



Science Applications International Corporation  
An Employee-Owned Company

Rec'd 06C 1-13-95

January 11, 1995

**BY FEDERAL EXPRESS**

Mr. Lawrence M. Noble  
General Counsel  
The Federal Election Commission  
Washington, D.C. 20463

**Additional Info.  
AOR 1974-36**

Dear Mr. Noble:

Re: SAIC Request for Advisory Opinion of 11-17-94

Thank you for your request of December 30, 1994 for further information about acquisition of company stock through SAIC's various retirement plans. You requested certain information concerning our Profit Sharing Retirement Plan ("PSRP"), Employee Stock Ownership Plan ("ESOP") and the Cash or Deferred Arrangement ("CODA"). Our response to each of these questions, which I have restated and reordered, is set forth below.

1) Provide copies of brochures or materials distributed to employees regarding these programs.

I enclose Summary Plan Descriptions of each of the three plans (Attachment 1). I also attach a January 1994 description of "Stock Ownership and SAIC Retirement Plans" ("Stock Description") (Attachment 2) which is available to all employees. On p. 3, it provides a summary of the beneficial ownership rights of SAIC employees in the various retirement plans. Also attached is a New Hire Orientation Guide: 1995 (Package 1) ("Hire Guide") (Attachment 3) which is provided to new employees who qualify for that benefits package.

2) What are the current number of SAIC participants under each plan?

I attach a chart which shows the number of SAIC participants under each plan as of November 30, 1994 (Attachment 4).

3) What are the specific limitations regarding the rights of participants to remove or withdraw cash (a) prior to retirement from or (b) at the end of employment with SAIC under each plan?

SAIC employees may remove or withdraw cash prior to retirement from any of the three plans in which they participate by means of direct withdrawals,



subject to the vesting requirements set forth below for each plan, and to the excise and income taxes which could apply to such withdrawals.

They may also make such withdrawals by means of loans. Participants in each of the plans may borrow up to fifty (50) percent of their vested balance, subject to IRS rules. The only limitations on withdrawals upon termination of employment are the vesting rules described below for each plan.

#### SAIC's CODA Plan

CODA balances contributed by employees or rolled over from other qualified plans are always 100% vested and may be invested, at the direction of the employee, in mutual funds or "Exchangeable" SAIC stock. "Exchangeable" stock may be exchanged for other investments available through the mutual funds selected for the plan subject to SAIC's internal market liquidity limitations as described on p. 89 of the Hire Guide. "Non-Exchangeable Stock" may not be so exchanged.

For employees hired after December 31, 1994, SAIC's matching contributions to an employee's CODA account vest based on the employee's years of service with SAIC. CODA matching contributions for employees hired before January 1, 1995 were and are fully vested at all times. As described on p. 89 of the Hire Guide, vesting occurs according to the same schedule used for ESOP and PSRP programs which appears in table form on p. 3 of the Stock Description. Under this schedule, an employee is fully vested 1) by their sixth year of employment, 2) when they attain age 59 1/2, or 3) upon permanent disability or death.

#### SAIC's PSRP and ESOP Plans

These plans are described beginning on p. 93 of the Hire Guide and p. 3 of the Stock Description and are similar in their terms and conditions. A principal difference is that PSRP offers a variety of investment choices whereas ESOP funds are invested primarily in SAIC "Non-Exchangeable" stock.

As stated on p.94 of the Hire Guide, an employee's beneficial ownership of his or her Profit Sharing or ESOP accounts vests based on years of service with the company as set forth in the schedule on p. 3 of the Stock Description or upon attainment of age 59 1/2 or permanent disability or death.



**Right of Repurchase and Right of First Refusal**

As described in Attachment A to our letter of November 17, 1994 to you, the majority of SAIC shares are subject to a right of repurchase upon termination of employment or affiliation with the company and to a right of first refusal in favor of the company on proposed transfers of stock. There are no other restrictions on the beneficial rights of employees once stock obtained under these plans is fully vested.

I hope that this information is fully responsive to your questions and I would be happy to clarify any remaining issues. Please call me with any questions at (703) 556-7236.

Sincerely,

A handwritten signature in black ink that reads "Susan Frank". The signature is written in a cursive, flowing style.

Susan M. Frank  
Corporate Counsel

**Attachments**

cc: J. Dennis Heipt  
Douglas E. Scott  
Ward Reed

# Summary Plan Description of SAIC Employee Stock Ownership Plan Table of Contents

## ARTICLE

### I. INTRODUCTION

### II. ELIGIBILITY AND PARTICIPATION

What is the Plan's Effective Date?

Am I Eligible to Participate?

When Do I Become Eligible to Join?

When Does My Plan Participation Start?

How Do I Join?

### III. SERVICE RULES

What is an Hour of Service?

What is a Year of Service?

What is a Break in Service?

What is the Effect of Having a Break in Service?

What is the Effect of Having a Leave of Absence?

### IV. RETIREMENT

When Do I Retire?

### V. BENEFITS

Who Pays for the Plan Benefits? How Are Company Contributions Allocated?

How Are the Funds Invested?

Will I Be Able to Vote the Shares of the Company Stock That Are Held by the Plan?

What Are the Plan Benefits and When Do I Receive Them?

What is Vesting?

What is Cumulative Service?

In What Form Will Benefits Be Paid?

Are Optional Payment Forms Available?

Do I Forfeit Any Benefits If My Employment Terminates?

What Happens to Funds Which Are Forfeited?

May I Borrow Money from the Plan?

