# Major FY10 Wins



- Securing Base Business
  - **ARMY AMCOM SED (\$848M Single-Award IDIQ): Software engineering support**
  - ARMY STOC II (\$17.5B Multiple-Award IDIQ): Simulation and training support to warfighter
  - MRAP JLI II (\$357M Single-Award IDIQ/\$357M TO): Joint Logistics Integrator for MRAP
  - MHS Support (\$159M): Onsite support for Military Health System clinical IT systems
  - **Classified (\$158M Multiple-Award IDIQ): Information assurance services for Intelligence Agency**
- Expanding Current Work
  - DGS (\$1.2B Single-Award IDIQ Extension/\$113M TO): Lifecycle mgmt of DISA Network
  - **MRAP JLI (\$142M Single-Award IDIQ Extension/\$106M TO): Expansion of MRAP JLI**
  - **Classified (\$117M): Integrate and deploy solutions in support of NSA missions**
- Building New Business
  - SPAWAR Tactical C2 (\$197M Multiple-Award IDIQ): Command and control integration support
  - **EPA IT (\$955M Multiple-Award IDIQ): IT Services for the EPA Office of Environmental Information**
  - **ARMY ASC DMC (\$128M): Logistics support for Reset/Army Force Generation cycle**
  - **FEMA ITD (\$500M Multiple-Award IDIQ): O&M support to FEMA CIO and IT Division**
  - **ARMY TARDEC OMNIBUS (\$500M Multiple-Award IDIQ): RD&E services**
  - **USMC CREW (\$120M Single-Award IDIQ): Logistics lifecycle support**
  - **AIR FORCE FPS2 (\$495M Multiple-Award IDIQ): Force protection security services**

*Note: Q3 Awards listed in bold*



# Building Credibility



## IPO

- Targeting 15% Long-Term EPS Growth

## 2007 Conference

- Execute corporate campaigns around energy, health, cyber security, and space superiority

## 2008 Conference

- Addressable market growth will flatten, but market remains large
- Industry must navigate increasingly hostile environment
  - Wartime Commission
  - Congressional hearings
  - Organizational Conflicts of Interest
  - Desire to “in-source”
  - Populist rhetoric
  - Anti-contractor bias
- Manpower entitlements limit funds available for contractors; major platforms, including FCS, come under pressure



# Enterprise Summary



- Well-established rhythm as a public company
  - 3 years since IPO
  - Hallmark of steady, solid performance
  - Transparency and thought leadership
- Significant businesses in known growth markets
  - Campaign investments paying off
  - Early identification and pursuit has been critical
- Our technology discriminators will become even more important
  - 75% solutions demand quick response versus long production cycles
  - Increased IR&D investments by 38% since going public
- When markets are tough, SAIC can thrive and grow
  - We compete well—we have high win rates and an excellent IDIQ portfolio
  - We have the scale to invest and are leveraging fixed infrastructure costs
  - Our heritage of entrepreneurial spirit provides market agility
  - Our innovative people create business differentiators