

SAIC, Inc.  
Form 10-Q/A  
September 03, 2008

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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Form 10-Q/A

(Amendment No. 1)  
\_\_\_\_\_

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the quarterly period ended April 30, 2008

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 001-33072

\_\_\_\_\_  
**SAIC, Inc.**

(Exact name of registrant as specified in its charter)

\_\_\_\_\_  
**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**20-3562868**  
(I.R.S. Employer  
Identification No.)

**10260 Campus Point Drive, San Diego, California**  
(Address of principal executive offices)

**(858) 826-6000**

**92121**  
(Zip Code)

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(Registrant's telephone number, including area code)

N/A

(Former name, former address and

former fiscal year, if changed since last report)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of May 16, 2008, the registrant had 184,018,432 shares of common stock, \$.0001 par value per share, issued and outstanding, and 223,056,008 shares of Class A preferred stock, \$.0001 par value per share, issued and outstanding.

### Explanatory Note

SAIC, Inc. (Company) is filing this Amendment No. 1 on Form 10-Q/A to the Company's Quarterly Report on Form 10-Q for the quarterly period ended April 30, 2008 to reflect the restatement of its condensed consolidated financial statements as of April 30, 2008 and for the quarterly periods ended April 30, 2008 and 2007. The Company has also filed an Amendment No. 1 on Form 10-K/A to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2008 to reflect the restatement of its consolidated financial statements as of January 31, 2008 and 2007 and for the years ended January 31, 2008, 2007 and 2006. Certain misstatements in the Company's previously issued consolidated financial statements resulted from a recently identified transcription error that was initially made in the determination of income taxes owed from the March 2005 sale of the Company's subsidiary, Telcordia Technologies, Inc. (Telcordia). These misstatements relate to accounting for the sale of Telcordia, which is presented as part of discontinued operations in the Company's consolidated financial statements for the year ended January 31, 2005 and for all subsequent quarterly and annual periods. The error that caused these misstatements was not identified by the Company's procedures and controls existing when the error was made in 2005. Additionally, certain business segment information has been restated to correct an error that resulted in certain Government segment business activity being reported in the Commercial segment. Refer to Note 2 of the notes to condensed consolidated financial statements included in Item 1 for a complete description and quantification of the restatement. The restatement did not impact the disclosure in Item 4. Controls and Procedures in the Company's original Quarterly Report on Form 10-Q for the quarterly period ended April 30, 2008.

This Amendment No. 1 on Form 10-Q/A does not include any significant updates of previously filed information except as required to reflect the effects of the restatement. This amendment includes changes to Items 1 and 2 of Part I of the original filing to reflect the restatement. In addition, pursuant to the rules of the SEC, Item 6 of Part II of the original filing has been amended to contain the currently dated certifications from the Company's Chief Executive Officer and Chief Financial Officer, as required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002. The certifications of the Company's Chief Executive Officer and Chief Financial Officer are attached to this Amendment No. 1 on Form 10-Q/A as Exhibits 31.1, 31.2, 32.1, and 32.2. Other than the foregoing items, no other items are amended or included in this Amendment No. 1 on Form 10-Q/A. The foregoing items have not been updated to reflect other events occurring after the date of the original filing or to modify or update those disclosures affected by subsequent events. Therefore, this Amendment No. 1 on Form 10-Q/A should be read in conjunction with the original Quarterly Report on Form 10-Q for the quarterly period ended April 30, 2008 previously filed on June 4, 2008 and with reports filed with the SEC subsequent to April 30, 2008.

Except for the foregoing amended information, this Amendment No. 1 on Form 10-Q/A continues to speak as of the date of the original filing, and the Company has not updated the disclosure contained herein to reflect events that occurred at a later date. Other events occurring after the date of the original filing or other disclosures necessary to reflect subsequent events have been or will be addressed in reports filed with the SEC that address financial reporting periods subsequent to the quarter ended April 30, 2008.

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## PART I FINANCIAL INFORMATION

## Item 1. Financial Statements.

## SAIC, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(UNAUDITED)

	Three Months Ended April 30	
	2008	2007
	As Restated	
	(see Note 2)	
	(in millions, except per share amounts)	
	<b>\$ 2,369</b>	\$ 2,011
Revenues		
Costs and expenses:		
Cost of revenues	<b>2,053</b>	1,746
Selling, general and administrative expenses	<b>143</b>	129
Operating income	<b>173</b>	136
Non-operating income (expense):		
Interest income	<b>8</b>	14
Interest expense	<b>(19)</b>	(22)
Minority interest in income of consolidated subsidiaries		(2)
Other income, net	<b>8</b>	
Income from continuing operations before income taxes	<b>170</b>	126
Provision for income taxes	<b>66</b>	51
Income from continuing operations	<b>104</b>	75
Discontinued operations (Note 1):		
Income (loss) from discontinued operations before minority interest in income of consolidated subsidiaries and income taxes (including a net loss on sales of \$2 million and a net gain on sales of \$9 million for the three months ended April 30, 2008 and 2007, respectively)	<b>(2)</b>	13
Minority interest in income of consolidated subsidiaries		(1)
Provision (benefit) for income taxes	<b>(1)</b>	6
Income (loss) from discontinued operations	<b>(1)</b>	6
Net income	<b>\$ 103</b>	\$ 81
Earnings per share:		
Basic:		
Income from continuing operations	<b>\$ .26</b>	\$ .19
Income from discontinued operations		.01
	<b>\$ .26</b>	\$ .20
Diluted:		
Income from continuing operations	<b>\$ .25</b>	\$ .18
Income from discontinued operations		.01
	<b>\$ .25</b>	\$ .19
Weighted average shares outstanding:		
Basic	<b>402</b>	404