Summary Plan Description of SAIC  
Employee Stock Ownership Plan  
Table of Contents

ARTICLE		PAGE
VII	LOSS OR DENIAL OF BENEFITS What Circumstances May Result in My Disqualification, Ineligibility, Denial, Loss, Forfeiture or Suspension of Benefits?	12 ESOP
VIII	CLAIM PROCEDURES What is the Procedure for Filing a Claim for Benefits?	13 ESOP
VIII	PLAN TERMINATION/INSURANCE Are Benefits Under this Plan Insured by the Federal Government?	14 ESOP
IX	STATEMENT OF RIGHTS UNDER THE EMPLOYER RETIREMENT INCOME SECURITY ACT OF 1974 (ERISA)	14 ESOP
X	MISCELLANEOUS TOPICS How Does this Plan Affect My Social Security Benefits? What Are the Tax Consequences Prior to Distribution of Benefits? What Are the Tax Consequences of Distributions? How is the Plan Administered? Has the Plan Been Approved by the Internal Revenue Service as a Qualified Plan? Is There Any Additional Information I Should Know About Our Plan?	15 ESOP 15 ESOP 16 ESOP 16 ESOP 17 ESOP 17 ESOP
XI	CONCLUSION	19 ESOP

# Summary Plan Description of SAIC Employee Stock Ownership Plan

---

## **HOW ARE THE FUNDS INVESTED?**

It is intended that most of the Plan's funds will be held in a Company Stock Fund consisting primarily of securities of the Company. The Plan, under the direction of the Committee, may also invest funds in other assets, such as real estate, securities, and other types of property, besides maintaining balances of cash, as governed by ERISA.

Under current Committee prescribed procedures, any Participant who has an interest in the exchangeable Company Stock Fund transferred to this Plan in February 1990 or November 1992 may exchange into other investment alternatives which are those currently available under the SAIC Profit Sharing Plan. In addition, Plan participants who are fifty-five (55) or older and who have ten or more years of Plan participation may elect to diversify a portion of their Company Stock Fund account balances in other investment alternatives during a six-year period beginning with the year the individual first attained 55 and had ten years of plan participation. The relevant portion is twenty-five percent (25%) of the Participant's post-1986 Company Stock Fund account, but this is increased to fifty percent (50%) in the last year of the six-year period. The Retirement Programs Department will supply additional information regarding your diversification options.

## **WILL I BE ABLE TO VOTE THE SHARES OF THE COMPANY STOCK THAT ARE HELD BY THE PLAN?**

You are entitled to vote shares of Company Stock allocated to your Plan Accounts. The Committee will notify you at a reasonable time in advance of the time when your voting rights are to be exercised. All of the shares of Company Stock held in the Plan which are not allocated to accounts of Participants will be voted by the Plan Trustee proportionate to the votes on the allocated shares, as directed by Participants.

## **WHAT ARE THE PLAN BENEFITS AND WHEN DO I RECEIVE THEM?**

**(See Article VII - CLAIM PROCEDURES)**

**1. Retirement.** If you retire after you attain age 59-1/2, you will be entitled to receive a lump-sum distribution of the entire interest in your Plan Accounts as soon as practicable following your Normal Retirement Date. You may elect to defer payment of your benefit until up to five (5) years following your Normal Retirement Date (but not beyond 70-1/2). If you reach age 70-1/2 but have not retired, payment of your benefits must commence prior to April 1 of the year following the year in which you attain age 70-1/2.

**2. Termination of Employment Before Retirement.** If your employment with the Company terminates prior to attaining age 59-1/2, you will receive a lump-sum distribution of the vested interest in your Plan Account (see Article V - VESTING below). Application for Benefits should be submitted at least sixty (60) days prior to a scheduled payment date.

Lump-sum distributions may be in either cash or Company Stock, as described below in the section, **IN WHAT FORM WILL BENEFITS BE PAID?**

# Summary Plan Description of SAIC Employee Stock Ownership Plan

If the vested interest in your Plan Account is \$3,500 or less, your benefits will be paid to you as a cash lump sum as soon as practical after you terminate employment. However, if you elect a stock distribution, this will not be paid until you reach age 59 1/2, except as noted below. If the vested interest in your Plan Account is more than \$3,500, you have four choices for distribution of your account:

- A lump sum paid approximately one hundred twenty (120) days after the end of the year in which your fifth consecutive Break in Service occurs.
- A lump sum any time following your termination of employment and before you have had five consecutive Breaks in Service.
- A lump sum when you attain age sixty-two (62).
- A distribution of Company Stock within one hundred twenty (120) days after your Normal Retirement Date (except that any Stock acquired by the Plan after December 31, 1986 will, unless you elect to defer distribution to age 59 1/2, be distributed to you in five (5) annual installments commencing no later than one (1) year after the fifth Plan Year following your termination). See the section "IN WHAT FORM WILL BENEFITS BE PAID" below for more information about the election to receive Company Stock.

The non-vested portion of your Account will be forfeited at the time of distribution to you (or ninety (90) days following the end of the Plan Year in which you terminate employment if you have no vested interest to be distributed).

If you are reemployed before you have five (5) consecutive Breaks in Service or on or before the last day of the Plan Year in which your fifth consecutive Break in Service occurs, you may reinstate your Account, including the non-vested portion which was forfeited, by repaying the amount distributed to you within five (5) years following reemployment or prior to incurring five (5) consecutive Breaks in Service after the distribution, whichever is earlier. If you had no vested interest in your Plan Account, your forfeited Account balance will be automatically reinstated upon reemployment prior to five (5) consecutive Breaks in Service.

