SAIC, Inc.
Form PRE 14A
April 06, 2009
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SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

x Preliminary Proxy Statement
¨ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
¨ Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to § 240.14a-12

SAIC, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.
¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1. Title of each class of securities to which transaction applies:

2. Aggregate number of securities to which transaction applies:

3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

4. Proposed maximum aggregate value of transaction:

5. Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1. Amount Previously Paid:

2. Form, Schedule or Registration Statement No.:

3. Filing Party:

4. Date Filed:

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SAIC, INC.

10260 Campus Point Drive

San Diego, California 92121

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held June 19, 2009

The Annual Meeting of Stockholders of SAIC, Inc., a Delaware corporation, will be held at the SAIC Conference Center, 1710 SAIC Drive, McLean, Virginia, on Friday, June 19, 2009, at 9:00 a.m. (local time). For the convenience of our employees and stockholders, the meeting will be audio webcast simultaneously to the public through a link on the Investor Relations section of our website (*www.saic.com*). In addition, the SAIC Proxy Statement and the SAIC 2009 Annual Report on Form 10-K are available at *.* Information on our website, other than these materials, is not a part of the proxy solicitation materials.

The Annual Meeting is being held for the following purposes:

1. To elect 11 directors;

2. To vote on a proposal to automatically convert each share of our class A preferred stock into one share of common stock;

3. To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending January 31, 2010; and

4. To transact such other business as may properly come before the meeting or any adjournments, postponements or continuations of the meeting.

Only stockholders of record at the close of business on April 20, 2009, are entitled to notice of and to vote at the Annual Meeting and at any and all adjournments, postponements or continuations of the meeting. A list of stockholders entitled to vote at the meeting will be available for inspection at 4242 Campus Point Court, San Diego, California, and 1710 SAIC Drive, McLean, Virginia, for at least 10 days prior to the meeting and will also be available for inspection at the meeting.

By Order of the Board of Directors

Douglas E. Scott

Executive Vice President,

General Counsel and Corporate Secretary

San Diego, California

, 2009

YOUR VOTE IS IMPORTANT

You are cordially invited to attend the Annual Meeting. However, to ensure that your shares are represented at the meeting, please submit your proxy or voting instructions (1) over the Internet, (2) by telephone or (3) by mail. For specific instructions regarding how to vote, please refer to the questions and answers beginning on the first page of this Proxy Statement or the instructions on the proxy and voting instruction card. Submitting a proxy or voting instructions will not prevent you from attending the Annual Meeting and voting in person, if you so desire, but will help us secure a quorum and reduce the expense of additional proxy solicitation.

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Proxy Statement

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SAIC, INC.

10260 Campus Point Drive

San Diego, California 92121

ANNUAL MEETING OF STOCKHOLDERS

To Be Held June 19, 2009

PROXY STATEMENT

This Proxy Statement is being furnished to the stockholders of SAIC, Inc., a Delaware corporation, in connection with the solicitation of proxies by our Board of Directors for use at our Annual Meeting of Stockholders (the Annual Meeting) to be held at the SAIC Conference Center, 1710 SAIC Drive, McLean, Virginia, on Friday, June 19, 2009, at 9:00 a.m. (local time) and at any and all adjournments, postponements or continuations of the meeting. In this Proxy Statement, we use the terms we, us and our to refer collectively to SAIC, Inc. and its 100%-owned subsidiary, Science Applications International Corporation. This Proxy Statement and the proxy and voting instruction card are first being sent or made available to our stockholders on or about May 6, 2009.

INFORMATION ABOUT THE ANNUAL MEETING

What is the purpose of the Annual Meeting?

At the Annual Meeting, we are asking our stockholders to consider and vote upon the following matters:

1. The election of 11 directors;
2. A proposal to automatically convert each share of our class A preferred stock into one share of common stock;
3. The ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending January 31, 2010; and
4. Such other business as may properly come before the meeting or any adjournments, postponements or continuations of the meeting.

When and where will the Annual Meeting be held?

The Annual Meeting will be held at the SAIC Conference Center, 1710 SAIC Drive, McLean, Virginia, on Friday, June 19, 2009, at 9:00 a.m. (local time).

Who can attend the Annual Meeting?

All stockholders or their duly appointed proxies may attend the meeting.

INFORMATION ABOUT VOTING RIGHTS AND SOLICITATION OF PROXIES

Who is entitled to vote at the Annual Meeting?

Only stockholders of record of our common stock, par value $0.0001 per share (common stock), and our class A preferred stock, par value $0.0001 per share (class A preferred stock), as of the close of business on our record date of April 20, 2009, are entitled to notice of and to vote at the Annual Meeting. As of April 20, 2009, there were shares of common stock and shares of class A preferred stock outstanding. We have no other class of capital stock outstanding. The common stock and the class A preferred stock vote together as a single class on all matters and the class A preferred stock will also vote separately as a class on Proposal 2.

What constitutes a quorum?

The presence, either in person or by proxy, of the holders of a majority of the total voting power of the shares of common stock and class A preferred stock outstanding as of April 20, 2009, is necessary to constitute a quorum and to conduct business at the Annual Meeting. Abstentions and broker non-votes will be counted as present for purposes of determining the presence of a quorum. A broker non-vote occurs when a broker, bank or other nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to

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INFORMATION ABOUT VOTING RIGHTS AND SOLICITATION OF PROXIES

that matter and has not received voting instructions from the beneficial owner. Broker non-votes are not considered entitled to vote. For the election of directors and ratification of directors, broker non-votes will have no effect on the outcome other than reducing the number of shares present in person or by proxy and entitled to vote from which a majority is calculated. The proposal to automatically convert each share of our class A preferred stock into one share of common stock requires the affirmative vote of a majority of outstanding shares. ***Accordingly, broker non-votes will effectively be a vote against this proposal.***

How many votes am I entitled to?

Each holder of common stock will be entitled to one vote per share and each holder of class A preferred stock will be entitled to 10 votes per share, in person or by proxy, for each share of stock held in such stockholder s name as of April 20, 2009, on any matter submitted to a vote of stockholders at the Annual Meeting. However, in the election of directors, all shares are entitled to be voted cumulatively. Accordingly, in voting for directors: (i) each share of common stock is entitled to as many votes as there are directors to be elected; (ii) each share of class A preferred stock is entitled to 10 times as many votes as there are directors to be elected; and (iii) each stockholder may cast all of such votes for a single nominee or distribute them among any two or more nominees as such stockholder chooses. To apportion your votes among two or more nominees other than on a pro rata basis, you must either submit your proxy or voting instructions using a proxy and voting instruction card or by ballot in person at the Annual Meeting, stating explicitly how you intend to apportion your votes. You may not submit your proxy or voting instructions over the Internet or by telephone if you wish to distribute your votes unevenly among two or more nominees. Unless otherwise directed, shares represented by properly executed proxies will be voted at the discretion of the proxy holders so as to elect the maximum number of the Board of Directors nominees that may be elected by cumulative voting.

How do I vote my shares?

Shares of common stock and class A preferred stock represented by a properly executed and timely proxy will, unless it has previously been revoked, be voted in accordance with its instructions. In the absence of specific instructions, the shares represented by a properly executed proxy will be voted as follows:

- FOR the election of directors so as to elect the maximum number of the Board of Directors nominees that may be elected by cumulative voting;

- FOR the proposal to automatically convert each share of our class A preferred stock into one share of common stock; and

- FOR the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending January 31, 2010.

No other business is expected to come before the Annual Meeting; however, should any other matter properly come before the Annual Meeting, the proxy holders intend to vote such shares in accordance with their best judgment on such matter.

There are four different ways to vote your shares:

By Internet: You may submit a proxy or voting instructions over the internet by following the instructions at *www.proxyvote.com*.

By Telephone: You may submit a proxy or voting instructions by calling 1-800-690-6903 and following the instructions.

By Mail: If you received your proxy materials via the U.S. mail, you may complete, sign and return the accompanying proxy and voting instruction card in the postage-paid envelope provided.

In Person: You may attend the meeting at the SAIC Conference Center in McLean, Virginia, and vote in person.

Submitting a proxy will not prevent a stockholder from attending the Annual Meeting and voting in person. Any proxy may be revoked at any time prior to exercise by delivering a written revocation or a new proxy bearing a later date to our Corporate Secretary as described below or by attending the Annual Meeting and voting in person. The mailing address of the Corporate Secretary is 10260 Campus Point Drive, San Diego, California 92121. Attendance at the Annual Meeting will not, however, in and of itself, revoke a proxy.

The deadline for submitting a proxy using the internet or the telephone is 11:59 p.m. Eastern time on June 18, 2009. For shares held in the SAIC Retirement Plan, voting instructions must be submitted no later than 11:59 p.m. Eastern time on June 16, 2009.

How are the shares held by the Retirement Plan voted?

Each participant in the Science Applications International Corporation Retirement Plan (the SAIC Retirement Plan) has the right to instruct Vanguard Fiduciary Trust Company, as trustee of the SAIC Retirement Plan (the Trustee), on a confidential basis as to how to vote his or her proportionate interests in all allocated shares of common stock and class A preferred

INFORMATION ABOUT VOTING RIGHTS AND SOLICITATION OF PROXIES

stock held in the SAIC Retirement Plan. The Trustee will vote all allocated shares held in the SAIC Retirement Plan for which no voting instructions are received in the same proportion as the allocated shares for which voting instructions have been received. The Trustee s duties with respect to voting the common stock and class A preferred stock in the SAIC Retirement Plan are governed by the fiduciary provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The fiduciary provisions of ERISA may require, in certain limited circumstances, that the Trustee override the votes of participants with respect to the common stock and class A preferred stock held by the Trustee and to determine, in the Trustee s best judgment, how to vote the shares.

