As filed with the U.S. Securities and Exchange Commission on September 19, 2011

Registration No. 333-

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

SAIC, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**7373**	**20-3562868**
(State or Other Jurisdiction of Incorporation or Organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification No.)**

1710 SAIC Drive

McLean, Virginia 22102

(703) 676-4300

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)

Science Applications International Corporation

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**7373**	**95-3630868**
(State or Other Jurisdiction of Incorporation or Organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification No.)**

10260 Campus Point Drive

San Diego, California 92121

(858) 826-6000

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)

Vincent A. Maffeo, Esq.

Executive Vice President, General Counsel

1710 SAIC Drive

McLean, Virginia 22102

(703) 676-4300

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

Copy to:

Bruce K. Dallas, Esq.

Davis Polk & Wardwell LLP

1600 El Camino Real

Menlo Park, California 94025

(650) 752-2000

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this Registration Statement.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box: ¨

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

SAIC, Inc.

Large accelerated filer x — Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company) — Smaller reporting company ¨

Science Applications International Corporation

Large accelerated filer ¨ — Accelerated filer ¨
Non-accelerated filer x (Do not check if a smaller reporting company) — Smaller reporting company ¨

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) ¨

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer) ¨

CALCULATION OF REGISTRATION FEE

Title Of Each Class Of Securities To Be Registered	Amount To Be Registered	Proposed Maximum Offering Price Per Unit(1)	Proposed Maximum Aggregate Offering Price(1)	Amount Of Registration Fee
4.450% Notes Due 2020	$450,000,000	100%	$450,000,000	$52,245
Guarantee of 4.450% Notes Due 2020	None	None	None	None (2)
5.950% Notes Due 2040	$300,000,000	100%	$300,000,000	$34,830
Guarantee of 5.950% Notes Due 2040	None	None	None	None (2)

Total	$750,000,000	100%	$750,000,000	$87,075

(1) Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457 under the Securities Act of 1933 (the Securities Act).
(2) No separate consideration will be received for the guarantee and no further fee is payable pursuant to Rule 457(n) under the Securities Act.

The registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Explanatory Note

This Registration Statement on Form S-4 is a combined registration statement being filed by SAIC, Inc. (SAIC) and Science Applications International Corporation (Science Applications). SAIC is a holding company and Science Applications is a direct, 100%-owned subsidiary of SAIC. This Registration Statement registers an exchange offer of debt securities issued by SAIC and fully and unconditionally guaranteed by Science Applications. Each of SAIC and Science Applications is filing on its own behalf all of the information contained in this Registration Statement on Form S-4 that relates to such company. Where information or an explanation is provided that is substantially the same for each company, such information or explanation has been combined in this Registration Statement. Where information or an explanation is not substantially the same for each company, separate information and explanation has been provided. In addition, separate consolidated financial statements for each company, along with combined notes to the financial statements, are included in this Registration Statement.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED SEPTEMBER 19, 2011

PROSPECTUS

Offer to Exchange up to

$450,000,000 principal amount of 4.450% Notes Due 2020

$300,000,000 principal amount of 5.950% Notes Due 2040

to be issued in a transaction registered under the Securities Act

for

any and all outstanding

4.450% Notes Due 2020

5.950% Notes Due 2040

SAIC, Inc. is offering to exchange up to $450,000,000 of its 4.450% Notes Due 2020 (the New 2020 Notes) for up to $450,000,000 of its existing 4.450% Notes due 2020 (the Old 2020 Notes) and up to $300,000,000 of its 5.950% Notes Due 2040 (the New 2040 Notes) for up to $300,000,000 of its existing 5.950% Notes Due 2040 (the Old 2040 Notes). The New 2020 Notes and the New 2040 Notes are collectively referred to in this prospectus as the New Notes. The Old 2020 Notes and the Old 2040 Notes are collectively referred to in this prospectus as the Old Notes. The Old Notes and New Notes are referred to in this prospectus as the Notes. The terms of the New Notes (and related guarantee) are identical in all material respects to the terms of the Old Notes (and related guarantee), except that issuance of the New Notes (and related guarantee) has been registered under the Securities Act, and the transfer restrictions and registration rights relating to the Old Notes do not apply to the New Notes. The New Notes will be our unsecured and unsubordinated obligations and will rank equally with all of our other existing and future unsecured and unsubordinated indebtedness from time to time outstanding. The New Notes will be fully and unconditionally guaranteed (the guarantee) by Science Applications International Corporation (the subsidiary guarantor). The guarantee will be the unsecured and unsubordinated obligation of the subsidiary guarantor.

To exchange your Old Notes (and related guarantee) for New Notes (and related guarantee):

- you are required to make the representations described under The Exchange Offer Resale of the New Notes .

- you must complete and send the letter of transmittal that accompanies this prospectus to the exchange agent, The Bank of New York Mellon Trust Company, N.A, by 5:00 p.m., New York time, on , 2011.

you should read the section called The Exchange Offer for further information on how to exchange your Old Notes for New Notes.

See Risk Factors beginning on page 9 for a discussion of risk factors that you should consider prior to tendering your Old Notes in the exchange offer.

Each broker-dealer that receives New Notes for its own account pursuant to the exchange must acknowledge that it will deliver a prospectus in connection with any resale of such New Notes. The letter of transmittal relating to the exchange offer states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of New Notes received in exchange for Old Notes where such Old Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that, for a period of 90 days after the expiration date (as defined herein), we will make this prospectus available to any broker-dealer for use in connection with any such resale. See Plan of Distribution.

Neither the Securities and Exchange Commission (the SEC) nor any state securities commission has approved or disapproved of the securities to be issued in the exchange offer or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

, 2011

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This prospectus is part of a registration statement on Form S-4 filed with the SEC under the Securities Act and does not contain all the information contained in the registration statement. We will provide this information to you at no charge upon written or oral request by contacting our Investor Relations department by calling (800) 676-2283, by writing to Investor Relations, SAIC, 1710 SAIC Drive, McLean, Virginia 22102 or by submitting a request through the Investor Relations section of our website at www.saic.com. We are not incorporating the contents of our website into this prospectus. In order to ensure timely delivery of the information, any request should be made no later than , 2011, which is five business days before the expiration date of the exchange offer (unless we extend the exchange offer as described herein).

We have not authorized any other person to provide you with information other than that contained in this prospectus. We do not take any responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the securities offered by this prospectus, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

ABOUT THIS PROSPECTUS

This prospectus is part of a combined registration statement of SAIC, Inc. and its 100%-owned subsidiary, Science Applications International Corporation. Unless indicated otherwise, references in this prospectus to the company, we, us, and our refer collectively to SAIC, Inc., Science Applications International Corporation and their consolidated subsidiaries. When appropriate, SAIC, Inc. and Science Applications International Corporation are named specifically for their related activities and disclosures. References to SAIC refer to only SAIC, Inc. and not to any of its subsidiaries. References to Science Applications or the subsidiary guarantor refer to Science Applications International Corporation and not any of its subsidiaries.

NOTE ON FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on our management s belief and assumptions about the future in light of information currently available to our management. In some cases, you can identify forward-looking statements by words such as expects, intends, plans, anticipates, believes, estimates, pr potential, guidance, and similar words or phrases, or the negatives of these words or phrases. These statements relate to future events or our future financial performance, and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements included in this prospectus depending on a variety of factors, including:

changes in the U.S. Government defense budget or budgetary priorities or delays in contract awards or the U.S. budget process;

changes in U.S. Government procurement rules, regulations, and practices;

our compliance with various U.S. Government and other government procurement rules and regulations;

the outcome of government reviews, audits and investigations of our company;

resolution of legal and other disputes with our customers and others or legal compliance issues;

our ability to effectively compete and win contracts with the U.S. Government and other customers;

our ability to attract, train and retain skilled employees, including our management team;

our ability to maintain relationships with prime contractors, subcontractors and joint venture partners;

our ability to obtain required security clearances for our employees;

our ability to accurately estimate costs associated with our firm-fixed-price and other contracts;

our ability to effectively acquire businesses and make investments;

the failure of our inspection or detection systems to detect threats;

the adequacy of our insurance programs designed to protect us from significant product or other liability claims;

our ability to manage risks associated with our international business; and our ability to execute our business plan and long-term management initiatives effectively and to overcome these and other known and unknown risks that we face.

These are only some of the factors that may affect the forward-looking statements included in this prospectus. Further information concerning risks and uncertainties associated with our business is included elsewhere in this prospectus, including the Risk Factors, Management s Discussion and Analysis of Financial Condition and Results of Operations and Business sections.

We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or risks. New information, future events or risks may cause the forward-looking events or statements we discuss in this prospectus to change or not to occur.

SUMMARY

This summary highlights the more detailed information included in this prospectus and you should read the entire prospectus carefully.

OUR COMPANY

We are a provider of scientific, engineering, systems integration and technical services and solutions in the areas of defense, health, energy, infrastructure, intelligence, surveillance, reconnaissance and cybersecurity to all agencies of the U.S. Department of Defense, the intelligence community, the U.S. Department of Homeland Security and other U.S. Government civil agencies, state and local government agencies, foreign governments and customers in select commercial markets. Our business is focused on solving issues of national and global importance in the areas of national security, energy and the environment, critical infrastructure and health. We combine technology and domain and mission expertise to deliver solutions that solve our customers most challenging issues. We are focusing our investments in our strategic growth areas including: intelligence, surveillance and reconnaissance; cybersecurity; logistics, readiness and sustainment; energy, environment and infrastructure; and health information technology.

SAIC

SAIC, Inc. is a holding company. Its principal operating company, Science Applications International Corporation, was formed in 1969. In October 2006, in connection with becoming a publicly-traded company, Science Applications International Corporation completed a merger (reorganization merger) in which it became a 100%-owned subsidiary of SAIC, Inc., after which SAIC, Inc. completed an initial public offering of its common stock.

SAIC, Inc. maintains executive offices at 1710 SAIC Drive, McLean, Virginia 22102. Its telephone number is 703-676-4300. We maintain a website at www.saic.com. Investors can obtain copies of SAIC s and Science Applications SEC filings from this site free of charge, as well as from the SEC website at www.sec.gov. We are not incorporating the contents of our website into this prospectus.

Science Applications

SAIC s obligations, including the payment of principal, premium, if any, and interest on the Old Notes are, and on the New Notes will be, fully and unconditionally guaranteed by Science Applications International Corporation, the subsidiary guarantor and 100%-owned subsidiary of SAIC. We have other subsidiaries that will not be guarantors of the New Notes. The guarantee will rank equally with all other general unsecured and unsubordinated obligations of the subsidiary guarantor. The obligations of the subsidiary guarantor under the guarantee will be limited to the maximum amount that, after giving effect to all of its other contingent and fixed liabilities, would cause the obligations of the subsidiary guarantor not to constitute a fraudulent conveyance or fraudulent transfer under any applicable law.

The principal place of business of Science Applications International Corporation is 10260 Campus Point Drive, San Diego, California 92121, and its telephone number is 858-826-6000.

SUMMARY OF EXCHANGE OFFER

On December 20, 2010, we privately placed $750,000,000 aggregate principal amount of the Old Notes (and related guarantee) in a transaction exempt from registration under the Securities Act. In connection with the private placement, SAIC and Science Applications, the subsidiary guarantor, entered into a registration rights agreement, dated December 20, 2010, with the initial purchasers of the Old Notes (and related guarantee). In the registration rights agreement, we agreed to offer to exchange Old Notes (and related guarantee) for New Notes (and related guarantee) registered under the Securities Act. We also agreed to deliver this prospectus to holders of the Old Notes. In this prospectus, the Old Notes and the New Notes are referred together as the Notes. You should read the discussion under the heading Description of the New Notes and Related Guarantee for information regarding the Notes.

Notes Offered	We are offering up to $450,000,000 aggregate principal amount of New 2020 Notes (and related guarantee) and $300,000,000 aggregate principal amount of New 2040 Notes (and related guarantee), whose issuance has been registered under the Securities Act.
The Exchange Offer	We are offering to issue the New Notes (and related guarantee) of each series in exchange for a like principal amount of your Old Notes (and related guarantee) of such series; *provided*, that holders may tender some or all of their Old Notes, except that if any Old Notes of a series are tendered for exchange in part, the untendered amount of such Old Notes must be in denominations of $2,000 and multiples of $1,000 in excess thereof. We are offering to issue the New Notes to satisfy our obligations contained in the registration rights agreement entered into when the Old Notes were sold in transactions permitted by Rule 144A and Regulation S under the Securities Act and therefore not registered with the SEC. For procedures for tendering, see The Exchange Offer.
	Each broker-dealer that receives New Notes for its own account in exchange for Old Notes, where such Old Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such New Notes. See Plan of Distribution.
Registration Rights	We have agreed to use our reasonable best efforts to consummate the exchange offer or cause the Old Notes (and related guarantee) to be registered under the Securities Act to permit resales within 365 days after the issue date of the Old Notes. If we are not in compliance with our obligations under the registration rights agreement, then additional interest (in addition to the interest otherwise due on the notes that are the subject of that registration agreement or the New Notes) will accrue on such notes or New Notes upon such occurrence.
	If the exchange offer is completed on the terms and within the time period contemplated by this prospectus, no additional interest will be payable on the Notes.

Tenders, Expiration Date, Withdrawal	The exchange offer will expire at 5:00 p.m. New York City time on , 2011 unless it is extended. If you decide to exchange your Old Notes for New Notes, you must acknowledge that you are not engaging in, and do not intend to engage in, a distribution of the New Notes. If you decide to tender your Old Notes in the exchange offer, you may withdraw your tender at any time prior to , 2011. If we decide for any reason not to accept any Old Notes for exchange, your Old Notes will be returned to you without expense promptly after the exchange offer expires.
Material United States Federal Income Tax Consequences	Your exchange of Old Notes for New Notes in the exchange offer will not result in any income, gain or loss to you for Federal income tax purposes. See Material United States Federal Income Tax Consequences of the Exchange Offer.
Use of Proceeds	We will not receive any proceeds from the issuance of the New Notes in the exchange offer.
Exchange Agent	The Bank of New York Mellon Trust Company, N.A. is the exchange agent for the exchange offer. You can find the address and telephone number of the exchange agent below under the caption The Exchange Offer Exchange Agent.
Failure to Tender Your Old Notes	If you fail to tender your Old Notes in the exchange offer, you will not have any further rights under the registration rights agreement, including any right to require us to register your Old Notes or to pay you additional interest as provided in the registration rights agreement.

You will be able to resell the New Notes without registering them with the SEC if you meet the requirements described below.

Based on interpretations by the SEC s staff in no-action letters issued to third parties, we believe that New Notes issued in exchange for Old Notes in the exchange offer may be offered for resale, resold or otherwise transferred by you without registering the New Notes under the Securities Act or delivering a prospectus, unless you are a broker-dealer receiving Notes for your own account, so long as:

- you are not one of our affiliates, which is defined in Rule 405 of the Securities Act;
- you acquire the New Notes in the ordinary course of your business;
- you do not have any arrangement or understanding with any person to participate in the distribution of the New Notes; and
- you are not engaged in, and do not intend to engage in, a distribution of the New Notes.

If you are an affiliate of SAIC, or you are engaged in, intend to engage in or have any arrangement or understanding with respect to, the distribution of New Notes acquired in the exchange offer, you will not be eligible to participate in the exchange offer, you should not rely on our interpretations of the position of the SEC s staff and you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

If you are a broker-dealer and receive New Notes for your own account in the exchange offer:

- you must represent that you do not have any arrangement with us or any of our affiliates to distribute the New Notes;

- you must acknowledge that you will deliver a prospectus in connection with any resale of the New Notes you receive from us in the exchange offer; the letter of transmittal states that by so acknowledging and by delivering a prospectus, you will not be deemed to admit that you are an underwriter within the meaning of the Securities Act; and

- you may use this prospectus, as it may be amended or supplemented from time to time, in connection with the resale of New Notes received in exchange for Old Notes acquired by you as a result of market-making or other trading activities.

For a period of 90 days after the expiration of the exchange offer, we will make this prospectus available to any broker-dealer for use in connection with any resale described above.

SUMMARY DESCRIPTION OF THE NEW NOTES

The summary below describes the principal terms of the New Notes (and related guarantee). The Description of the New Notes and Related Guarantee section of this prospectus contains a more detailed description of the terms and conditions of the Old Notes and the New Notes. The terms of the New Notes and the Old Notes are identical in all material respects, except that the New Notes will be issued in a transaction registered under the Securities Act, and the transfer restrictions and registration rights relating to Old Notes do not apply to the New Notes. The New Notes will evidence the same debt as the Old Notes, be guaranteed by the subsidiary guarantor and be entitled to the benefits of the indenture.

