

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION
CONSOLIDATED STATEMENTS OF INCOME

	Year ended January 31		
	2005	2004	2003
	(In millions, except per share amounts)		
Revenues	\$7,187	\$5,833	\$4,835
Costs and expenses:			
Cost of revenues	6,337	5,100	4,211
Selling, general and administrative expenses	364	331	305
Goodwill impairment		7	13
Gain on sale of business units, net	(2)		(5)
Operating income	488	395	311
Non-operating income (expense):			
Net (loss) gain on marketable securities and other investments, including impairment losses	(16)	5	(134)
Interest income	45	49	37
Interest expense	(88)	(80)	(45)
Other (expense) income, net	(12)	5	6
Minority interest in income of consolidated subsidiaries	(14)	(10)	(7)
Income from continuing operations before income taxes	403	364	168
Provision for income taxes	131	140	61
Income from continuing operations	272	224	107
Discontinued operations:			
Income from discontinued operations of Telcordia, net of income tax expense of \$16 million, \$19 million and \$37 million in 2005, 2004 and 2003, respectively	133	127	152
Gain from discontinued operations of INTESA joint venture, net of income tax expense of \$2 million and \$3 million in 2005 and 2003, respectively	4		
Net income	<u>\$ 409</u>	<u>\$ 351</u>	<u>\$ 259</u>
Earnings per share:			
Basic:			
Income from continuing operations	\$ 1.49	\$ 1.22	\$.55
Discontinued operations, net of tax74	.68	.77
	<u>\$ 2.23</u>	<u>\$ 1.90</u>	<u>\$ 1.32</u>
Diluted:			
Income from continuing operations	\$ 1.45	\$ 1.19	\$.53
Discontinued operations, net of tax73	.67	.75
	<u>\$ 2.18</u>	<u>\$ 1.86</u>	<u>\$ 1.28</u>
Common equivalent shares:			
Basic	<u>183</u>	<u>185</u>	<u>196</u>
Diluted	<u>188</u>	<u>189</u>	<u>203</u>

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION
CONSOLIDATED BALANCE SHEETS

	January 31	
	2005	2004
	(In millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 983	\$1,099
Investments in marketable securities	1,367	1,265
Receivables, net	1,563	1,282
Prepaid expenses and other current assets	173	158
Assets of discontinued operations	900	849
Total current assets	4,986	4,653
Property, plant and equipment	339	343
Intangible assets	50	36
Goodwill	468	301
Deferred income taxes	69	83
Other assets	98	124
	\$6,010	\$5,540
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 864	\$ 692
Accrued payroll and employee benefits	433	401
Income taxes payable	200	178
Notes payable and current portion of long-term debt	70	50
Deferred income taxes	52	1
Liabilities of discontinued operations	680	659
Total current liabilities	2,299	1,981
Long-term debt, net of current portion	1,215	1,232
Other long-term liabilities	99	86
Commitments and contingencies		
Minority interest in consolidated subsidiaries	46	38
Stockholders' equity:		
Common stock	2	2
Additional paid-in capital	2,278	1,962
Retained earnings	212	361
Other stockholders' equity	(105)	(92)
Accumulated other comprehensive loss	(36)	(30)
Total stockholders' equity	2,351	2,203
	\$6,010	\$5,540