

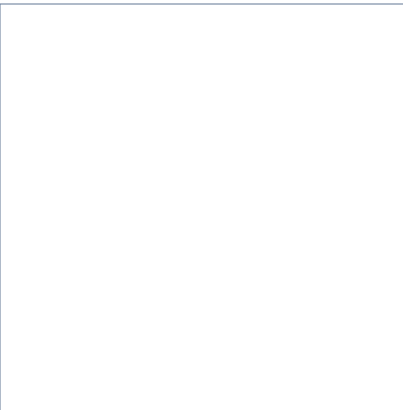
SAIC Annual Report Fiscal Year 2007



(On the front cover) SAIC employees work on some of the toughest problems facing the United States and the world. Above, SAIC operates the National Cancer Institute's leading center for cancer and AIDS research, NCI-Frederick. Maria Falcon, right, is part of an SAIC team, below, that supports the Department of Defense's efforts to install chemical, biological, radiological and nuclear protection capabilities at U.S. military installations.

(Below) Network engineer Mohamed Kaloko, left, works on leading-edge biometrics-related projects; lead engineer Philip Wise, right, supports intelligence and security customers; and systems engineer Donna Maldonado provides IT support to a major energy customer.

(On the back cover) Engineer Robert Pervere operates a reconnaissance robot.



Protecting our country.



We take it personally.

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Message to Stockholders



CEO Ken Dahlberg

We reached important milestones in fiscal year 2007 (FY07), with our initial public offering of stock prominent among them. The success of our IPO was a tribute to the hard work and innovation of our 44,000 employees. For more than 37 years, the company operated a business model that created a legacy of innovation and entrepreneurial growth that we believe is unmatched in our industry. To reach the next level of growth, the company is in the midst of change.

We are making the company more collaborative, more efficient and more disciplined with the tools and training to scale to larger programs and a much higher revenue base. We reinvigorated our business development function and invested in building a pipeline of opportunities; we are starting to get traction in terms of collaborating as a company on the large wins that are keys to achieving our growth goals.

This spirit of collaboration has helped us reach another important milestone – we made our first Sarbanes-Oxley compliance attestation, and we accomplished it one year in advance of our requirement to do so.

A Strategy for Success. Our entire company is committed to executing the objectives we laid out during our IPO road show – accelerating organic growth, expanding operating margins and making strategic acquisitions. That strategy is already showing good results. Driven by the technical solutions and operational support that we delivered to the intelligence community and homeland security markets, the company completed its 38th year in strong fashion. Incremental revenues were generated under several intelligence contracts, our new NATO Active Layered Theater Ballistic Missile Defense contract, and orders and delivery of cargo and container inspection systems. In addition, we saw solid growth in providing professional services to government and commercial customers in the energy, public health and environmental sciences markets. In the energy markets, we have generated strong growth in IT optimization and outsourcing for large oil, gas and utilities customers worldwide.

Revenues for our FY07, which ended January 31, 2007, were \$8.3 billion, up 7% from FY06. Operating income for FY07 was \$585 million, up 19% over the previous fiscal year. Income from continuing operations was \$369 million, up 8%. Cash flow from operations was \$704 million, up 20% from the previous fiscal year.

We are committed to improving top line revenues and bottom line margins while generating solid operating cash flow.

Strategic Acquisitions. During FY07, we made key strategic acquisitions to expand our capabilities in high-growth markets, such as intelligence and logistics and product support, and



to broaden our technical expertise. To enhance our intelligence offerings, we acquired Applied Marine Technology Inc., a leading provider of services, products and expertise, particularly to the special warfare and intelligence communities, including the areas of homeland security and the Global War on Terrorism. We also acquired bd Systems Inc., which gives us more capability and a greater footprint in aerospace engineering, with strong positions at Northern Command and at the Space and Missile System Center.

Our acquisition of Varec Inc. expands our logistics offerings in the defense, aviation, and oil and gas markets. To grow our technology base, we acquired AETC Inc., which enhances our expertise in remote sensing technology, and Applied Ordnance Technology, which complements our capabilities in ordnance and weapons systems engineering and design.

Looking to the Future. To sharpen our market focus and better serve our customers, we recently announced that we would reduce our number of groups from five to four. The move was aimed at aligning key research and technology capabilities more closely with strategic business thrusts to better serve our customers. We have brought our IT service business across all markets into a single group, and we have focused our defense mission expertise in one group to improve our competitiveness.

SAIC's business units are its engines of innovation and growth; to improve our alignment and facilitate collaboration, we shifted these units, intact, between our groups.