Issuer	SAIC, Inc.
Subsidiary Guarantor	Science Applications International Corporation
Securities Offered	$450,000,000 aggregate principal amount of New 2020 Notes
	$300,000,000 aggregate principal amount of New 2040 Notes
Maturity Dates	December 1, 2020 for the New 2020 Notes
	December 1, 2040 for the New 2040 Notes
Interest Rates	4.450% per annum for the New 2020 Notes
	5.950% per annum for the New 2040 Notes
Interest Payment Dates	Each June 1 and December 1 beginning on the next interest payment date after the issuance of the New Notes
Guarantee	The subsidiary guarantor will fully and unconditionally guarantee the Notes, including the payment of principal, premium, if any, and interest. The guarantee will rank equally with all other general unsecured and unsubordinated obligations of the subsidiary guarantor. The guarantee will be subject to the prior rights of the holders of any secured indebtedness of the subsidiary guarantor to the extent of the assets securing such indebtedness. As of July 31, 2011, the unsubordinated indebtedness of the subsidiary guarantor, excluding the guarantees of the Notes, consisted of $1.1 billion outstanding under existing notes.
Ranking	The New Notes will be the unsecured and unsubordinated obligations of SAIC. The New Notes and related guarantee will rank equally with all of the existing and future senior indebtedness of SAIC and the subsidiary guarantor from time to time outstanding. All existing and future liabilities of non-guarantor subsidiaries of SAIC will be structurally senior to the Notes. As of July 31, 2011, SAIC had approximately $1.9 billion of total indebtedness on a consolidated basis, all of which is unsecured and unsubordinated, and

substantially all of which are obligations of SAIC or the subsidiary guarantor. Also, as of July 31, 2011, SAIC had approximately $3.7 billion of total liabilities on a consolidated basis. SAIC also maintains a

	revolving credit facility, guaranteed by the subsidiary guarantor, providing for $750 million in unsecured borrowing capacity in place with no amounts outstanding as of July 31, 2011.
Form and Denomination	The New Notes of each series will be issued in the form of one or more fully registered global securities, without coupons, in denominations of $2,000 in principal amount and integral multiples of $1,000 in excess thereof. These global notes will be deposited with the trustee as custodian for, and registered in the name of, a nominee of The Depository Trust Company, or DTC. Except in the limited circumstances described under Description of the New Notes and Related Guarantee Book-Entry; Delivery and Form; Global Note, notes in certificated form will not be issued or exchanged for interests in global securities.
Governing Law	New York
Use of Proceeds	We will not receive any proceeds from the exchange offer.
Further Issuances	We may create and issue further notes of a series ranking equally and ratably with the applicable series of New Notes offered by this prospectus in all respects, so that such further notes and related guarantee of each series will be consolidated and form a single series with the applicable series of New Notes and related guarantee offered by this prospectus. These additional notes would be guaranteed by the subsidiary guarantor on the same basis as the New Notes.
Sinking Fund	None
Optional Redemption	We may redeem some or all of the notes of any series at any time at the applicable redemption prices indicated under the heading Description of the New Notes and Related Guarantee Optional Redemption.
Repurchase Upon a Change of Control	Upon the occurrence of a Change of Control Triggering Event, we will be required to make an offer to purchase the Notes at a price equal to 101% of their principal amount plus accrued and unpaid interest to the date of repurchase. See Description of the New Notes and Related Guarantee Repurchase Upon Change of Control Triggering Event.
Trading	The New Notes will be freely transferrable but will be new securities for which there will not initially be a market. We do not intend to apply for listing of the New Notes on any securities exchange.
Trustee	The Bank of New York Mellon Trust Company, N.A.
Risk Factors	You should carefully consider all of the information in this prospectus. In particular, you should evaluate the information set forth under Special Note on Forward-Looking Statements and Risk Factors before deciding whether to invest in the New Notes.

RISK FACTORS

In considering whether to exchange your Old Notes (and related guarantee) for the New Notes (and related guarantee), you should carefully consider all the information that has been included in this prospectus. Before exchanging your Old Notes (and related guarantee), you should carefully consider the risks and uncertainties described below, together with information included elsewhere in this prospectus. The risks and uncertainties described below are those that we have identified as material, but are not the only risks and uncertainties facing us. If any of these risks or uncertainties actually occurs, our business, financial condition or operating results could be materially harmed, and the market price of the New Notes could decline or we may be unable to repay or redeem the New Notes when required. In such a case, you may lose all or part of your investment in the New Notes. Additional risks and uncertainties not currently known to us or that we currently believe are immaterial also may impair our business operations and liquidity.

Risks Related to the New Notes and Related Guarantee

The New Notes are the unsecured obligations of SAIC and not obligations of its non-guarantor subsidiaries and will be structurally subordinated to the claims of the creditors of its non-guarantor subsidiaries. Structural subordination increases the risk that SAIC will be unable to meet its obligations on the New Notes when they mature.

Other than pursuant to the guarantee of the subsidiary guarantor, the New Notes are exclusively the obligations of SAIC and are not obligations of its subsidiaries. As a result, SAIC s cash flow and ability to service its debt, including the New Notes, depend upon the sufficient generation of cash flow by its subsidiaries and the distribution to it of cash from its subsidiaries.

SAIC s subsidiaries are separate and distinct legal entities. No subsidiary other than the subsidiary guarantor has guaranteed the Notes, and the non-guarantor subsidiaries are under no obligation to pay any amounts due on the New Notes or to provide SAIC with funds for its payment obligations, whether by dividends, distributions, loans or other payments. Any payments to SAIC by its subsidiaries will also be contingent upon such subsidiaries available cash and business considerations and may be subject to legal and contractual restrictions. As of July 31, 2011, we had approximately $1.9 billion of total indebtedness on a consolidated basis, all of which is unsecured and unsubordinated, and substantially all of which are obligations of SAIC or the subsidiary guarantor. Also, as of July 31, 2011, we had approximately $3.7 billion of total liabilities on a consolidated basis. SAIC also maintains a revolving credit facility, guaranteed by Science Applications, the subsidiary guarantor, providing for $750 million in unsecured borrowing capacity in place with no amounts outstanding as of July 31, 2011.

SAIC s right to receive any assets of any of its subsidiaries upon their liquidation or reorganization, and therefore the right of the holders of the New Notes to participate in those assets, other than pursuant to the guarantee, will be effectively subordinated to the claims of that subsidiary s creditors, including senior and subordinated debt holders and bank and trade creditors. In addition, even if SAIC were a creditor of any of its subsidiaries, its rights as a creditor would be subordinate to any security interest in the assets of its subsidiaries and any indebtedness of its subsidiaries senior to that held by SAIC.

The New Notes and related guarantee will be subject to the prior claims of any future secured creditors.

The New Notes and related guarantee are unsecured obligations, ranking effectively junior to any secured indebtedness that SAIC or the subsidiary guarantor may incur. Accordingly, the New Notes will be subordinated to the extent SAIC, the subsidiary guarantor or any of our other subsidiaries have or will obtain secured borrowings. The indenture governing the New Notes and related guarantee does not limit the amount of additional debt that SAIC or its subsidiaries may incur, permits SAIC and Science Applications to incur secured debt under specified circumstances and permits our other subsidiaries to incur secured debt without restriction. If SAIC or the subsidiary guarantor incur additional secured debt, the assets securing any such indebtedness will be subject to prior claims by such secured creditors. In the event of SAIC s and the subsidiary guarantor s bankruptcy, insolvency, liquidation, reorganization, dissolution or other winding up, or upon any acceleration of payment of the New Notes, the assets of SAIC and the subsidiary guarantor that secure other indebtedness will be available to pay obligations on the New Notes only after all other such debt secured by those assets has been repaid in full. Any remaining assets will be available to you ratably with all of SAIC s and the subsidiary guarantor s other unsecured and unsubordinated creditors, including trade creditors. If there are not sufficient assets remaining to pay all these creditors, then all or a portion of the New Notes then outstanding would remain unpaid.

The guarantee could be voided if it constitutes a fraudulent transfer under U.S. bankruptcy or similar state law, which would prevent the holders of the New Notes from relying on the subsidiary guarantor to satisfy claims.

Under U.S. bankruptcy law and comparable provisions of state fraudulent transfer laws, the guarantee can be voided, or claims under the guarantee may be subordinated to all other debts of the subsidiary guarantor if, among other things, the subsidiary guarantor, at the time it incurred the indebtedness evidenced by its guarantee or, in some states, when payments become due under the guarantee, received less than reasonably equivalent value or fair consideration for the incurrence of such guarantee and:

- was insolvent or rendered insolvent by reason of such incurrence;
- was engaged in a business or transaction for which the subsidiary guarantor s remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay those debts as they mature.

The guarantee may also be voided without regard to the above factors if a court found that the subsidiary guarantor entered into its guarantee with the actual intent to hinder, delay or defraud its creditors. A court would likely find that the subsidiary guarantor did not receive reasonably equivalent value or fair consideration for its guarantee if the subsidiary guarantor did not substantially benefit directly or indirectly from the issuance of the notes. If a court were to void the guarantee, you would no longer have a claim against the subsidiary guarantor. Sufficient funds to repay the New Notes may not be available from other sources. In addition, the court might direct you to repay any amounts that you already received from the subsidiary guarantor.

The measures of insolvency for purposes of fraudulent transfer laws vary depending upon the governing law. Generally, a guarantor would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all its assets;
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they became absolute and mature; or
- it could not pay its debts as they became due.

The guarantee contains a provision intended to limit the subsidiary guarantor s liability to the maximum amount that it could incur without causing the incurrence of obligations under the guarantee to be a fraudulent transfer. This provision may not be effective to protect the guarantee from being voided under fraudulent transfer law.

The indenture governing the New Notes and related guarantee contains negative covenants. The limitation on liens and sale and leaseback covenants do not apply to SAIC s subsidiaries, other than the subsidiary guarantor, and contain exceptions that would allow SAIC, the subsidiary guarantor and its other subsidiaries to grant liens or security interests with respect to their assets, rendering the holders of the New Notes structurally or contractually subordinated to new lenders. The limitation on consolidation, merger or sale of assets covenant does not apply to SAIC s subsidiaries, other than the subsidiary guarantor. The indenture governing the New Notes does not contain any financial covenants.

The indenture governing the New Notes and related guarantee contains negative covenants. The limitation on liens and sale and leaseback covenants apply to SAIC and the subsidiary guarantor, but not to any other subsidiaries. As a result, such other subsidiaries will not be restricted under the indenture from granting liens or security interests with respect to all or any of their assets without having to provide similar liens or security to the holders of the New Notes, or from entering into sale and leaseback transactions. Exceptions to the definition of permitted lien within the limitation on liens covenant would allow SAIC and the subsidiary guarantor to borrow substantial additional amounts and to grant liens or security interests in connection with those borrowings.

In addition, the indenture contains a covenant that provides a limitation on the consolidation, merger or sale of assets of SAIC and the subsidiary guarantor, but does not apply to any other subsidiaries.

The indenture governing the Notes does not contain any financial covenants.

Increased leverage may harm our financial condition and results of operations.

As of July 31, 2011, we had approximately $1.9 billion of total indebtedness on a consolidated basis, all of which was unsecured and unsubordinated.

SAIC and its subsidiaries may incur additional indebtedness in the future, and the New Notes do not restrict future incurrence of indebtedness. Any increase in our level of indebtedness will have several important effects on our future operations, including, without limitation:

- we will have additional cash requirements in order to support the payment of interest on our outstanding indebtedness;
- increases in our outstanding indebtedness and leverage will increase our vulnerability to adverse changes in general economic and industry conditions, as well as to competitive pressure; and
- depending on the levels of our outstanding debt, our ability to obtain additional financing for working capital, capital expenditures, general corporate and other purposes may be limited.

Our ability to make payments of principal and interest on our indebtedness depends upon our future cash flow, which will be subject to general economic conditions, industry cycles and financial, business and other factors affecting our business, many of which are beyond our control. If we are unable to generate sufficient cash flow in the future to service our debt, we may be required, among other things:

- to seek additional financing in the debt or equity markets;
- to refinance or restructure all or a portion of our indebtedness, including the New Notes;
- to sell assets; or
- to reduce or delay planned operating, capital and investment expenditures.

Such measures might not be sufficient to enable us to service our debt. In addition, any such financing, refinancing or sale of assets might not be available on economically favorable terms.

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The provisions of the New Notes will not necessarily protect you in the event of certain highly leveraged transactions.

Upon the occurrence of a Change of Control Triggering Event, you will have the right to require SAIC to repurchase the New Notes as provided in the indenture governing, and on the terms set forth in, the New Notes. However, the Change of Control Triggering Event provisions will not afford you protection in the event of certain highly leveraged transactions that may adversely affect you. For example, any leveraged recapitalization, refinancing, restructuring or acquisition initiated by SAIC generally will not constitute a Change of Control that would potentially lead to a Change of Control Triggering Event. As a result, SAIC could enter into any such transaction even though the transaction could increase the total amount of its outstanding indebtedness, adversely affect its capital structure or credit rating or otherwise adversely affect the holders of the New Notes. These transactions may not involve a change in voting power or beneficial ownership or result in a downgrade in the ratings of the New Notes, or, even if they do, may not necessarily constitute a Change of Control Triggering Event that affords you the protections described in this prospectus. If any such transaction were to occur, the value of your New Notes could decline.

We may not be able to repurchase all of the New Notes upon a Change of Control Triggering Event, which would result in a default under the New Notes.

SAIC will be required to offer to repurchase the New Notes upon the occurrence of a Change of Control Triggering Event as provided in the indenture governing the New Notes. However, SAIC may not have sufficient funds to repurchase the New Notes in cash at such time. In addition, SAIC s ability to repurchase the New Notes for cash may be limited by applicable law or the terms of other agreements relating to its indebtedness outstanding at the time, which agreements may provide that a Change of Control Triggering Event constitutes an event of default or prepayment under such other indebtedness. SAIC s failure to make such a repurchase would result in a default under your New Notes.

Ratings of the New Notes may change and affect the market price and marketability of the New Notes.

The debt of SAIC and the subsidiary guarantor is subject to periodic review by independent credit rating agencies. Such ratings are limited in scope and do not address all material risks relating to an investment in the New Notes, but rather reflect only the view of each rating agency at the time the rating is issued. An explanation of the significance of such rating may be obtained from such rating agency. There is no assurance that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies if, in each rating agency s judgment, circumstances so warrant. It is also possible that such ratings may be lowered in connection with future events, such as future acquisitions. Holders of New Notes will have no recourse against us or any other parties in the event of a change in or suspension or withdrawal of such ratings. Any lowering, suspension or withdrawal of such ratings may have an adverse effect on the market price or marketability of the New Notes. In addition, any decline in the ratings of the New Notes may make it more difficult for us to raise capital on acceptable terms.

Active trading markets for the New Notes may not develop.

There are currently no public markets for the New Notes, and we do not currently plan to list the New Notes on any national securities exchange or include the New Notes in any automated quotation system. In addition, the liquidity of any trading markets in the New Notes, and the market prices quoted for the New Notes, may be adversely affected by changes in the overall market for these New Notes, prevailing interest rates, ratings assigned to the New Notes, time remaining to the maturity of the New Notes, outstanding amount of the New Notes, the markets for similar securities, prospects for other companies in our industry and changes in our financial condition, results of operations or prospects. Liquid trading markets in the New Notes may not develop, which could decrease the amounts you would otherwise receive upon a sale or disposition of the New Notes.

Risks Related to the Exchange Offer

If you do not exchange your Old Notes for New Notes in the exchange offer, the Old Notes will continue to be subject to restrictions on transfer.

If you do not exchange your Old Notes for New Notes in the exchange offer, you will continue to be subject to the restrictions on transfer described in the legend on your Old Notes and the offering memorandum related to the private offering of such Old Notes. The restrictions on transfer of your Old Notes arise because we issued the Old Notes in private offerings exempt from the registration and prospectus delivery requirements of the Securities Act. In general, you may only offer or sell the Old Notes if they are registered under the Securities Act or are offered and sold under an exemption from these requirements. Except as required by the registration rights agreements for the Old Notes, we do not intend to register sales of the Old Notes under the Securities Act. For further information regarding the consequences of failing to tender your Old Notes in the exchange offer, see the discussion under the caption The Exchange Offer Consequences of Failure to Exchange.

The issuance of the New Notes may adversely affect the market for the Old Notes.

To the extent that Old Notes are tendered for exchange and accepted in the exchange offer, the trading market, if any, for the untendered and tendered but unaccepted Old Notes could be adversely affected due to a reduction in market liquidity and there could be a significant diminution in value of the Old Notes as compared to the value of the New Notes.

In some instances you may be obligated to deliver a prospectus in connection with resales of the New Notes.

Based on certain no-action letters issued by the staff of the SEC to third parties unrelated to us, we believe that you may offer for resale, resell or otherwise transfer the New Notes without compliance with the registration and prospectus delivery requirements of the Securities Act, except in the instances described in this prospectus under The Exchange Offer Resale of the New Notes. For example, if you exchange your Old Notes in the exchange offer for the purpose of participating in a distribution of the New Notes, you may be deemed to have received restricted securities and, if so, will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

You must comply with the exchange offer procedures in order to receive freely tradable New Notes.

We will not accept your Old Notes for exchange if you do not follow the exchange offer procedures. Delivery of New Notes in exchange for Old Notes tendered and accepted for exchange pursuant to the exchange offer will be made only after timely receipt by the exchange agent of the following:

- certificates for Old Notes or a confirmation of a book-entry transfer of Old Notes into the exchange agent s account at DTC, as depositary;

- a completed and signed letter of transmittal (or facsimile thereof), with any required signature guarantee, or, in the case of tender through DTC s Automated Tender Offer Program, an agent s message in lieu of the letter of transmittal; and

- any other documents required by the letter of transmittal.

Therefore, holders of Old Notes who would like to tender Old Notes in exchange for New Notes should be sure to allow enough time to comply with the exchange offer procedures. Neither we nor the exchange agent are required to notify you of defects or irregularities in tenders of Old Notes for exchange. Old Notes that are not tendered or that are tendered but we do not accept for exchange will, following completion of the exchange offer, continue to be subject to the existing transfer restrictions under the Securities Act and, upon completion of the exchange offer, certain registration and other rights under the applicable registration rights agreement will terminate. See The Exchange Offer Procedures for Tendering Old Notes and The Exchange Offer Consequences of Failure to Exchange.

Risks Relating to Our Business

We depend on government agencies as our primary customer and if our reputation or relationships with these agencies were harmed, our future revenues and growth prospects would be adversely affected.

We generated approximately 90% of our total revenues during each of the last three fiscal years from contracts with the U.S. Government (including all branches of the U.S. military), either as a prime contractor or a subcontractor to other contractors. We generated more than 10% of our total revenues during each of the last three fiscal years from each of the U.S. Army and U.S. Navy. We expect to continue to derive most of our revenues from work performed under U.S. Government contracts. Our reputation and relationship with the U.S. Government, and in particular with the agencies of the Department of Defense (DoD) and the U.S. intelligence community, are key factors in maintaining and growing these revenues. Negative press reports or publicity, which could pertain to employee or subcontractor misconduct, conflicts of interest, poor contract performance, information security breaches or other aspects of our business, among other things, regardless of accuracy, could harm our reputation, particularly with these agencies. In addition, negative publicity regarding our work for state and local government and commercial customers may harm our reputation with these customers as well as with our federal government customers. If our reputation is negatively affected, or if we are suspended or debarred (or proposed for suspension or debarment) from contracting with government agencies for any reason, the amount of business with government and other customers would decrease and our future revenues and growth prospects would be adversely affected.

A decline in the U.S. Government defense budget, changes in budgetary priorities or timing of contract awards may adversely affect our future revenues and limit our growth prospects.