How are the shares held by the Stock Plans voted?

Under the terms of our Stock Compensation Plan, Management Stock Compensation Plan and Key Executive Stock Deferral Plan (collectively, the Stock Plans), Wachovia Bank, N.A. (Wachovia), as trustee of the Stock Plans, has the power to vote the shares of class A preferred stock held by Wachovia in the Stock Plans. Wachovia will vote all such shares in the same proportion that our other stockholders collectively vote their shares of common stock and class A preferred stock.

What is the difference between a stockholder of record and a beneficial holder?

These terms describe how your shares are held. If your shares are registered directly with BNY Mellon Shareowner Services, our transfer agent, then you are a stockholder of record with respect to these shares. If your shares are held in an account at a broker, bank, trust or other similar organization, then you are a beneficial holder. The organization holding your account is considered the stockholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct that organization on how to vote the shares held in your account. If you wish to vote in person at the Annual Meeting, you must obtain a valid proxy from the organization holding the shares.

Who is soliciting these proxies?

We are soliciting these proxies and the cost of the solicitation will be borne by us, including the charges and expenses of persons holding shares in their name as nominee incurred in connection with forwarding proxy materials to the beneficial owners of such shares. In addition to the use of the mail, proxies may be solicited by our officers, directors and employees in person, by telephone or by email. Such individuals will not be additionally compensated for such solicitation but may be reimbursed for reasonable out-of-pocket expenses incurred in connection with such solicitation.

What is householding and how does it affect me?

We have adopted a procedure approved by the Securities and Exchange Commission, or SEC, called householding. Under this procedure, we send only one Proxy Statement or one Annual Report to eligible stockholders who share a single address, unless we have received instructions to the contrary from any stockholder at that address. This practice is designed to reduce our printing and postage costs. Stockholders who participate in householding will continue to receive separate proxy and voting instruction cards. We do not use householding for any other stockholder mailings.

If you are a registered stockholder residing at an address with other registered stockholders and wish to receive a separate copy of the Proxy Statement or Annual Report, or if you do not wish to participate in householding and prefer to receive separate copies of these documents in the future, please contact our mailing agent Broadridge, either by calling toll-free at 1-800-542-1061, or by writing to Broadridge, Householding Department, 51 Mercedes Way, Edgewood, NY 11717. If you own shares through a bank, broker, or other nominee, you should contact the nominee concerning householding procedures. We will promptly deliver a separate copy of the Proxy Statement or Annual Report to you upon request.

If you are eligible for householding, but you and other stockholders of record with whom you share an address currently receive multiple copies of the Proxy Statement or Annual Report and you wish to receive a single copy of each of these documents for your household, please contact our mailing agent, Broadridge, at the address indicated above.

NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS

The SAIC Proxy Statement and the SAIC 2009 Annual Report on Form 10-K are available at .

This year, as permitted by the rules of the SEC, we are using the internet as our primary means of furnishing proxy materials to our stockholders. We believe this method will make the proxy distribution process more efficient, lower costs and help in conserving natural resources.

On or about May 6, 2009, we mailed to most of our stockholders a Notice of Internet Availability of Proxy Materials containing instruction on how to access our proxy materials, including our Proxy Statement and Annual Report. The Notice of Internet Availability of Proxy Materials also instructs you on how to access your proxy and voting instruction card to be able to vote through the internet or by telephone. Other stockholders, in accordance with their prior requests, have received email notification of how to access our proxy materials and vote via the internet or by telephone or have been mailed paper copies of our proxy materials and a proxy and voting instruction card.

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PROPOSAL I ELECTION OF DIRECTORS

Our Board of Directors has recommended 11 nominees for election as directors. Our amended certificate of incorporation provides for the annual election of directors and the number of directors is currently set at 12 directors, which will result in one vacancy following the 2009 Annual Meeting. The Board of Directors will review the authorized number of directors to determine whether to fix the authorized number of directors at a lower number or appoint individuals to fill any vacancy.

Nominees for Directors

At the Annual Meeting, 11 directors are to be elected to serve for one-year terms or until their successors are elected and qualified. All nominees have been nominated by the Board of Directors based on the recommendation of the Nominating and Corporate Governance Committee. To the best knowledge of the Board of Directors, all of the nominees are, and will be, able and willing to serve. Each nominee has consented to be named in this Proxy Statement and to serve if elected.

Vote Required

The nominees who receive the most *FOR* votes will be elected as directors, and abstentions and withheld votes will generally not have an effect on the outcome of this vote. The Board of Directors, however, has adopted a policy whereby any nominee for director in an uncontested election (i.e., an election in which the number of nominees does not exceed the number of directors to be elected) who receives a greater number of votes withheld from his or her election than voted for such election will tender his or her resignation for consideration by the Nominating and Corporate Governance Committee. In such a circumstance, the Nominating and Corporate Governance Committee will recommend to the Board of Directors the action to be taken with respect to such offer of resignation, and the Board of Directors will promptly disclose its decision as to whether to accept or reject the tendered resignation in a press release, Current Report on Form 8-K filed with the SEC or some other permissible manner.

Shares of common stock and class A preferred stock represented by properly executed, timely received and unrevoked proxies will be voted in accordance with the instructions indicated thereon. In the absence of specific instructions, the shares represented by properly executed proxies will be voted *FOR* the election of directors so as to elect the maximum number of the Board of Directors nominees that may be elected by cumulative voting. If any of the nominees listed below should become unable to stand for election at the Annual Meeting, the proxy holders intend to vote for any person designated by the Board of Directors to replace the nominee unable to serve.

Unanimous Recommendation of the Board of Directors

The Board of Directors unanimously recommends a vote FOR each nominee.

Nominees for Election to the Board of Directors

Set forth below is a brief biography of each nominee for election as a director. Ages are as of April 20, 2009. All references below to duration of service as one of our directors include service as a director of Science Applications International Corporation.

NOMINEES FOR ELECTION AS DIRECTORS

France A. Córdova, age 61

Director **Director since 2008**

Dr. Córdova has been President of Purdue University since 2007. She was Chancellor at the University of California, Riverside, from 2002 to 2007, and was Vice Chancellor for Research and Professor of Physics at University of California, Santa Barbara from 1996 to 2002. Dr. Córdova served as Chief Scientist of the National Aeronautics and Space Administration from 1993 to 1996 and headed the Department of Astronomy and Astrophysics at Pennsylvania State University from 1989 to 1993. Dr. Córdova is also a member of the Board of Directors of Edison International.

Kenneth C. Dahlberg, age 64

Chief Executive Officer and Chairman of the Board of Directors **Director since 2003**

Mr. Dahlberg has served as Chairman of the Board since July 2004 and Chief Executive Officer and Director since November 2003. He served as President from November 2003 to March 2006. Prior to joining us, Mr. Dahlberg served as Corporate Executive Vice President of General Dynamics Corp. from March 2001 to October 2003. He served as President of Raytheon International from February 2000 to March 2001, and he served as President and Chief Operating Officer of Raytheon Systems Company from 1997 to 2000. Mr. Dahlberg held various positions with Hughes Aircraft from 1967 to 1997. Mr. Dahlberg is also a member of the Board of Directors of Teledyne Technologies, Incorporated.

Jere A. Drummond, age 69

Director **Director since 2003**

Mr. Drummond was employed by BellSouth Corporation from 1962 until his retirement in December 2001. He served as Vice Chairman of BellSouth Corporation from January 2000 until his retirement. He was President and Chief Executive Officer of BellSouth Communications Group, a provider of traditional telephone operations and products, from January 1998 until December 1999. He was President and Chief Executive Officer of BellSouth Telecommunications, Inc. from January 1995 until December 1997. Mr. Drummond is also a member of the Boards of Directors of Borg-Warner Automotive and AirTran Holdings, Inc.

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PROPOSAL I ELECTION OF DIRECTORS

John J. Hamre, age 58

Director **Director since 2005**
Dr. Hamre has served as the President and Chief Executive Officer of the Center for Strategic & International Studies, a public policy research institution, since 2000. Dr. Hamre served as U.S. Deputy Secretary of Defense from 1997 to 2000 and Under Secretary of Defense (Comptroller) from 1993 to 1997. Dr. Hamre is also a member of the Boards of Directors of ITT Industries, Inc. and MITRE Corporation.

Miriam E. John, age 60

Director **Director since 2007**
Dr. John retired from Sandia National Laboratories, a science and engineering laboratory, in September 2006, after having served as Vice President of Sandia s California Division from April 1999 to September 2006. She previously served in a number of managerial and technical roles for Sandia from 1982 to 1999. Dr. John is a member of the Department of Defense s Defense Science Board and Threat Reduction Advisory Committee and chairs the National Research Council s Naval Studies Board.

Anita K. Jones, age 67

Director **Director since 1998**
Dr. Jones is the Quarles Professor of Engineering at the University of Virginia, where she has taught since 1989. From 1993 to 1997, Dr. Jones was on leave of absence from the University to serve as Director of Defense Research and Engineering of the U.S. Department of Defense. Dr. Jones also served as one of our directors from 1987 to 1993.