An important dimension of these changes is leadership at SAIC. We are conducting the succession planning necessary for long-term success. We are recognizing and developing our high-potential leaders and promoting from within.

In another move toward the future, we have reached a mutual agreement with the Greek government on a contract modification that allows SAIC and its teammates to deliver a state-of-the-art security system. The modification clarifies the parties' obligations on this large contract, which was begun before the 2004 Athens Olympics but had fallen into dispute.

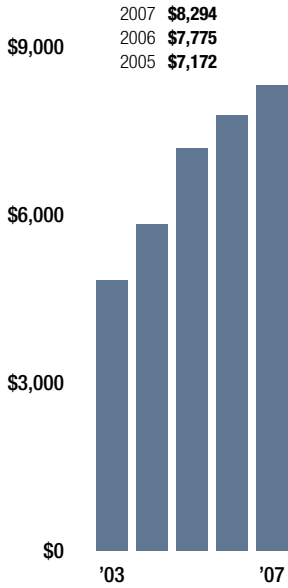
In summary, with our outstanding workforce aligned behind our strategies, we have the people, tools and structure needed to position us to achieve our long-term strategy and objectives. We are on track to maintain our momentum in FY08.

Ken Dahlberg
CEO and Chairman of the Board

Financial Highlights

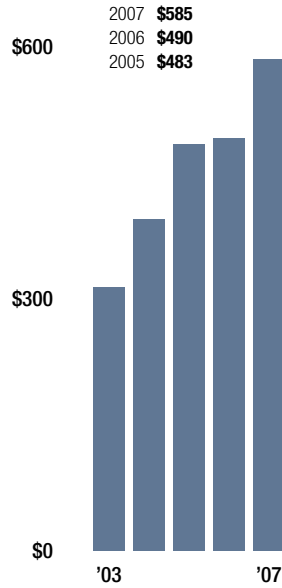
Revenues

Millions



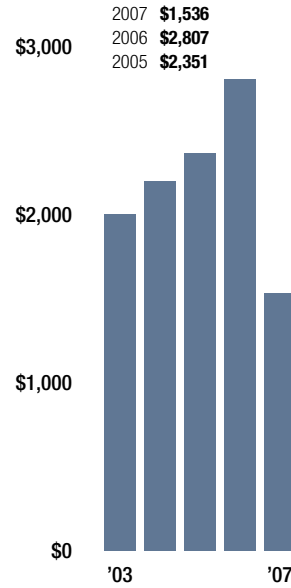
Operating Income

Millions



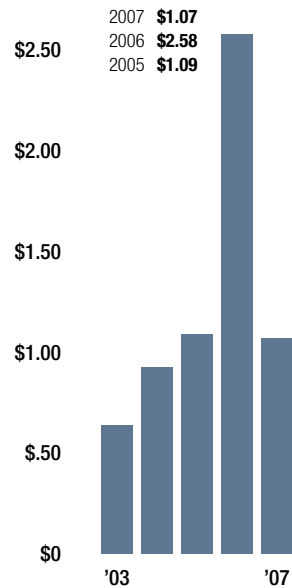
Stockholders' Equity

Millions



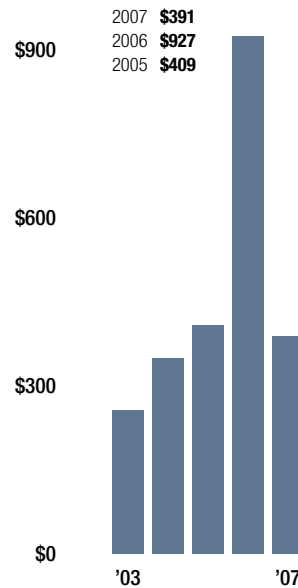
For Revenues and Operating Income, all years presented have been restated to present Telcordia Technologies, Inc. and ANXeBusiness Corp. as discontinued operations. In addition, Diluted Earnings per Share have been restated to give effect for the reorganization merger in connection with our initial public offering.

Diluted Earnings per Share



Net Income

Millions





Solutions for Government and Commercial Customers

With more than 44,000 employees in over 150 cities worldwide, SAIC engineers and scientists solve complex technical challenges in key business areas such as homeland security; intelligence; defense; command, control, and communications; logistics and product support; and commercial services.

Our line management team for FY08:

Group Presidents (above from left) Deborah Alderson, Joseph Craver III, Charles Koontz and Lawrence Prior III

Homeland Security

(Below) SAIC's Don Yost, Mark Hamilton, Bobbie Helbringer, Shannon Phillips, Chris Watson and Brad Rarig test and demonstrate CBRN systems at the Integration Assurance Center in Edgewood, Md., the technological hub for the Guardian program. (Opposite page) SAIC's VACIS® P7500 high-energy container inspection system is designed for high-volume ports and transportation facilities that require high-throughput inspection of dense cargos, yet have significant space limitations for installing inspection equipment.