Revenues under contracts with the DoD, either as a prime contractor or subcontractor to other contractors, represented 76% of our total revenues in fiscal 2011. Our operating results could be adversely affected by spending caps or changes in the budgetary priorities of the U.S. Government or the DoD, as well as delays in program starts or the award of contracts. Current spending levels for defense-related programs by the U.S. Government may not be sustainable and future levels of spending and authorizations for these programs may fail to increase or may actually decrease or shift to programs in areas in which we do not provide services or are less likely to be awarded contracts. Such changes in spending authorizations and budgetary priorities could occur as a result of the rapid growth of the federal budget deficit, increasing political pressure and recent legislation, including the Budget Control Act of 2011, designed to reduce overall levels of government spending, shifts in spending priorities from defense-related programs as a result of competing demands for federal funds, the number and intensity of military conflicts or other factors. In addition, the U.S. Government conducts periodic reviews of U.S. defense strategies and priorities, which may shift DoD budgetary priorities, reduce overall U.S. Government spending or delay contract awards for defense-related programs, including programs from which we expect to derive a significant portion of our future revenues. In September 2010, the DoD announced various initiatives designed to gain efficiencies, refocus priorities and enhance business practices used by the DoD, including those used to procure goods and services from defense contractors. These initiatives are organized into five areas including affordability and cost growth, productivity and innovation, competition, services acquisition, and processes and bureaucracy. These new initiatives are expected to have a significant impact on the contracting environment in which we do business with our DoD customers and they could have a significant impact on current programs as well as new DoD business opportunities. Changes to the DoD acquisition system and contracting models could affect whether and how we pursue certain opportunities and the terms under which we are able to do so. These initiatives are still fairly new and the full impact to our business remains uncertain. A significant decline in overall U.S. Government spending, including in the areas of national security, intelligence and homeland security, a significant shift in its spending priorities, the substantial reduction or elimination of particular defense-related programs or significant delays in contract awards for large programs could adversely affect our future revenues and limit our growth prospects.

Because we depend on U.S. Government contracts, a delay in the completion of the U.S. Government s budget process could delay procurement of the products, services and solutions we provide and have an adverse effect on our future revenues.

In years when the U.S. Government does not complete its budget process before the end of its fiscal year on September 30, government operations are typically funded pursuant to a continuing resolution. A continuing resolution allows federal government agencies to operate at spending levels approved in the previous budget cycle, but does not authorize new spending initiatives. When the U.S. Government operates under a continuing resolution, delays can occur in the procurement of the products, services and solutions that we provide and may result in new initiatives being cancelled. We have from time to time experienced a decline in revenues in our fourth quarter ending January 31 and beyond as a result of this annual budget cycle, including in our fiscal year 2011, and we could experience similar declines in revenues if the budget process is delayed significantly in future years. In years when the U.S. Government fails to complete its budget process or to provide for a continuing resolution, a federal government shutdown may result. This could in turn result in us incurring substantial labor or other costs without reimbursement under customer contracts, or the delay or cancellation of key programs, which could have a negative effect on our cash flows and adversely affect our future results. In addition, when supplemental appropriations are required to operate the U.S. Government or fund specific programs and passage of legislation needed to approve any supplemental appropriation bill is delayed, the overall funding environment for our business could be adversely affected.

We face substantial uncertainties related to our CityTime contract.

There are ongoing investigations being conducted by the U.S. Attorney s Office and the New York City Department of Investigations relating to an alleged fraudulent scheme that involves a systems development and implementation contract for an automated time and attendance and workforce management system (CityTime) that we completed in June 2011 for certain agencies of the City of New York (City). We have billed the City approximately $635 million under the CityTime contract. An adverse outcome of any of these investigations may result in non-payment of the accounts receivable owed by the City to us, reimbursement of other amounts that we previously received under the contract, additional damages and penalties, and criminal fines, restitution and other remedies, including suspension or debarment from government contracting, any of which could have a material adverse effect on our consolidated financial position, results of operations and cash flows.

Our failure to comply with a variety of complex procurement rules and regulations could result in our being liable for penalties, including termination of our U.S. Government contracts, disqualification from bidding on future U.S. Government contracts and suspension or debarment from U.S. Government contracting.

We must comply with laws and regulations relating to the formation, administration and performance of U.S. Government contracts, which affect how we do business with our customers and may impose added costs on our business. Some significant regulations that affect us include:

- the Federal Acquisition Regulation (FAR) and supplements, which regulate the formation, administration and performance of U.S. Government contracts;

- the Truth in Negotiations Act, which requires certification and disclosure of cost and pricing data in connection with certain contract negotiations;

- the Civil False Claims Act, which provides for substantial civil penalties for violations, including for submission of a false or fraudulent claim to the U.S. Government for payment or approval; and

- the U.S. Government Cost Accounting Standards, which impose accounting requirements that govern our right to reimbursement under certain cost-based U.S. Government contracts.

The FAR and many of our U.S. Government contracts contain organizational conflict of interest clauses that may limit our ability to compete for or perform certain other contracts. Organizational conflicts of interest arise when we engage in activities that may make us unable to render impartial assistance or advice to the U.S. Government, impair our objectivity in performing contract work, or provide us with an unfair competitive advantage. A conflict of interest issue that precludes our competition for or performance on a significant program or contract could harm our prospects.

The U.S. Government may adopt new contract rules and regulations or revise its procurement practices in a manner adverse to us at any time.

The U.S. Government may face restrictions or pressure regarding the type and amount of services it may obtain from private contractors. Legislation, regulations and initiatives dealing with procurement reform, environmental responsibility or sustainability, and mitigation of potential conflicts of interest, as well as any resulting shifts in the buying practices of U.S. Government agencies, such as increased usage of fixed price contracts which transfer some risks from the U.S. Government to the performing contractors, could have adverse effects on government contractors, including us. Any of these changes could impair our ability to obtain new contracts or renew contracts under which we currently perform when those contracts are put up for recompetition. Any new contracting requirements or procurement methods could be costly or administratively difficult for us to implement and could adversely affect our future revenues.

Our business is subject to reviews, audits and cost adjustments by the U.S. Government, which, if resolved unfavorably to us, could adversely affect our profitability, cash position or growth prospects.

U.S. Government agencies, including the Defense Contract Audit Agency (DCAA) and others, routinely audit and review a contractor s performance on government contracts, indirect rates and pricing practices, and compliance with applicable contracting and procurement laws, regulations and standards. They also review the adequacy of the contractor s compliance with government standards for its accounting and management internal control systems, including: control environment and overall accounting system, estimating system, purchasing system, property system and earned value management system.

Both contractors and the U.S. Government agencies conducting these audits and reviews have come under increased scrutiny. For example, it was determined that the audit procedures the DCAA previously used in reviewing some of our systems and other government contractors systems were not in compliance with the requirements of Generally Accepted Government Auditing Standards. As a result, certain previous audit reports were rescinded and the current audits and reviews have become more rigorous and the standards to which we are held are being more strictly interpreted, increasing the likelihood of an audit or review resulting in an adverse outcome. During the course of its current audits, the DCAA is closely examining and questioning several of our long established and disclosed practices that it had previously audited and accepted, increasing the uncertainty as to the ultimate conclusion that will be reached. A finding of significant control deficiencies in our system audits can result in decremented billing rates to our U.S. Government customers until the control deficiencies are corrected and our corrections are accepted. In addition, due to uncertainty created by the lack of timely completion of system and other audits, we have agreed to an insignificant downward adjustment to our provisional billing rates pending resolution of such uncertainty.

Government audits and reviews may conclude that our practices are not consistent with applicable laws and regulations and result in adjustments to contract costs and mandatory customer refunds. Such adjustments can be applied retroactively, which could result in significant customer refunds. Our receipt of adverse audit findings or the failure to obtain an adequate determination of our various accounting and management internal control systems, including our recent changes to indirect cost and direct labor estimating systems, from the responsible U.S. Government agency could significantly and adversely affect our business, including our ability to bid on new contracts and our competitive position in the bidding process. A determination of non-compliance with applicable contracting and procurement laws, regulations and standards could also result in the U.S. Government imposing penalties and sanctions against us, including withholding of payments, suspension of payments and increased government scrutiny that could delay or adversely affect our ability to invoice and receive timely payment on contracts, perform contracts or compete for contracts with the U.S. Government.

Our indirect cost audits by the DCAA have not been completed for fiscal 2005 and subsequent fiscal years. Although we have recorded contract revenues subsequent to fiscal 2004 based upon our estimate of costs that we believe will be approved upon final audit or review, we do not know the outcome of any ongoing or future audits or reviews and adjustments and, if future adjustments exceed our estimates, our profitability would be adversely affected.

Our business is subject to governmental review and investigation which could adversely affect our profitability, cash position or growth prospects.

We are routinely subject to governmental investigations relating to our contracts and operations. If a review or investigation identifies improper or illegal activities, we may be subject to civil or criminal penalties or administrative sanctions, including the termination of contracts, forfeiture of profits, the triggering of price reduction clauses, suspension of payments, fines and suspension or debarment from doing business with governmental agencies. We may suffer harm to our reputation if allegations of impropriety are made against us, which would impair our ability to win new contract awards or receive contract renewals. Penalties and sanctions are not uncommon in our industry. If we incur a material penalty or administrative sanction or otherwise suffer harm to our reputation, our profitability, cash position and future prospects could be adversely affected. More generally, increases in scrutiny and investigations from government organizations, legislative bodies or agencies into business practices and into major programs supported by contractors may lead to increased legal costs and may harm our reputation and profitability if we are among the targeted companies.

Misconduct of employees, subcontractors, agents and business partners could cause us to lose customers or our ability to obtain new contracts.

Misconduct, fraud or other improper activities by our employees, subcontractors, agents or business partners could have a significant adverse impact on our business and reputation. Such misconduct includes falsifying time or other records and violations of the Anti-Kickback Act. Other examples could include the failure to comply with federal, state or local government procurement regulations, regulations regarding the protection of classified information, legislation regarding the pricing of labor and other costs in government contracts, laws and regulations relating to environmental matters, bribery of foreign government officials, import-export control, lobbying or similar activities, and any other applicable laws or regulations. Misconduct involving data security lapses resulting in the compromise of personal information or the improper use of our customer s sensitive or classified information could result in remediation costs, regulatory sanctions against us and serious harm to our reputation. Although we have implemented policies, procedures and controls to prevent and detect these activities, these precautions may not prevent all misconduct, and as a result, we could face unknown risks or losses. Our failure to comply with applicable laws or regulations or misconduct by any of our employees, subcontractors, agents or business partners could subject us to fines and penalties, loss of security clearance, loss of current and future customer contracts and suspension or debarment from contracting with federal, state or local government agencies, any of which would adversely affect our business, our reputation and our future results.

Due to the competitive process to obtain contracts and an increase in bid protests, we may be unable to sustain our revenue growth and profitability.

We expect that a majority of the business that we seek in the foreseeable future will be awarded through a competitive bidding process. The U.S. Government has increasingly relied on certain types of contracts that are subject to a competitive bidding process, including indefinite delivery/indefinite quantity (IDIQ), U.S. General Services Administration (GSA) Schedule and other multi-award contracts, which has resulted in greater competition and increased pricing pressure. The competitive bidding process involves substantial costs and a number of risks, including the significant cost and managerial time to prepare bids and proposals for contracts that may not be awarded to us and our failure to accurately estimate the resources and costs that will be required to fulfill any contract we win. Following contract award, we may encounter significant expense, delay, contract modifications or even contract loss as a result of our competitors protesting the award of contracts to us in competitive bidding. Any resulting loss or delay of start up and funding of work under protested contract awards may adversely affect our revenues and/or profitability. In addition, multi-award contracts require that we make sustained post-award efforts to obtain task orders under the contract. As a result, we may not be able to obtain these task orders or recognize revenues under these multi-award contracts. Our failure to compete effectively in this procurement environment would adversely affect our revenues and/or profitability.

The U.S. Government may modify, curtail or terminate our contracts at any time prior to their completion and, if we do not replace them, we may be unable to sustain our revenue growth and may suffer a decline in revenues.

Many of the U.S. Government programs in which we participate as a contractor or subcontractor may extend for several years and include one or more base years and one or more option years. These programs are normally funded on an annual basis. Under our contracts, the U.S. Government generally has the right not to exercise options to extend or expand our contracts and may modify, curtail or terminate the contracts at its convenience. Any decision by the U.S. Government not to exercise contract options or to modify, curtail or terminate our major programs or contracts would adversely affect our revenues and revenue growth. For example, in fiscal 2010, the DoD announced its intent to restructure one of our programs, Future Combat Systems, which has been renamed Army Brigade Combat Team Modernization. As a result of this restructuring, certain efforts associated with this program were terminated.

We have experienced and continue to experience periodic performance issues under certain of our contracts. If a government customer terminates a contract for default, we may be exposed to liability, including for excess costs incurred by the customer in procuring undelivered services and products from another source. Depending on the nature and value of the contract, a performance issue or termination for default could cause our actual results to differ from those anticipated and could harm our reputation.

We may not realize as revenues the full amounts reflected in our backlog, which could adversely affect our expected future revenues and growth prospects.

As of July 31, 2011, our total backlog was $17.7 billion, which included $5.3 billion in funded backlog. Due to the U.S. Government s ability to not exercise contract options or to modify, curtail or terminate our major programs or contracts and the rights of our non-U.S. Government customers to cancel contracts and purchase orders in certain circumstances, we may never realize revenues from some of the contracts that are included in our backlog. Our unfunded backlog, in particular, contains management s estimate of amounts expected to be realized on unfunded contract work that may never be realized as revenues. If we fail to realize as revenues amounts included in our backlog, our expected future revenue and growth prospects could be adversely affected.

Our earnings and profitability may vary based on the mix of our contracts and may be adversely affected by our failure to accurately estimate and manage costs, time and resources.

We generate revenues under various types of contracts, which include cost reimbursement, time and materials (T&M), fixed-price level of effort (FP-LOE) and firm fixed-price (FFP) contracts. Our earnings and profitability may vary materially depending on changes in the proportionate amount of revenues derived from each type of contract, the nature of services or products provided, as well as the achievement of performance objectives and the stage of performance at which the right to receive fees, particularly under incentive and award fee contracts, is finally determined. Cost reimbursement and T&M contracts generally have lower profitability than FFP contracts. Our operating results in any period may be affected, positively or negatively, by variable purchasing patterns by our customers of our more profitable proprietary products.

Our profitability is adversely affected when we incur contract costs that we cannot bill to our customers. To varying degrees, each of our contract types involves some risk that we could underestimate our costs and resources necessary to fulfill the contract. While FFP contracts allow us to benefit from cost savings, these contracts also increase our exposure to the risk of cost overruns. Revenues derived from FFP contracts represented 27% of our total revenues for the six months ended July 31, 2011. When making proposals on these types of contracts, we rely heavily on our estimates of costs and timing for completing the associated projects, as well as assumptions regarding technical issues. In each case, our failure to accurately estimate costs or the resources and technology needed to perform our contracts or to effectively manage and control our costs during the performance of our work could result, and in some instances has resulted, in reduced profits or in losses. More generally, any increased or unexpected costs or unanticipated delays in connection with the performance of our contracts, including costs and delays caused by contractual disputes or other factors outside of our control, could make our contracts less profitable than expected or unprofitable.

We use estimates in recognizing revenues and if we make changes to estimates used in recognizing revenues, our profitability may be adversely affected.

Revenues from our contracts are primarily recognized using the percentage-of-completion method or on the basis of partial performance towards completion. These methodologies require estimates of total costs at completion, fees earned on the contract, or both. This estimation process, particularly due to the technical nature of the services being performed and the long-term nature of certain contracts, is complex and involves significant judgment. Adjustments to original estimates are often required as work progresses, experience is gained and additional information becomes known, even though the scope of the work required under the contract may not change. Any adjustment as a result of a change in estimate is recognized as events become known. Changes in the underlying assumptions, circumstances or estimates could result in adjustments that may adversely affect future financial results.

Internal system or service failures could disrupt our business and impair our ability to effectively provide our services and products to our customers, which could damage our reputation and adversely affect our revenues and profitability.

We have a number of projects underway to improve our information technology systems and the delivery of shared services throughout our company. Any system or service disruptions, including those caused by projects to improve our information technology systems and the delivery of shared services, if not anticipated and appropriately mitigated, could have a material adverse effect on our business including, among other things, an adverse effect on our ability to bill our customers for work performed on our contracts, collect the amounts that have been billed and produce accurate financial statements in a timely manner.

We are also subject to systems failures, including network, software or hardware failures, whether caused by us, third-party service providers, intruders or hackers, computer viruses, natural disasters, power shortages or terrorist attacks. Any such failures could cause loss of data and interruptions or delays in our business, cause us to incur remediation costs, subject us to claims and damage our reputation. In addition, the failure or disruption of our communications or utilities could cause us to interrupt or suspend our operations or otherwise adversely affect our business. Our property and business interruption insurance may be inadequate to compensate us for all losses that may occur as a result of any system or operational failure or disruption and, as a result, our future results could be adversely affected.

Customer systems failures, including security breaches, could damage our reputation and adversely affect our revenues and profitability.

Many of the systems and networks that we develop, install and maintain for our customers involve managing and protecting personal information and information relating to national security and other sensitive government functions. While we have programs designed to comply with relevant privacy and security laws and restrictions, if a system or network that we develop, install or maintain were to fail or experience a security breach or service interruption, we may experience loss of revenue, remediation costs or face claims for damages or contract termination. Any such event could cause serious harm to our reputation and prevent us from having access to or being eligible for further work on such systems and networks. Our errors and omissions liability insurance may be inadequate to compensate us for all of the damages that we may incur and, as a result, our future results could be adversely affected.

We have contracts with the U.S. Government that are classified which may limit investor insight into portions of our business.

We derive a portion of our revenues from programs with the U.S. Government that are subject to security restrictions (classified programs), which preclude the dissemination of information that is classified for national security purposes. We are limited in our ability to provide information about these classified programs, their risks or any disputes or claims relating to such programs. As a result, investors have less insight into our classified programs than our other businesses and therefore less ability to fully evaluate the risks related to our classified business.

We face aggressive competition that can impact our ability to obtain contracts and therefore affect our future revenues and growth prospects.

