

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

	<u>Three Months Ended July 31</u>		<u>Six Months Ended July 31</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Revenues	\$1,952	\$1,768	\$3,798	\$3,474
Costs and expenses:				
Cost of revenues	1,705	1,556	3,332	3,055
Selling, general and administrative expenses.....	<u>103</u>	<u>98</u>	<u>210</u>	<u>185</u>
Operating income	<u>144</u>	<u>114</u>	<u>256</u>	<u>234</u>
Non-operating income (expense):				
Net loss on marketable securities and other investments, including impairment losses	(3)	(7)	(5)	(4)
Interest income	24	9	43	17
Interest expense	(22)	(22)	(44)	(44)
Other income (expense), net	1	1	2	(1)
Minority interest in income of consolidated subsidiaries	<u>(3)</u>	<u>(3)</u>	<u>(6)</u>	<u>(6)</u>
Income from continuing operations before income taxes.....	141	92	246	196
Provision for income taxes	<u>56</u>	<u>40</u>	<u>106</u>	<u>77</u>
Income from continuing operations	85	52	140	119
Discontinued operations:				
Income from discontinued operations of Telcordia before income taxes (including gain on sale of \$1 million and \$866 million for the three and six months ended July 31, 2005, respectively).....	5	41	870	70
Gain from discontinued operations of INTESA joint venture.....				6
(Benefit from) provision for income taxes.....	<u>(7)</u>	<u>12</u>	<u>328</u>	<u>25</u>
Income from discontinued operations	<u>12</u>	<u>29</u>	<u>542</u>	<u>51</u>
Net income	<u>\$ 97</u>	<u>\$ 81</u>	<u>\$ 682</u>	<u>\$ 170</u>
Earnings per share:				
Basic:				
Income from continuing operations	\$.48	\$.28	\$.79	\$.64
Income from discontinued operations	<u>.07</u>	<u>.16</u>	<u>3.06</u>	<u>.28</u>
	<u>\$.55</u>	<u>\$.44</u>	<u>\$ 3.85</u>	<u>\$.92</u>
Diluted:				
Income from continuing operations	\$.47	\$.28	\$.77	\$.63
Income from discontinued operations	<u>.07</u>	<u>.15</u>	<u>2.98</u>	<u>.27</u>
	<u>\$.54</u>	<u>\$.43</u>	<u>\$ 3.75</u>	<u>\$.90</u>
Common equivalent shares:				
Basic	<u>175</u>	<u>184</u>	<u>177</u>	<u>184</u>
Diluted	<u>180</u>	<u>189</u>	<u>182</u>	<u>189</u>

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

	<u>July 31, 2005</u>	<u>January 31, 2005</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$1,469	\$ 983
Investments in marketable securities	1,632	1,367
Receivables, net	1,558	1,520
Prepaid expenses and other current assets	188	216
Assets of discontinued operations.....	<u>900</u>	<u>900</u>
Total current assets	4,847	4,986
Property, plant and equipment (less accumulated depreciation of \$235 and \$217 at July 31, 2005 and January 31, 2005, respectively)	343	339
Intangible assets	49	50
Goodwill	489	468
Deferred income taxes	62	69
Other assets	<u>96</u>	<u>98</u>
	<u>\$5,886</u>	<u>\$6,010</u>
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 877	\$ 864
Accrued payroll and employee benefits.....	406	433
Income taxes payable.....	369	200
Notes payable and current portion of long-term debt	36	70
Deferred income taxes	6	52
Liabilities of discontinued operations	<u>680</u>	<u>680</u>
Total current liabilities.....	1,694	2,299
Long-term debt, net of current portion.....	1,209	1,215
Other long-term liabilities	100	99
Commitments and contingencies		
Minority interest in consolidated subsidiaries.....	49	46
Stockholders' equity:		
Common stock	2	2
Additional paid-in capital	2,451	2,278
Retained earnings.....	514	212
Other stockholders' equity	(101)	(105)
Accumulated other comprehensive loss.....	<u>(32)</u>	<u>(36)</u>
Total stockholders' equity	<u>2,834</u>	<u>2,351</u>
	<u>\$5,886</u>	<u>\$6,010</u>