Under one of its largest homeland security contracts, SAIC achieved a major program milestone last year by completing the installation of chemical, biological, radiological and nuclear (CBRN) protection capabilities at 35 U.S. military installations. As the Lead Systems Integrator for the Joint Program Executive Office for Chemical and Biological Defense's Guardian Installation Protection Program, SAIC is leading the Department of Defense's first efforts to field a full spectrum of CBRN installation protection capabilities to U.S. military facilities.

SAIC organizations have trained over 300,000 first responders to prevent and respond to terrorist acts, especially those involving weapons of mass destruction (WMD). To help the Defense Threat Reduction Agency (DTRA) provide warfighters and civil first responders rapid access to WMD planning, emergency response and assessment capabilities, SAIC is moving DTRA chemical, biological, radiological, nuclear and high explosive modeling and simulation tools to a common architecture and Web portal.

Securing Borders and Ports of Entry. With more than 300 of its VACIS® inspection systems deployed worldwide, SAIC is a leading provider of efficient, effective and compact cargo inspection systems. Building on this success, SAIC launched its VACIS® P7500 inspection system, which uses SAIC's patented drive-through technology and provides a small footprint with high throughput, scanning up to 150 cargo containers per hour.

To accelerate the next generation of inspection technology, the Department of Homeland Security (DHS) selected SAIC and two other firms to develop prototypes under the Cargo Advanced Automated Radiography System Program. SAIC is designing its prototype to automatically detect radiological and nuclear materials, such as weapons-grade plutonium, even if shielded by other materials.

For the Transportation Security Administration (TSA), SAIC is responsible for the management and disposition of voluntarily abandoned property, including hazardous materials, collected at TSA's security checkpoints at more than 440 commercial airports located throughout the United States and its territories.

IT Solutions. Continuing to support DHS' vital missions, SAIC is playing a key role in the Enterprise Acquisition Gateway for Leading Edge Solutions Program, also known as EAGLE, a departmentwide platform for acquiring IT solutions. DHS selected 25 companies to participate in EAGLE, but SAIC was one of only four contractors to receive awards in four functional categories, including infrastructure engineering, operations and maintenance, software development, and management support services.

Defending Against Disease. SAIC is helping DHS develop the National Biosurveillance Integration System (NBIS), intended to integrate up to 120 systems in multiple government agencies that monitor health, environmental and intelligence information. The goal: to detect and respond more quickly to any biological event – whether man-made or natural.

Intelligence





(Left) Engineer Robert Pervere operates one of our R-500 reconnaissance robots that not only “sees” day or night but also “hears.” Designed for affordability, the extended-range robot can be used for a variety of military and law enforcement missions. (Above) Network engineer Mohamed Kaloko works on cutting-edge biometrics technologies at SAIC’s Center for Operational Biometrics, a multipurpose facility for technology evaluations and rapid prototyping.

SAIC develops solutions to help the U.S. defense and intelligence communities build an integrated intelligence picture, allowing them to be more agile and dynamic in challenging environments.

Enhancing Operational Intelligence. To help transform the way the military collects, analyzes and disseminates mission-critical intelligence information, SAIC developed and deployed the Joint Intelligence Operations Capability-Iraq (JIOC-I). It combines battlefield intelligence into a single, integrated network that delivers information to the right people at the right time. In addition, JIOC-I interfaces with systems such as the SAIC-supported Biometrics Automated Toolset (BAT), which is helping analysts break up terrorist cells and track and capture the enemy. BAT is a portable system that records an individual’s unique characteristics for iris, fingerprint and facial recognition. Working with the U.S. Army, SAIC successfully transitioned JIOC-I capabilities into the Distributed Common Ground System-Army (DCGS-A). One of the Army’s premier intelligence collection and dissemination systems, DCGS-A will support additional programs such as Future Combat Systems. SAIC continues to integrate additional capabilities into DCGS-A.

Geospatial Intelligence Support. As one of the principal contractors supporting the National Geospatial-Intelligence Agency, SAIC provides geospatial production and exploitation and dissemination system development. SAIC is also helping the U.S. Army develop and deploy innovative geospatial products and technologies to empower warfighters at all levels through timely information and knowledge management for operational decision support. Under this major new contract, SAIC provides a broad range of services, including sensor research and development, support of geospatial systems and systems engineering. To expand its geospatial offerings, SAIC acquired Geo-Spatial Technologies Inc., which develops technologies for advanced 3-D imaging, reconnaissance, and remote sensing systems.