As the tax laws are complex and subject to change, you should obtain your own tax advice before requesting any early distribution of your Account balances. You should also consult the current SAIC Prospectus, which contains additional tax information regarding Plan distributions.

**3. Death Before Retirement.** If you should die while still employed by the Company, your beneficiary will be entitled to receive a lump-sum distribution of your Plan Account. This amount will be paid to your beneficiary within approximately one hundred twenty (120) days after the end of the calendar year in which your death occurs. In general, distributions must be met to your spouse, unless your spouse has consented in writing to the distribution being made to a beneficiary other than your spouse. The beneficiary designation forms available with the Plan will govern the distribution of benefits if you have a valid beneficiary designation on file with the Plan.

# Summary Plan Description of SAIC Employee Stock Ownership Plan

**4. Death After Retirement.** If you should die after you have retired from employment with the Company, but before your Plan Accounts have been distributed to you, your beneficiary will be entitled to receive a lump-sum distribution of your Plan Accounts. This amount will be paid to your beneficiary at the same time you would have received those benefits or approximately one hundred twenty (120) days after receipt of satisfactory Application for Benefits from the beneficiary. In general, distributions must be made to your spouse, but unless your spouse has consented in writing to the designation of another beneficiary on a properly completed beneficiary designation form.

Be sure your beneficiary designation forms are current.

**5. Disability.** In the event of your becoming permanently disabled while employed by the Company, you will receive a lump-sum distribution of your Plan Accounts. This distribution will be paid to you within approximately one hundred twenty (120) days after the end of the calendar year in which your disability is established. You must submit an Application for Benefits and proof of disability as established by the Social Security Administration.

**6. Valuation of Benefits.** Regardless of when your employment with the Company is terminated, the amount of benefits you will receive will be based on the value of your Plan Accounts at the time your benefits are processed for payment under rules established by the Committee. The gains or losses from the investments in your Plan Accounts will affect the value of your Accounts. The Company does not guarantee that your Plan Accounts will not diminish in value.

## IMMEDIATE VESTING?

Your interest in your Plan Account vests as shown in the applicable schedule below, based on cumulative Years of Service until you are 100% vested. Vesting simply means that the percentage of Account represented by the following table is not subject to being forfeited when you terminate

employment.

Years of Cumulative Service	Vested Percentage
less than 3 years	0%
3 years but less than 4 years	25%
4 years but less than 5 years	50%
5 years but less than 6 years	75%
6 years or more	100%

If you are 50 or older, become disabled, or die while you are employed by the Company, you will be 100% vested in your Plan Account, regardless of your years of cumulative service.



# Summary/Plan Description of SAC Cash or Deferred Arrangement Table of Contents

ARTICLE	PAGE
I. INTRODUCTION	1 CODA
II. ELIGIBILITY AND PARTICIPATION	
What is the Plan's Effective Date?	1 CODA
Am I Eligible to Participate?	1 CODA
When Do I Become Eligible to Join?	2 CODA
When Does My Plan Participation Start?	2 CODA
III. RETIREMENT	
When Do I Retire?	2 CODA
IV. BENEFITS	
Who Pays for the Plan Benefits? How Are Company Contributions Allocated?	3 CODA
How Are the Funds Invested?	3 CODA
Will I Be Able to Vote the Shares of the Company Stock That Are Held by the Plan?	3 CODA
What Are the Plan Benefits, and When Do I Receive Them?	4 CODA
What is Vesting?	6 CODA
In What Form Will Benefits Be Paid?	6 CODA
Are Optional Forms of Payment or Withdrawal Available?	6 CODA
Do I Forfeit Any Benefits If My Employment Terminates?	6 CODA
May I Borrow Money From The Plan?	6 CODA
V. LOSS OR DENIAL OF BENEFITS	
What Circumstances May Result in My Disqualification, Ineligibility, Denial, Loss, Forfeiture or Suspension of Benefits?	6 CODA

# **Summary Plan Description of SAIC Cash or Deferred Arrangement Table of Contents**

---

<b>ARTICLE</b>	<b>PAGE</b>
<b>VI. CLAIM PROCEDURES</b>	
What is the Procedure for Filing a Claim for Benefits?	7 CODA
<b>VII. PLAN TERMINATION INSURANCE</b>	
Are Benefits Under this Plan Insured by the Federal Government?	8 CODA
<b>VIII. STATEMENT OF RIGHTS UNDER THE EMPLOYEE RETIREMENT     INCOME SECURITY ACT OF 1974 (ERISA)</b>	8 CODA
<b>IX. MISCELLANEOUS TOPICS</b>	
How Does this Plan Affect My Social Security Benefit?	10 CODA
How Does the Plan Affect My Benefits in Other SAIC Retirement Plans?	10 CODA
What Are the Tax Consequences Prior to Distribution of Benefits?	10 CODA
What Are the Tax Consequences of Distributions?	10 CODA
How is the Plan Administered?	11 CODA
Has the Plan Been Approved by the Internal Revenue Service as a Qualified Plan?	11 CODA
Is There Any Additional Information I Should Know About Our Plan?	12 CODA
<b>X. CONCLUSION</b>	13 CODA

# Summary Plan Description of SAIC Cash or Deferred Arrangement

The Plan is intended to constitute a plan described in Section 404(c) of the Employee Retirement Income Security Act of 1974 (ERISA) and Title 29 of the Code of Federal Regulations Section 2550.404c-1. Under those provisions fiduciaries of the Plan (e.g., Retirement Plans Committee) may be relieved of liability for any losses which are the direct and necessary result of investment directions given by you as a Plan participant or beneficiary. You will be provided with more detailed information regarding the current investment alternatives available to you along with election forms. It is your responsibility to make an informed election from among the available options. In this regard, you should review the current SAIC Prospectus which describes the Company Stock. Information on the particular investment alternatives is available from the Retirement Programs Department.