General John P. Jumper *(USAF Retired)*, age 64

Director **Director since 2007**
General Jumper retired from the United States Air Force in 2005. From September 2001 to November 2005, General Jumper was the Chief of Staff of the United States Air Force, serving as the senior uniformed Air Force officer responsible for the organization, training and equipping of active-duty, guard, reserve and civilian forces serving in the United States and overseas. As a member of the Joint Chiefs of Staff, General Jumper functioned as a military advisor to the Secretary of Defense, National Security Council and the President. General Jumper is also a member of the Boards of Directors of Goodrich Corporation, Jacobs Engineering Group Inc., TechTeam Global, Inc. and Somanetics Corporation.

Harry M.J. Kraemer, Jr., age 54

Director **Director since 1997**
Mr. Kraemer has been an executive partner of Madison Dearborn Partners, LLC, a private equity investment firm, since April 2005, and has served as a professor at the Kellogg School of Management at Northwestern University since January 2005. Mr. Kraemer previously served as the Chairman of Baxter International, Inc., a health-care products, systems and services company, from January 2000 until April 2004, as Chief Executive Officer of Baxter from January 1999 until April 2004, and as President of Baxter from April 1997 until April 2004. Mr. Kraemer also served as the Senior Vice President and Chief Financial Officer of Baxter from November 1993 to April 1997. Mr. Kraemer is also a member of the Boards of Directors of Sirona Dental Systems, Inc. and VWR International.

Edward J. Sanderson, Jr., age 60

Director **Director since 2002**
Mr. Sanderson retired from Oracle Corporation in 2002 as an Executive Vice President after having served since 1995. At Oracle, Mr. Sanderson was responsible for Oracle Product Industries, Oracle Consulting and the Latin American Division. Prior to Oracle, he was President of Unisys Worldwide Services and a partner at both McKinsey & Company and Accenture (formerly Andersen Consulting).

Louis A. Simpson, age 72

Director **Director since 2006**

Mr. Simpson has served as President and Chief Executive Officer, Capital Operations, of GEICO Corporation, an automobile insurance company, since May 1993. Mr. Simpson previously served as Vice Chairman of the Board of Directors of GEICO from 1985 to 1993. Mr. Simpson is also a member of the Board of Directors of VeriSign, Inc.

A. Thomas Young, age 71

Lead Director **Director since 1995**

Mr. Young retired from Lockheed Martin Corp. in 1995 after having served as an Executive Vice President from March 1995 to July 1995. Prior to its merger with Lockheed Corporation, Mr. Young served as the President and Chief Operating Officer of Martin Marietta Corp. from 1990 to 1995. Mr. Young is also a member of the Board of Directors of Goodrich Corporation.

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CORPORATE GOVERNANCE

Corporate Governance Guidelines

Our Board of Directors recognizes the importance of strong corporate governance as a means of addressing the various needs of our stockholders, employees, customers and other stakeholders. As a result, our Board of Directors has adopted Corporate Governance Guidelines which, together with our certificate of incorporation, bylaws, committee charters and other key governance practices and policies, provide the framework for our corporate governance. Our Corporate Governance Guidelines cover a wide range of subjects, including criteria for determining the independence and qualification of our directors. These guidelines are available in print to any stockholder who requests them by contacting our Corporate Secretary and are also available on our website at *www.saic.com* by clicking on the link entitled Corporate Governance. The Board recognizes that ensuring that we observe good corporate governance practices is an ongoing endeavor. The Nominating and Corporate Governance Committee regularly reviews corporate governance developments and recommends revisions to these Corporate Governance Guidelines as necessary to promote our and our stockholders best interests and to help ensure that we comply with all applicable laws, regulations and stock exchange requirements.

Code of Ethics

Our *Standards of Business Ethics and Conduct Handbook* contains the policies, principles and practices applicable to all our officers, employees and agents. In addition, our principal executive officer and our senior financial officers are also subject to the *Code of Ethics for Principal Executive Officer and Senior Financial Officers,* which contains additional policy guidelines and procedures relating to legal and ethical standards for conducting our business. These documents are available in print to any stockholder who requests them by contacting our Corporate Secretary and are also available on our website at *www.saic.com* by clicking on the links entitled Corporate Governance followed by Code of Ethics.

Director Independence

The Board of Directors annually determines the independence of each of our directors and nominees in accordance with the Corporate Governance Guidelines. These guidelines provide that independent directors are those who are independent of management and free from any relationship that, in the judgment of the Board of Directors, would interfere with their exercise of independent judgment. No director qualifies as independent unless the Board of Directors affirmatively determines that the director has no material relationship with us (either directly or as a partner, shareholder or officer of an organization with which we have a relationship). The Board of Directors has established independence standards set forth in the Corporate Governance Guidelines that include all elements of independence required by the listing standards of the New York Stock Exchange, or NYSE.

All members of the Audit, Human Resources and Compensation and Nominating and Corporate Governance Committees must be independent directors as defined by the Corporate Governance Guidelines. Members of the Audit Committee must also satisfy a separate independence requirement pursuant to the Securities Exchange Act of 1934 which requires that they may not accept directly or indirectly any consulting, advisory or other compensatory fee from us or any of our subsidiaries other than their directors compensation or be an affiliated person of ours or any of our subsidiaries.

Each year, our directors are obligated to complete a questionnaire which requires them to disclose any transactions with us in which the director or any member of his or her immediate family might have a direct or potential conflict of interest. Based on its review, the Board of Directors determined that all of its non-employee directors, each of whom is named below, are independent under its guidelines and free from any relationship that would interfere with the exercise of their independent judgment:

France A. Córdova	John P. Jumper
Wolfgang H. Demisch	Harry M.J. Kraemer, Jr.
Jere A. Drummond	Edward J. Sanderson, Jr.
John J. Hamre	Louis A. Simpson
Miriam E. John	A. Thomas Young

Anita K. Jones

Our current employee director, Kenneth C. Dahlberg (our Chairman and Chief Executive Officer), was not considered independent since he is one of our officers and employees. Currently, A. Thomas Young serves as our Lead Director.

Board of Directors Meetings and Committees

During fiscal 2009, the Board of Directors held ten meetings of the entire Board and six meetings of only the independent directors. Each regularly scheduled meeting of the Board of Directors includes an executive session of the independent directors. A. Thomas Young, the Lead Director, presides at all regularly scheduled executive sessions of our independent directors as provided by our Corporate Governance Guidelines. Average attendance at such meetings of the Board of Directors was 92.4%. During fiscal 2009, no director attended fewer than 75% of the aggregate of the meetings of the

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CORPORATE GOVERNANCE

Board of Directors and committees of the Board of Directors on which they served. In addition, all directors except Wolfgang H. Demisch, Louis A. Simpson and A. Thomas Young attended the 2008 Annual Meeting of Stockholders. It is our policy to encourage all directors to attend our Annual Meeting.

The Board of Directors has the following principal standing committees: Audit, Classified Business Oversight, Human Resources and Compensation, Ethics and Corporate Responsibility, Finance and Nominating and Corporate Governance. The charters of these committees are available in print to any stockholder who requests them and are also available on our website at *www.saic.com* by clicking on the links entitled Investor Relations, Corporate Governance and then Board Committees.

Audit Committee

The current members of the Audit Committee are Harry M.J. Kraemer, Jr. (Chairperson), Wolfgang H. Demisch, Jere A. Drummond, Anita K. Jones and John P. Jumper. The Board of Directors has determined that each of the members of the Audit Committee is independent for purposes of our Corporate Governance Guidelines, as well as for purposes of the requirements of the Securities Exchange Act of 1934. In addition, the Board of Directors has determined that Wolfgang H. Demisch, Jere A. Drummond, John P. Jumper and Harry M.J. Kraemer, Jr. qualify as Audit Committee financial experts as defined by the rules under the Securities Exchange Act of 1934. The backgrounds and experience of the Audit Committee financial experts are set forth above in Proposal 1 Election of Directors. The responsibilities of the Audit Committee are set forth in its charter and fall into the following categories:

Internal Controls and Disclosure Controls Review and provide feedback on the assessment performed by management on internal control over financial reporting; review the internal control assessment with the independent registered public accounting firm, the internal auditor and management; review any major issues as to the adequacy of our internal control over financial reporting and any special audit steps adopted in light of control deficiencies; review our disclosure controls and procedures designed to ensure timely collection and evaluation of information required to be disclosed in our filings with the SEC or posted on our website; and review the independent registered public accounting firm s procedures and management of the audit relating to internal control over financial reporting.

Independent Audit Retain an independent registered public accounting firm for the purpose of preparing or issuing an audit report on our consolidated financial statements and performing other audit, review or attest services; pre-approve all audit and non-audit services and related fees and evaluate the independent registered public accounting firm s qualifications, performance and independence; ensure the firm s objectivity by reviewing and discussing all relationships between such firm and us and our affiliates; obtain and review a report by the independent registered public accounting firm that describes our internal quality-control procedures and any material issues raised; review the proposed audit scope and procedures to be utilized; obtain and review a post-audit report; and review all critical accounting policies and practices to be used, major issues regarding accounting principles and financial statement presentations, analyses prepared by management and/or the independent registered public accounting firm setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, the effect of regulatory and accounting initiatives and other material written communications between the independent registered public accounting firm and management.