National Security and Space. SAIC provides systems engineering and integration support to the U.S. Air Force Space and Missile Systems Center and the Global Positioning Systems Wing, and provides key engineering support to the U.S. Air Force Space Command. SAIC also supports the National Reconnaissance Office in the development of a number of advanced technology solutions addressing space superiority.

Predator Operations Center. Pilots who fly the unmanned Predators and the military analysts who identify threats rely on SAIC for 24/7 technical support at the Nellis Air Force Base Predator Operations Center. SAIC also helps to ensure that analysts have current intelligence to identify and track targets.

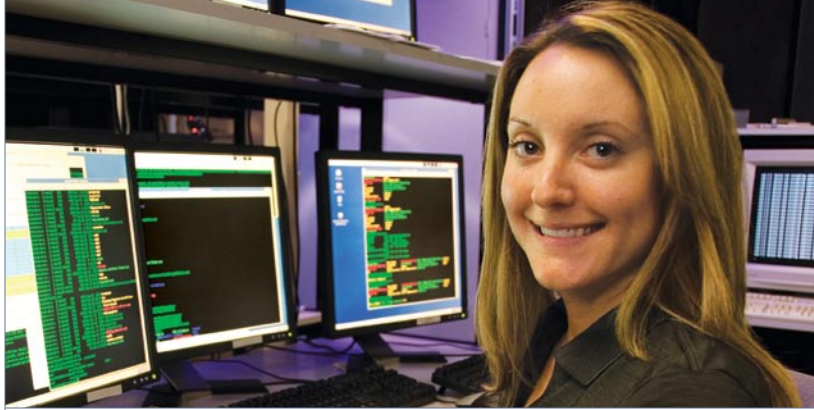
Special Operations. To enhance its support of the intelligence and special warfare communities, SAIC acquired Applied Marine Technology Inc. (AMTI), which provides a broad range of services, products and expertise. In addition to its core offerings, AMTI designs, develops and manufactures communications, information technology, personal protection and explosive ordnance disposal products.

Defense



(Below) SAIC's John Holland, product manager for the 155mm Non-Line of Sight Cannon (NLOS-C), and system integrators Brent Jorgenson and Scott Robbie inspect the NLOS-C Firing Platform. The NLOS-C is one of the first pieces of hardware to emerge from the Manned Ground Vehicle portion of the FCS program. (Opposite page) Software engineer Tara Crawford works on OneSAF, a single semi-automated forces computer simulation system used throughout the Army's advanced concepts, research and training domains.





SAIC and Boeing are teamed as the Lead Systems Integrator (LSI) on the Future Combat Systems (FCS) program – the centerpiece of the U.S. Army’s modernization strategy.

FCS is the key part of the Army’s overall strategy to field a modernized, modular and sustainable force capable of responding to a wide variety of contingencies from humanitarian operations to full spectrum combat. The current program requires the development, integration and eventual delivery of the complete FCS Brigade Combat Team (BCT). The work effort will deliver vital interdependent capabilities to our soldiers, including key networked lethality, survivability and sustainability capabilities that will enhance current brigade combat teams.

As part of the network capability, SAIC is working with Boeing to develop and integrate the network software, including an estimated 17.1 million effective software lines of code in the objective FCS operational computing environment. SAIC also is helping to integrate nearly 100 software subsystems into FCS.

In a major milestone on the path toward providing key capabilities for both the current and future BCTs, the LSI recently completed a three-phase effort: Experiment 1.1. This effort combined laboratory and field experiments to test early FCS prototypes and help mitigate technical risks associated with their critical technologies and advanced concepts. The LSI spearheaded this effort, with SAIC taking a lead role in a variety of areas, including execution of all unmanned aerial vehicle tests, overall technical integration for the experiment, and integration of FCS simulations into the operational hardware and software environment.

SAIC, as part of the LSI, is playing a pivotal role in deploying new capabilities to the Army through participation in all three capabilities areas: the network, Spin Outs to the Current Force and the Future Brigades. Under Boeing and SAIC leadership, the program has stayed on cost and schedule for more than three years.

Advanced Armor Systems. The most deadly improvised explosive device used in Iraq is the “explosively formed penetrator,” or EFP, which can penetrate vehicle armor. SAIC is exploring technologies aimed at defeating EFPs as well as rocket-propelled grenades armed with “shaped charge” warheads on a broad variety of platforms, ranging from legacy systems to future systems.