You should be sure to complete and return your investment option forms to ensure that the non-directed portion of your account is invested according to your choices. Also, you should check the confirmations and account statements you receive to make sure that your investment choices have been properly implemented. If you fail to receive a confirmation of your investment selection and do not notify the Retirement Programs Department within thirty (30) days, or if you fail to correct what you believe to be an incorrect implementation of your investment selection within thirty (30) days of your selection, you will be deemed to have selected those investment alternatives in which your Accounts were actually invested, even if they do not correctly reflect your choices. Therefore, if you ever have questions or believe that your account is not being invested according to your election, contact the Retirement Programs Department immediately.

## WILL I BE ABLE TO VOTE THE SHARES OF THE COMPANY STOCK THAT ARE HELD BY THE PLAN?

You are entitled to vote shares of Company Stock allocated to your Plan Accounts. The Committee will notify you at a reasonable time in advance of the time when your voting rights are to be exercised. All of the shares of Company Stock held in the Plan which are not allocated to accounts of Participants will be voted by the Plan Trustee proportionate to the votes on the allocated shares, as directed by Participants.

## WHAT ARE THE PLAN BENEFITS AND WHEN DO I RECEIVE THEM? (See Article VI - CLAIM PROCEDURES)

1. **Retirement:** If you retire after you attain age 59-1/2, you will be entitled to receive a lump-sum distribution of the entire interest in your Plan Accounts. You will receive the distribution as soon as practicable following your retirement, although you may elect to defer distribution for a period ending up to five (5) years following your Normal Retirement Date (but not beyond age 70-1/2).

# Summary Plan Description of SAIC Cash or Deferred Arrangement

---

You have three choices for distribution of your account:

- a. A lump sum paid as soon as practicable after you terminate employment;
- b. A lump-sum distributed to coincide with your distribution from the Science Applications International Corporation Profit Sharing Retirement Plan, or the SAIC Profit Sharing Retirement Plan II, if you are entitled to such a distribution; or
- c. If you have a balance of over \$3,500 in your Plan Account, a lump sum when you attain age sixty-two (62).

To qualify for certain tax benefits, it may be to your advantage to receive all of your benefits from the Science Applications International Corporation Cash or Deferred Arrangement and the Science Applications International Corporation Profit Sharing Retirement Plan (or SAIC Profit Sharing Retirement Plan II), in one (1) calendar year. As the laws are complex and subject to change, you should obtain your own tax advice before requesting any early distribution of your Account balances. You should also consult the current SAIC Prospectus, which contains additional tax information regarding Plan distributions.

**3. Death Before Retirement.** If you should die while still employed by the Company, your beneficiary will be entitled to receive a cash lump-sum distribution of your Plan Accounts. This amount will be paid to your beneficiary within approximately one hundred twenty (120) days after the end of the calendar year in which your death occurs. In general, distributions must be made to your spouse by law unless your spouse has consented in writing to the designation of another beneficiary. Your beneficiary will be determined by a properly completed form you file with the Plan. Accordingly, be sure your beneficiary designation forms are current. Your will does not govern the distribution of your benefits if you have a valid beneficiary form on file with the Plan.

**4. Death After Retirement.** If you should die after you have retired from employment with the Company, but before your Plan Accounts have been distributed to you, your beneficiary will be entitled to receive a lump-sum distribution of your Plan Accounts. This amount will be paid to your beneficiary at the same time you would have received those benefits or approximately one hundred twenty (120) days after receipt of satisfactory Application for Benefits from the beneficiary. In general, distributions must be made to your spouse by law unless your spouse has consented in writing to the designation of another beneficiary on a properly completed beneficiary designation form.

**Be sure your beneficiary designation forms are current.**

**5. Disability.** In the event you become permanently disabled while employed by the Company, you will receive a lump-sum distribution of your Accounts. This distribution will be paid to you within approximately one hundred twenty (120) days after the end of the calendar year in which your disability is established. You must submit an Application for Benefits and proof of disability as established by the Social Security Administration.

**6. Valuation of Benefits.** Regardless of when your employment with the Company is terminated, the amount of benefits you will receive will be based on the value of your Plan Accounts at the time your benefits are processed for payment under rules established by the Committee. The gains or losses from the investments in your Account will affect the value of your Account. The Company does not guarantee that your Account will not diminish in value. That will depend on the performance of the investment options you have selected or which have been designated for your Account balance.