Internal Audit Review the qualifications, organizational structure and performance of the internal audit function; review, approve and update the rolling three-year internal audit plan; periodically review any significant difficulties, disagreements with management or restrictions encountered in the scope of the Internal Audit Department s work; receive periodic summaries of findings from completed internal audits and the status of major audits in process; receive timely notification of any issues or concerns identified during the course of internal audits and reviews; and discuss with the independent registered public accounting firm the responsibilities, budget and staffing of our internal audit function.

Financial Reporting Review and discuss with management, the independent registered public accounting firm and the internal auditor our annual and quarterly consolidated financial statements, including the disclosures under Management s Discussion and Analysis of Financial Condition and Results of Operations that will be contained in our Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q; discuss with the independent registered public accounting firm the auditor s judgments about the quality and not just the acceptability of accounting principles used to prepare our consolidated financial statements; review our responses to any investigation of the SEC or any national securities exchange on which our shares are listed; review the type of information to be disclosed in our earnings press releases and discuss the earnings press releases; and review any financial information and earnings guidance provided to analysts and rating agencies.

Ethical and Legal Compliance Review the effectiveness of our system for monitoring compliance with laws and regulations; establish procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters (including procedures for receiving and handling complaints on a confidential and anonymous basis); and evaluate and handle any complaints submitted to or reported to the Audit Committee.

Other Responsibilities Discuss and evaluate our guidelines and policies regarding risk assessment and risk management; discuss our major financial risk exposures and the steps management has taken to monitor and control such exposures; and review our litigation, government investigation and legal compliance matters that could have a significant impact on our financial statements.

The Audit Committee held eight meetings during fiscal 2009.

Classified Business Oversight Committee

The current members of the Classified Business Oversight Committee are John J. Hamre (Chairperson), John P. Jumper and Kenneth C. Dahlberg. The responsibilities of the Classified Business Oversight Committee are set forth in its charter and include periodically reviewing and making recommendations to our Board of Directors and management concerning:

- policies, processes, procedures, training and risk review activities applicable to our classified business activities;
- regular reports from our Special Projects Committee, comprised of management and outside experts in intelligence and security, regarding classified programs involving special operational or reputational risks;
- reports from management on particular classified projects involving significant performance, financial or reputational risks; and
- other classified business issues that the Board or management would like the Committee to review.

The Classified Business Oversight Committee held three meetings during fiscal 2009.

Ethics and Corporate Responsibility Committee

The current members of the Ethics and Corporate Responsibility Committee are Anita K. Jones (Chairperson), France A. Córdova, Kenneth C. Dahlberg and Miriam E. John. The responsibilities of the Ethics and Corporate Responsibility Committee are set forth in its charter and include:

- reviewing and making recommendations regarding the ethical responsibilities of our employees and consultants under our administrative policies and procedures;
- reviewing and assessing our policies and procedures addressing the resolution of conflicts of interest involving us, our employees, officers and directors, or their immediate family members, included related party transactions, and addressing any potential conflict of interest involving us and a director or an executive officer;
- reviewing the adequacy of, and any requests for waivers under, our Code of Ethics for Principal Executive Officer and Senior Financial Officers;

- reviewing and establishing procedures for the receipt, retention and treatment of complaints regarding violations of our policies, procedures and standards related to ethical conduct and legal compliance;

- reviewing and evaluating the effectiveness of our ethics, compliance and training programs and related administrative policies; and

- reviewing our policies and practices in the areas of corporate responsibility including, the safety and protection of the environment, charitable contributions and such political, social and environmental issues that may affect our business operations, performance, public image or reputation.

The Ethics and Corporate Responsibility Committee held five meetings during fiscal 2009.

Finance Committee

The current members of the Finance Committee are Louis A. Simpson (Chairperson), Wolfgang H. Demisch, Edward J. Sanderson, Jr., and A. Thomas Young. The responsibilities of the Finance Committee are set forth in its charter and include periodically reviewing and making recommendations to our Board of Directors and management concerning:

- our capital structure, including the issuance of equity and debt securities, the incurrence of indebtedness, payment of dividends and related matters;

- financial projections (including any financial guidance) and general financial planning, including cash flow and working capital management, capital budgeting and expenditures, tax planning and compliance and related matters;

- mergers, acquisitions and strategic transactions;

- proposed offers for the purchase or acquisition of all or substantially all of our stock or assets;

- investor relations programs and policies;

- the funding status of our defined-benefit plans and the overall financial impact of our benefit plans; and

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- any other transactions or financial issues that the Board of Directors or management would like the Committee to review.

The Finance Committee held seven meetings during fiscal 2009.

Human Resources and Compensation Committee

The current members of the Human Resources and Compensation Committee are Edward J. Sanderson, Jr. (Chairperson), France A. Córdova, Miriam E. John and Harry M.J. Kraemer, Jr. The Board of Directors has determined that each of the members of the Human Resources and Compensation Committee is independent for purposes of our Corporate Governance Guidelines. The responsibilities of the Human Resources and Compensation Committee are set forth in its charter and include:

- determining the compensation of our Chief Executive Officer and reviewing and approving the compensation of our other executive officers;
- exercising all rights, authority and functions under all of our stock, retirement and other compensation plans;
- approving and making recommendations to the Board of Directors regarding non-employee director compensation;
- preparing an annual report on executive compensation for inclusion in our proxy statement or Annual Report on Form 10-K in accordance with the rules and regulations of the SEC; and
- periodically reviewing our Human Resources strategy, policies and programs.

In the exercise of its responsibilities, the Human Resources and Compensation Committee may delegate such of its authorities and responsibilities as the Committee deems proper to members of the Committee or to a subcommittee. The Committee s processes and procedures for the consideration and determination of executive compensation are discussed in further detail under Compensation Discussion and Analysis below. The Human Resources and Compensation Committee held ten meetings during fiscal 2009.

Role of Independent Consultant

The Human Resources and Compensation Committee has retained Frederic W. Cook & Co., as its independent compensation consultant to assist the Committee in evaluating executive compensation programs and in setting executive officer compensation. The consultant only serves the Committee in an advisory role and does not decide or approve any compensation actions. The consultant reports directly to the Committee and does not perform any services for management. The consultant s duties include the following:

- reviewing our total compensation philosophy, peer group, and target competitive positioning for reasonableness and appropriateness;

reviewing our overall executive compensation program and advising the Committee on evolving best practices;

providing independent analyses and recommendations to the Committee on executive officer s compensation; and

reviewing the Compensation Discussion and Analysis for our proxy statement;

The consultant interacts directly with members of SAIC management only on matters under the Committee s oversight and with the knowledge and permission of the Committee.

Compensation Committee Interlocks and Insider Participation

None of the members of our Human Resources and Compensation Committee has, at any time, been an officer or employee of ours. None of our executive officers currently serves, or in the past fiscal year has served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our Board of Directors or Human Resources and Compensation Committee.

Nominating and Corporate Governance Committee

The current members of the Nominating and Corporate Governance Committee are Jere A. Drummond (Chairperson), John J. Hamre, Louis A. Simpson and A. Thomas Young. The Board of Directors has determined that each of the members of the Nominating and Corporate Governance Compensation Committee is independent for purposes of our Corporate Governance Guidelines. The responsibilities of the Nominating and Corporate Governance Committee are set forth in its charter and include:

evaluating, identifying and recommending nominees to the Board of Directors, including nominees proposed by stockholders;

reviewing and making recommendations regarding the composition and procedures of the Board of Directors;

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- making recommendations regarding the size, composition and charters of the committees of the Board of Directors;
- reviewing and developing long-range plans for Chief Executive Officer and management succession;
- developing and recommending to the Board of Directors a set of corporate governance principles, including recommending an independent director to serve as the Lead Director; and
- developing and overseeing an annual self-evaluation process of the Board of Directors and its committees.

The Nominating and Corporate Governance Committee held five meetings during fiscal 2009.

Director Nominations Process

As indicated, the Board of Directors has delegated to the Nominating and Corporate Governance Committee the responsibility for recommending nominees for membership on the Board. The Board of Directors believes its membership should reflect a broad range of experience, knowledge and judgment beneficial to our broad business diversity. The Board of Directors expects a high level of commitment from its members and will review a candidate s other commitments and service on other boards to ensure that the candidate has sufficient time to devote to us. In recommending nominees for membership on the Board, the Nominating and Corporate Governance Committee has been directed by the Board to observe the following principles:

- a majority of directors must meet the independence criteria established by the Board of Directors;
- based upon the desired number of 12 directors, no more than three directors may be an employee of ours;
- only a full-time employee who serves as either the Chief Executive Officer or one of his or her direct reports will be considered as a candidate for an employee director position; and
- no director nominee may be a consultant to us.

The Nominating and Corporate Governance Committee utilizes a variety of methods for identifying and evaluating nominees for director. The Committee regularly assesses the Board s current and projected strengths and needs by, among other things, reviewing the Board s current profile, its director membership criteria as stated in the Corporate Governance Guidelines and our current and future needs. In considering candidates for election at annual meetings of stockholders, the Committee first identifies those incumbent directors who have not reached the mandatory director retirement age and who wish to continue their service on the Board. The Board of Directors and the Committee believe that the continuing service of qualified incumbent directors promotes stability and continuity, contributing to the Board s ability to work together as a collective body and giving us the benefit of experience and insight that our directors have accumulated during their tenure. Accordingly, the Committee s process for identifying and evaluating nominees reflects the Committee s general practice of re-nominating incumbent directors who the Committee believes continue to satisfy the Board s criteria for membership on the Board of Directors and who continue to make important contributions to us and our Board.