Precision-Guided Munitions. Since 1992, SAIC has been a leading developer of advanced projectile solutions for U.S. naval surface fire support applications. The SAIC smart-munitions products involve gun-launched Global Positioning System-guided projectiles that deliver a variety of warheads. SAIC’s expertise includes systems engineering, guidance and control, and aerballistics.

Command, Control, and Communications

(Opposite page) For decades, SAIC has provided command, control, and communications (C3) systems to support warfighters at sea, on land or in the air. (Below) SAIC's Julie Hadley and senior systems engineer Andrew Hunt showcase some of the company's wide-ranging technical expertise, including its C3 capabilities, at SAIC's new Science to Solutions Center in McLean, Va.





Just two years after its founding in 1969, SAIC won its first command, control, and communications (C3) contract. SAIC research was applied to various missile systems – including the Anti-Ballistic Missile system, Minuteman, and Polaris – and the results were incorporated into a comprehensive code for modeling C3 engagements. Today, SAIC continues working to give the U.S. military and allies a winning advantage on the battlefield by providing them with C3 systems that help them successfully plan, direct, coordinate and control their forces.

Defense Information Systems Agency (DISA) Support. When military commanders have sophisticated command and control capabilities to communicate instantaneously with each other from multiple locations around the world, they have information superiority. Over the years, SAIC has helped strengthen and expand DISA's information network to an effective warfighting communications capability.

SAIC served as the lead systems integrator supporting DISA for the design, acquisition, integration, implementation, and operation of a network with enormous bandwidth that transmits at 10 gigabits per second. This optical mesh network – provided by the Global Information Grid Bandwidth Expansion program – connects major critical sites worldwide, providing access to more and better real-time information.

In addition to supporting the core DISA network mission, SAIC is a prime contractor on the Next Generation Engineering contract, a multiple-award DISA vehicle that provides support for engineering and interoperability of core mission areas for DISA, the Department of Defense and other federal agencies as well as telecommunications services, enterprise computing and future engineering requirements. SAIC, as one of the I-Assure prime contractors, has also provided systems security engineering support to key DISA programs as well as life-cycle security support to DISA legacy systems.

Air and Space Operations Center Weapon System Integrator. SAIC is part of an industry team working with the Air Force to standardize, modernize, sustain and transform more than 20 Air and Space Operations Centers worldwide into interoperable network-centric weapon systems. The goal is to provide commanders with real-time, common operational views of the global battlefield to enable joint and coalition warfighters to continue to dominate command and control in future conflicts, while improving operational efficiencies.

NATO Active Layered Theater Ballistic Missile Defense. SAIC is leading a multinational team drawn from seven countries in Europe and the United States to develop a layered theater ballistic missile defense for the North Atlantic Treaty Organization (NATO). NATO is working to tie existing and planned national weapon systems, sensors, battle management, command, control, and communications into an integrated defense for the protection of alliance military forces and critical assets. The SAIC-led team will design defense architectures, build an integration test bed, and test and verify the performance of NATO's systems for protecting military forces in harm's way.

Logistics and Product Support



To help improve the readiness and operational capability of warfighters and their weapons systems, SAIC provides a wide range of logistics and product support solutions.

From the Joint Staff J4 to the warfighter in the field, the military chain of command requires timely, accurate information on the status and movement of critical assets. SAIC manages the Web portal that provides end-to-end asset visibility of the Department of Defense (DoD) logistics pipeline.

SAIC is developing a sense-and-respond logistics capability for mining large volumes of data to provide theater commanders with dynamic distribution planning tools and the information they need to avert and avoid shortages, readiness degradation, operational impacts and other crises.

To help DoD locate lost shipments, SAIC implemented a passive radio frequency identification (RFID) tracking system for a pilot program that generated savings by locating more than \$12 million of missing material.

Sharpening Readiness. Contributing to global military readiness, SAIC provides the Defense Logistics Agency with integrated supply services for spare and repair parts for U.S. Army and U.S. Marine Corps wheeled and tracked ground vehicles.

In addition, SAIC is helping the U.S. Air Force update its Product Data Management system by integrating custom-developed software with existing legacy systems. The system is designed to give technicians more user-friendly and up-to-date digital technical data.

For the U.S. Air Force's Warner Robins Air Logistics Center, SAIC is overseeing the refurbishment of five C-130 aircraft that the U.S. government is turning over to the Polish Air Force. SAIC's responsibility for the refurbishment includes replacing the center wing boxes of the aircraft and implementing an avionics upgrade.

Reducing Costs. Using its SCOPTIMA™ supply chain management system, SAIC helped the U.S. Navy reduce inventory costs by \$12 million without impacting production at three naval aviation depots.