# Summary Plan Description of SAIC Profit Sharing Retirement Plan II Table of Contents

---

<b>ARTICLE</b>	<b>PAGE</b>
<b>I. INTRODUCTION</b>	<b>1 PS II</b>
<b>II. ELIGIBILITY AND PARTICIPATION</b>	
What is the Plan's Effective Date?	1 PS II
Am I Eligible to Participate?	2 PS II
When Do I Become Eligible to Join?	2 PS II
When Does My Plan Participation Start?	3 PS II
How Do I Join?	3 PS II
<b>III. SERVICE RULES</b>	
What is an "Hour of Service?"	4 PS II
What is a "Year of Service?"	4 PS II
What is a "Break in Service?"	5 PS II
What is the Effect of Having a Break in Service?	5 PS II
What is the Effect of Having a Leave of Absence?	5 PS II
<b>IV. RETIREMENT</b>	
When Do I Retire?	6 PS II
<b>V. BENEFITS</b>	
Who Pays for the Plan Benefits? How Are Company Contributions Allocated?	6 PS II
How Are the Funds Invested?	8 PS II
Will I Be Able to Vote the Shares of the Company Stock That Are Held by the Plan?	9 PS II
What Are the Plan Benefits and When Do I Receive Them?	9 PS II
What is Vesting?	11 PS II
What is Cumulative Service?	12 PS II
In What Form Will Benefits Be Paid?	12 PS II
Are Optional Payment Forms Available?	12 PS II
Do I Forfeit Any Benefits If My Employment Terminates?	12 PS II
What Happens to Funds Which Are Forfeited?	12 PS II
May I Borrow Money From The Plan?	12 PS II

# **Summary Plan Description of SAIC Profit Sharing Retirement Plan II Table of Contents**

---

<b>ARTICLE</b>	<b>PAGE</b>
<b>VI. LOSS OR DENIAL OF BENEFITS</b> What Circumstances May Result in My Disqualification, Ineligibility, Denial, Loss, Forfeiture or Suspension of Benefits?	13 PS II
<b>VII. CLAIM PROCEDURES</b> What is the Procedure for Filing a Claim for Benefits?	13 PS II
<b>VIII. PLAN TERMINATION INSURANCE</b> Are Benefits Under this Plan Insured by the Federal Government?	15 PS II
<b>IX. STATEMENT OF RIGHTS UNDER THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974 (ERISA)</b>	15 PS II
<b>X. MISCELLANEOUS TOPICS</b> How Does this Plan Affect My Social Security Benefit? What Are the Tax Consequences Prior to Distribution of Benefits? What Are the Tax Consequences of Distributions? How is the Plan Administered? Has the Plan Been Approved by the Internal Revenue Service as a Qualified Plan? Is There Any Additional Information I Should Know About Our Plan?	16 PS II 16 PS II 16 PS II 17 PS II 17 PS II 18 PS II
<b>XI. CONCLUSION</b>	19 PS II

# Summary Plan Description of SAIC Profit Sharing Retirement Plan II

---

In general, your compensation for purposes of determining your share of allocation of Company contributions will be equal to your taxable wages as reflected on your Form W-2 for the period during the year in which you were a Plan participant, but the following items will be excluded:

- a. Overtime pay (base pay and premium pay for time worked in excess of a normal work day or work week).
- b. Commissions.
- c. Bonuses (including any supplemental amount provided under the Company's FlexComp Plan which is included on Form W-2).
- d. Taxable expense reimbursements or fringe benefits (including amounts relative to the grant or exercise of stock options or disposition of shares acquired through exercise of options).
- e. Any compensation paid before you became a Participant in the Plan.

Note that this compensation will include any FlexComp Plan deferrals you make, but will exclude amounts you defer into the Science Applications International Corporation Cash or Deferred Arrangement. Also, if you are employed outside the United States and entitled to the § 911 exclusion under the Internal Revenue Code, the excluded amounts of compensation will be added back in full for purposes of determining your allocation under the Plan.

**Voluntary Contributions.** The Plan no longer permits voluntary, after-tax contributions by Participants. If you made voluntary contributions to the Plan prior to January 1, 1987, these contributions will continue to be accounted for in a separate Voluntary Account until withdrawn by you or distributed due to termination of employment.

Effective January 1, 1994, compensation in excess of \$150,000 (adjusted beginning in 1995 for cost of living increases) must be disregarded for all Plan purposes.

## **HOW ARE THE FUNDS INVESTED?**

Under current Plan provisions, the Committee makes available a group of investment alternatives. Participants select the way in which their Plan Accounts may be invested from among the different investment alternatives, subject to limitations set forth by Committee rules. The Plan is intended to constitute a plan described in Section 404(c) of the Employee Retirement Income Security Act of 1974 (ERISA) and Title 29 of the Code of Federal Regulations Section 2550.404c-1. Under those provisions fiduciaries of the plan (e.g., Retirement Plans Committee) may be relieved of liability for any losses which are the direct and necessary result of investment directions given by you as a Plan participant or beneficiary. You will be provided with more detailed information regarding the current investment alternatives available to you along with election forms. It is your responsibility to make an informed election from among the available options. In this regard, you should review the current SAIC Prospectus which describes the current investment alternatives available and restrictions on transfers, distributions, etc. Moreover, information on the particular investment alternatives, including prospectuses on available mutual funds, is also available from the Retirement Programs Department.

# **Summary Plan Description of SAIC Profit Sharing Retirement Plan II**

---

You should be sure to complete and return your investment option forms to ensure that your account is invested according to your choices. Also, you should check the confirmations and account statements you receive to make sure that your investment choices have been properly implemented. If you fail to receive a confirmation of your investment selection and do not notify the Retirement Programs Department within thirty (30) days, or if you fail to correct what you believe to be an incorrect implementation of your investment selection within thirty (30) days of your selection, you will be deemed to have selected those investment alternatives in which your Accounts were actually invested, even if they do not correctly reflect your choices. Therefore, if you ever have questions or believe that your account is not being invested according to your election, contact the Retirement Programs Department immediately.

