

**SCIENCE APPLICATIONS INTERNATIONAL CORPORATION**  
**Condensed Consolidated Statements of Income**  
(Unaudited, in millions, except per share amounts)

	Three months ended		Nine months ended	
	October 31, 2004	October 31, 2003	October 31, 2004	October 31, 2003
Revenues .....	\$2,061	\$1,751	\$5,954	\$4,914
Costs and expenses:				
Cost of revenues .....	1,748	1,443	5,043	4,066
Selling, general and administrative expenses .....	143	138	437	427
Goodwill impairment .....	<u>170</u>	<u>170</u>	<u>474</u>	<u>7</u>
Operating income .....	<u>170</u>	<u>170</u>	<u>474</u>	<u>414</u>
Non-operating income (expense):				
Net (loss) gain on marketable securities and other investments, including impairment losses .....	(11)	20	(15)	5
Interest income .....	16	9	33	39
Interest expense .....	(23)	(21)	(67)	(57)
Other income (expense), net .....	(2)	1	(3)	3
Minority interest in income of consolidated subsidiaries .....	<u>(4)</u>	<u>(3)</u>	<u>(10)</u>	<u>(7)</u>
Income from continuing operations before income taxes .....	146	176	412	397
Provision for income taxes .....	<u>51</u>	<u>60</u>	<u>151</u>	<u>121</u>
Income from continuing operations .....	95	116	261	276
Discontinued operations:				
Gain from discontinued operations of INTESA joint venture, net of income tax expense of \$2 million .....	<u>95</u>	<u>116</u>	<u>4</u>	<u>276</u>
Net income .....	<u>\$ 95</u>	<u>\$ 116</u>	<u>\$ 265</u>	<u>\$ 276</u>
Earnings per share:				
Basic:				
Income from continuing operations .....	\$ .52	\$ .63	\$ 1.43	\$ 1.49
Discontinued operations, net of tax .....	<u>.52</u>	<u>.63</u>	<u>.02</u>	<u>1.49</u>
Diluted:				
Income from continuing operations .....	\$ .51	\$ .61	\$ 1.39	\$ 1.46
Discontinued operations, net of tax .....	<u>.51</u>	<u>.61</u>	<u>.02</u>	<u>1.46</u>
Common equivalent shares:				
Basic .....	<u>182</u>	<u>185</u>	<u>183</u>	<u>185</u>
Diluted .....	<u>187</u>	<u>189</u>	<u>188</u>	<u>189</u>

**SCIENCE APPLICATIONS INTERNATIONAL CORPORATION**  
**Condensed Consolidated Balance Sheets**  
**(Unaudited, in millions)**

	<b><u>October 31, 2004</u></b>	<b><u>January 31, 2004</u></b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents .....	\$ 779	\$ 1,100
Investments in marketable securities .....	1,363	1,265
Receivables, net .....	1,631	1,367
Prepaid expenses and other current assets .....	162	162
Deferred income taxes .....	<u>35</u>	<u>34</u>
Total current assets .....	3,970	3,928
Property, plant and equipment (less accumulated depreciation of \$506 and \$492 at October 31, 2004 and January 31, 2004, respectively) .....	456	472
Intangible assets .....	76	60
Goodwill .....	478	345
Prepaid pension assets .....	535	556
Other assets .....	<u>114</u>	<u>130</u>
	<b><u>\$ 5,629</u></b>	<b><u>\$ 5,491</u></b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued liabilities .....	\$ 983	\$ 1,013
Accrued payroll and employee benefits .....	414	457
Income taxes payable .....	284	178
Notes payable and current portion of long-term debt .....	<u>63</u>	<u>50</u>
Total current liabilities .....	1,744	1,698
Long-term debt, net of current portion .....	1,217	1,232
Deferred income taxes .....	45	49
Other long-term liabilities .....	276	271
Minority interest in consolidated subsidiaries .....	44	38
Stockholders' equity:		
Common stock .....	2	2
Additional paid-in capital .....	2,234	1,962
Retained earnings .....	210	361
Other stockholders' equity .....	(113)	(92)
Accumulated other comprehensive loss .....	<u>(30)</u>	<u>(30)</u>
Total stockholders' equity .....	<u>2,303</u>	<u>2,203</u>
	<b><u>\$ 5,629</u></b>	<b><u>\$ 5,491</u></b>