To the extent that vacancies on the Board of Directors are anticipated or otherwise arise, the Committee prepares a target candidate profile and develops an initial list of director candidates identified by the current members of the Board, business contacts, community leaders and members of management. The Committee may also retain a professional search firm to assist it in developing a list of qualified candidates, although the Committee has not utilized the services of such firms to date. The Nominating and Corporate Governance Committee would also consider any stockholder recommendations for director nominees that are properly received.

The Committee then screens and evaluates the resulting slate of director candidates to identify those individuals who best fit the target candidate profile and Board membership criteria and provides the Board of Directors with its recommendations. The Board of Directors then considers the recommendations and votes on whether to nominate the director candidate for election by the stockholders at the annual meeting or to appoint the director candidate to fill a vacancy on the Board.

Stockholder Nominations

Any stockholder may nominate a person for election as a director by complying with the procedures set forth in our bylaws. Under Section 3.03 of our bylaws, in order for a stockholder to nominate a person for election as a director, such stockholder must give timely notice to our Corporate Secretary prior to the meeting at which directors are to be elected. To be timely, notice must be delivered to the Corporate Secretary not later than the close of business on the 90th day, nor earlier than the close of business on the 120th day, prior to the first anniversary of the preceding year s annual meeting. (If the date of the annual meeting is more than 30 days before or more than 70 days after such anniversary date, however, notice by the stockholder must be delivered not earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the 90th day prior to such annual meeting or the 10th day following the day on which we first publicly announce the date of such annual meeting, whichever occurs later).

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Such stockholder s notice must include certain information about the nominee, including his or her name, age, business address and residence address, principal occupation or employment, the class and number of shares of our capital stock which are beneficially owned by the person and such other information as would be required to be disclosed in a proxy statement soliciting proxies for the election of the proposed nominee. In addition, the notice must contain certain information about the stockholder proposing to nominate that person. The foregoing requirements of Section 3.03 of our bylaws are deemed satisfied by a stockholder if the stockholder has notified us of his or her intention to present a nomination at an annual meeting in compliance with applicable rules and regulations promulgated under the Securities Exchange Act of 1934 and such stockholder s nomination has been included in a proxy statement that has been prepared by us to solicit proxies for such annual meeting. We may require any proposed nominee to furnish such other information as may reasonably be required to determine the eligibility of such proposed nominee to serve as a director.

Mandatory Retirement Policy

The Board has adopted a standard retirement age of 72 for independent directors and 65 for employee directors. It is the general policy of the Nominating and Corporate Governance Committee not to nominate candidates for re-election at any annual stockholder meeting to be held after he or she has attained the applicable retirement age. An individual over the applicable retirement age may stand for election as an independent director only with (i) the approval of the Chairman of the Board, Lead Director and Chair of the Nominating and Corporate Governance Committee, (ii) the recommendation of the Nominating and Corporate Governance Committee, (iii) a two-thirds vote of the directors then in office and (iv) a determination by the Board of Directors that circumstances of significant benefit to us exist, which will be described in our proxy statement. In no event shall an independent director stand for election beyond the age of 73.

Louis A. Simpson, age 72, is a nominee as an independent director at the 2009 Annual Meeting of Stockholders. Each of the conditions described above were satisfied in connection with his nomination, with Mr. Simpson abstaining from the actions of the Nominating and Corporate Governance Committee and the Board. In determining that circumstances of significant benefit to us exist, the Board considered Mr. Simpson s knowledge, judgment and experience in business and financial matters, his insight into us and our operations gained through his service as a director since 2006, and his high level of commitment to us as demonstrated by his past contributions to the Board and the committees on which he has served, including his service as Chairperson of the Finance Committee since 2006.

Kenneth C. Dahlberg, our Chairman and Chief Executive Officer, is currently our only employee director and will attain the mandatory retirement age of 65 in October 2009. The Board of Directors has established a mandatory retirement policy of age 65 for its executive officers. Upon attaining the mandatory retirement age, an executive officer may not continue to serve as an executive officer, except that an executive officer that is also an employee director may continue service until the annual meeting of stockholders following his or her 65th birthday. As a result, Mr. Dahlberg s service as a director and Chief Executive Officer is required to end at the 2010 Annual Meeting of Stockholders.

Related Party Transactions

The Board of Directors has adopted written policies and procedures for the review and approval of transactions between us and certain related parties, which are generally considered to be our directors and executive officers, nominees for director, holders of five percent or more of our outstanding capital stock and members of their immediate families. The Board of Directors has delegated to the Ethics and Corporate Responsibility Committee the authority to review and approve the material terms of any proposed related party transactions. If a proposed related party transaction involves a non-employee director or nominee for election as a director and may be material to a consideration of that person s independence, the matter is also considered by the Chairman of the Board of Directors and the Chairperson of the Nominating and Corporate Governance Committee.

In determining whether to approve or ratify a related party transaction, the Ethics and Corporate Responsibility Committee considers, among other factors it deems appropriate, the potential benefits to us, the impact on a director s or nominee s independence or an executive officer s relationship with or service to us, whether the related party transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the related party s interest in the transaction. In deciding to approve a transaction, the Committee may, in its sole discretion, impose such conditions as it deems appropriate on us or the related party. Any transactions involving the compensation of executive officers, however, are to be reviewed and approved by the Human Resources and Compensation Committee. If a related party transaction will be ongoing, the Ethics and Corporate Responsibility Committee may establish guidelines to be followed in our ongoing dealings with the related party. Thereafter, the Ethics and Corporate Responsibility Committee will review and assess ongoing relationships with the related party on at least an annual basis to determine whether they are in compliance with the Committee s guidelines and that the related party transaction remains appropriate.

There were no related party transactions during fiscal 2009.

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Communications with the Board of Directors

Any interested party may contact directors by writing to them either individually, the independent directors as a group, the Lead Director or the Board of Directors generally at the following address:

SAIC, Inc.

Attention: Corporate Secretary

10260 Campus Point Drive, M/S D-7

San Diego, CA 92121

Communications sent to an individual director or to the Lead Director will be forwarded directly to such individual. Communications sent to the Board of Directors will be forwarded to the Chairman of the Board of Directors and to the Lead Director. Communications sent to the independent directors as a group will be forwarded to the Lead Director on behalf of all independent directors.

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COMPENSATION DISCUSSION AND ANALYSIS

Overview and Objectives of Compensation Program

Our executive compensation program is designed to attract, retain, motivate and reward talented employees who can contribute to our long-term financial performance and help build value for our stockholders. The Human Resources and Compensation Committee of our Board of Directors is responsible for overseeing our compensation program for all executives, including compensation awarded to our Chief Executive Officer, Chief Financial Officer and other most highly-compensated executive officers who have been designated as our Named Executive Officers for fiscal 2009.

In overseeing this program and determining the relevant amounts and types of compensation to be awarded to our executives, the Committee considers the following principles:

Compensation Should Reflect Company and Operational Group Performance. A substantial portion of the total compensation received by our executive officers should be directly tied to and contingent upon our performance as a whole and the performance of operational units under their management.

Compensation Should Reflect an Individual s Responsibility and Specific Contributions. The amount and type of compensation awarded to our executive officers should reflect their individual job responsibilities, their achievement of the performance expectations placed upon them by our Chief Executive Officer, Board of Directors and Human Resources and Compensation Committee and take into account their contributions.

Compensation Should Focus our Executive Officers on Long-Term Financial Performance. A substantial portion of the total compensation should be delivered in the form of vesting equity awards in order to align the long-term interests of our executive officers with those of our stockholders.

Compensation Should Be Fair. Individual compensation levels should reflect differences in job responsibilities, geographies and marketplace considerations.

Compensation Should Be Competitive in the Marketplace. In order to help us attract and retain talented executives, the amount and type of compensation that we provide needs to be competitive when compared to that provided by companies with whom we compete for talent.

Perquisites and Personal Benefits Should Be Limited in Amount. Any perquisites and other personal benefits should be modest in amount, limited in nature to those made available to our employees generally and those deemed appropriate.

Compensation Should Be Cost-Effective. The compensation we provide should be cost-effective and structured, to the extent possible, to maximize favorable tax benefits and minimize the financial impact for us.

Principal Elements of Compensation

Under the direction of our Human Resources and Compensation Committee, we provide the following principal elements of compensation to our executive officers, which we collectively refer to as direct compensation:

Base salary We provide a fixed base salary to our executive officers to compensate them for services provided to us during the fiscal year;

Cash incentive awards We provide cash incentive awards to our executive officers, which vary in amount depending upon performance against predetermined goals and objectives for the fiscal year; and

Equity incentive awards We provide equity incentive awards to our executive officers, which are intended to motivate them to stay with us and build stockholder value through their future performance.

In addition to these principal elements of direct compensation, we provide our executive officers with other benefits generally available to all eligible employees, such as participation in our health benefit and retirement programs. We also provide our executive officers with certain change in control benefits.

Considerations in Determining Direct Compensation

In determining the relevant amounts of direct compensation to be awarded to our executive officers, our Human Resources and Compensation Committee considers our overall performance, the performance of operational units under the executive officer s management and individual performance as measured against performance goals and criteria, as well as comparative market data for peer companies with whom we compete for executive talent. The Committee reviews and approves the amounts of direct compensation to be provided to our executive officers for each fiscal year. At the beginning of each fiscal year, the Committee reviews and approves (i) the amount of base salary to be provided for the upcoming year, (ii) the payout range for the cash incentive awards that may be earned for the year and the performance goals and criteria upon which the amounts of the awards will be determined and (iii) the amount of equity incentive awards to be granted to our executive officers. Upon completion of each fiscal year, the Committee approves the payment of cash incentive awards that are based upon the achievement of the predetermined performance goals and criteria.