## **WILL I BE ABLE TO VOTE THE SHARES OF THE COMPANY STOCK THAT ARE HELD BY THE PLAN?**

You are entitled to vote shares of Company Stock allocated to your Plan Accounts, if any. The Committee will notify you at a reasonable time in advance of the time when your voting rights are to be exercised. All of the shares of Company Stock held in the Plan which are not allocated to accounts of Participants will be voted by the Plan Trustee proportionate to the votes on the allocated shares, as directed by Participants.

## **WHAT ARE THE PLAN BENEFITS AND WHEN DO I RECEIVE THEM?** **(See Article VII - CLAIM PROCEDURES)**

1. **Retirement.** If you retire after you attain age 59-1/2, you will be entitled to receive a lump-sum distribution of the entire interest in your Plan Accounts as soon as practicable following your Normal Retirement Date. You may elect to defer payment of your benefit until up to five (5) years following your Normal Retirement Date (but not beyond 70-1/2). If you reach age 70-1/2 but have not retired, payment of your benefits must commence prior to April 1 of the year following the year in which you attain age 70-1/2.

2. **Termination of Employment Before Retirement.** If your employment with the Company terminates prior to your attaining age 59-1/2, you will receive a lump-sum distribution of the vested interest in your Plan Account and the balance in your Voluntary Account, which is always fully vested (see Article V - VESTING below). Application for Benefits should be submitted at least sixty (60) days prior to a scheduled payment date.

If the vested interest in your Plan Account is \$3,500 or less, your benefits will be paid to you as a lump sum as soon as practicable after you terminate employment. If the vested interest in your Plan Account is more than \$3,500, you have three choices for distribution of your account:

- a. A lump sum paid approximately one hundred and twenty (120) days after the end of the year in which your fifth consecutive Break in Service occurs; or
- b. A lump sum paid any time following your termination of employment and before you have had five consecutive Breaks in Service; or
- c. A lump sum when you attain age sixty-two (62).



# Summary Plan Description of SAIC Profit Sharing Retirement Plan II

The non-vested portion of your Account will be forfeited at the time of distribution to you (or by ninety (90) days following the end of the Plan Year in which you terminate employment if you have no vested interest to be distributed).

If you are reemployed before you have five (5) consecutive Breaks in Service or on or before the last day of the Plan Year in which your fifth consecutive Break in Service occurs, you may reinstate your Account, including the non-vested portion which was forfeited, by repaying the amount distributed to you within five (5) years following reemployment or prior to incurring five (5) consecutive Breaks in Service after the distribution, whichever is earlier. If you had no vested interest in your Plan Account, your forfeited Account balance will be automatically reinstated upon reemployment prior to five (5) consecutive Breaks in Service.

To qualify for certain tax benefits, it may be to your advantage to receive all of your benefits from this Plan and the Science Applications International Corporation Cash or Deferred Arrangement (and Science Applications International Corporation Profit Sharing Retirement Plan, if you had an account in that Plan) in one (1) calendar year. As the laws are complex and subject to change, you should obtain your own tax advice before requesting any early distribution of your Account balances. You should also consult the current SAIC Prospectus, which contains additional tax information regarding Plan distributions.

3. **Withdrawal of Voluntary Accounts.** You are permitted to withdraw all or part of your Voluntary Account balance upon written request, subject to reasonable restrictions regarding the timing and frequency of such withdrawals. The earnings in such Account are taxable, however, and may also be subject to the additional tax on early distributions.

4. **Death Before Retirement.** If you should die while still employed by the Company, your beneficiary will be entitled to receive a cash lump-sum distribution of your Plan Accounts. This amount will be paid to your beneficiary within approximately one hundred twenty (120) days after the end of the calendar year in which your death occurs. In general, distributions must be made to your spouse by law unless your spouse has consented in writing to the designation of another beneficiary. Your beneficiary will be determined by a properly completed form you file with the Plan. **Accordingly, be sure your beneficiary designation forms are current.** Your will does not govern the distribution of your benefits if you have a valid beneficiary form on file with the Plan.

5. **Death After Retirement.** If you should die after you have retired from employment with the Company, but before your Accounts have been distributed to you, your beneficiary will be entitled to receive a lump-sum distribution of your Accounts. This amount will be paid to your beneficiary at the same time you would have received those benefits or approximately one hundred twenty (120) days after receipt of satisfactory Application for Benefits from the beneficiary. In general, distributions must be made to your spouse by law unless your spouse has consented in writing to the designation of another beneficiary on a properly completed beneficiary designation form.

### **Be sure your beneficiary designation forms are current.**

6. **Disability.** In the event you become permanently disabled while employed by the Company, you will receive a lump-sum distribution of your Accounts. This distribution will be paid to you within approximately one hundred twenty (120) days after the end of the calendar year in which your disability is established. You must submit an Application for Benefits and proof of disability as established by the Social Security Administration.

