

SAIC, Inc.
Form DEF 14A
April 29, 2010
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
SCHEDULE 14A

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- 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)

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SAIC, INC.

1710 SAIC Drive

McLean, Virginia 22102

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held June 18, 2010

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 18, 2010, 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 2010 Annual Report on Form 10-K are available at www.proxyvote.com. 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 12 directors;
2. To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending January 31, 2011; and
3. 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 19, 2010, 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 Secretary

McLean, Virginia

May 6, 2010

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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SAIC, Inc.

Proxy Statement

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SAIC, INC.

1710 SAIC Drive

McLean, Virginia 22102

ANNUAL MEETING OF STOCKHOLDERS

To Be Held June 18, 2010

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 to be held at the SAIC Conference Center, 1710 SAIC Drive, McLean, Virginia, on Friday, June 18, 2010, 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 our wholly-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, 2010.

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 12 directors;
2. The ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending January 31, 2011; and
3. 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 18, 2010, 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, as of the close of business on our record date of April 19, 2010 are entitled to notice of and to vote at the Annual Meeting. As of April 19, 2010, there were 386,677,919 shares of common stock outstanding. We have no other class of capital stock outstanding.

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 outstanding as of April 19, 2010 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 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 auditors, 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.

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INFORMATION ABOUT VOTING RIGHTS AND SOLICITATION OF PROXIES

How many votes am I entitled to?

Each holder of common stock will be entitled to one vote per share, in person or by proxy, for each share of stock held in such stockholder's name as of April 19, 2010, 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 and (ii) 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.

How do I vote my shares?

Shares of common 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 and timely 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; 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, 2011.

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 1710 SAIC Drive, McLean, Virginia 22102. Attendance at the Annual Meeting will not, however, in and of itself, revoke a proxy.

For shares not held in the Science Applications International Corporation Retirement Plan (the SAIC Retirement Plan), the deadline for submitting a proxy using the Internet or the telephone is 11:59 p.m. Eastern time on June 17, 2010. For shares held in the SAIC Retirement Plan, the deadline for submitting voting instructions using any of the allowed methods is 11:59 p.m. Eastern time on June 15, 2010.

How are the shares held by the Retirement Plan voted?

Each participant in 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 shares of common stock held in the SAIC Retirement Plan. The Trustee will vote all shares held in the SAIC Retirement Plan for which no voting instructions are received in the same proportion as the shares for which voting instructions have been received. The Trustee's duties with respect to voting the common stock in the SAIC Retirement Plan are governed by the provisions of the SAIC Retirement Plan and 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 held by the Trustee and to determine, in the Trustee's best judgment, how to vote the shares.

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INFORMATION ABOUT VOTING RIGHTS AND SOLICITATION OF PROXIES

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, Wachovia Bank, N.A., as trustee of these stock plans, has the power to vote the shares of common stock held by Wachovia in these stock plans. Wachovia will vote all such shares in the same proportion that our other stockholders collectively vote their shares of common stock. Participants in these stock plans do not have the right to instruct Wachovia as to how to vote their proportionate interests in the shares of common stock held by Wachovia in these stock plans.

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 typically 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 and 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 and 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 and 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 and 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 telephone number or address indicated above.

NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS

This year, as permitted by the rules of the SEC, we are using the Internet as a 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.

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On or about May 6, 2010, we mailed to 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, and SAIC employees with regular access to email 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.

The SAIC Proxy Statement and the SAIC 2010 Annual Report on Form 10-K are available at www.proxyvote.com.

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PROPOSAL I ELECTION OF DIRECTORS

Our Board of Directors has recommended 12 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 13 directors, which will result in one vacancy following the 2010 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, 12 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 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 and timely 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 and a brief discussion of the specific experience, qualifications, attributes or skills that led to the Board's conclusion that the nominee should serve as a director of SAIC. The Board evaluates each individual in the context of the Board as a whole, with the objective of recommending to stockholders a group with complementary skills and a diverse mix of backgrounds, perspectives and expertise beneficial to the broad business diversity of the company. Our board membership criteria and director nomination process are described in the *Corporate Governance* section of this Proxy Statement.