Our business is highly competitive and we compete with larger companies that have greater name recognition, financial resources and larger technical staffs. We also compete with smaller, more specialized companies that are able to concentrate their resources on particular areas. We additionally compete with the U.S. Government s own capabilities and federal non-profit contract research centers.

The markets in which we operate are characterized by rapidly changing technology and the needs of our customers change and evolve regularly. Accordingly, our success depends on our ability to develop services and products that address these changing needs and to provide people and technology needed to deliver these services and products. To remain competitive, we must consistently provide superior service, technology and performance on a cost-effective basis to our customers. Our competitors may be able to provide our customers with different or greater capabilities or technologies or better contract terms than we can provide, including technical qualifications, past contract experience, geographic presence, price and the availability of qualified professional personnel. In addition, our competitors may consolidate or establish teaming or other relationships among themselves or with third parties to increase their ability to address customers needs. Accordingly, we anticipate that larger or new competitors or alliances among competitors may emerge which may adversely affect our ability to compete.

Adverse judgments or settlements in legal disputes could require us to pay potentially large damage awards, which would adversely affect our cash balances and profitability.

We are subject to, and may become a party to, a variety of litigation or other claims and suits that arise from time to time in the ordinary course of our business. Adverse judgments or settlements in some or all of these legal disputes may result in significant monetary damages or injunctive relief against us. Any claims or litigation, even if fully indemnified or insured, could damage our reputation and make it more difficult to compete effectively or obtain adequate insurance in the future. The litigation and other claims described in this prospectus are subject to inherent uncertainties and management s view of these matters may change in the future.

Our failure to attract, train and retain skilled employees, including our management team, would adversely affect our ability to execute our strategy.

Our business involves the development of tailored solutions for our clients, a process that relies heavily upon the expertise and services of our employees. Our continued success depends on our ability to recruit and retain highly trained and skilled engineering, technical and professional personnel. Competition for skilled personnel is intense and competitors aggressively recruit key employees. In addition, many U.S. Government programs require contractors to have security clearances. Depending on the level of required clearance, security clearances can be difficult and time-consuming to obtain and personnel with security clearances are in great demand. Particularly in highly specialized areas, it has become more difficult to retain employees and meet all of our needs for employees in a timely manner, which may affect our growth in the current fiscal year and in future years. Although we intend to continue to devote significant resources to recruit, train and retain qualified employees, we may not be able to attract and retain these employees. Any failure to do so could impair our ability to perform our contractual obligations efficiently and timely meet our customers needs and win new business, which could adversely affect our future results.

In addition to attracting and retaining qualified engineering, technical and professional personnel, we believe that our success will also depend on the continued employment of a highly qualified and experienced senior management team and its ability to retain existing business and generate new business. Our senior management team is important to our business because personal reputations and individual business relationships are a critical element of retaining and obtaining customer contracts in our industry, particularly with agencies performing classified operations. Our inability to retain appropriately qualified and experienced senior executives could cause us to lose customers or new business opportunities.

Our services and operations sometimes involve using, handling or disposing of hazardous substances, which could expose us to potentially significant liabilities.

Our operations sometimes involve the investigation or remediation of environmental hazards, as well as the use, handling or disposal of hazardous substances. These activities and our operations generally subject us to extensive foreign, federal, state and local environmental protection and health and safety laws and regulations, which, among other things, require us to incur costs to comply with these regulations and could impose liability on us for handling or disposing of hazardous substances. Furthermore, failure to comply with these environmental protection and health and safety laws and regulations could result in civil, criminal, administrative or contractual sanctions, including fines, penalties or suspension or debarment from contracting with the U.S. Government. Additionally, our ownership and operation of real property also subjects us to environmental protection laws, some of which hold current or previous owners or operators of businesses and real property liable for hazardous substance releases, even if they did not know of and were not responsible for the releases. If we have any violations of, or liabilities pursuant to, these laws or regulations, our financial condition and operating results could be adversely affected.

Acquisitions, investments, joint ventures and divestitures could result in operating difficulties and other adverse consequences to our business.

One of our key operating strategies is to selectively pursue strategic acquisitions, investments and joint ventures. As with past growth, we expect that a significant portion of our future growth will continue to come from these transactions. These transactions require significant investment of time and resources and may disrupt our business and distract our management from other responsibilities. Even if successful, these transactions could, for some period, reduce earnings due to the amortization of intangible assets acquired or the payment of additional consideration under earn-out arrangements if an acquisition performs significantly better than expected. Acquisitions, investments and joint ventures pose many other risks, including:

- we may not be able to identify, compete effectively for or complete suitable acquisitions and investments at prices we consider attractive;

- we may not be able to accurately estimate the financial effect of acquisitions and investments on our business and we may not realize anticipated synergies or acquisitions may not result in improved operating performance;

- we may encounter performance problems with acquired technologies, capabilities and products, particularly with respect to those that are still in development when acquired;

- we may have trouble retaining key employees and customers of an acquired business or otherwise integrating such businesses, such as incompatible accounting, information management, or other control systems, which could result in unforeseen difficulties;

- we may assume material liabilities that were not identified as part of our due diligence or for which we are unable to receive a purchase price adjustment or reimbursement through indemnification;

- acquired entities or joint ventures may not operate profitably, which could adversely affect our operating income or operating margins and we may be unable to recover investments in any such acquisitions;

- future acquisitions, investments and joint ventures may require us to spend a significant amount of cash or to issue capital stock, resulting in dilution of ownership; and

- we may not be able to effectively influence the operations of our joint ventures, which could adversely affect our operations.

If our acquisitions, investments or joint ventures fail, perform poorly or their value is otherwise impaired for reasons including contractions in credit markets and global economic conditions, our business and financial results could be adversely affected.

In addition, we periodically divest businesses, including businesses that are no longer a part of our ongoing strategic plan. These divestitures may result in losses on disposal or continued financial involvement in the divested business, including through indemnification, guarantee or other financial arrangements, for a period of time following the transaction, which would adversely affect our financial results.

Goodwill and other intangible assets represent approximately 30% of our total assets and any impairment of these assets could negatively impact our results of operations.

Intangible assets, including goodwill, are assessed for impairment whenever events or circumstances indicate that the carrying value may not be recoverable. Factors considered a change in circumstance, indicating that the carrying value of intangible assets may not be recoverable, could include a significant adverse change in legal factors or in the business climate, an adverse action or assessment by a regulator, unanticipated competition, loss of key personnel, or a more-likely-than-not expectation that a reporting unit or a significant portion of a reporting unit will be sold or otherwise disposed of. In addition, goodwill and non-amortizable intangible assets are assessed for impairment at least annually as required under U.S. generally accepted accounting principles. Future events or changes in circumstances that result in an impairment of goodwill or other intangible assets would have a negative impact on our profitability and financial results.

We depend on our teaming arrangements and relationships with other contractors and subcontractors. If we are not able to maintain these relationships, or if these parties fail to satisfy their obligations to us or the customer, our revenues, profitability and growth prospects could be adversely affected.

We rely on our teaming relationships with other prime contractors and subcontractors in order to submit bids for large procurements or other opportunities where we believe the combination of services and products provided by us and the other companies will help us to win and perform the contract. Our future revenues and growth prospects could be adversely affected if other contractors eliminate or reduce their contract relationships with us, or if the U.S. Government terminates or reduces these other contractors programs, does not award them new contracts or refuses to pay under a contract. Companies that do not have access to U.S. Government contracts may perform services as our subcontractor and that exposure could enhance such companies prospect of securing a future position as a prime U.S. Government contractor which could increase competition for future contracts and impair our ability to perform on contracts.

We may have disputes with our subcontractors arising from, among other things, the quality and timeliness of work performed by the subcontractor, customer concerns about the subcontractor, our failure to extend existing task orders or issue new task orders under a subcontract, our hiring of a subcontractor s personnel or the subcontractor s failure to comply with applicable law. Current uncertain economic conditions heighten the risk of financial stress of our subcontractors, which could adversely impact their ability to meet their contractual requirements to us. If any of our subcontractors fail to timely meet their contractual obligations or have regulatory compliance or other problems, our ability to fulfill our obligations as a prime contractor may be jeopardized. Significant losses could arise in future periods and subcontractor performance deficiencies could result in a customer terminating a contract for default. A termination for default could expose us to liability and have an adverse effect on our ability to compete for future contracts and task orders, especially if the customer is an agency of the U.S. Government.

We could incur significant liabilities and suffer negative publicity if our inspection or detection systems fail to detect bombs, explosives, weapons, contraband or other threats.

We design, develop, manufacture, sell, service and maintain various inspection systems that are designed to assist in the detection of bombs, explosives, weapons, contraband or other threats. In some instances, we also train operators of such systems. Many of these systems utilize software algorithms that are probabilistic in nature and subject to significant technical limitations. Many of these systems are also dependent on the performance of their operators. There are many factors, some of which are beyond our control, which could result in the failure of our products to help detect the presence of bombs, explosives, weapons, contraband or other threats. Some of these factors could include operator error, inherent limitations in our systems, and misuse or malfunction of our systems. The failure of our systems to help detect the presence of any of these dangerous materials could lead to injury, death and extensive property damage and may lead to product liability, professional liability, or other claims against us. Further, if our systems fail to, or are perceived to have failed to help detect a threat, the negative publicity from such incident could have a material adverse effect on our business.

Our insurance may be insufficient to protect us from product and other liability claims.

Our insurance may be insufficient to protect us from significant product and other liability claims. Moreover, there is a risk that commercially available liability insurance will not continue to be available to us at a reasonable cost, if at all. If liability claims exceed our current or available insurance coverage, our business and prospects may be harmed. Regardless of the adequacy of our liability insurance coverages, any significant claim may have an adverse affect on our industry and market reputation, leading to a substantial decrease in demand for our products and services and reduced revenues.

We face risks associated with our international business.

Our international business operations may be subject to additional and different risks than our U.S. business. Failure to comply with U.S. Government laws and regulations applicable to international business such as the Foreign Corrupt Practices Act or U.S. export control regulations could have an adverse impact on our business with the U.S. Government and could expose us to administrative, civil or criminal penalties. Additionally, these risks relating to international operations may expose us to potentially significant contract losses.

In some countries, there is increased chance for economic, legal or political changes that may adversely affect the performance of our services, sale of our products or repatriation of our profits. International transactions can also involve increased financial and legal risks arising from foreign exchange rate variability, imposition of tariffs or additional taxes, restrictive trade policies and differing legal systems. We sometimes provide services and products in support of U.S. Government customers in countries with governments that may be or may become unstable, which increases the risk of an incident resulting in injury or loss of life, or damage or destruction of property, or inability to meet our contractual obligations. Although our international operations have historically generated a small proportion of our revenues, we do not know the impact that these regulatory, geopolitical and other factors may have on our business in the future and any of these factors could adversely affect our business.

Our financial results may be adversely affected by our underfunded United Kingdom pension plan.

Our financial results may be adversely impacted by the expense amount that we record for a pension plan that we sponsor in the United Kingdom for plan participants that primarily performed services on a specific customer contract, which has expired. In April 2010, plan participants who were then performing services on the contract transferred to a successor contractor. We expect that certain plan participants will transfer their pension plan assets and obligations to a successor contractor. The impact of these transfers on plan assets and obligations will depend on the number of plan participants who elect to transfer their pension benefits to a successor contractor s plan, the amount of assets and obligations to be transferred, the performance of the pension plan assets and agreement on the timing of the transfer of the pension plan assets and obligations to a successor contractor s plan. We have continuing defined benefit pension obligations with respect to certain plan participants however benefits are no longer accruing under the plan as of May 2011. During the six months ended July 31, 2011, we sold certain components of our business, including the component of our business that contained this pension and employed the pension plan participants. Under terms of the definitive agreement, we retained the assets and obligations of this defined benefit pension plan.

On February 1, 2011, we elected to change our method of recognizing pension expense. Immediately prior to the change, net actuarial gains or losses in excess of 10% of the greater of the market-related value of plan assets or the plans projected benefit obligation (which is referred to as the corridor) were recognized over the average remaining life expectancy of the plan participants. Under this accounting method, we will recognize all net actuarial gains or losses in excess of the corridor annually in continuing operations in the fourth quarter of each fiscal year and whenever a plan is remeasured. This accounting method results in an accelerated recognition of net actuarial gains and losses as compared to our previous amortization method. This accounting method may cause our pension expense in our fourth quarter ending January 31 to be volatile and our financial results to fluctuate, potentially adversely. Our pension plan expense may also be affected by economic factors, such as the level of return on pension plan assets and changes in interest rates, legislation and other government regulatory actions.

We have only a limited ability to protect our intellectual property rights, which are important to our success. Our failure to adequately protect our proprietary information and intellectual property rights could adversely affect our competitive position.

We rely principally on trade secrets to protect much of our intellectual property in cases where we do not believe that patent protection is appropriate or obtainable. However, trade secrets are difficult to protect. Although our employees are subject to confidentiality obligations, this protection may be inadequate to deter or prevent misappropriation of our confidential information. In addition, we may be unable to detect unauthorized use of our intellectual property or otherwise take appropriate steps to enforce our rights. Failure to obtain or maintain trade secret protection could adversely affect our competitive business position. In addition, if we are unable to prevent third parties from infringing or misappropriating our copyrights, trademarks or other proprietary information, our competitive position could be adversely affected.

In the course of conducting our business, we may inadvertently infringe the intellectual property rights of others, resulting in claims against us or our customers. Our contracts generally indemnify our customers for third-party claims for intellectual property infringement by the services and products we provide. The expense of defending these claims may adversely affect our financial results.

Business disruptions caused by natural disasters and other crises could adversely affect our profitability and our overall financial position.

We have significant operations located in regions of the United States that may be exposed to damaging storms and other natural disasters, such as hurricanes, tornadoes, blizzards, flooding, wildfires or earthquakes. Our business could also be disrupted by pandemics and other national or international crises. Although preventative measures may help mitigate damage, the damage and disruption to our business resulting from any of these events may be significant. If our insurance and other risk mitigation mechanisms are not sufficient to recover all costs, including loss of revenues from sales to customers, we could experience a material adverse effect on our financial position and results of operations. Performance failures by our subcontractors due to these types of events may also adversely affect our ability to perform our obligations on a prime contract, which could reduce our profitability due to damages or other costs that may not be fully recoverable from the subcontractor or the customer and could result in a termination of the prime contract and have an adverse effect on our ability to compete for future contracts.

Our financial results may vary significantly from period-to-period.

Our financial results may fluctuate as a result of a number of factors, many of which are outside of our control. For these reasons, comparing our operating results on a period-to-period basis may not be meaningful, and you should not rely on our past results as an indication of our future performance. Our financial results may be negatively affected by any of the risk factors listed in this Risk Factors section and other matters described elsewhere in this prospectus.

Risks Relating to SAIC s Stock

Provisions in SAIC s charter documents and under Delaware law could delay or prevent transactions that many stockholders may favor.

Some provisions of SAIC s certificate of incorporation and bylaws may have the effect of delaying, discouraging or preventing a merger or acquisition that our stockholders may consider favorable, including transactions in which stockholders might receive a premium for their shares. These restrictions, which may also make it more difficult for our stockholders to elect directors not endorsed by our current directors and management, include the following:

- SAIC s certificate of incorporation provides that its bylaws and certain provisions of its certificate of incorporation may be amended by only two-thirds or more voting power of all of the outstanding shares entitled to vote. These supermajority voting requirements could impede our stockholders ability to make changes to SAIC s certificate of incorporation and bylaws.

- SAIC s certificate of incorporation contains certain supermajority voting provisions, which generally provide that mergers and certain other business combinations between SAIC and a related person be approved by the holders of securities having at least 80% of SAIC s outstanding voting power, as well as by the holders of a majority of the voting power of such securities that are not owned by the related person.

- SAIC s stockholders may not act by written consent. As a result, a holder, or holders, controlling a majority of SAIC s capital stock are limited in their ability to take certain actions other than in connection with its annual stockholders meeting or a special meeting called at the request of qualified stockholders as provided in SAIC s certificate of incorporation and bylaws.

- SAIC s board of directors may issue, without stockholder approval, shares of undesignated preferred stock. The ability to authorize undesignated preferred stock makes it possible for SAIC s board of directors to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to acquire us.

As a Delaware corporation, SAIC is also subject to certain restrictions on business combinations. Under Delaware law, a corporation may not engage in a business combination with any holder of 15% or more of its capital stock unless the holder has held the stock for three years, or among other things, SAIC s board of directors has approved the business combination or the transaction pursuant to which such person became a 15% holder prior to the time the person became a 15% holder.

USE OF PROCEEDS

We will not receive any cash proceeds from the issuance of the New Notes (and related guarantee). The New Notes will be exchanged for Old Notes as described in this prospectus upon our receipt of Old Notes. We will cancel all of the Old Notes (and related guarantee) surrendered in exchange for the New Notes (and related guarantee). Accordingly, no additional debt will result from the exchange offer.

RATIO OF EARNINGS TO FIXED CHARGES

Our ratios of earnings to fixed charges were as follows for the respective periods indicated:

	Six Months Ended July 31	Year Ended January 31				
	2011	2011	2010	2009	2008	2007
Ratio of earnings to fixed charges:						
SAIC	5.6x	7.3x	7.0x	6.4x	5.4x	5.2x
Science Applications	5.4x	6.6x	5.9x	4.8x	3.6x	5.0x

For purposes of calculating the ratio of earnings to fixed charges, earnings are the amount resulting from adding (a) pretax income from continuing operations, (b) fixed charges, (c) minority interests in consolidated subsidiaries, and (d) cash distributions from equity method investments; and subtracting (e) income (loss) from equity method investments. Fixed charges consist of (a) interest expense inclusive of amortized premiums, discounts and capitalized expenses related to indebtedness and (b) the portion of rental expense deemed representative of interest expense (estimated to be one-third of rental expense). Interest associated with our uncertain tax positions is a component of income tax expense and not fixed charges.