Working with DoD, SAIC is helping to synchronize medical and surgical product data between hospitals and suppliers in a Product Data Base (PDB). By using the PDB to identify the best-contracted price for medical and surgical products, DoD hospitals have saved more than \$10 million. SAIC is testing expansion of this capability to commercial industry.

To help the Federal Motor Carrier Safety Administration (FMCSA) improve its business services to customers, SAIC is modernizing the FMCSA's legacy systems into a service-oriented architecture.

Strengthening its position in the fuels industry, SAIC acquired Varec Inc. in FY07. Varec provides automated fuel management hardware and software to track bulk storage and tactical/mobile fuel inventories and disbursements, with the FuelsManager® software suite, at more than 600 DoD bases worldwide – including Afghanistan and Iraq.



(Below) At Naval Air Station North Island in San Diego, information management specialists Leisa Biddle, left, and Cupa Camacho and Alma Sandoval (above) help keep critical parts in stock and available for F-18 fighter jets, Harrier jets, Huey and Cobra helicopters, and other aircraft.



Technology and Innovation

(Opposite page) NASA honored SAIC's Chel Stromgren with the Exceptional Engineering Achievement Medal for helping NASA improve strategic analysis of the space shuttle and International Space Station. (Below) Dr. Stan Burt (center), Director of the Advanced Biomedical Computing Center at NCI-Frederick, discusses applications of advanced imaging technologies in the diagnosis and treatment of diseases such as cancer and AIDS with staff members (left to right) Administrative Assistant Stacy Beachley, Programmer Analyst III Karol Miasiewicz, Head of Networks and Security Bill Boyer, and Scientific Analyst III Sarangan Ravichandran.





From advances in medicine to advanced work in directed energy and space flight assurance, SAIC's deep domain expertise and innovation help customers solve their biggest technical challenges.

Biomedical Research. For more than a decade, SAIC has operated the National Cancer Institute's leading center for cancer and AIDS research, NCI-Frederick. Recently, NCI-Frederick researchers discovered that adding a second drug to tamoxifen – a successful breast cancer drug – could help tamoxifen retain its full strength indefinitely.

In addition, for the National Institute of Allergy and Infectious Diseases, NCI-Frederick manufactured the first DNA vaccine designed to prevent H5N1 avian influenza infection. The bird flu vaccine prototype went from the research bench into clinical trials in less than six months.

In addition, NCI-Frederick researchers created a virus DNA microarray that can detect all known human, mammalian and avian pathogenic viruses. This virus chip, which contains thousands of DNA features immobilized on a glass slide, is scanned for signals using computer software to identify specific DNA and RNA virus particles. The chip can be used for speedy detection of bird flu and other viral disease outbreaks.

Space and Aerospace. In FY07, NASA's Johnson Space Center awarded SAIC the contract to continue providing safety and mission assurance support services for the space shuttle and International Space Station (ISS), payloads and other items prepared for space flight. SAIC supports numerous technical and process issues, future programs and new technologies for the nation's human space flight programs. Highly trained in safety, reliability and quality, SAIC analysts, engineers and technicians are an integral part of management decisions, flight control, and mission support. Their expertise helps ensure successful missions and the safe return of the crews.

In addition, NASA honored SAIC's Chel Stromgren with the Exceptional Engineering Achievement Medal for his work helping NASA to improve strategic analysis of the space shuttle and ISS.

In FY07, SAIC acquired bd Systems Inc. to expand technical and operational capabilities in the aerospace marketplace. The acquisition reflects SAIC's commitment to the nation's critical mission of maintaining space superiority.

Directed Energy Research. Directed energy weapons, such as high-power microwaves and high-energy lasers, can degrade or destroy improvised explosive devices. Drawing on a wealth of test and evaluation experience, SAIC is the Lead Systems Integrator (LSI) for the DoD's Directed Energy Test and Evaluation Capability Program. As the LSI, SAIC is helping develop 12 means to test and evaluate such microwave and laser systems.

Commercial



By leveraging the depth and breadth of its technical and industry domain expertise, SAIC helps solve commercial business problems for multinational customers. SAIC provides solutions for the oil and gas industry, utilities, pharmaceutical and life sciences clients, the UK public sector, health care customers, and state and local governments.

Global Expansion. SAIC is leading the transformation of several supermajor oil and gas producers by developing onshore and offshore Next Generation Oilfield systems for production optimization, remote collaboration centers, and command and control automation. In addition, as several new oil fields are developed in Asia and Africa, SAIC is helping to optimize those operations through business process modeling and automation.