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COMPENSATION DISCUSSION AND ANALYSIS

Company and Operational Group Performance

The Committee considers our overall performance, including any corporate or operational units under an executive officer s management. In particular, our performance (or a combination of company and group performance for executive officers with operational responsibilities) determines 80% of the amount of any cash incentive awards to be paid upon completion of the fiscal year. Amounts are principally determined based upon the company s or group s achievement of financial and operational objectives set at the beginning of the fiscal year.

Individual Performance

Individual performance is a key driver in setting base salaries and individual contributions to the achievement of our enterprise goals determine 20% of the amount of any cash incentive awards to be paid upon completion of the fiscal year. In determining base salaries, the Human Resources and Compensation Committee reviews a performance assessment for each of our executive officers, as well as compensation recommendations provided by the Chief Executive Officer and Executive Vice President for Human Resources. The Committee also considers market data and recommendations provided by its independent compensation consultant. Executive officers do not propose their own compensation. In addition, the Committee considers whether the executive officer has achieved certain predetermined objectives applicable to his or her organization, his or her individual contributions to us and other leadership accomplishments. The individual performance goals consist of objectives established relating to matters such as success in retaining and obtaining new customers, building capability through training and retaining workforce and certain other financial and operational goals.

If any executive officer has demonstrated exceptional performance during the recently completed fiscal year that the Committee determines is not fully recognized through the predetermined incentive award criteria, such exceptional contributions are generally rewarded in the form of discretionary cash bonuses rather than increases in base salary. If an executive officer s performance does not meet expectations, the executive will receive a lower or no incentive award payout for the completed fiscal year.

With respect to our Chief Executive Officer, the Committee meets in executive session and evaluates his performance based on his achievement of performance objectives that were established and agreed upon at the beginning of the fiscal year. Formal input is received from the independent directors and senior management and through a self-assessment. The Committee also considers the Chief Executive Officer s leadership contributions towards our performance, including financial and operational results, development and achievement of strategic objectives, progress in building capability among the senior management team and corporate governance leadership. The Committee then reviews the Chief Executive Officer s evaluation and compensation with the independent directors and presents them to the Chief Executive Officer, who subsequently discusses his evaluation with the Board of Directors. The Chief Executive Officer does not propose his own compensation.

Performance in Fiscal 2009

Our performance was strong in fiscal 2009 as we exceeded three of our four numerically-based company and group performance targets. In addition, our Human Resources and Compensation Committee determined that our Named Executive Officers also performed well against the individual performance goals that were set for them at the beginning of the year. With important contributions from these executives, we made significant progress in many of our enterprise goals. The specific performance goals, actual performance against those goals and the compensation actions taken for the Chief Executive Officer and the other Named Executive Officers based on these results are discussed under Direct Compensation for Fiscal 2009 in this Compensation Discussion and Analysis.

Comparable Market Data

The Committee considers the amount of direct compensation we provide relative to that provided by companies with whom we compete for executive talent with similar roles and responsibilities. To assist with this effort, the Committee engages a national compensation consulting firm to review and benchmark each element of direct compensation we provide to our executive officers.

For fiscal 2009, Frederic W. Cook & Co. compared each element of direct compensation we provide to our Chief Executive Officer and Chief Financial Officer against that provided by other publicly-traded engineering, information technology, consulting and defense companies, which we refer to as our Compensation Peer Group. The Compensation Peer Group for fiscal 2009 consisted of the following companies:

Accenture, Ltd.	Electronic Data Systems Corporation	Rockwell Collins, Inc.
Affiliated Computer Services, Inc.	Fiserv, Inc.	Synnex Corporation
Automatic Data Processing, Inc.	General Dynamics Corporation	Unisys Corporation
Computer Sciences Corporation	L-3 Communications Holdings, Inc.	URS Corporation
CGI Group, Inc.	Raytheon Company	

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This Compensation Peer Group is periodically reviewed and updated by the Committee and consists of companies that the Committee believes have similar revenues and industry focus to ours, as well as companies against which we compete for talent and stockholder investment. In order to help provide better comparative data and analysis, the Compensation Peer Group is structured so that no company within the survey has annual revenues greater than three times or less than approximately one-third of ours. For comparison purposes for fiscal 2009, our annual revenues were at approximately the 55th percentile of the revenues of the Compensation Peer Group.

In addition to the Compensation Peer Group, Frederic W. Cook & Co. also reviewed survey information regarding compensation that other comparable companies provide to their chief executive officer, chief financial officer and other members of senior management. These surveys include companies that have similar industry focus to ours. For our Group Presidents, we compare the compensation we provide against compensation received by company managers of operational units or subsidiaries of similar size to our groups.

The Human Resources and Compensation Committee considers this survey data and analysis when evaluating appropriate levels of direct compensation. To be competitive in the market for our executive-level talent, the Committee generally will:

- target overall compensation for our executive officers at the median compensation levels paid to similarly situated executives of these comparable companies for each element of compensation and overall, although the actual cash incentive awards paid will vary based on operating performance and may therefore generate compensation that is higher or lower than the market median;

- award higher levels of compensation, when appropriate, in recognition of the importance or uniqueness of the role of an executive officer; and

- provide market competitive levels of executive compensation on an ongoing basis, without regard to the executive s wealth accumulation resulting from prior awards of equity compensation.

Direct Compensation for Fiscal 2009

Compensation Mix

Direct compensation paid to our Named Executive Officers for fiscal 2009 was comprised of (i) a fixed base salary to compensate them for services provided to us during the fiscal year; (ii) cash incentive awards based upon the achievement of certain predetermined goals and objectives for the fiscal year and (iii) equity incentive awards comprised of stock options and shares of restricted stock intended to motivate them to stay with us and build stockholder value through their future performance.

The charts below depict each principal element of compensation as a percentage of total compensation for (a) our Chief Executive Officer and (b) our other Named Executive Officers as a group for fiscal 2009.

As indicated above, base salary represented a minority portion of overall compensation compared to performance-based cash incentive awards and equity incentive awards. The allocation of a meaningful portion of overall compensation to cash incentive awards demonstrates our Human Resources and Compensation Committee s belief that a substantial portion of

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COMPENSATION DISCUSSION AND ANALYSIS

total compensation should reflect the actual achievement of predetermined individual and company goals. The allocation of a major portion of compensation in the form of restricted stock and stock option awards reflects the principle that a substantial portion of total compensation should be delivered in the form of vesting equity awards in order to align the long-term interests of our executive officers with those of our stockholders. For fiscal 2009, the Committee concluded that stock options (rather than restricted stock) should constitute the majority of the equity incentive awards, since such options only have value to the extent that our stock price appreciates.

The various amounts of direct compensation provided to our Named Executive Officers for fiscal 2009 are set forth in more detail in the tables in this Proxy Statement under the caption Executive Compensation.

Base Salary

Our Human Resources and Compensation Committee s philosophy is that base salaries should comprise a minority portion of overall compensation, yet provide stable compensation to executives that is competitive with peer companies in order to effectively attract and retain talented executives. In approving the fiscal 2009 base salaries for our Named Executive Officers and other executive officers, the Human Resources and Compensation Committee considered the survey data and analysis which indicated that base salaries for our executive officers were set at approximately the median levels, although each executive officer may have a base salary above or below the median of the market. Actual individual salary amounts also reflect the Committee s judgment with respect to each executive officer s responsibility, performance, experience and other factors, including internal equity considerations, the individual s historical compensation and any retention concerns. While base salaries of our executive officers are set at competitive levels, the Committee believes that a significant portion of our executive officers direct compensation should consist of cash and equity incentive awards (described below) which are variable in amount and tied to financial and operational results and individual performance.

The Committee reviews the Named Executive Officers base salaries annually or at the time of promotion or a substantial change in responsibilities based on the criteria described above. Mr. Prior s fiscal 2009 salary increased 36% over fiscal 2008 reflecting his increased responsibilities as a result of his promotion to Chief Operating Officer in September 2007.

Cash Incentive Awards

We provided cash incentive awards to our executive officers in fiscal 2009, the amounts of which depended upon the achievement of specific financial, operational and individual performance goals approved by the Human Resources and Compensation Committee. In the first quarter of fiscal 2009, the Committee approved the threshold, target and maximum bonus amounts for the cash incentive awards and the performance goals and criteria upon which the amounts of the awards would be determined. Following the end of fiscal 2009, the Committee approved the payment of cash incentive awards based upon performance against the predetermined goals and criteria.

Target and Maximum Cash Incentive Awards. The Human Resources and Compensation Committee set the target amount of the cash incentive award for each executive officer for our 2009 fiscal year at between 50% and 135% of his or her base salary depending on the officer s position. In approving these targets, the Committee reviewed and considered the survey data and analysis which indicated that average targets for our cash incentive awards, including that for our Chief Executive Officer, were generally at the market median for companies in the Compensation Peer Group and published surveys. In addition, the target amount was structured to comprise a significant portion of an executive officer s total cash compensation for the fiscal year. In structuring the components of direct compensation in this way, the Committee intended that a substantial portion of an executive officer s cash compensation for the fiscal year would therefore be at risk and dependent on performance during the fiscal year.