# Summary Plan Description of SAIC Profit Sharing Retirement Plan Table of Contents

---

<b>ARTICLE</b>		<b>PAGE</b>
<b>I.</b>	<b>INTRODUCTION</b>	<b>1 SAIC PS</b>
<b>II.</b>	<b>ELIGIBILITY AND PARTICIPATION</b>	
	What is the Plan's Effective Date?	1 SAIC PS
	Am I Eligible to Participate?	1 SAIC PS
	When Do I Become Eligible to Join?	2 SAIC PS
	When Does My Plan Participation Start?	2 SAIC PS
	How Do I Join?	3 SAIC PS
<b>III.</b>	<b>SERVICE RULES</b>	
	What is an "Hour of Service?"	3 SAIC PS
	What is a "Year of Service?"	3 SAIC PS
	What is a "Break in Service?"	4 SAIC PS
	What is the Effect of Having a Break in Service?	4 SAIC PS
	What is the Effect of Having a Leave of Absence?	4 SAIC PS
<b>IV.</b>	<b>RETIREMENT</b>	
	When Do I Retire?	5 SAIC PS
<b>V.</b>	<b>BENEFITS</b>	
	Who Pays for the Plan Benefits? How Are Company Contributions Allocated?	5 SAIC PS
	How Are the Funds Invested?	8 SAIC PS
	Will I Be Able to Vote the Shares of the Company Stock That Are Held by the Plan?	8 SAIC PS
	What Are the Plan Benefits and When Do I Receive Them?	8 SAIC PS
	What is Vesting?	10 SAIC PS
	What is Cumulative Service?	11 SAIC PS
	In What Form Will Benefits Be Paid?	11 SAIC PS
	Are Optional Payment Forms Available?	11 SAIC PS
	Do I Forfeit Any Benefits If My Employment Terminates?	11 SAIC PS
	What Happens to Funds Which Are Forfeited?	11 SAIC PS
	May I Borrow Money From The Plan?	11 SAIC PS
<b>VI.</b>	<b>LOSS OR DENIAL OF BENEFITS</b>	
	What Circumstances May Result in My Disqualification, Ineligibility, Denial, Loss, Forfeiture or Suspension of Benefits?	12 SAIC PS

# Summary Plan Description of the Profit Sharing Retirement Plan Table of Contents

<b>ARTICLE</b>		<b>PAGE</b>
<b>VII.</b>	<b>CLAIM PROCEDURES</b> What is the Procedure for Filing a Claim for Benefits?	<b>13 SAIC PS</b>
<b>VIII.</b>	<b>PLAN TERMINATION INSURANCE</b> Are Benefits Under this Plan Insured by the Federal Government?	<b>14 SAIC PS</b>
<b>IX.</b>	<b>STATEMENT OF RIGHTS UNDER THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974 (ERISA)</b>	<b>14 SAIC PS</b>
<b>X.</b>	<b>MISCELLANEOUS TOPICS</b> How Does this Plan Affect My Social Security Benefit? What Are the Tax Consequences Prior to Distribution of Benefits? What Are the Tax Consequences of Distributions? How is the Plan Administered? Has the Plan Been Approved by the Internal Revenue Service as a Qualified Plan? Is There Any Additional Information I Should Know About Our Plan?	<b>15 SAIC PS</b> <b>15 SAIC PS</b> <b>16 SAIC PS</b> <b>16 SAIC PS</b> <b>16 SAIC PS</b> <b>17 SAIC PS</b>
<b>XI.</b>	<b>CONCLUSION</b>	<b>18 SAIC PS</b>

# Summary Plan Description of SAIC Profit Sharing Retirement Plan

## HOW ARE THE FUNDS INVESTED?

Under current Plan provisions, the Committee makes available a group of investment alternatives. Participants select the way in which their Plan Accounts may be invested from among the different investment alternatives, subject to limitations set forth by Committee rules. The Plan is intended to constitute a plan described in Section 404(c) of the Employee Retirement Income Security Act of 1974 (ERISA) and Title 29 of the Code of Federal Regulations Section 2550.404c-1. Under those provisions fiduciaries of the Plan (e.g., Retirement Plans Committee) may be relieved of liability for any losses which are the direct and necessary result of investment directions given by you as a Plan participant or beneficiary. You will be provided with more detailed information regarding the current investment alternatives available to you along with election forms. It is your responsibility to make an informed election from among the available options. In this regard you should review the current SAIC Prospectus which describes the current investment alternatives available and restrictions on transfers, distributions, etc. Moreover, information on the particular investment alternatives, including prospectuses on available mutual funds, is also available from the Retirement Programs Department.

You should be sure to complete and return your investment option forms to ensure that your account is invested according to your choices. Also, you should check the confirmations and account statements you receive to make sure that your investment choices have been properly implemented. If you fail to receive a confirmation of your investment selection and do not notify the Retirement Programs Department within thirty (30) days, or if you fail to correct what you believe to be an incorrect implementation of your investment selection within thirty (30) days of your selection, you will be deemed to have selected those investment alternatives in which your Accounts were actually invested, even if they do not correctly reflect your choices. Therefore, if you ever have questions or believe that your account is not being invested according to your election, contact the Retirement Programs Department immediately.

## WILL I BE ABLE TO VOTE THE SHARES OF THE COMPANY STOCK THAT ARE HELD BY THE PLAN?

You are entitled to vote shares of Company Stock allocated to your Plan Accounts, if any. The Committee will notify you at a reasonable time in advance of the time when your voting rights are to be exercised. All of the shares of Company Stock held in the Plan which are not allocated to accounts of Participants will be voted by the Plan Trustee proportionate to the votes on the allocated shares, as directed by Participants.

## WHAT ARE THE PLAN BENEFITS AND WHEN DO I RECEIVE THEM? (See Article VII - CLAIM PROCEDURES)

1. **Retirement.** If you retire after you attain age 59-1/2, you will be entitled to receive a lump-sum distribution of the entire interest in your Plan Accounts as soon as practicable following your Normal Retirement Date. You may elect to defer payment of your benefit until up to five (5) years following your Normal Retirement Date (but not beyond 70-1/2). If you reach age 70-1/2 but have not retired, payment of your benefits must commence prior to April 1 of the year following the year in which you attain age 70-1/2.