SELECTED FINANCIAL DATA

The selected financial data presented below as of January 31, 2011 and 2010 and for the three years in the period ended January 31, 2011 has been derived from our consolidated financial statements for the fiscal year ended January 31, 2011 contained within this prospectus. The selected financial data relating to prior years has been derived from our consolidated financial statements which are not contained within this prospectus. The selected financial data presented as of July 31, 2011 and for the six months ended July 31, 2011 and 2010 are derived from our unaudited consolidated financial statements contained in this prospectus. All prior periods presented have been adjusted to reflect the fiscal year 2012 reclassification of certain components of a business to discontinued operations as described in Note 18 and the retrospective application of a pension accounting change as described in Note 1 of the combined notes to consolidated financial statements as of January 31, 2011 and 2010 and for the three years in the period ended January 31, 2011. As SAIC is a holding company and it consolidates Science Applications for financial statement purposes, the following financial data relates to both companies, except where otherwise indicated. Science Application s revenues and expenses comprise 100% of SAIC s revenues and operating expenses. In addition, Science Applications comprises approximately the entire balance of SAIC s assets, liabilities and operating cash flows, except for a note receivable from Science Applications to SAIC on which Science Applications pays interest.

The selected financial information set forth below should be read in conjunction with our consolidated financial statements, including the respective notes thereto, and with our Management s Discussion and Analysis of Financial Condition and Results of Operations contained within this prospectus.

	Six Months Ended July 31		Year Ended January 31				
	2011	2010 as adjusted	**2011**	2010	2009 as adjusted	2008	2007
	(in millions, except per share data)		(in millions, except per share data)				
Consolidated Statement of Income Data:							
SAIC:							
Revenues	**$ 5,284**	$ 5,376	**$ 10,921**	$ 10,580	$ 9,768	$ 8,592	$ 7,734
Operating income	**439**	478	**947**	836	747	638	542
Income from continuing operations	**242**	281	**558**	479	428	367	347
Income from discontinued operations	**67**	34	**61**	17	18	49	45
Net income	**309**	315	**619**	496	446	416	392
Earnings per share:							
Basic:							
Income from continuing operations	**$ .68**	$ .73	**$ 1.48**	$ 1.20	$ 1.05	$ .89	$ .98
Income from discontinued operations	**.19**	.09	**.17**	.05	.05	.11	.12
	$ .87	$ .82	**$ 1.65**	$ 1.25	$ 1.10	$ 1.00	$ 1.10
Diluted:							
Income from continuing operations	**$ .68**	$ .73	**$ 1.48**	$ 1.19	$ 1.03	$ .86	$ .95
Income from discontinued operations	**.19**	.09	**.16**	.04	.05	.12	.12
	$ .87	$ .82	**$ 1.64**	$ 1.23	$ 1.08	$ .98	$ 1.07
Science Applications:							
Revenues	**$ 5,284**	$ 5,376	**$ 10,921**	$ 10,580	$ 9,768	$ 8,592	$ 7,734
Operating income	**439**	478	**947**	836	747	638	542
Income from continuing operations	**241**	275	**550**	465	401	322	336
Income from discontinued operations	**67**	34	**61**	17	18	49	45
Net income	**308**	309	**611**	482	419	371	381

	July 31	January 31				
	2011	**2011**	2010	2009	2008	2007
		as adjusted				
	(in millions, except per share data)					
Consolidated Balance Sheet Data:						
Total assets	**$ 6,113**	**$ 6,223**	$ 5,295	$ 5,048	$ 4,983	$ 4,560
Notes payable and long-term debt, including current portion	**1,852**	**1,852**	1,106	1,116	1,228	1,228
Other long-term liabilities	**143**	**135**	195	180	145	103
Cash dividends per share declared and paid [(1)]						15

(1) Prior to our October 2006 reorganization merger in which Science Applications became a subsidiary of SAIC, Science Applications declared a dividend of $2.45 billion. SAIC then completed an initial public offering of its common stock for net proceeds of $1.24 billion. Science Applications has never declared or paid cash dividends to its sole stockholder, SAIC. Science Applications may declare and pay cash dividends to SAIC from time to time, but there is no present intention to do so in the foreseeable future.

BUSINESS

This prospectus is part of a combined registration statement of SAIC and Science Applications and includes separate consolidated financial statements for each of these two entities. As SAIC is a holding company and it consolidates Science Applications for financial reporting purposes, disclosures relate to activities of both companies, unless otherwise noted. Unless otherwise noted, references to years are for fiscal years ended January 31. For example, we refer to the fiscal year ended January 31, 2011 as fiscal 2011 and the fiscal year ending January 31, 2012 as fiscal 2012.

Overview

SAIC is a holding company. Its principal operating company, Science Applications, was formed in 1969. In October 2006, in connection with becoming a publicly-traded company, Science Applications completed a merger (reorganization merger) in which it became a 100%-owned subsidiary of SAIC, after which SAIC completed an initial public offering of its common stock.

We are a provider of scientific, engineering, systems integration and technical services and solutions in the areas of defense, health, energy, infrastructure, intelligence, surveillance, reconnaissance and cybersecurity to all agencies of the U.S. Department of Defense (DoD), the intelligence community, the U.S. Department of Homeland Security (DHS) and other U.S. Government civil agencies, state and local government agencies, foreign governments and customers in select commercial markets. Our business is focused on solving issues of national and global importance in the areas of national security, energy and the environment, critical infrastructure and health. We combine technology and domain and mission expertise to deliver solutions that solve our customers most challenging issues. We are focusing our investments in our strategic growth areas including: intelligence, surveillance and reconnaissance; cybersecurity; logistics, readiness and sustainment; energy, environment and infrastructure; and health information technology.

Reportable Segments

Our reportable segments include Defense Solutions; Health, Energy and Civil Solutions; and Intelligence and Cybersecurity Solutions. We also maintain a Corporate and Other segment. While each reportable segment is organized around the markets served and the nature of the products and services provided to customers in those markets as described in further detail below, there are a wide array of scientific, engineering, systems integration and technical services and solutions that we provide across these reportable segments, but which are performed specifically to meet the needs of the market and customers served in the segment. These include:

- *Systems Engineering and Integration.* We provide systems engineering and implementation services and solutions to help our customers design and integrate complex network processes and infrastructure. These services and solutions include designing, installing, testing, repairing, maintaining and upgrading systems and processes.

- *Software Development*. We provide software development services and solutions to help our customers maximize value by extending and renovating critical systems through software capabilities. These services include automating code generation, managing computer resources, and merging and evaluating large amounts of data.

- *Cybersecurity*. We provide services and solutions to help our customers prepare for, protect against, and respond to a wide array of cybersecurity threats. These services and solutions include designing comprehensive cyber-risk management programs to identify and neutralize cyber attacks, integrating and managing information security services to protect customers mission-critical data, identifying and advising in connection with the selection of disaster recovery plans and performing tests to certify that information technology (IT) systems operate in accordance with design requirements.

Secure Information Sharing and Collaboration. We provide services and solutions to help our customers share information and resources, including designing and developing information systems that access, process and analyze vast amounts of data from various sources to facilitate timely information sharing, collaboration and decision making.

Communication Systems and Infrastructure. We provide services and solutions to help our customers design and implement state-of-the-art communication systems. These services and solutions include designing, installing, testing, repairing and maintaining voice, data and video communication systems and infrastructures.

Research and Development. We conduct leading-edge research and development of new technologies with applications in areas such as national security, intelligence and life sciences.

Securing Critical Infrastructure. We provide customers with services and solutions to protect critical infrastructure from acts of terrorism and natural disasters as well as from threats due to error, maliciousness, wear and tear, planning oversights and previously unforeseen vulnerabilities. These services and solutions include risk management (vulnerability assessments and threat identification), training exercises and simulations, awareness programs, physical security, protection and detection systems and critical infrastructure continuity and contingency planning as well as casualty and damage assessment tools and disaster recovery services.

Modeling and Simulation. We provide applied research and technology and modeling and simulation services and solutions to the U.S. military, space and intelligence communities, including support related to mission preparation, launch and execution.

Enterprise Information Solutions. We provide a comprehensive set of IT service offerings including enterprise information technology optimization, business intelligence, enterprise resource planning maintenance and staff augmentation services.

Defense Solutions

Defense Solutions provides systems engineering and specialized technical services and solutions in support of command and control, communications, modeling and simulation, logistics, readiness and sustainment and network operations to a broad customer base within the defense industry. Defense Solutions helps design and implement advanced, networked command and control systems to enable U.S. and allied defense customers to plan, direct, coordinate and control forces and operations at strategic, operational and tactical levels. Defense Solutions also provides a wide range of logistics and product support solutions, including supply chain management, demand forecasting, distribution, maintenance and training services, to enhance the readiness and operational capability of U.S. military personnel and their weapons and support systems. Major customers of Defense Solutions include most branches of the U.S. military. Defense Solutions represents 43%, 43% and 41% of total revenues for fiscal 2011, 2010 and 2009, respectively.

Health, Energy and Civil Solutions

Health, Energy and Civil Solutions provides services and solutions in the areas of critical infrastructure, homeland security, safety and mission assurance, training, environmental assessments and restoration, engineering design, construction and sophisticated IT services across a broad customer base. These services and solutions range from design and construction services, energy renewables and energy distribution/smart-grid, to healthcare IT and engineering, health infrastructure, biomedical support and research. Health, Energy and Civil Solutions also provides integrated security solutions and training expertise in the detection of chemical, biological, radiological, nuclear and explosive threats and designs and develops products and applied technologies that aid anti-terrorism and homeland security efforts, including border, port and security inspection systems and checked baggage explosive detection systems. Major customers of Health, Energy and Civil Solutions primarily include the U.S. federal government, foreign governments, state and local governmental agencies and commercial enterprises in various industries. Health, Energy and Civil Solutions represents 26%, 27% and 27% of total revenues for fiscal 2011, 2010 and 2009, respectively.

Intelligence and Cybersecurity Solutions

Intelligence and Cybersecurity Solutions provides systems and services focused on intelligence, surveillance, reconnaissance and cybersecurity across a broad spectrum of national security programs. Intelligence and Cybersecurity Solutions provides quick reaction, manned and unmanned airborne, maritime, space and ground-based surveillance systems which leverage an understanding of the underlying physics and operating in space, weight and power-constrained environments. Intelligence and Cybersecurity Solutions also provides intelligence processing, exploitation, and dissemination solutions, including systems designed to optimize decision-making in high rate, large volume, and complex data environments. Intelligence and Cybersecurity Solutions provides cybersecurity technology solutions, analytics and forensics, and products that protect data, applications, and modern information technology infrastructures from advanced and persistent threats as well as mission support in the geospatial, intelligence analysis, technical operations, and linguistics domains. Major customers of Intelligence and Cybersecurity Solutions include the national and military intelligence agencies, and other federal, civilian and commercial customers in the national security complex. Intelligence and Cybersecurity Solutions represents 31%, 30% and 32% of total revenues for fiscal 2011, 2010 and 2009, respectively.

Corporate and Other

Corporate and Other includes the operations of our internal real estate management subsidiary, various corporate activities, certain corporate expense items that are not reimbursed by our U.S. Government customers and certain revenue and expense items excluded from the chief operating decision maker s evaluation of a reportable segment s performance.

Substantially all of our revenues and tangible long-lived assets are generated by or owned by entities located in the United States. For additional information regarding our reportable segments, see the Management s Discussion and Analysis of Financial Condition and Results of Operations section, Note 17 of the combined notes to consolidated financial statements for the fiscal year ended January 31, 2011 and Note 9 of the combined notes to condensed consolidated financial statements for the six months ended July 31, 2011 contained within this prospectus.

Acquisitions

The acquisition of businesses is part of our growth strategy to provide new or enhance existing capabilities and offerings to customers and to establish new or enhance existing relationships with customers. We expect that a portion of our future growth will come from recent and future acquisitions. Since February 1, 2006, we have completed 23 acquisitions, most notably:

In the third quarter of fiscal 2012, we acquired Vitalize Consulting Solutions, Inc., a provider of clinical, business and information technology services for healthcare enterprises. This acquisition by our Health, Energy and Civil Solutions segment expands our capabilities in both federal and commercial markets to help customers better address electronic health record implementation and optimization demand.

In fiscal 2011, we acquired Cloudshield Technologies, Inc., a provider of cybersecurity and management services solutions. This acquisition by our Intelligence and Cybersecurity Solutions segment enhanced our cybersecurity offerings and positioned us to bring to market deep packet inspection solutions for high speed networks, enabling us to better meet emerging customer requirements. We also acquired Reveal Imaging Technologies, Inc., a provider of threat detection products and services. This acquisition by our Health, Energy and Civil Solutions segment enhanced our homeland security solutions portfolio by adding U.S. Transportation Security Administration certified explosive detection systems for checked baggage screening to our passenger and cargo inspections systems product offerings.

In fiscal 2010, we acquired R.W. Beck Group, Inc., a provider of business, engineering, energy and infrastructure consulting services. This acquisition by our Health, Energy and Civil Solutions segment both enhanced our existing capabilities and offerings in the areas of energy and infrastructure consulting services and provided new capabilities and offerings in disaster preparedness and recovery services. We also acquired Science, Engineering and Technology Associates Corporation, a provider of intelligence, surveillance and reconnaissance information technologies. This acquisition by our Intelligence and Cybersecurity Solutions segment enhanced our service offerings and capabilities by adding information technologies that detect human behaviors to identify human-borne suicide bombers.

In fiscal 2009, we acquired SM Consulting, Inc., a provider of language translation, interpretation and training, and other consulting services to federal, state and local governments and commercial customers. While this acquisition by our Intelligence and Cybersecurity Solutions segment enhanced our existing capabilities and offerings, it also expanded our relationships with DoD customers in adjacent markets for these services. We also acquired Icon Systems, Inc., a provider of laser-based systems and products for military training and testing. This acquisition by our Defense Solutions segment enhanced our wireless live training offerings.

In fiscal 2008, we acquired The Benham Companies LLC, a consulting, engineering, and architectural design company. This acquisition by our Health, Energy and Civil Solutions segment provided us with new capabilities and offerings in the areas of industrial manufacturing and facilities design/build and enhanced our existing capabilities and offerings in the areas of energy consulting services and software development and integration services.

In fiscal 2007, we acquired Applied Marine Technology, Inc., a provider of training, systems engineering and integration, information systems and communications, and rapid prototyping of technical solutions and products focused on support to intelligence and special warfare operations, which enhanced the existing capabilities and offerings of our Intelligence and Cybersecurity Solutions segment.

Divestitures

From time to time, we divest non-strategic components of our business. Since February 1, 2006, our most notable divestitures were:

In the second quarter of fiscal 2012, we completed the sale of certain components of our business which were primarily focused on providing information technology services to international oil and gas companies.

In fiscal 2008, we completed a reorganization transaction involving our 55% interest in AMSEC LLC, a consolidated majority-owned subsidiary, resulting in the disposition of our 55% interest in AMSEC LLC in exchange for our acquisition of certain divisions and subsidiaries of AMSEC LLC.

In fiscal 2007, we completed the sale of our majority-owned subsidiary, ANXeBusiness Corp.

Contract Procurement

Our business is heavily regulated and we must comply with and are affected by laws and regulations relating to the formation, administration and performance of U.S. Government and other contracts. The U.S. Government procurement environment has evolved due to statutory and regulatory procurement reform initiatives. Today, U.S. Government customers employ several procurement contracting methods to purchase services and solutions. Budgetary pressures and reforms in the procurement process have caused many U.S. Government customers to increasingly purchase services and products using contracting processes that give them the ability to select multiple winners or pre-qualify certain contractors to provide various services or products on established general terms and conditions rather than through single award contracts. The predominant contracting methods through which U.S. Government agencies procure services and products include the following:

Single Award Contracts. U.S. Government agencies may procure services and products through single award contracts which specify the scope of services and products that will be delivered and identify the

contractor that will provide the specified services. When an agency has a requirement, interested contractors are solicited, qualified and then provided with a request for a proposal. The process of qualification, request for proposals and evaluation of contractor bids requires the agency to maintain a large, professional procurement staff and the bidding and selection process can take a year or more to complete. For the contractor, this method of contracting may provide greater certainty of the timing and amounts to be received at the time of contract award because it generally results in the customer contracting for a specific scope of services or products from the single successful awardee.

Indefinite Delivery/Indefinite Quantity (IDIQ) Contracts. The U.S. Government uses IDIQ contracts to obtain commitments from contractors to provide certain services or products on pre-established terms and conditions. The U.S. Government then issues task orders under the IDIQ contracts for the specific services or products it needs. IDIQ contracts are awarded to one or more contractors following a competitive procurement process. Under a single-award IDIQ contract, all task orders under that contract are awarded to one pre-selected contractor. Under a multi-award IDIQ contract, task orders can be awarded to any of the pre-selected contractors, which can result in further limited competition for the award of task orders. Multi-award IDIQ contracts that are open for any government agency to use for the procurement of services are commonly referred to as government-wide acquisition contracts. IDIQ contracts often have multi-year terms and unfunded ceiling amounts, therefore enabling, but not committing, the U.S. Government to purchase substantial amounts of services or products from one or more contractors. At the time an IDIQ contract is awarded (prior to the award of any task orders), a contractor may have limited or no visibility as to the ultimate amount of services or products that the U.S. Government will purchase under the contract, and in the case of a multi-award IDIQ, the contractor from which such purchases may be made.

U.S. General Services Administration (GSA) Schedule Contracts. The GSA maintains listings of approved suppliers of services and products with agreed-upon prices for use throughout the U.S. Government. In order for a company to provide services under a GSA Schedule contract, a company must be pre-qualified and awarded a contract by the GSA. When an agency uses a GSA Schedule contract to meet its requirements, the agency, or the GSA on behalf of the agency, conducts the procurement. The user agency, or the GSA on its behalf, evaluates the user agency s services requirements and initiates a competition limited to GSA Schedule qualified contractors. GSA Schedule contracts are designed to provide the user agency with reduced procurement time and lower procurement costs. Similar to IDIQ contracts, at the time a GSA Schedule contract is awarded, a contractor may have limited or no visibility as to the ultimate amount of services or products that the U.S. Government will purchase under the contract.

We often collaborate with other parties, including our competitors, to submit bids for large U.S Government procurements or other opportunities where we believe that the combination of services and products that we can provide as a team will help us win and perform the contract. Our relationships with our teammates, including whether we serve as the prime contractor or as a subcontractor, vary with each contract opportunity and typically depend on the program, contract or customer requirements, as well as the relative size, qualifications, capabilities and experience of our company and our teammates. Contracting with the U.S. Government also subjects us to substantial regulation and unique risks, including the U.S. Government s ability to cancel any contract at any time. Most of our contracts have cancellation terms that would permit us to recover all or a portion of our incurred costs and fees for work performed. These regulations and risks are described in more detail below under Business Regulation and in the Risk Factors section of this prospectus.