The actual amount of the cash incentive award was based upon the extent to which performance under each of the criteria was met, exceeded or was below target. Award levels were structured to range from 0% to 150% of the target amount for all performance criteria except that, for certain executives including the Chief Executive Officer, Chief Operating Officer and Group Presidents, the award level for exceeding the employee retention goal could be up to 200% of the target for extraordinary performance in reducing voluntary turnover. However, to the extent that performance was less than 80% as measured against our performance goals (other than reduction of voluntary turnover, for which the threshold was 20%), no bonus amount was to be paid with respect to such performance criteria.

For our Named Executive Officers, the target and maximum bonus amounts for the fiscal 2009 cash incentive awards and the amounts of the awards actually earned by the officers, were as follows:

	Target Award	Maximum Award	Actual Award
Kenneth C. Dahlberg	$ 1,350,000	$ 2,092,500	$ 1,469,610
Mark W. Sopp	525,000	787,500	550,000
Lawrence B. Prior III	775,000	1,201,250	845,000
Arnold L. Punaro	525,000	787,500	550,000
Deborah H. Alderson	435,000	674,250	485,000

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Performance Goals for Cash Incentive Awards. The actual amount of the cash incentive award to be paid upon completion of fiscal 2009 was determined based upon the achievement of financial and other corporate and individual performance goals set at the beginning of the fiscal year. The performance metrics and their relative weightings for fiscal 2009 were:

Financial Goals 80%[1]		Other Performance Goals 20%
Revenue	*35%*	*Individual Contributions to Enterprise Goals, including*
Operating Income	*35%*	*workforce diversity, training and retention*
For Group Presidents, a portion of this weighting is based on Group-level profit before taxes.		*customer satisfaction and retention*
Average Days Working Capital (DWC)	*30%*	*new business development*
Determined by dividing (a) total working capital at quarter end by (b) average daily sales during the quarter. Goals are based on the average of quarter end DWC for the four fiscal quarters.		*program execution quality goals*
		internal collaboration and communication
		strategic, financial and operational goals
		Employee Retention [2]
		reduction in voluntary employee turnover percentage

(1) Award amounts for the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and other corporate-level executives based on achievement of financial goals are determined by reference to our consolidated financial information. Award amounts for Group Presidents based on achievement of financial goals are determined by reference to both (i) the financial results of their respective Groups (50% weighting) and (ii) our consolidated financial information (30% weighting).

(2) The employee retention goal is only applicable to senior managers whose operational roles place them in a position to have a meaningful impact on retention, including Mr. Dahlberg, Mr. Prior and Ms. Alderson. For these executives, employee retention and individual contributions to enterprise goals are weighted equally in the category of other performance goals. For Mr. Sopp and Mr. Punaro, individual contributions to enterprise goals constitute 100% of the weighting in the category of other performance goals.

Revenue and operating income were used as financial goals because they most directly align with our growth strategy and we believe they generally are strongly correlated with potential stockholder value. We use average days working capital to measure how efficiently we use our working capital relative to the size of our business and operating units. The financial goals are considered the most important factors and are therefore weighted more heavily.

For fiscal 2009, the targeted achievement levels and actual performance for each of the key measures were as follows:

	Target	Actual	Actual as a % of Target
Revenue	$9.7 billion	$10.1 billion	103.9%
Operating Income	$740 million	$776 million	104.9%
Average Days Working Capital	44 days	45 days	99%
Employee Retention Improvement	1.5%	2.3%	143.8%

Determination of Cash Incentive Award Amounts.

Following the end of fiscal 2009, the Human Resources and Compensation Committee reviewed financial and individual performance during the year and approved the cash incentive award payments to be made to each of our executive officers. In evaluating fiscal 2009 financial performance, the Committee recognized that we exceeded our objectives with respect to revenue, operating income and employee retention improvement, while slightly falling short of the average days working capital target. In analyzing individual performance, the Committee reviewed detailed written justifications concerning the individual s level of achievement and also considered input from the Chief Executive Officer with respect to the degree of success and the difficulty of achieving the individual performance goals. Ultimately, weighted average scores for such financial and other corporate and individual objectives were determined, which were applied against the target bonus applicable to such objectives.

Equity Incentive Awards

The Human Resources and Compensation Committee grants equity incentive awards to focus our executives on long-term financial performance and increased stockholder value and to motivate the executives to remain with us through the vesting periods for these awards. The amounts of these awards are determined based on market data and vary based upon an executive officer s position and responsibilities. Because these equity awards are generally intended to help motivate our executive officers to stay with us and to continue to build stockholder value, the Committee generally does not consider an executive officer s current stock or option holdings in making additional awards.

COMPENSATION DISCUSSION AND ANALYSIS

Prior to making the fiscal 2009 equity incentive awards to our executive officers, the Human Resources and Compensation Committee reviewed the survey analysis which indicated that the value of the equity awards issued to our executive officers for the prior fiscal year was below the median for companies in the Compensation Peer Group and published surveys. The Committee approved the grant of equity incentive awards with values at approximately the median when compared to our Compensation Peer Group.

Beginning in fiscal 2010, for our Named Executives Officers and other select leaders, the Committee decided to replace the time-vested restricted stock award component of our executive compensation program with performance share awards that may be earned based upon the achievement of certain financial performance objectives over a three year period. This program is limited to executives who are in a position to have a significant impact on the achievement of goals established by the Committee and who provide the long-term strategic leadership necessary to accomplish the goals. We believe this program will play an important role in further aligning the compensation of executives with key financial goals that consistently drive stockholder value over the long-term.

Equity Award Grant Practices

Our Human Resources and Compensation Committee is responsible for the administration of our equity incentive plans. In advance of each fiscal year, the Committee predetermines the dates on which equity awards will be granted during the following fiscal year to new and current employees, including our executive officers. These grant dates are selected to occur after the dates we anticipate releasing our annual and quarterly financial results. We generally grant equity incentive awards to our directors, executive officers and all other eligible employees on an annual basis shortly after we announce our financial results for the recently completed fiscal year. In addition to these annual grants, the Committee predetermines four quarterly dates on which any additional equity incentive awards may be made to eligible executive officers or other employees in connection with a new hires, for retention purposes or otherwise. The equity award grant dates for fiscal 2009 were fixed by the Committee in December 2007 and the grant dates for fiscal 2010 were fixed by the Committee in December 2008.

The Human Resources and Compensation Committee approves all equity awards made to our directors and executive officers. Subject to amount limitations, equity awards to employees who are not executive officers are approved by our Stock and Acquisition Transactions Committee, of which Mr. Dahlberg, our Chairman and Chief Executive Officer, is the sole member. Mr. Dahlberg may further delegate authority to specified executive officers to approve equity award grants, subject to amount limitations, although he has not done so to date. All awards are made on one of the pre-determined grant dates approved by the Human Resources and Compensation Committee.

The exercise price of any option grant is determined by reference to the fair market value of the shares, which our 2006 Equity Incentive Plan defines as the closing sales price of our common stock on the NYSE on the previous trading day.

Stock Ownership Guidelines and Policies

We encourage our employees to have significant holdings in our stock so that they are motivated to maximize our long-term performance and stock value. Under stock ownership guidelines we have established, all executive officers are expected to acquire and maintain stockholdings in an amount of our stock with a value at least equal to five times their base salary within a maximum of seven years following their appointment as an executive officer. For purposes of calculating an individual s holdings, we include vested shares (including those held in our deferred compensation plans and retirement plan) as well as the in-the-money value of stock options. After an individual attains his or her minimum holdings during this initial seven-year period, we expect that he or she will retain sufficient shares from option exercises so that the in-the-money value of stock options will no longer be considered in determining their ownership multiple.

In addition to these ownership guidelines, we have also established policies for our executive officers relating to certain short-term or speculative transactions in our securities that we believe carry a greater risk of liability for insider trading violations and also create an appearance of impropriety. For example, our executive officers are not permitted to engage in any short sales or any trading in puts, calls or other derivatives on an exchange or other organized market. In addition, our executive officers are required to obtain preclearance from our General Counsel for all transactions in our securities.

Other Benefits Provided in Fiscal 2009

In addition to the elements of direct compensation described above, we also provide our executive officers with the following benefits:

Health and Welfare Benefits

Our executive officers are entitled to participate in all health and welfare plans that we generally offer to all of our eligible employees, which provide medical, dental, health, group term life insurance and disability benefits. In addition to disability benefits that we generally make available to all of our employees, we have agreed to provide our Chief Executive Officer with disability payments in an amount up to 70% of his then-current salary if he is disabled prior to his reaching age 65. We believe that these health and welfare benefits are reasonable in scope and amount and are typically offered by other companies against which we compete for executive talent.

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COMPENSATION DISCUSSION AND ANALYSIS

Retirement Benefits

Our executive officers are entitled to participate in the same retirement plan that is generally available to all employees. We do not maintain a defined benefit or other supplemental retirement plan for our executive officers. Through December 31, 2008, we made matching contributions to participants retirement plan accounts equal to 50% of each participant s own contributions up to 6% of their eligible compensation under applicable rules. We also made profit sharing and ESOP contributions to participants retirement plan accounts in fiscal 2009. The average amount of contributions we made to the retirement plan accounts of our Named Executive Officers in fiscal 2009 was $14,006. Effective January 1, 2009, we have increased the company matching contribution to 100% of participants contributions up to 6% of eligible compensation and discontinued making discretionary profit sharing and ESOP contributions. The Human Resources and Compensation Committee believes that this retirement program permits our executives to save for their retirement in a tax-effective manner and is of the kind typically offered by other companies against which we compete for executive talent.