2. **Termination of Employment Before Retirement.** If your employment with the Company terminates prior to your attaining age 59-1/2, you will receive a lump-sum distribution of the vested interest in your Plan Account and the balance in your Voluntary Account, which is always fully vested (see Article V - VESTING below). Application for Benefits should be submitted at least sixty (60) days prior to a scheduled payment date.

# Summary Plan Description of SAIC Profit Sharing Retirement Plan

If the vested interest in your Plan Account is \$3,500 or less, your benefits will be paid to you as a lump sum as soon as practical after you terminate employment. If the vested interest in your Plan Account is more than \$3,500, you have three choices for distribution of your account:

- a. A lump sum paid approximately one hundred twenty (120) days after the end of the year in which your fifth consecutive Break in Service occurs; or
- b. A lump sum paid any time following your termination of employment and before you have had five consecutive Breaks in Service; or
- c. A lump sum when you attain age sixty-two (62).

The non-vested portion of your Account will be forfeited at the time of distribution to you (or by ninety (90) days following the end of the Plan Year in which you terminate employment if you have no vested interest to be distributed).

If you are reemployed before you have five (5) consecutive Breaks in Service or on or before the last day of the Plan Year in which your fifth consecutive Break in Service occurs, you may reinstate your Account, including the non-vested portion which was forfeited, by repaying the amount distributed to you within five (5) years following reemployment or prior to incurring five (5) consecutive Breaks in Service after the distribution, whichever is earlier. If you had no vested interest in your Plan Account, your forfeited Account balance will be automatically reinstated upon reemployment prior to five (5) consecutive Breaks in Service.

To qualify for certain tax benefits, it may be to your advantage to receive all of your benefits from this Plan and the SAIC CODA (and SAIC Profit Sharing Retirement Plan II, if you had an account in that Plan) in one (1) calendar year. As the laws are complex and subject to change, you should obtain your own tax advice before requesting any early distribution of your Account balances. You should also consult the current SAIC Prospectus, which contains additional tax information regarding Plan distributions.

**3. Withdrawal of Voluntary Accounts.** You are permitted to withdraw all or part of your Voluntary Account balance upon written request, subject to reasonable restrictions regarding the timing and frequency of such withdrawals. The earnings in such Account are taxable, however, and may also be subject to the additional tax on early distributions.

**4. Death Before Retirement.** If you should die while still employed by the Company, your beneficiary will be entitled to receive a cash lump-sum distribution of your Plan Accounts. This amount will be paid to your beneficiary within approximately one hundred twenty (120) days after the end of the calendar year in which your death occurs. In general, distributions must be made to your spouse by law unless your spouse has consented in writing to the designation of another beneficiary. Your beneficiary will be determined by a properly completed form you file with the Plan. **Accordingly, be sure your beneficiary designation forms are current.** Your will does not govern the distribution of your benefits if you have a valid beneficiary form on file with the Plan.

# Summary Plan Description of SAIC Profit Sharing Retirement Plan

**5. Death After Retirement.** If you should die after you have retired from employment with the Company, but before your Accounts have been distributed to you, your beneficiary will be entitled to receive a lump-sum distribution of your Accounts. This amount will be paid to your beneficiary at the same time you would have received those benefits or approximately one hundred twenty (120) days after receipt of satisfactory Application for Benefits from the beneficiary. In general, distributions must be made to your spouse by law unless your spouse has consented in writing to the designation of another beneficiary on a properly completed beneficiary designation form.

**Be sure your beneficiary designation forms are current.**

**6. Disability.** In the event you become permanently disabled while employed by the Company, you will receive a lump-sum distribution of your Accounts. This distribution will be paid to you within approximately one hundred twenty (120) days after the end of the calendar year in which your disability is established. You must submit an Application for Benefits and proof of disability as established by the Social Security Administration.

**7. Valuation of Benefits.** Regardless of when your employment with the Company is terminated, the amount of benefits you will receive will be based on the value of your Account at the time your benefits are processed for payment under rules established by the Committee. The gains or losses from the investments in your Account will affect the value of your Account. The Company does not guarantee that your Account will not diminish in value. That will depend on the performance of the investment options you have selected or which have been designated for your Account balance.

## WHAT IS VESTING?

Your interest in your Plan Account vests as shown in the applicable schedule below based on cumulative Years of Service until you are 100% vested. Vesting simply means that the percentage of your Account represented by the following table is not subject to being forfeited when you terminate employment:

<i>Years of Cumulative Service</i>	<i>Vested Percentage</i>
Less than 3 years	0%
3 years but less than 4	25%
4 years but less than 5	50%
5 years but less than 6	75%
6 years or more	100%

If you reach age 59-1/2, become disabled, or die while you are employed by the Company, you will automatically be 100% vested in your Plan Account, regardless of your years of cumulative service.

LEBY ABRAHAM X2454

SHARES HELD BY THE RETIREMENT PLANS  
AS OF NOVEMBER 30, 1994

PLAN	A SHARES	B SHARES	# OF PARTICIPANT ACCOUNTS
CODA	5,425,207	0	16,522
ESOP	15,984,081	37,097	13,454
PROFIT SHARING	0	0	11,618
PROFIT SHARING II	47,928	39	2,032
TOTAL	21,457,216	37,136	