Contract Types

Generally, the type of contract for our services and products is determined by or negotiated with the U.S. Government and may depend on certain factors, including the type and complexity of the work to be performed, degree and timing of the responsibility to be assumed by the contractor for the costs of performance, the extent of price competition and the amount and nature of the profit incentive offered to the contractor for achieving or exceeding specified standards or goals. We generate revenues under several types of contracts, including the following:

Cost-reimbursement contracts provide for reimbursement of our direct contract costs and allocable indirect costs, plus a fee. This type of contract is generally used when uncertainties involved in contract performance do not permit costs to be estimated with sufficient accuracy to use a fixed-price contract. Cost-reimbursement contracts generally subject us to lower risk, but generally require us to use our best efforts to accomplish the scope of the work within a specified time and amount of costs.

Time-and-materials (T&M) contracts typically provide for negotiated fixed hourly rates for specified categories of direct labor plus reimbursement of other direct costs. This type of contract is generally used when there is uncertainty of the extent or duration of the work to be performed by the contractor at the time of contract award or it is not possible to anticipate costs with any reasonable degree of confidence. On T&M contracts, we assume the risk of providing appropriately qualified staff to perform these contracts at the hourly rates set forth in the contracts over the period of performance of the contracts.

Fixed-price-level-of-effort (FP-LOE) contracts are substantially similar to T&M contracts except they require a specified level of effort over a stated period of time on work that can be stated only in general terms. This type of contract is generally used when the contractor is required to perform an investigation or study in a specific research and development area and to provide a report showing the results achieved based on the level of effort. Payment is based on the effort expended rather than the results achieved.

Firm-fixed-price (FFP) contracts provide for a fixed price for specified products, systems and/or services. This type of contract is generally used when the government acquires commercial items or products and services on the basis of reasonably definitive specifications and which have a determinable fair and reasonable price. These contracts subject us to higher risk, but offer us potential increased profits if we can complete the work at lower costs than planned. While FFP contracts allow us to benefit from cost savings, these contracts also increase our exposure to the risk of cost overruns.

Our earnings and profitability may vary materially depending on changes in the proportionate amount of revenues derived from each type of contract, the nature of services or products provided, as well as the achievement of performance objectives and the stage of performance at which the right to receive fees, particularly under incentive and award fee contracts, is finally determined. Cost reimbursement and T&M contracts generally have lower profitability than FFP contracts. For the proportionate amount of revenues derived from each type of contract for fiscal 2011, 2010 and 2009 and for the six months ended July 31, 2011 and 2010, see Key Financial Metrics Contract Types in Management s Discussion and Analysis of Financial Condition and Results of Operations in this prospectus.

Backlog

Backlog represents the estimated amount of future revenues to be recognized under negotiated contracts as work is performed. Our backlog consists of funded backlog and negotiated unfunded backlog, each of which are described in Management s Discussion and Analysis of Financial Condition and Results of Operations in this prospectus. We expect to recognize a substantial portion of our funded backlog as revenues within the next 12 months. However, the U.S. Government may cancel any contract at any time. In addition, certain contracts with commercial customers include provisions that allow the customer to cancel at any time. Most of our contracts have cancellation terms that would permit us to recover all or a portion of our incurred costs and fees for work performed. For additional discussion and analysis of backlog, see Key Financial Metrics Bookings and Backlog in Management s Discussion and Analysis of Financial Condition and Results of Operations in this prospectus.

Key Customers

In each of fiscal 2011, 2010 and 2009, approximately 90% of our total revenues were attributable to prime contracts with the U.S. Government or to subcontracts with other contractors engaged in work for the U.S. Government. We generated more than 10% of our total revenues during each of the last three fiscal years from each of the U.S. Army and U.S. Navy. Each of these customers has a number of subsidiary agencies which have separate budgets and procurement functions. Our contracts may be with the highest level of these agencies or with the subsidiary agencies of these customers.

The percentage of total revenues attributable to these customers for each of the last three fiscal years was as follows:

	Year Ended January 31		
	2011	2010	2009
U.S. Army	**23%**	24%	25%
U.S. Navy	**13**	13	12

Competition

Competition for contracts is intense and we often compete against a large number of established multinational corporations which may have greater financial capabilities than we do. We also compete against smaller, more specialized companies that concentrate their resources on particular areas. As a result of the diverse requirements of the U.S. Government and our commercial customers, we frequently collaborate with other companies to compete for large contracts, and bid against these team members in other situations. We believe that our principal competitors currently include the following companies:

- the engineering and technical services divisions of large defense contractors which provide U.S. Government IT services in addition to other hardware systems and products, including such companies as The Boeing Company, General Dynamics Corporation, Lockheed Martin Corporation, Northrop Grumman Corporation, BAE Systems plc, L-3 Communications Corporation and Raytheon Company;

- contractors focused principally on technical services, including U.S. Government IT services, such as Battelle Memorial Institute, Booz Allen Hamilton Inc., CACI International Inc, ManTech International Corporation, Serco Group plc and SRA International, Inc.;

- diversified commercial and U.S. Government IT providers, such as Accenture plc, Computer Sciences Corporation, HP Enterprise Services, International Business Machines Corporation and Unisys Corporation;

- contractors who provide engineering, consulting, design and construction services, such as KBR, Inc. and CH2M Hill Companies Ltd.; and

- contractors focused on supplying homeland security product solutions, including American Science and Engineering, Inc., OSI Systems, Inc. and Smiths Group plc and contractors providing supply chain management and other logistics services, including Agility Logistics, Inc. (a subsidiary of Agility Public Warehousing Company K.S.C.).

We compete on factors including, among others, our technical expertise and qualified professional personnel, our ability to deliver cost-effective solutions in a timely manner, our reputation and standing with customers, pricing and the size and geographic presence of our company.

The U.S. Government has indicated that it intends to increase industry competition for its future procurement of products and services, which could lead to fewer sole source awards and more emphasis on cost competitiveness and affordability. In addition, the DoD has announced several initiatives to improve efficiency, refocus priorities and enhance DoD best practices including those used to procure goods and services from defense contractors. These new initiatives, when implemented, could result in fewer new opportunities for our industry as a whole, which may intensify competition within the industry as companies compete for a more limited set of new programs.

Patents and Proprietary Information

Our technical services and products are not generally dependent upon patent protection, although we do selectively seek patent protection. We claim a proprietary interest in certain of our products, software programs, methodologies and know-how. This proprietary information is protected by copyrights, trade secrets, licenses, contracts and other means. We selectively pursue opportunities to license or transfer our technologies to third parties.

In connection with the performance of services, the U.S. Government has certain rights to inventions, data, software codes and related material that we develop under U.S. Government-funded contracts and subcontracts. Generally, the U.S. Government may disclose or license such information to third parties, including, in some instances, our competitors. In the case of some subcontracts that we perform, the prime contractor may also have certain rights to the programs and products that we develop under the subcontract.

Research and Development

We conduct research and development activities under customer-funded contracts and with company-funded internal research and development (IR&D) funds. IR&D efforts consist of projects involving basic research, applied research, development, and systems and other concept formulation studies. In fiscal 2011, 2010 and 2009, our company-funded IR&D expense was $55 million, $49 million and $46 million, respectively, which was included in selling, general and administrative expenses. We charge expenses for research and development activities performed under customer contracts directly to cost of revenues.

Seasonality

The U.S. Government s fiscal year ends on September 30 of each year. It is not uncommon for U.S. Government agencies to award extra tasks or complete other contract actions in the timeframe leading up to the end of its fiscal year in order to avoid the loss of unexpended fiscal year funds, which may favorably impact our third fiscal quarter ending October 31. In addition, as a result of the cyclical nature of the U.S. Government budget process and a greater number of holidays in our fourth fiscal quarter ending January 31, as compared to our third fiscal quarter ending October 31, we typically experience sequentially higher revenues in our third fiscal quarter and lower revenues in our fourth fiscal quarter. For selected quarterly financial data, see Note 21 of the combined notes to consolidated financial statements for the fiscal year ended January 31, 2011 contained within this prospectus.

Regulation

We are heavily regulated in most of the fields in which we operate. We provide services and products to numerous U.S. Government agencies and entities, including all of the branches of the U.S. military, the National Aeronautics and Space Administration (NASA), intelligence agencies and DHS. When working with these and other U.S. Government agencies and entities, we must comply with laws and regulations relating to the formation, administration and performance of contracts. Among other things, these laws and regulations:

- require certification and disclosure of all cost and pricing data in connection with certain contract negotiations;
- define allowable and unallowable costs and otherwise govern our right to reimbursement under various cost-based U.S. Government contracts;
- require reviews by the Defense Contract Audit Agency (DCAA) and other U.S. Government agencies of compliance with government standards for accounting and management internal control systems;
- restrict the use and dissemination of information classified for national security purposes and the export of certain products and technical data; and
- require us not to compete for or to divest work if an organizational conflict of interest, as defined by these laws and regulations, related to such work exists and/or cannot be appropriately mitigated.

The U.S. Government may revise its procurement practices or adopt new contract rules and regulations at any time. In order to help ensure compliance with these complex laws and regulations, all of our employees are required to complete ethics training and other compliance training relevant to their position.

Internationally, we are subject to special U.S. Government laws and regulations, local government laws and regulations and procurement policies and practices (including laws and regulations relating to bribery of foreign government officials, import-export control, investments, exchange controls and repatriation of earnings) and varying currency, political and economic risks.

Environmental Matters

Our operations are subject to various foreign, federal, state and local environmental protection and health and safety laws and regulations. In addition, our operations may become subject to future laws and regulations, including those related to climate change concerns. Failure to comply with these laws and regulations could result in civil, criminal, administrative or contractual sanctions, including fines, penalties or suspension or debarment from contracting with the U.S. Government, or could cause us to incur costs to change, upgrade, remediate and/or close some of our operations or properties. Some environmental laws hold current or previous owners or operators of businesses and real property liable for hazardous substance releases, even if they did not know of and were not responsible for the releases. Environmental laws may also impose liability on any person who disposes, transports, or arranges for the disposal or transportation of hazardous substances to any site. In addition, we may face liability for personal injury, property damage and natural resource damages relating to hazardous substance releases for which we are otherwise liable or relating to exposure to or the mishandling of hazardous substances in connection with our current and former operations or services. Although we do not currently anticipate that the costs of complying with, or the liabilities associated with, environmental laws will materially and adversely affect us, we cannot ensure that we will not incur material costs or liabilities in the future.

Employees and Consultants

As of July 31, 2011, we employed approximately 41,200 full and part-time employees. We also utilize consultants to provide specialized technical and other services on specific projects. To date, we have not experienced any strikes or work stoppages and we consider our relations with our employees to be good.

The highly technical and complex services and products that we provide are dependent upon the availability of professional, administrative and technical personnel having high levels of training and skills and, in many cases, security clearances. Due to the increased competition for qualified personnel, it has become more difficult to retain employees and meet all of our needs for employees in a timely manner, which has affected and may to continue to affect our growth. We intend to continue to devote significant resources to recruit, develop and retain qualified employees.

Properties

As of July 31, 2011, we conducted our operations in approximately 427 offices located in 41 states, the District of Columbia and various foreign countries. We consider our facilities suitable and adequate for our present needs. We occupy approximately 9.8 million square feet of floor space. Of this amount, we own approximately 2.1 million square feet, and the remaining balance is leased. Our major locations are in the Washington, D.C. and San Diego, California metropolitan areas, where we occupy approximately 3 million square feet of floor space and 1 million square feet of floor space, respectively. We also have employees working at customer sites throughout the United States and in other countries.

As of July 31, 2011, we owned the following properties:

Location	Number of buildings	Square footage	Acreage
McLean, Virginia	4	896,000	18.3
San Diego, California	4	455,000	11.4
Virginia Beach, Virginia	2	159,000	22.5
Huntsville, Alabama	1	102,000	11.3
Columbia, Maryland	1	95,000	7.3
Colorado Springs, Colorado	1	86,000	5.8
Orlando, Florida	1	85,000	18.0
Oak Ridge, Tennessee	1	83,000	12.5
Dayton, Ohio	2	79,000	4.5
Reston, Virginia	1	62,000	2.6
Richland, Washington	1	24,000	3.1

The nature of our business is such that there is no practicable way to relate occupied space to our reportable segments. See Note 15 of the combined notes to consolidated financial statements for the fiscal year ended January 31, 2011 contained within this prospectus for information regarding commitments under leases.

Legal Proceedings

We have provided information about legal proceedings in which we are involved in Note 10 of the combined notes to condensed consolidated financial statements for the six months ended July 31, 2011 and Note 19 of the combined notes to consolidated financial statements for the fiscal year ended January 31, 2011 contained within this prospectus.

In addition to the matters disclosed in Note 10 of the combined notes to condensed consolidated financial statements for the six months ended July 31, 2011 and Note 19 of the combined notes to consolidated financial statements for the fiscal year ended January 31, 2011, we are routinely subject to investigations and reviews relating to compliance with various laws and regulations, including those associated with contract performance, compliance with applicable laws and organizational conflicts of interest, with respect to our role as a contractor to governmental agencies and departments and in connection with performing services in countries outside of the United States. Adverse findings in these investigations or reviews can lead to criminal, civil or administrative proceedings and we could face penalties, fines, repayments or compensatory damages. Adverse findings could also have a material adverse effect on our business, consolidated financial position, results of operations and cash flows due to our reliance on government contracts.

MANAGEMENT S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This prospectus is part of a combined registration statement of SAIC and Science Applications and includes separate consolidated financial statements for each of these two entities. As SAIC is a holding company and consolidates Science Applications for financial statement purposes, disclosures that relate to activities of Science Applications also apply to SAIC, unless otherwise noted. Science Application s revenues and expenses comprise 100% of SAIC s revenues and operating expenses. In addition, Science Applications comprises approximately the entire balance of SAIC s assets, liabilities and operating cash flows. Therefore, the following qualitative discussion is applicable to both SAIC and Science Applications, unless otherwise noted. This combined Management s Discussion and Analysis of Financial Condition and Results of Operations of SAIC and Science Applications should be read in conjunction with the consolidated financial statements and the combined notes to the consolidated financial statements contained within this prospectus.

We use the terms Company, we, us, and our to refer to SAIC, Science Applications and their consolidated subsidiaries. Unless otherwise noted, references to years are for fiscal years ended January 31. For example, we refer to the fiscal year ended January 31, 2011 as fiscal 2011 and to the fiscal year ending January 31, 2012 as fiscal 2012. All information for the periods presented in this section has been recast to give effect to the change in reportable segments and for discontinued operations.

Overview

We are a provider of scientific, engineering, systems integration and technical services and solutions in the areas of defense, health, energy, infrastructure, intelligence, surveillance, reconnaissance and cybersecurity to all agencies of the U.S. Department of Defense (DoD), the intelligence community, the U.S. Department of Homeland Security (DHS) and other U.S. Government civil agencies, state and local government agencies, foreign governments and customers in select commercial markets.

Our business is focused on solving issues of national and global importance in the areas of national security, energy and the environment, critical infrastructure and health. We combine technology and domain and mission expertise to deliver solutions that solve our customers most challenging issues. We are focusing our investments in our strategic growth areas including: intelligence, surveillance and reconnaissance; cybersecurity; logistics, readiness and sustainment; energy and environment; and health information technology. Our significant long-term management initiatives include:

- achieving internal, or non-acquisition related, annual revenue growth through internal collaboration and better leveraging of key differentiators across our company and the deployment of resources and investments into higher growth markets;

- improving our operating income margin through strong contract execution and growth in higher-margin business areas and continued improvement in our information technology (IT) systems infrastructure and related business processes for greater effectiveness and efficiency across all business functions;

- disciplined deployment of our cash resources and use of our capital structure to enhance growth and shareholder value through internal growth initiatives, strategic acquisitions, stock repurchases and other uses as conditions warrant; and

- investing in our people, including enhanced training and career development programs, with a focus on retention and recruiting.

Key financial highlights and events, including progress against our management initiatives, during the six months ended July 31, 2011 include:

- Revenues for the six months ended July 31, 2011 decreased 2% as compared to the same period in the prior year reflecting internal revenue contraction (as defined in Non-GAAP Financial Measures) of 3%. The internal revenue contraction was driven by revenue declines in our Defense Solutions and Health, Energy and Civil Solutions segments and the effect of revenues from the receipt of a $56 million royalty payment included in our Corporate and Other segment in the same period of the prior year, partially offset by a revenue increase in our Intelligence and Cybersecurity Solutions segment.

Operating income as a percentage of revenues decreased to 8.3% for the six months ended July 31, 2011 from 8.9% for the same period in the prior year primarily due to the $56 million royalty payment received in our Corporate and Other segment during the six months ended July 31, 2010.

Income from continuing operations for the six months ended July 31, 2011 decreased $39 million, or 14%, over the same period in the prior year primarily due to decreased operating income of $39 million and an increase in interest expense of $19 million as the result of the issuance of senior unsecured notes in December 2010, partially offset by lower taxes of $12 million due to the decline in operating income as compared to the same period in the prior year.

Diluted earnings per share (EPS) from continuing operations for the six months ended July 31, 2011 decreased $.05 per share, or 7%, as compared to the same period in the prior year primarily due to the decrease in income from continuing operations partially offset by a decline in the diluted weighted average number of shares outstanding of 28 million, or 8%, primarily due to stock repurchases.

Discontinued operations for the six months ended July 31, 2011 reflects the June 2011 sale of certain components of the business primarily focused on providing information technology services to international oil and gas companies, including a gain on sale before income taxes of $109 million.

Cash and cash equivalents decreased $31 million during the six months ended July 31, 2011 reflecting cash used to repurchase our stock totaling $417 million partially offset by cash generated from operations of $210 million and proceeds of $169 million from the completion of the sale of certain components of our business.

Net bookings (as defined in Key Financial Metrics Bookings and Backlog) were approximately $5.9 billion for the six months ended July 31, 2011. Total backlog was $17.7 billion at July 31, 2011 as compared to $17.1 billion at January 31, 2011.