Deferred Compensation Plans

We maintain two deferred compensation plans that allow eligible participants to elect to defer all or a portion of any cash or certain equity incentive awards granted to them under our cash incentive or stock plans. We make no contributions to participant accounts under these plans. Deferred balances under either plan will generally be paid upon retirement or termination. These plans are described in more detailed under Nonqualified Deferred Compensation in this Proxy Statement.

Perquisites and Personal Benefits

We do not provide perquisites and personal benefits to our executive officers that are not otherwise available to other employees, other than modest costs for airline club and social club memberships generally ranging from $300 to $800 per year.

Potential Change in Control Benefits

We have entered into severance protection agreements with our executive officers that would provide them with payments and benefits if their employment is involuntarily terminated following an acquisition of our company as further described in this Proxy Statement under Executive Compensation Potential Payment Upon a Change in Control. We believe that these agreements provide an important benefit to us by helping alleviate any concern the executive officers might have during a potential change in control of our company and permitting them to focus their attention on our business. In addition, we believe that these agreements are an important recruiting and retention tool, as many of the companies with which we compete for talent have similar arrangements in place for their senior management.

These severance protection agreements renew for successive one-year terms each year, unless not later than October 31st of the prior year, either the Human Resources and Compensation Committee or an executive officer to which the agreement applies decides not to extend the term of the agreement. This annual term permits our Human Resources and Compensation Committee to regularly review the amount of benefits that would be provided to our executive officers in connection with a change in control and to consider whether to continue providing such benefits. For example, in October 2006 and October 2008, the Committee exercised this right and approved new severance protection agreements that provided reduced benefits and limited the circumstances under which executive officers would receive benefits.

In addition to the benefits provided by the severance protection agreements, the terms of our 1999 Stock Incentive Plan, 1984 Bonus Compensation Plan and deferred compensation plans generally provide for accelerated vesting upon a change in control. Our 2006 Equity Incentive Plan generally only provides for accelerated vesting upon the occurrence of a change in control if the participant s employment is terminated as a result. These acceleration provisions are generally applicable to all grants of options or restricted stock made to all of our employees, including our executive officers.

Other than the change in control benefits described above, we are not obligated to offer any kind of severance benefits to our executive officers. In addition, our executive officers are employees-at-will and as such do not have any employment agreements with us, other than standard employee offer letters.

Tax Considerations

We attempt to provide compensation that is structured, to the extent possible, to maximize favorable accounting, tax and similar benefits for us.

Deductibility of Executive Compensation

Section 162(m) of the Internal Revenue Code generally limits the deductibility of certain compensation in excess of $1,000,000 paid in any one year to the Chief Executive Officer and certain other highly compensated officers. Qualified performance-based compensation will not be subject to this deduction limit if certain requirements are met.

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The Human Resources and Compensation Committee periodically reviews and considers the deductibility of executive compensation under Section 162(m) in designing and implementing our compensation programs and arrangements. As indicated above, a portion of our cash incentive awards is determined based upon the achievement of certain predetermined financial performance goals under a stockholder-approved plan, which is intended to permit us to deduct such amounts pursuant to Section 162(m).

While we will continue to monitor our compensation programs in light of Section 162(m), the Committee considers it important to retain the flexibility to design compensation programs that are in the best long-term interests of our company and our stockholders. As a result, the Committee may conclude that paying compensation at levels that are not deductible under Section 162(m) is nevertheless in the best interests of our company and our stockholders.

Human Resources and Compensation Committee Report

The Human Resources and Compensation Committee has reviewed and discussed with our management the Compensation Discussion and Analysis included in this Proxy Statement. Based upon this review and discussion, the Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

France A Córdova

Miriam E. John

Harry M.J. Kraemer, Jr.

Edward J. Sanderson, Jr. (Chairperson)

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EXECUTIVE COMPENSATION

The following tables set forth information regarding certain cash, incentive, equity and other compensation earned by (i) our Chief Executive Officer, (ii) our Executive Vice President and Chief Financial Officer, and (iii) our three other most highly-compensated executive officers for fiscal 2009. We refer to these executive officers in this Proxy Statement as our Named Executive Officers.

Summary Compensation Table

The following table sets forth information regarding compensation earned by our Named Executive Officers for service to us during fiscal 2009 and, if applicable, fiscal 2008 and 2007, whether or not such amounts were paid in such year:

Name and principal position	Year [(1)]	Salary ($) [(2)]	Bonus ($)	Stock awards ($) [(4)]	Option awards ($) [(4)]	Non-equity incentive plan compensation ($)	All other compensation ($) [(5)]	Total ($)
Kenneth C. Dahlberg	2009	1,000,000		1,806,494	4,404,400	1,469,610	15,374	8,695,878
Chairman and	2008	1,000,000		1,123,104	3,267,045	1,050,000	13,319	6,453,468
Chief Executive Officer	2007	1,000,000		859,381	2,263,425	1,325,000	1,544,160	6,991,966
Mark W. Sopp	2009	521,154		224,297	558,134	550,000	13,863	1,867,448
Executive Vice	2008	508,654		109,386	388,110	400,000	13,377	1,419,527
President and Chief Financial Officer	2007	474,038	60,000[(3)]	25,003	224,849	440,000	41,233	1,265,123
Lawrence B. Prior III	2009	704,900		337,733	753,263	845,000	13,290	2,654,186
Chief Operating Officer	2008	519,231		170,342	406,901	485,000	13,642	1,595,116
Arnold L. Punaro	2009	519,231		783,085	868,936	550,000	13,997	2,735,249
Executive Vice President								
Deborah H. Alderson	2009	431,154		297,394	512,497	485,000	13,506	1,739,551
Group President	2008	409,038		213,038	389,417	370,000	14,265	1,395,758

(1) Compensation is provided only for fiscal years for which each individual qualified as a Named Executive Officer.

(2) This column includes amounts paid in lieu of accrued and unused comprehensive leave time.

(3) Amount awarded to Mr. Sopp in fiscal 2007 in special recognition for his efforts in completing our initial public offering and reorganization merger.

(4) These columns reflect the dollar amounts that were recognized in each fiscal year for financial statement reporting purposes under Statement of Financial Accounting Standards (SFAS) No.123(R) (Share-Based Payment) with respect to stock and option awards granted to our Named Executive Officers in and prior to that fiscal year. In addition, because we adopted SFAS

123(R) utilizing the prospective method for stock-based awards granted prior to September 1, 2005 (the date we made our initial filing with the SEC for our initial public offering), for purposes of this Summary Compensation Table we have computed and determined the associated value for option awards granted prior to September 1, 2005 as if we had adopted SFAS 123(R) utilizing the modified prospective method for those awards. As required by SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based conditions. For more information regarding our application of SFAS 123(R), including the assumptions used in the calculations of these amounts, please refer to Note 10 of Notes to Consolidated Financial Statements contained in our Annual Report on Form 10-K filed with the SEC on March 30, 2009. Because these amounts reflect accounting expenses for these awards, they do not necessarily correspond to the actual value that will be realized by the Named Executive Officers.

(5) Amounts shown in this column represent matching funds and profit sharing and ESOP contributions that we made on behalf of our Named Executive Officers pursuant to the SAIC Retirement Plan, except that fiscal 2007 amounts for Mr. Dahlberg and Mr. Sopp also include the following amounts of the special cash dividend paid in connection with our reorganization merger in October 2006 with respect to shares of our restricted stock held directly by them or stock units held in their accounts under our Key Executive Stock Deferral Plan: (a) $1,515,765 for Kenneth C. Dahlberg; and (b) $34,575 for Mark W. Sopp.

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EXECUTIVE COMPENSATION

Grants of Plan-Based Awards

The following table sets forth information regarding the cash and equity incentive awards made to our Named Executive Officers in fiscal 2009 pursuant to our 2006 Equity Incentive Plan, including any portion of such awards deferred into our Key Executive Stock Deferral Plan:

			Estimated future payouts under non-equity incentive plan awards [1]						
Name	Grant date	Approval date	Threshold ($)	Target ($)	Maximum ($)	All other stock awards; number of shares of stock or units (#) [2]	All other option awards; number of securities underlying options (#) [3]	Exercise or base price of option awards ($/share) [4]	Grant date fair value of stock and option awards ($)
Kenneth C. Dahlberg	4/4/08	3/21/08	756,000	1,350,000	2,092,500				
	4/4/08	3/21/08				74,747			1,400,011
	4/4/08	3/21/08					430,750	18.73	1,940,960
Mark W. Sopp	4/4/08	3/21/08	315,000	525,000	787,500				
	4/4/08	3/21/08				25,628			480,012
	4/4/08	3/21/08					150,000	18.73	675,900
Lawrence B. Prior III	4/4/08	3/21/08	434,000	775,000	1,201,250				
	4/4/08	3/21/08				38,442			720,019
	4/4/08	3/21/08					225,000	18.73	1,013,850
Arnold L. Punaro	4/4/08	3/21/08	315,000	525,000	787,500				
	4/4/08	3/21/08				21,357			400,017
	4/4/08	3/21/08					123,000	18.73	554,238
	4/11/08	4/11/08				26,246			499,986
Deborah H. Alderson	4/4/08	3/21/08	243,600	435,000	674,250				