NOMINEES FOR ELECTION AS DIRECTORS

France A. Córdova, age 62

Director

Director since 2008

Dr. Córdova has been President of Purdue University since 2007. She was Chancellor at the University of California, Riverside, from July 2002 to July 2007, and was Vice Chancellor for Research and Professor of Physics at University of California, Santa Barbara from August 1996 to July 2002. Dr. Córdova served as Chief Scientist of the National Aeronautics and Space Administration from 1993 to 1996 and

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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 and of Southern California Edison. She was previously a director of Belo Corp. until July 2007.

As an accomplished scientist with leadership experience managing prominent academic institutions and expertise in areas relevant to SAIC's business, Dr. Córdova provides special insight and perspectives that the Board views as important to SAIC as a leading science and technology company.

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PROPOSAL I ELECTION OF DIRECTORS

Jere A. Drummond, age 70

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. He was previously a director of Centillium Communications Inc. until October 2008.

The Board believes that Mr. Drummond's demonstrated leadership abilities and business judgment, shaped during four decades of executive management and board experience at complex commercial companies, provide an important leadership element to our Board and our Nominating and Corporate Governance Committee. Mr. Drummond also brings financial knowledge to our Audit Committee and is an audit committee financial expert as defined in SEC rules.

Thomas F. Frist, III, age 42

Director

Director since 2009

Mr. Frist is a principal of Frist Capital LLC, a private investment vehicle for Mr. Frist and certain related persons, and has held such position since 1994. Prior to that, he co-managed FS Partners, L.L.C. and worked at Rainwater, Inc. in Fort Worth, Texas and in New York. Since 2006, Mr. Frist has served on the Board of Directors of HCA, Inc., one of the largest private operators of health care facilities in the U.S. From 1999 to 2006, he served on the board of Triad Hospitals, Inc.

The Board believes that Mr. Frist's financial background and experience as an investment manager add a valuable dimension to our Board and to our Audit and Finance committees. He is an audit committee financial expert as defined in SEC rules. Mr. Frist's understanding of the healthcare industry also brings perspectives beneficial to the Board as the company seeks to enhance its position as a provider of health solutions to both government and commercial customers.

John J. Hamre, age 59

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., Oshkosh Corporation and MITRE Corporation. He was previously a director of ChoicePoint Inc. until September 2008.

Dr. Hamre is a leading expert on issues of national security, defense and international affairs with extensive experience working in these areas from serving in high-ranking positions at the U.S. Department of Defense. His particular expertise in matters key to SAIC's business, as well as his executive management experience as Chief Executive Officer of a leading research institution, offer important contributions to our Board.

Walter P. Havenstein, age 61

Director since 2009

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Chief Executive Officer and Director

Mr. Havenstein joined SAIC as Chief Executive Officer and as a director in September 2009. From January 2007 until joining SAIC, Mr. Havenstein served as Chief Operating Officer and member of the Board of Directors for BAE Systems plc, a \$34 billion global aerospace and defense company, and as President and Chief Executive Officer of its U.S. subsidiary, BAE Systems, Inc., with 53,000 employees and annual sales in excess of \$20 billion. From August 2005 to August 2007, Mr. Havenstein served as President of the Electronics & Integrated Solutions Operating Group of BAE Systems, Inc. and served as Executive Vice President since January 2004. Before that, he was president of BAE Systems' Information and Electronic Warfare Systems business unit. Mr. Havenstein was President of the Sanders defense electronics business prior to it being acquired by BAE from Lockheed Martin in 2000. Before joining Sanders in 1999, he had been Vice President and General Manager of the Strategic Systems Division of Raytheon.

Mr. Havenstein's experience in our industry and in-depth knowledge of our company gained by serving as our Chief Executive Officer provide valuable insights for our Board. In addition, our Board believes that the company's Chief Executive Officer should serve on the Board of Directors to help communicate the Board's priorities to management.