Global Data Management. SAIC provided a global data management solution for a supermajor oil and gas company that integrated each of the client's data assets across eight independently managed sites. The improvement in data integrity and access has improved customer profitability and reduced compliance risk.

Drug Discovery and Development. SAIC is also applying its capabilities in unstructured data analytics and its life sciences expertise to support Pfizer, Invitrogen and other pharmaceutical clients. A key SAIC differentiator in this area is its ability to re-purpose tools, technologies and methodologies used in its federal intelligence business to the application of drug discovery and development.

Information Technology Outsourcing. Following the crisis management support it provided to Entergy Corporation in restoring utility operations after Hurricanes Katrina and Rita, SAIC was awarded a major follow-on contract to provide infrastructure and applications outsourcing services. SAIC also continued to expand its outsourcing services for ScottishPower in Europe. In addition, SAIC was awarded a new contract to provide IT infrastructure outsourcing services to the Superior Court of San Diego County.

Global Network Transformation. SAIC designed and deployed a global virtual private backbone IP network for one of the largest chemical manufacturers in the world. An independent consultant conducted an assessment of SAIC's solution and validated a significant savings for this UK-based chemical manufacturer.

Going the Extra Mile. In 2006, SAIC received an excellence award from Kalido, an industry leader in commercial data warehousing and master data management solutions. SAIC was recognized for delivering a Kalido-based data management solution to a major oil and gas client that established a unified data governance process that improved data quality and realized savings in excess of \$6 million.

Commercializing Technology. SAIC has successfully commercialized a laser-based technology that it initially developed for use in the government sector. The Virtual Environment Capture System rapidly creates 3-D virtual representations of indoor and outdoor spaces. It can capture a typical office in detail in less than five minutes. ASE Inc., a custom software development company, has licensed this technology.



(Below) SAIC has a long-term relationship with Entergy, providing a wide range of IT services from centers in New Orleans, Little Rock and Houston. SAIC employees working at the Entergy data center in New Orleans are, front to back, Melvin Staes, Donna Maldonado, Andre Dejoie, Brenda Westberry, Phil Celestin, Rajiv Ramrakhiani and Randy Ott. (Above) Ronnie Laurent is a technical operations coordinator at the Entergy data center.



Team SAIC

“Our heritage as a customer-focused, ethical company is at the heart of it all. That heritage includes a commitment to ethical performance and a commitment to being a company where the entrepreneurial spirit flourishes with accountability. Both of these things are elements of our culture of ownership. It is a culture of pride and responsibility.”

Ken Dahlberg

CEO and Chairman of the Board

Innovation, ethical performance, superior customer service and the desire to do work that matters are the fundamental principles that have marked SAIC since its founding in 1969.

Imbued with an entrepreneurial spirit from the start, SAIC relies on the creativity and passion of its employees to help customers solve their toughest problems. SAIC employees are empowered to deliver outstanding value and productivity, and to go the extra mile for their customers.

SAIC's entrepreneurial spirit is seen in the 9,000-plus contracts it has in effect today and in the way it successfully grows many of them. This growth – from acorns to oaks – is a reflection of SAIC's historic bottom-up approach to entrepreneurship that remains a foundation of the company's success.

SAIC takes pride in having highly skilled and talented employees working on nationally significant programs and cutting-edge research. Diversity of thought, background and experience enhances the creativity and innovation of the mission-critical solutions SAIC provides to its customers. In today's increasingly global marketplace, SAIC recognizes that its long-term success depends on a commitment to attracting, retaining and developing the best and brightest individuals from the world's diverse talent pool.

To cite just one example of this commitment, SAIC has once again been named a number one employment choice of candidates with cleared national security backgrounds, according to an annual survey conducted by IntelligenceCareers.com and its publication, *Defense Systems and Intelligence Careers Magazine*.

Each year, IntelligenceCareers.com polls cleared individuals as to where they would most like to work, and SAIC has been the top mention since 2003.

All challenges – from defense solutions to space exploration to cancer research – are finally solved by people.

At SAIC, we put our people first.



(Above) Jessica Baer, a senior research technician with SAIC-Frederick's Laboratory of Molecular Technology, analyzes the activity of cancer genes using DNA microarrays, or gene chips. (Center) Miguel Saavedra is a senior software engineer at SAIC's Orlando office, which supports key simulation projects such as the U.S. Army Warfighter's Simulation. (Below) SAIC's Rajiv Ramrakhiani is a UNIX administrator at the Entergy data center in New Orleans.