Key financial highlights and events, including progress against our management initiatives, during fiscal 2011 include:

Revenues increased 3% over the prior year with minimal internal revenue growth. Our revenue growth for fiscal 2011 was the result of growth in our Defense Solutions and Intelligence and Cybersecurity Solutions segments, including an increase in materials and subcontract revenues on a number of programs. Revenue growth was negatively impacted by ongoing industry-wide delays in procurement decisions, which has resulted in an increase in submitted proposals awaiting decisions.

Operating income as a percentage of revenues increased to 8.7% for fiscal 2011 from 7.9% for fiscal 2010. The increase in operating income margin was primarily due to the favorable impact of a $56 million royalty payment received in fiscal 2011 in addition to strong program performance, particularly on certain fixed-price contracts.

Income from continuing operations for fiscal 2011 increased $79 million, or 16%, over the prior year primarily due to increased operating income of $111 million and a lower effective tax rate.

Diluted EPS from continuing operations for fiscal 2011 increased $.29 per share, or 24%, as compared to the prior year primarily due to a $79 million, or 16%, increase in income from continuing operations and a decline in the diluted weighted average number of shares outstanding of 24 million, or 6%, primarily due to stock repurchases.

Cash and cash equivalents increased $506 million during fiscal 2011, primarily due to $725 million generated from operations and net proceeds of $742 million from issuance of debt, partially offset by repurchases of our stock of $601 million and $382 million used to acquire businesses.

Net bookings were approximately $12.6 billion for fiscal 2011, as compared to $9.2 billion in the prior year. Total backlog was $17.1 billion at January 31, 2011, an increase of approximately $1.8 billion from January 31, 2010.

Business Environment

In fiscal 2011, we generated approximately 90% of our total revenues from contracts with the U.S. Government, either as a prime contractor or a subcontractor. Revenues under contracts with the DoD, including subcontracts under which the DoD is the ultimate purchaser, represented approximately 75% of our total revenues in fiscal 2011. Accordingly, our business performance is subject to changes in the overall level of U.S. Government spending, especially national security, including defense, spending, and the alignment of our service and product offerings and capabilities with current and future budget priorities.

While we believe that national security, including defense, spending will continue to be a priority, the U.S. Government deficit and budget situation has created increasing pressure to closely examine and reduce spending in these areas. In August 2011, President Obama signed into law the Budget Control Act of 2011, which increased the U.S. Government s debt ceiling and enacted 10-year discretionary spending caps which are expected to generate over $900 billion in savings for the U.S. Government. According to the Office of Management and Budget, these savings include $420 billion in national security spending reductions, $330 billion of which is specifically from DoD s budget, over the next 10 years. If an additional $1.2 trillion to $1.5 trillion in savings are not voted into law by both houses of Congress by December 23, 2011, automatic spending cuts totaling an additional $1.2 trillion over 10 years will be triggered, which are expected to reduce DoD and Homeland Security spending by approximately $500 billion and other federal agency spending by approximately $700 billion over that timeframe, beginning in the government fiscal year ending September 30, 2013. We are evaluating the potential impacts of the new legislation on our business, and while the ultimate effect on our business is uncertain, the amount and nature of these federal budget spending reductions could adversely impact our future revenues and growth prospects.

In February 2011, the Obama Administration submitted the Presidential Budget for the government fiscal year ending September 30, 2012 (GFY 2012) to Congress. However, based on the recent debt ceiling debate and delays in the appropriations process, we expect that a continuing resolution will be put in place for at least part of GFY 2012. A continuing resolution authorizes agencies of the U.S. Government to continue to operate, generally at the same funding levels from the prior year (in this case, GFY 2011), but does not authorize new spending initiatives. If continuing resolutions remain in effect for an extended period of time, it could delay new contract awards, delay the procurement of products, services and solutions we provide, or result in new spending initiatives being cancelled.

Competition for contracts with the U.S. Government continues to be intense. The U.S. Government has increasingly used contracting processes that give it the ability to select multiple winners or pre-qualify certain contractors to provide various services or products at established general terms and conditions. Such processes include purchasing services and solutions using indefinite-delivery/indefinite-quantity (IDIQ) and U.S. General Services Administration (GSA) contract vehicles. This trend has served to increase competition for U.S. Government contracts. There are a number of additional risks and uncertainties which could impact our U.S. Government business. For more information on these risks and uncertainties, see Risk Factors contained within this prospectus.

Reportable Segments

We define our reportable segments based on the way our chief operating decision maker (CODM), currently our chief executive officer, manages the operations of the Company for purposes of allocating resources and assessing performance.

Prior to February 1, 2011, our CODM managed our operations at the business unit level, each of which reported to one of several operating groups. Our business units were aggregated into reportable segments, Government and Commercial, based on the nature of the customers served, contractual requirements and the regulatory environment governing the business unit s operations. We also had a Corporate and Other segment.

Effective February 1, 2011, we further aligned our operations within the maturing group structure that is better organized around the markets served and the nature of products and services provided to customers in those markets. Coincident with the completion of this organizational alignment, the CODM commenced management of our operations at the group level for purposes of allocating resources and assessing performance. As a result of this change, we redefined our Government and Commercial reportable segments into the following: Defense Solutions; Health, Energy and Civil Solutions; and Intelligence and Cybersecurity Solutions.

Except with respect to Results of Operations Discontinued Operations, Net Income, and Diluted EPS, all amounts in this Management s Discussion and Analysis of Financial Condition and Results of Operations are presented for our continuing operations. For additional information regarding our reportable segments, see Business and Note 17 of the combined notes to consolidated financial statements for the fiscal year ended January 31, 2011 and Note 9 of the combined notes to condensed consolidated financial statements for the six months ended July 31, 2011 contained within this prospectus.

Key Financial Metrics

Our revenues are generated primarily from contracts with the U.S. Government, commercial customers, and various foreign, state and local governments or from subcontracts with other contractors engaged in work with such customers. We perform under various types of contracts, which include firm-fixed-price, time-and-materials, fixed-price-level-of-effort, cost-plus-fixed-fee, cost-plus-award-fee and cost-plus-incentive-fee contracts.

We recognize revenues under cost-plus-fixed-fee contracts with the U.S. Government on the basis of partial performance, as costs are incurred together with an estimate of applicable fees as we become contractually entitled to reimbursement of costs and the applicable fees. We recognize revenues under our other contracts primarily using the percentage-of-completion method. Under the percentage-of-completion method, revenues are recognized based on progress towards completion, with performance measured by the cost-to-cost method, efforts-expended method or units-of-delivery method, all of which require estimating total costs at completion.

Bookings and Backlog. We received net bookings worth an estimated $5.9 billion during the six months ended July 31, 2011 and $12.6 billion and $9.2 billion during fiscal 2011 and 2010, respectively. Net bookings represent the estimated amount of revenue to be earned in the future from funded and unfunded contract awards that were received during the year, net of any adjustments to previously awarded backlog amounts. We calculate net bookings as the year s ending backlog plus the year s revenues less the prior year s ending backlog and less the backlog obtained in acquisitions during the year.

Backlog represents the estimated amount of future revenues to be recognized under negotiated contracts as work is performed. We segregate our backlog into two categories as follows:

Funded Backlog. Funded backlog for contracts with government agencies primarily represents contracts for which funding is appropriated less revenues previously recognized on these contracts, and does not include the unfunded portion of contracts where funding is incrementally appropriated or authorized on a quarterly or annual basis by the U.S. Government and other customers, even though the contract may call for performance over a number of years. Funded backlog for contracts with non-government agencies represents the estimated value on contracts, which may cover multiple future years, under which we are obligated to perform, less revenues previously recognized on these contracts.

Negotiated Unfunded Backlog. Negotiated unfunded backlog represents estimated amounts of revenue to be earned in the future from (1) negotiated contracts for which funding has not been appropriated or otherwise authorized and (2) unexercised priced contract options. Negotiated unfunded backlog does not include any estimate of future potential task orders expected to be awarded under IDIQ, GSA Schedule, or other master agreement contract vehicles.

The estimated value of our total backlog as of the end of the periods presented was as follows:

	July 31	January 31	
	2011	2011*	2010
		(in millions)	
Defense Solutions:			
Funded backlog	**$ 2,025**	$ 2,272	$ 2,045
Negotiated unfunded backlog	**4,948**	5,400	4,012
Total Defense Solutions backlog	**$ 6,973**	$ 7,672	$ 6,057
Health, Energy and Civil Solutions:			
Funded backlog	**$ 1,742**	$ 1,780	$ 1,767
Negotiated unfunded backlog	**3,264**	2,131	1,960
Total Health, Energy and Civil Solutions backlog	**$ 5,006**	$ 3,911	$ 3,727
Intelligence and Cybersecurity Solutions:			
Funded backlog	**$ 1,511**	$ 1,330	$ 1,265
Negotiated unfunded backlog	**4,234**	4,207	4,317
Total Intelligence and Cybersecurity Solutions backlog	**$ 5,745**	$ 5,537	$ 5,582
Total:			
Funded backlog	**$ 5,278**	$ 5,382	$ 5,077
Negotiated unfunded backlog	**12,446**	11,738	10,289
Total backlog	**$ 17,724**	$ 17,120	$ 15,366

* Adjusted to reclassify $195 million from Intelligence and Cybersecurity Solutions to Defense Solutions.

Total backlog may fluctuate from period to period depending on our success rate in winning contracts and the timing of contract awards, renewals, modifications and cancellations. While backlog increased during the six months ended July 31, 2011 and fiscal 2011, contract awards continue to be negatively impacted by ongoing industry-wide delays in procurement decisions, which have resulted in an increase in the value of our submitted proposals awaiting decisions.

We expect to recognize a substantial portion of our funded backlog as revenues within the next 12 months. However, the U.S. Government may cancel any contract at any time. In addition, certain contracts with commercial customers include provisions that allow the customer to cancel at any time. Most of our contracts have cancellation terms that would permit us to recover all or a portion of our incurred costs and fees for work performed.

Contract Types. For a discussion of the types of contracts under which we generate revenue, see Contract Types in the Business section contained within this prospectus. The following table summarizes revenues by contract type as a percentage of total revenues for the periods presented:

	Six Months Ended July 31		Year Ended January 31		
	2011	2010	**2011**	2010	2009
Cost-reimbursement	**43%**	47%	**47%**	49%	49%
T&M and FP-LOE	**30**	30	**29**	29	32
FFP	**27**	23	**24**	22	19
Total	**100%**	100%	**100%**	100%	100%

The increase in the percentage of revenues generated from FFP contracts during the six months ended July 31, 2011, as compared to the same period of the prior year was primarily due to increased revenues from design and construction services and increased sales of proprietary products.

The increase in the percentage of revenues generated from FFP contracts for fiscal 2011 as compared to prior years was primarily due to increased deliveries of logistics, readiness and sustainment products and proprietary products in addition to a $56 million royalty payment received in fiscal 2011.

Revenue Mix. We generate revenues under our contracts from (1) the efforts of our technical staff, which we refer to as labor-related revenues, and (2) the materials provided on a contract and efforts of our subcontractors, which we refer to as M&S revenues. M&S revenues are generated primarily from large, multi-year systems integration contracts and contracts in our logistics, readiness and sustainment business area, as well as through sales of our proprietary products, such as our border, port and mobile security products and our checked baggage explosive detection systems. While our proprietary products are more profitable, these products represent a small percentage of our M&S revenues and the majority of our M&S revenues generally have lower margins than our labor-related revenues.

The following table presents changes in labor-related revenues and M&S revenues for the periods presented:

	Six Months Ended July 31			Year Ended January 31				
	2011	Percent change	2010	**2011**	Percent change	2010	Percent change	2009
				($ in millions)				
Labor-related revenues	**$ 3,059**	(1)%	$ 3,087	**$ 6,154**	2%	$ 6,051	5%	$ 5,742
As a percentage of revenues	***58%***		*57%*	***56%***		*57%*		*59%*
M&S revenues	**2,225**	(3)	2,289	**4,767**	5	4,529	12	4,026
As a percentage of revenues	***42%***		*43%*	***44%***		*43%*		*41%*

M&S revenues decreased as a percentage of total revenues during the six months ended July 31, 2011 as compared with the same period in the prior year primarily due to a $56 million royalty payment received during the six months ended July 31, 2010. Labor-related revenues for the six months ended July 31, 2011 decreased slightly as compared to the same period in the prior year due to a decrease in the number of full-time and part-time employees as compared to the same periods in the prior year.

In recent years, the increase in relative proportion of M&S revenues as compared to labor-related revenues was primarily due to increased activity as a prime contractor on large programs involving significant subcontracted efforts and increased volume of material deliveries under certain programs primarily with DoD customers, in addition to a $56 million royalty payment received in fiscal 2011. The labor-related revenues in fiscal 2011 were relatively consistent as compared to fiscal 2010 while the increase in labor-related revenues in fiscal 2010 as compared to fiscal 2009 was primarily due to the start of several new programs and increases in both labor rates and the number of personnel performing on contracts.

Customer Concentration. In each of fiscal 2011, 2010, and 2009, approximately 90% of our total revenues were attributable to prime contracts with the U.S. Government or to subcontracts with other contractors engaged in work for the U.S. Government. The percentage of total revenues from customers representing greater than 10% of our total revenues for each of the last three fiscal years was as follows:

	Year Ended January 31		
	2011	2010	2009
U.S. Army	**23%**	24%	25%
U.S. Navy	**13**	13	12

Geographic Location. The majority of our services are performed by entities located in the United States. Revenues earned by entities located within the United States accounted for substantially all of our total revenues in fiscal 2011, 2010 and 2009.

Results of Operations

The following table summarizes our results of operations for the periods presented:

	Six Months Ended July 31			Year Ended January 31				
	2011	Percentage Change	2010 as adjusted	**2011**	Percentage Change	2010 as adjusted	Percentage Change	2009
				($ in millions)				
Revenues	**$ 5,284**	(2)%	$ 5,376	**$ 10,921**	3%	$ 10,580	8%	$ 9,768
Cost of revenues	**4,615**	(1)	4,656	**9,476**	4	9,151	8	8,464
Selling, general and administrative expenses:								
General and administrative (G&A)	**118**	(15)	139	**296**	(26)	401	2	395
Bid and proposal	**76**	(3)	78	**147**	3	143	23	116
Internal research and development	**36**	44	25	**55**	12	49	7	46
Operating income	**439**	(8)	478	**947**	13	836	12	747
As a percentage of income	***8.3%***		*8.9%*	***8.7%***		*7.9%*		*7.6%*
Non-operating expense, net	**(50)**		(38)	**(75)**		(68)		(73)
Income from continuing operations before income taxes	**389**	(12)	440	**872**	14	768	14	674
Provisions for income taxes	**(147)**	(8)	(159)	**(314)**	9	(289)	17	(246)
Income from continuing operations	**242**	(14)	281	**558**	16	479	12	428
Income from discontinued operations, net of tax	**67**		34	**61**		17		18
Net income	**$ 309**	(2)	$ 315	**$ 619**	25	$ 496	11	$ 446

We classify indirect costs incurred within or allocated to our Government customers as overhead (included in cost of revenues) and G&A expenses in the same manner as such costs are defined in our disclosure statements under U.S. Government Cost Accounting Standards. Effective in fiscal 2012, one of our subsidiaries adopted our more prevalent disclosure statement resulting in $13 million in costs classified as G&A for the six months ended July 31, 2010 being classified as cost of revenues in fiscal 2012 on a prospective basis. Effective in fiscal 2011, we updated our disclosure statements with the Defense Contract Management Agency, resulting in certain costs being classified differently as either overhead or G&A expenses on a prospective basis. This change has caused a net increase in reported cost of revenues and a net decrease in reported G&A expenses in fiscal 2011 as compared to fiscal 2010 and 2009. Total operating costs were not affected by these changes.

Reportable Segment Results.

The following table summarizes changes in Defense Solutions revenues and operating income for the periods presented:

	Six Months Ended July 31			Year Ended January 31				
Defense Solutions	**2011**	Percent change	2010	**2011**	Percent change	2010	Percent change	2009
				($ in millions)				
Revenues	**$ 2,222**	(2)%	$ 2,269	**$ 4,657**	3%	$ 4,518	12%	$ 4,035
Operating income	**178**	1	177	**380**	7	355	12	317
Operating income margin	***8.0%***		*7.8%*	***8.2%***		*7.9%*		*7.9%*

Defense Solutions revenues decreased by $47 million, or 2%, all of which was attributable to internal revenue contraction, for the six months ended July 31, 2011 as compared to the same period in the prior year. Internal

revenue contraction was primarily attributable to a systems development and implementation contract for a local government which was completed in the period ($31 million), reduced activity on our U.S. Army Brigade Combat Team Modernization contract ($31 million) and reduced activity on an infrastructure support services program for an agency of the DoD ($18 million) in addition to one less business day as compared to the same period in the prior year ($17 million). This decline was partially offset by continued growth on a number of existing contract vehicles including a systems and software maintenance/upgrade program for the U.S. Army ($48 million).

Defense Solutions revenues increased $139 million, or 3%, including internal revenue growth of 3%, in fiscal 2011 as compared to fiscal 2010. Fiscal 2011 internal revenue growth was driven by increased activity on our systems integration and logistics programs for tactical and mine resistant ambush protected vehicles ($175 million), a systems and software maintenance and upgrades program with the U.S. Army ($78 million), and a systems engineering solutions program for the U.S. Navy ($65 million). These growth areas were partially offset by revenue declines on certain programs including from fewer deliveries of emergency responder equipment ($99 million), and a reduction in scope under the U.S. Army Brigade Combat Team Modernization program ($62 million).

Defense Solutions revenues increased $483 million, or 12%, including internal revenue growth of 12%, in fiscal 2010 as compared to fiscal 2009. Fiscal 2010 internal revenue growth was driven by increased activity in military logistics and supply chain management services for the DoD ($180 million), increases in systems engineering solutions for the U.S. Navy ($91 million), increased activity on a systems and software maintenance and upgrades program for the U.S. Army ($60 million) and increased activity on a program to support, operate and maintain a command, control, communication and computer system network for the DoD ($55 million).