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PROPOSAL I ELECTION OF DIRECTORS

Miriam E. John, age 61

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. She also serves on the boards of a number of federally funded national security laboratories.

Dr. John is a highly respected scientist and brings to our Board her diverse experience managing multi-disciplinary science and engineering organizations supporting national security and defense. Our Board believes that Dr. John's scientific background and leadership experience enable her to provide our Board with critical perspectives on issues important to our business.

Anita K. Jones, age 68

Director

Director since 1998

Dr. Jones is University Professor Emerita 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.

Dr. Jones is a distinguished leader in computer science, widely recognized for her scholarship in the field and her prior service to the U.S. Government in managing the U.S. Department of Defense's science and technology program and overseeing its numerous research activities. She has also served on an array of advisory boards for national security and high technology matters. In addition to her exceptional professional reputation and expertise in areas critical to SAIC's business, Dr. Jones has demonstrated a deep commitment to business ethics and an ability to build consensus, enhancing the effectiveness of our Board.

General John P. Jumper (USAF Retired), age 65

Director

Director since 2007

General Jumper retired from the United States Air Force in 2005 after nearly 40 years of service. 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. and Somanetics Corporation. He was previously a director of TechTeam Global, Inc. until May 2009.

The Board believes that General Jumper's proven leadership ability and management skills, demonstrated by his service as the highest-ranking officer in the U.S. Air Force, and his expertise in defense and intelligence matters, make him highly qualified to serve as a director. General Jumper's experience gives him a unique understanding of the needs of our largest customers. He is also an audit committee financial expert as defined in SEC rules.

Harry M.J. Kraemer, Jr., age 55

Director since 1997

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Director

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.

Mr. Kraemer brings comprehensive executive management experience to our Board as a former Chairman, Chief Executive Officer and Chief Financial Officer of a major global corporation. His investment expertise, background in commercial and international business, qualification as an audit committee financial expert as defined by SEC rules, and thought leadership as a distinguished educator at a leading business school provide valuable contributions to our Board.

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PROPOSAL I ELECTION OF DIRECTORS

Edward J. Sanderson, Jr., age 61

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). He was previously a director of Quantum Corp. until September 2005.

Mr. Sanderson has over 25 years of experience in senior management in the technology industry and consulting with major commercial and federal government clients on a broad array of issues. His expertise in information technology and leadership experience managing technology businesses, including international operations, provides insights and perspectives that our Board views as important to SAIC as a global provider of information technology services.

Louis A. Simpson, age 73

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. He was previously a director of Western Asset Funds Inc. and Western Asset Income Fund and a trustee of Western Asset Premier Bond Fund until March 2007.

Mr. Simpson's executive management experience and extensive background in finance and investment matters provide important contributions to our Board. His past service on a number of public company boards provides additional relevant experience beneficial to our Board.

A. Thomas Young, age 72

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 was previously a member of the Board of Directors of Goodrich Corporation until April 2010 and of Pepco Holdings, Inc. until May 2005.

The Board believes that Mr. Young's extensive experience organizing and directing complex, technically challenging space and defense programs and serving in senior management at major companies in our industry is a significant benefit to our Board, as demonstrated by his leadership as our Board's Lead Director.

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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 on our website at www.saic.com by clicking on the link entitled Corporate Governance. The Board recognizes that observing good corporate governance practices is an ongoing responsibility. 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.

Codes of Conduct

All of our employees, including our executive officers, are required to comply with SAIC's *Code of Conduct*, which describes our standards for protecting SAIC and customer assets, fostering a safe and healthy work environment, dealing fairly with customers and others, conducting international business properly, reporting misconduct and protecting employees from retaliation. This code forms the foundation of our corporate policies and procedures designed to promote ethical behavior in all aspects of our business. 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.

Our directors also are required to comply with a *Code of Business Conduct of the Board of Directors* intended to describe areas of ethical risk, provide guidance to directors and help foster a culture of honesty and accountability. This code addresses areas of professional conduct relating to service on SAIC's Board, including conflicts of interest, protection of confidential information, fair dealing and compliance with all applicable laws and regulations.