Life@SAIC

Life@SAIC is a feature on ISSAIC, SAIC's intranet, that taps into the authentic voice of employees writing about what working at SAIC means to them. The feature is entirely voluntary and only lightly edited for style and clarity. Employees answer a few simple questions to build their Life@SAIC profile. Those questions include:

In your own words, what do you do at SAIC? What is the most satisfying thing about your job? Other questions are optional, including: What advice would you give someone starting out in your field?

A new profile is featured each weekday on the ISSAIC home page. As the number of profiles grows, it will become an increasingly useful tool in allowing new colleagues and teammates to get a more rounded glimpse of the people with whom they will be working.

The profiles received more than 160,000 page views between November 2006, when the feature was launched, and March 2007. Here are some of the things employees say about their work.



“The most satisfying thing about my job is knowing at the end of the day that I have been able to make a positive difference in our contract performance and to have a lasting effect on the people around me.”

Renae Bowman

Project Control Analyst V, Huntsville, Ala.

“Everything I do is for the benefit of the men and women serving in the armed forces and fighting the global war on terror. Knowing that I can make things better for them is my supreme motivator.”

Mike Heckenberger

Senior C4ISR Analyst, Suffolk, Va.



“The best thing about my job is working with talented engineers from all over the country and the world on things that improve life on earth.”

Juan Manuel Traslavina

Senior Software Engineer, Houston, Texas

“The tsunami killed over a quarter of a million people near the Indian Ocean coastline. Now, the work of my team can prevent similar casualties in the future. We make this world a safer place! It’s an incredible feeling when you really think about it.”

Jimmy Thai

Undersea Surveillance Program Manager, San Diego, Calif.



“I truly enjoy working with a team that is focused on a mission. We know that the work we do daily and our final products play a role in a much larger mission that helps our country.”

Marianne Floyd

Senior Systems Integrator, Reston, Va.

“Many times we start from scratch – a blank piece of paper – and we listen to our customers, their needs and challenges. We build a system to help them improve their job, to solve their mission to fill a critical void. It is the most satisfying reward to see something you built improving someone else’s life.”

Shawn Nicole Purvis

Vice President, Division Manager, Warrenton, Va.



“Our team comprises motivated, intelligent individuals who have excelled as a group. We have continually received high marks from our customer and our funding source for our execution. Each one of the capabilities is unique in one aspect or another, and as a result there is always another challenge just around the corner for myself and the team, which makes every day interesting but we don’t let anything stop us. We do the research, consider the options, make the call and move forward.”

Laury Decker

Program Manager, Albuquerque, N.M.

“The most satisfying thing about my job is knowing that I contributed in the production and assemblies of systems integration of computer processing and auxiliary equipment racks for use on various DoD U.S. Navy systems.”

Ernesto Roberto

Technician, San Diego, Calif.



Board of Directors



K.C. Dahlberg
CEO and Chairman of the Board



W.H. Demisch
Financial Consultant



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Vice Chairman, BellSouth Corp. (Ret.)



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Retired Oracle Corporation Executive



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President and CEO of Capital Operations, GEICO Corp.



J.P. Walkush
Executive Vice President, SAIC

As of January 31, 2007, the Board of Directors of the Company consisted of the directors pictured above. Retired U.S. Air Force Gen. John P. Jumper and Dr. Miriam (Mim) John, retired vice president of Sandia National Laboratories' California division, were appointed to fill vacancies on the SAIC Board of Directors, effective June 8, 2007.

Stockholder Services

Questions concerning accounts for registered shareholders and other stock matters – including name or address changes, stock transfers, option exercises or other services – should be directed to SAIC's stock plan administrator and transfer agent:

Mellon Investor Services

U.S. telephone: 866-400-SAIC

International telephone: 201-680-6625

www.melloninvestor.com

Stockholder Relations

Questions from stockholders, analysts and others can be directed to:

Stuart Davis, Senior Vice President, Investor Relations

SAIC

1710 SAIC Drive MS 1-14-1

McLean, VA 22102

Telephone: 703-676-2283

Fax: 703-676-6344

E-mail: stuart.davis@saic.com

Annual Report and Form 10-K

The SAIC 2007 Annual Report is available from the SAIC Web site at www.saic.com.

An Adobe Acrobat Portable Document Format (PDF) can be downloaded from this location. The SAIC 10-K can also be found at this location.

SAIC on the Internet

Information on SAIC's services and capabilities can be found at the SAIC home page on the Internet (www.saic.com). Financial results, corporate news releases and other SAIC activities can also be found at this Internet address.

Independent Registered Public Accounting Firm

Deloitte & Touche LLP

San Diego, California

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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, 2007, 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.

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