Defense Solutions operating income margin increased to 8.0% for the six months ended July 31, 2011 as compared to 7.8% for the same period in the prior year primarily due to more effective cost management ($17 million) partially offset by lower fees on a systems development and implementation contract for a local government which was completed in the period ($12 million).

Defense Solutions operating income margin increased to 8.2% in fiscal 2011 as compared to 7.9% in fiscal 2010 primarily due to increased cost recovery on cost reimbursement contracts and increased fees related to a specific contract partially offset by increased bid and proposal expenses. The level of bid and proposal activities fluctuates depending on the timing of bidding opportunities.

Defense Solutions operating income margin remained consistent in fiscal 2010 as compared to fiscal 2009 reflecting increased cost recovery on cost reimbursement contracts partially offset by an intangible asset impairment.

The following table summarizes changes in Health, Energy and Civil Solutions revenues and operating income for the periods presented:

	Six Months Ended July 31			Year Ended January 31				
Health, Energy and Civil Solutions	**2011**	Percent change	2010	**2011**	Percent change	2010	Percent change	2009
				($ in millions)				
Revenues	**$ 1,336**	(3)%	$ 1,377	**$ 2,792**	(2)%	$ 2,848	10%	$ 2,591
Operating income	**117**	(8)	127	**258**	9	236	11	213
Operating income margin	***8.8%***		*9.2%*	***9.2%***		*8.3%*		*8.2%*

Health, Energy and Civil Solutions revenues decreased $41 million, or 3%, including internal revenue contraction of 7%, for the six months ended July 31, 2011 as compared to the same period in the prior year. Internal revenue contraction reflects a timing-related reduction in delivery of units of our non-intrusive cargo inspection systems ($25 million) and checked baggage explosive detection systems ($37 million) related to an acquisition completed in August 2010. In addition, certain U.S. federal civilian agency programs experienced reduced activity, including various programs in support of National Aeronautics and Space Administration (NASA) ($16 million). There was also one less business day as compared to the same period in the prior year ($11 million). These decreases were partially offset by growth in our energy and health business areas, including new design-build projects for geothermal power plant construction ($22 million) and expanded scope on new and existing programs with our DoD military health system customers ($20 million).

Health, Energy and Civil Solutions revenues decreased $56 million, or 2%, including internal revenue contraction of 6%, in fiscal 2011 as compared to fiscal 2010. The internal revenue contraction was primarily due to a decline in revenues under an IT services contract with NASA ($62 million).

Health, Energy and Civil Solutions revenues increased $257 million, or 10%, including internal revenue growth of 3%, in fiscal 2010 as compared to fiscal 2009. Internal revenue growth was driven by growth across a number of programs including a medical research program with our DoD military health system customers ($66 million), a design-build effort with a commercial customer ($59 million) and an information technology support program with the Department of Homeland Security ($43 million).

Health, Energy and Civil Solutions operating income margin decreased to 8.8% for the six months ended July 31, 2011 as compared to 9.2% for the same period in the prior year. The decline in operating income margin was primarily driven by increased investment in growth-oriented research and development activities related to the development of new homeland security product offerings ($9 million), increased amortization expense ($7 million) related to acquisition activities in the current and prior years, and reduced deliveries of our non-intrusive cargo inspection systems, which have higher relative operating income margins. These decreases were partially offset by favorable program fee performance and efficiency actions to reduce indirect expenses across the segment.

Health, Energy and Civil Solutions operating income margin increased to 9.2% in fiscal 2011 as compared to 8.3% in fiscal 2010 due primarily to strong program performance, particularly on certain fixed price contracts, increased cost recovery on cost reimbursement contracts and reduced infrastructure costs related to organizational streamlining and cost efficiency actions taken in fiscal 2011 and 2010 partially offset by increased amortization expense for intangible assets related to recent business acquisitions.

Health, Energy and Civil Solutions operating income margin increased to 8.3% in fiscal 2010 as compared to 8.2% in fiscal 2009 due to increased cost recovery on cost reimbursement contracts.

The following table summarizes changes in Intelligence and Cybersecurity Solutions revenues and operating income for the periods presented:

	Six Months Ended July 31			Year Ended January 31				
Intelligence and Cybersecurity Solutions	**2011**	Percent change	2010	**2011**	Percent change	2010	Percent change	2009
				($ in millions)				
Revenues	**$ 1,727**	3%	$ 1,677	**$ 3,421**	6%	$ 3,216	2%	$ 3,147
Operating income	**159**	21	131	**288**	2	281	8	261
Operating income margin	***9.2%***		*7.8%*	***8.4%***		*8.7%*		*8.3%*

Intelligence and Cybersecurity Solutions revenues increased $50 million, or 3%, all of which was attributable to internal revenue growth, for the six months ended July 31, 2011 as compared to the same period in the prior year. Internal revenue growth was primarily attributable to increased activity on an existing intelligence analysis contract ($37 million), a new manned airborne surveillance program ($33 million), and several cybersecurity programs ($5 million). These increases were partially offset by a decline in revenues due to the conclusion of a forward operating base integrated security equipment supply contract ($16 million) and one less business day as compared to the same period in the prior year ($13 million).

Intelligence and Cybersecurity Solutions revenues increased $205 million, or 6%, including internal revenue growth of 4%, in fiscal 2011 as compared to fiscal 2010. Fiscal 2011 internal revenue growth was driven by increased activity in our manned and unmanned airborne surveillance programs ($81 million) and intelligence analysis programs for the DoD ($69 million).

Intelligence and Cybersecurity Solutions revenues increased $69 million, or 2%, including internal revenue growth of 1%, in fiscal 2010 as compared to fiscal 2009. Fiscal 2010 internal revenue growth was primarily driven by increased activity in a systems integration, development and support program with an intelligence customer ($66 million).

Intelligence and Cybersecurity Solutions operating income margin increased to 9.2% for the six months ended July 31, 2011 as compared to 7.8% for the same period in the prior year primarily due to strong program execution and effective cost management ($9 million), increased sales of higher-margin proprietary products ($8 million), and lower bid and proposal expenses ($5 million) primarily attributable to the timing of bid and proposal activities.

Intelligence and Cybersecurity Solutions operating income margin decreased to 8.4% in fiscal 2011 as compared to 8.7% in fiscal 2010 due primarily to increased amortization expense for intangible assets and operating losses related to a business acquisition ($24 million). Operating income margin improved to 8.7% during fiscal 2010 as compared to 8.3% in fiscal 2009 due to strong program performance and increased cost recovery on cost reimbursement contracts.

The following table summarizes changes in Corporate and Other revenues and operating income (loss) for the periods presented:

	Six Months Ended July 31			Year Ended January 31				
Corporate and Other	**2011**	Percent change	2010	**2011**	Percent change	2010	Percent change	2009
				($ in millions)				
Revenues	**$ 1**		$ 56	**$ 58**		$ 4		$ (2)
Operating income (loss)	**(15)**	(135)%	43	**21**		(36)	(18)%	(44)

Corporate and Other operating income (loss) for the six months ended July 31, 2011 includes charges related to the proposed settlement of a litigation matter involving work performed at the National Center for Critical Information Processing and Storage of $22 million partially offset by gains on the sale of real estate of $27 million. Corporate and Other revenues and operating income for the six months ended July 31, 2010 includes a $56 million royalty payment received in connection with the resolution of a patent infringement matter.

Corporate and Other revenues for fiscal 2011 reflect a $56 million royalty payment received in fiscal 2011 in connection with the resolution of a patent infringement matter. Corporate and Other operating income for fiscal 2011 was favorably impacted by the receipt of a royalty payment ($56 million) and a decline in stock option expense ($4 million) as a result of a decrease in the number of stock options issued in recent years and $3 million received for reimbursement of legal-related costs in connection with the resolution of a patent infringement matter in fiscal 2011 (for a discussion of this matter, see Note 19 of the combined notes to consolidated financial statements for the fiscal year ended January 31, 2011 contained within this prospectus). Corporate and Other operating loss decreased in fiscal 2010 as compared to fiscal 2009 primarily due to a gain on sale of real estate of $4 million in fiscal 2010.

Interest Income. Interest income for the six months ended July 31, 2011 was consistent with the same period in the prior year. Interest income was consistent in fiscal 2011 as compared to fiscal 2010. Interest income decreased $18 million, or 90%, in fiscal 2010 as compared to fiscal 2009 primarily due to lower market interest rates, a reduction in our average cash balance and the change in our investment strategy to a higher concentration invested in lower-yielding U.S. Treasury and government securities money market accounts in the latter part of fiscal 2009.

Interest Expense. Interest expense primarily reflects interest on our outstanding debt securities and notes payable. Interest expense for the six months ended July 31, 2011 increased $19 million, or 51% as compared to the same period in the prior year. Interest expense increased $3 million, or 4%, for fiscal 2011 as compared to fiscal 2010. These increases in interest expense are primarily due to issuance of $750 million of senior unsecured notes in December 2010. Interest expense declined by $2 million, or 3%, for fiscal 2010 as compared to fiscal 2009 primarily due to the payment of an outstanding debt balance at the beginning of fiscal 2010.

Interest expense for Science Applications increased $14 million during the six months ended July 31, 2011 as compared to the same period in the prior year, reflecting a $19 million increase in interest on third-party debt partially offset by a $5 million decrease in interest on its note payable to SAIC. Interest expense for Science Applications decreased $4 million in fiscal 2011 as compared to fiscal 2010 reflecting a $7 million decrease in interest on its note payable to SAIC partially offset by the $3 million increase in interest on third-party debt. Interest expense for Science Applications decreased $22 million during fiscal 2010 as compared to fiscal 2009 reflecting a $20 million decrease in interest on its note payable to SAIC and a $2 million decrease in interest on third party debt. Interest expense related to Science Application s note payable to SAIC may fluctuate significantly from year to year based on changes in the underlying note balance and interest rates throughout the fiscal year.

As more fully described in Quantitative and Qualitative Disclosures About Market Risk and Note 9 of the combined notes to consolidated financial statements for the fiscal year ended January 31, 2011 contained within this prospectus, we are currently exposed to interest rate risks and foreign currency risks that are inherent in the financial instruments and contracts arising from transactions entered into in the normal course of business. From time to time, we use derivative instruments to manage these risks.

Other Income (Expense), Net. The components of other income (expense), net were as follows:

	Six Months Ended July 31		Year Ended January 31		
	2011	2010	**2011**	2010	2009
			(in millions)		
Impairment losses on investments	**$**	$	**$ (4)**	$ (1)	$ (14)
Net gain on sale of other investments	**1**	1	**5**	3	6
Equity interest in earnings and impairment losses on investments in unconsolidated affiliates, net				1	(9)
Other	**4**	(3)	**1**	3	2
Total other income (expense), net	**$ 5**	$ (2)	**$ 2**	$ 6	$ (15)

In fiscal 2009, we recognized $29 million of impairment losses on our ownership interests in Danet GmbH and certain private equity securities held by our venture capital subsidiary. These impairments were due to other-than-temporary declines in their fair values caused by poor business performance, contraction in credit markets and general declines in global economic conditions. The carrying value of our investments as of July 31, 2011 was $13 million.

Provision for Income Taxes. The provision for income taxes as a percentage of income from continuing operations before income taxes increased to a more normative effective tax rate of 37.8% for the six months ended July 31, 2011 as compared to 36.1% for the same period in the prior year primarily due to a $11 million reduction in the provision for income taxes for the six months ended July 31, 2010 resulting from the resolution of certain tax uncertainties. The provision for income taxes as a percentage of income from continuing operations before income taxes was 36.0%, 37.6% and 36.5% in fiscal 2011, 2010 and 2009, respectively. The lower effective income tax rates for fiscal 2011 and fiscal 2009 as compared to fiscal 2010 were primarily due to the reversal of $7 million and $8 million, respectively, in accruals for unrecognized tax benefits as a result of the settlement of federal and state tax audits.

We file income tax returns in the United States and various state and foreign jurisdictions and have effectively settled with the Internal Revenue Service (IRS) for fiscal years prior to and including fiscal 2008. Effective fiscal 2011, we are participating in the IRS Compliance Assurance Process, in which we and the IRS endeavor to agree on the treatment of all tax positions prior to the filing of the tax return, thereby greatly reducing the period of time between return submission and settlement with the IRS.

Diluted Earnings per Share (EPS) from Continuing Operations. Diluted EPS from continuing operations decreased $.05 per share, or 7%, for the six months ended July 31, 2011 as compared to the same period in the prior year, primarily due to the decrease in income from continuing operations partially offset by a reduction in the diluted weighted average number of shares outstanding of 8%, or 28 million shares, for the six months ended July 31, 2011 primarily due to share repurchases. Diluted EPS from continuing operations increased $.29 per share, or 24%, for fiscal 2011 as compared to fiscal 2010 primarily due to a $79 million, or 16%, increase in income from continuing operations and a decline in the diluted weighted average number of shares outstanding of 6%, or 24 million shares, primarily due to stock repurchases. Diluted EPS from continuing operations increased $.16 per share, or 16%, for fiscal 2010 as compared to fiscal 2009 primarily due to a $51 million, or 12%, increase in income from continuing operations and a decline in the diluted weighted average number of shares outstanding of 3%, or 12 million shares, primarily due to stock repurchases.

Discontinued Operations. On June 10, 2011, in order to better align our business portfolio with our strategy, we sold certain components of the business, which were historically included in our Commercial segment, primarily focused on providing information technology services to international oil and gas companies. Pursuant to the definitive sale agreement, we retained the assets and obligations of a defined benefit pension plan in the United Kingdom. In fiscal 2010, we also sold non-strategic components of our Intelligence and Cybersecurity Solutions segment. We have classified the operating results of these businesses, including the pension activity through the date of sale, as discontinued operations for all periods presented.

The pre-sale operating results of the businesses sold for the periods presented were as follows:

	Six Months Ended July 31		Year Ended January 31		
	2011	2010 as adjusted	**2011**	2010 as adjusted	2009
			(in millions)		
Revenues	**$ 69**	$ 103	**$ 196**	$ 267	$ 310
Costs and expenses:					
Cost of revenues	**54**	84	**156**	192	234
Selling, general and administrative expenses	**8**	17	**28**	45	67
Operating income	**$ 7**	$ 2	**$ 12**	$ 30	$ 9

During the six months ended July 31, 2011, we received proceeds of $169 million resulting in a preliminary gain on sale before income taxes of $109 million related to the June 10, 2011 sale, subject to contractual adjustments. During the six months ended July 31, 2010, the Company recorded a pre-tax gain of $52 million related to the settlement of an arbitration proceeding brought against Telkom South Africa by the Company s former subsidiary, Telcordia Technologies, Inc.

In fiscal 2011, discontinued operations included pre-tax net gains of $77 million primarily related to the settlement of an arbitration proceeding brought against Telkom South Africa by our former subsidiary and resolution of other contingencies related to the sale of this former subsidiary.

Our results of discontinued operations included pre-tax net losses of $6 million and $8 million in fiscal 2010 and 2009, respectively. In fiscal 2009, we recorded a reduction in the provision for income taxes of discontinued operations of $17 million due to the reversal of uncertain tax positions as a result of the settlement of federal and state tax audits for amounts lower than the recorded amounts and the expiration of statutes of limitation for certain tax years.

Income from discontinued operations also includes other activity that is immaterial and not reflected above.

Net Income. Net income decreased $6 million, or 2%, for the six months ended July 30, 2011, as compared to the same period in the prior year primarily due to a decrease in income from continuing operations.

Net income increased $123 million, or 25%, for fiscal 2011 as compared to fiscal 2010. The increase in net income for fiscal 2011 as compared to fiscal 2010 reflects an increase in income from continuing operations of $79 million and an increase in income from discontinued operations of $44 million. Net income increased $50 million, or 11%, for fiscal 2010 as compared to fiscal 2009. The increase in net income for fiscal 2010 as compared to fiscal 2009 reflects an increase in income from continuing operations of $51 million and a decrease in income from discontinued operations of $1 million.

Net income for Science Applications decreased $1 million for the six months ended July 31, 2011 as compared to the same period in the prior year for the reasons described above. Net income for Science Applications increased $129 million in fiscal 2011 and $63 million in fiscal 2010 as compared to the respective prior year periods for the reasons described above and declines in interest expense on the note payable to SAIC.

Diluted EPS. Diluted EPS increased $.05 per share, or 6%, for the six months ended July 31, 2011, as compared to the same period in the prior year due to a reduction in the diluted weighted average number of shares outstanding of 28 million, or 8%, primarily due to share repurchases, partially offset by a decrease in net income of $6 million.

Diluted EPS increased $.41 per share, or 33%, for fiscal 2011 as compared to fiscal 2010 due to increases in net income and declines in the diluted number of shares outstanding as discussed above. Diluted EPS increased $.15 per share, or 14%, for fiscal 2010 as compared to fiscal 2009 due to increases in net income and declines in the diluted number of shares outstanding as discussed above.

Liquidity and Capital Resources

We had $1.336 billion in cash and cash equivalents at July 31, 2011, which were primarily comprised of investments in several large institutional money market funds that invest primarily in bills, notes and bonds issued by the U.S. Treasury, U.S. government guaranteed repurchase agreements fully collateralized by U.S. Treasury obligations, U.S. Government guaranteed securities, and investment-grade corporate securities that have original maturities of three months or less. We anticipate our principal sources of liquidity for the next 12 months and beyond will be our existing cash and cash equivalents and cash flows from operations. We may also borrow under our $750 million revolving credit facility. Our revolving credit facility is backed by a number of financial institutions, matures in fiscal 2016, and by its terms can be accessed on a same-day basis. We anticipate our principal uses of cash for the next 12 months and beyond will be for operating expenses, capital expenditures, acquisitions of businesses, stock repurchases, and payment of current portions of notes payable and long-term debt. We anticipate that our operating cash flows, existing cash and cash equivalents, which have no restrictions on withdrawal, and borrowing capacity under our revolving credit facility will be sufficient to meet our anticipated cash requirements for at least the next 12 months.

Historical Trends

Cash and cash equivalents was $1.336 billion, $1.367 billion and $861 million at July 31, 2011, January 31, 2011, and January 31, 2010, respectively. The following table summarizes cash flow information for the periods presented:

	Six Months Ended July 31		Year Ended January 31		
	2011	2010	**2011**	2010	2009
			(in millions)		