These documents are available on our website at www.saic.com by clicking on the links entitled Corporate Governance followed by Code of Conduct.

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:

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France A. Córdova
Jere A. Drummond
Thomas F. Frist, III
John J. Hamre
Miriam E. John
Anita K. Jones

John P. Jumper
Harry M.J. Kraemer, Jr.
Edward J. Sanderson, Jr.
Louis A. Simpson
A. Thomas Young

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In making these determinations the Board considered that in the ordinary course of business, transactions may occur between SAIC and organizations with which some of our directors are or have been affiliated. Specifically, the Board considered that SAIC makes payments or contributions in the usual course of business and annual giving programs to organizations for which an SAIC director is an employee, including: (i) approximately \$113,000 of charitable contributions and approximately \$238,000 in payments for subcontracted work on customer projects to the Center for Strategic and International Studies, a non-profit, public policy research institution for which Dr. Hamre serves as Chief Executive Officer; (ii) approximately \$111,000 in payments for subcontracted work on customer projects to Purdue University, for which Dr. Córdova serves as President; (iii) approximately \$186,000 for subcontracted work on customer projects, \$422,000 in real property lease payments and \$477,000 in connection with our Strategic University Alliance Program paid to the University of Virginia, for which Dr. Jones served as a professor prior to her retirement in January 2010, and (iv) approximately \$9,000 in payments for subcontracted work on customer projects, software and matching gifts to Northwestern University, for which Mr. Kraemer serves as a professor at the Kellogg School of Management. The Board determined that our relationships with these organizations are immaterial and would not interfere with the exercise of independent judgment by those directors who are affiliated with these organizations.

Two of our current employee directors, Kenneth C. Dahlberg (our Chairman and former Chief Executive Officer) and Walter P. Havenstein (our current Chief Executive Officer), are not considered independent because of their employment with the company.

Criteria for Board Membership

To fulfill its responsibility to identify and recommend to the full Board nominees for election as directors, the Nominating and Corporate Governance Committee reviews the composition of the Board to determine the qualifications and areas of expertise needed to further enhance the composition of the Board and works to recruit candidates with those qualifications. The Board evaluates each individual in the context of the Board as a whole, with the objective of recommending to stockholders a group that can best continue the success of our business and advance stockholders' interests. In evaluating the suitability of individual nominees, the Nominating and Corporate Governance Committee and the Board consider many factors, including:

commitment to business ethics, professional reputation, independence and understanding of the responsibilities of a director and the governance processes of a public company;

demonstrated leadership ability, with the ability to exercise sound judgment informed by diversity of experience and perspectives;

expertise and involvement in areas relevant to the company's business such as defense, intelligence, science, finance, government or commercial and international business; and

interpersonal skills, substantial personal accomplishments and diversity as to gender, age, ethnic background and experience.

In addition, the Nominating and Corporate Governance Committee has been directed by the Board to observe the following principles contained in our Corporate Governance Guidelines:

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 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. Moreover, directors are expected to act ethically at all times and adhere to the company's Code of Business Conduct of the Board of Directors.

Board Leadership Structure

Our current Chairman of the Board of Directors, Kenneth C. Dahlberg, has served as Chairman since July 2004. Mr. Dahlberg also served as our Chief Executive Officer from November 2003 until his retirement as Chief Executive Officer in September 2009. Mr. Dahlberg will continue to serve as Chairman until his current term on the Board expires immediately following our Annual Meeting of Stockholders in June 2010, at which time he will retire from our Board of Directors in accordance with our mandatory retirement policy. Our Board will appoint a new Chairman.

The Board Chairman's responsibilities include implementing SAIC's strategic priorities, presiding over Board meetings and communicating the Board's guidance to management. Our Board believes that it is in the best interests of stockholders for the Board to have the flexibility to determine the most qualified and appropriate individual to serve as Chairman of the Board, whether that person is an independent director or the Chief Executive Officer. The Board selects the Chairman annually and may decide to separate or combine the roles of Chairman and Chief Executive Officer, if appropriate, any time in the future.