Diluted

See accompanying notes to condensed consolidated financial statements.

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## SAIC, INC.

## CONDENSED CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

	April 30, 2008 As Restated	January 31, 2008
	(see Note 2)	
	(in millions)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 662	\$ 1,096
Receivables, net	1,927	1,886
Inventory, prepaid expenses and other current assets	289	255
Total current assets	2,878	3,237
Property, plant and equipment (less accumulated depreciation and amortization of \$310 million and \$297 million at April 30, 2008 and January 31, 2008, respectively)	390	393
Intangible assets, net	121	102
Goodwill	1,180	1,077
Deferred income taxes	73	71
Other assets	107	101
	<b>\$ 4,749</b>	<b>\$ 4,981</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,138	\$ 1,111
Accrued payroll and employee benefits	465	562
Income taxes payable	87	64
Notes payable and long-term debt, current portion	30	130
Total current liabilities	1,720	1,867
Notes payable and long-term debt, net of current portion	1,098	1,098
Other long-term liabilities	152	148
Commitments and contingencies (Note 9)		
Stockholders' equity:		
Preferred stock, \$.0001 par value, 1.5 billion shares authorized, 225 million and 234 million shares issued and outstanding at April 30, 2008 and January 31, 2008, respectively		
Common stock, \$.0001 par value, 2 billion shares authorized, 184 million and 179 million shares issued and outstanding at April 30, 2008 and January 31, 2008, respectively		
Additional paid-in capital	1,802	1,804
Retained earnings		87
Accumulated other comprehensive loss	(23)	(23)
Total stockholders' equity	1,779	1,868
	<b>\$ 4,749</b>	<b>\$ 4,981</b>

See accompanying notes to condensed consolidated financial statements.

## SAIC, INC.

## CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS EQUITY

## AND COMPREHENSIVE INCOME

(UNAUDITED)

	Shares		Additional paid-in capital	Retained earnings	Accumulated other		Comprehensive income
	Common stock	Preferred stock			Comprehensive loss As Restated (see Note 2) (in millions)	Total	
Balance at February 1, 2008	179	234	\$ 1,804	\$ 87	\$ (23)	\$ 1,868	
Net income				103		103	\$ 103
Issuances of stock		14	99			99	
Repurchases of stock	(13)	(5)	(147)	(190)		(337)	
Conversion of preferred stock to common stock	18	(18)					
Income tax benefit from employee stock transactions			27			27	
Stock-based compensation			19			19	
Balance at April 30, 2008	<b>184</b>	<b>225</b>	<b>\$ 1,802</b>	<b>\$</b>	<b>\$ (23)</b>	<b>\$ 1,779</b>	<b>\$ 103</b>

See accompanying notes to condensed consolidated financial statements.

## SAIC, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

	Three Months Ended April 30	
	2008	2007
	As Restated	
	(see Note 2) (in millions)	
Cash flows from operations:		
Net income	\$ 103	\$ 81
(Income) loss from discontinued operations	1	(6)
Adjustments to reconcile net income to net cash provided by (used in) operations:		
Depreciation and amortization	23	17
Stock-based compensation	19	23
Excess tax benefits from stock-based compensation	(27)	(27)
Other non-cash items	(6)	2
Increase (decrease) in cash and cash equivalents, excluding effects of acquisitions and divestitures, resulting from changes in:		
Receivables	(37)	(26)
Inventory, prepaid expenses and other current assets	(34)	1
Deferred income taxes	(1)	
Other assets	(4)	(2)
Accounts payable and accrued liabilities	18	(115)
Accrued payroll and employee benefits	(94)	(108)
Income taxes payable	47	27
Other long-term liabilities	5	4
Total cash flows provided by (used in) operations	13	(129)
Cash flows from investing activities:		
Expenditures for property, plant and equipment	(12)	(12)
Acquisitions of businesses, net of cash acquired of \$1 million in 2008	(135)	
Payments for businesses acquired in previous years	(2)	
Other	8	5
Total cash flows used in investing activities	(141)	(7)
Cash flows from financing activities:		
Payments on notes payable and long-term debt	(102)	(1)
Sales of stock and exercise of stock options	28	35
Repurchases of stock	(259)	(94)
Excess tax benefits from stock-based compensation	27	27
Other		1
Total cash flows used in financing activities	(	