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Our Board is committed to strong corporate governance and believes that Board independence and oversight of management are effectively maintained through the Board's current composition, committee structure and the position of Lead Director. Currently, 11 of our 13 directors are independent as defined by the NYSE rules and our Corporate Governance Guidelines. Our independent directors meet in executive session at least five times a year. The Board's Audit, Finance, Human Resources and Compensation and Nominating and Corporate Governance Committees are each comprised entirely of independent directors. In addition, in the event that the Chairman of the Board is not an independent director, the Nominating and Corporate Governance Committee nominates an independent director to serve as Lead Director, who then must be approved by a majority of the independent directors.

The Lead Director has specifically delineated duties, which include:

chairing any meeting of the independent directors in executive session;

facilitating communications between other members of the Board and the Chairman of the Board and/or the Chief Executive Officer; provided, however, that each director is free to communicate directly with such individuals;

acting as a liaison to stockholders who request direct communication with the Board;

consulting with the Chairman of the Board in the preparation of the agenda for each Board meeting and in determining the need for special meetings of the Board;

otherwise consulting with the Chairman of the Board and/or the Chief Executive Officer on matters relating to corporate governance and Board performance; and

acting as Chairman of the Board if the Chief Executive Officer serving in such role is unable to perform those duties. Currently, A. Thomas Young serves as our independent Lead Director.

The Board's Role in Risk Oversight

As part of its oversight function, the Board and its committees monitor risk as part of their regular deliberations throughout the year. When granting authority to management, approving strategies and receiving management reports, the Board considers, among other things, the risks facing the company. The Board also oversees risk in particular areas through its committee structure. The Audit Committee evaluates the company's guidelines and policies regarding risk assessment and risk management, including risks related to internal control over financial reporting, the company's major financial risk exposures and the steps management has taken to monitor and control such exposures. The Human Resources and Compensation Committee evaluates risks potentially arising from the company's human resources and compensation policies and practices. The Finance Committee oversees financial, capital investment and insurance risks. The Ethics and Corporate Responsibility Committee oversees risks associated with unethical conduct and political, social, environmental and reputational risks. The Classified Business Oversight Committee oversees risk review activities applicable to the company's classified business activities and receives reports from management on particular classified projects involving significant performance, financial or reputational risks. The company also utilizes an internal Enterprise Risk Management Committee, comprised of the Chief Executive Officer and senior management that, among other things, establishes the overall corporate risk strategy and ensures that systems and processes are established to identify and address appropriate risk matters within the company. This committee reports at least annually to the full Board of Directors on its activities and findings, highlighting the

key risks we face and management's actions for managing those risks.

Board of Directors Meetings and Committees

During fiscal 2010, the Board of Directors held eleven meetings of the entire Board, seven meetings of only the independent directors, and ten meetings of a special Succession Committee comprised of independent directors Jere A. Drummond, Anita K. Jones and A. Thomas Young. 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 95%. During fiscal 2010, no director attended fewer than 75% of the aggregate of the meetings of the Board of Directors and committees of the Board of Directors on which they served. In addition, all directors except France A. Córdova attended the 2009 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, Ethics and Corporate Responsibility, Finance, Human Resources and Compensation, 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.

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Audit Committee

The current members of the Audit Committee are Harry M.J. Kraemer, Jr. (Chairperson), Jere A. Drummond, Thomas F. Frist, III, 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 Jere A. Drummond, Thomas F. Frist, III, 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.

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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 2010.

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Classified Business Oversight Committee

The current members of the Classified Business Oversight Committee are John J. Hamre (Chairperson), John P. Jumper, Kenneth C. Dahlberg and Walter P. Havenstein. 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 2010.

Ethics and Corporate Responsibility Committee

The current members of the Ethics and Corporate Responsibility Committee are Anita K. Jones (Chairperson), France A. Córdova, Miriam E. John and Walter P. Havenstein. 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, including 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;

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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 four meetings during fiscal 2010.

Finance Committee

The current members of the Finance Committee are Louis A. Simpson (Chairperson), Thomas F. Frist, III, 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: