

The March issue of Vanity Fair magazine contains an article that grossly misrepresents SAIC through the use of innuendo and blatant falsehood. The article pieces together isolated allegations and lawsuits - - many of which are decades old.

While presented as a piece of investigative journalism, the authors demonstrated a clear bias and predetermined outcome while "researching" their story.

When the authors initially contacted us, they indicated in advance that the story they were working on would be unflattering. Acting in good faith, we provided written responses to the list of questions they submitted. These responses are available on ISSAIC, along with our transmittal letter to the editor of Vanity Fair in which we asked for objective treatment and a balanced story (see related information below).

The article extends far beyond the topics covered in the list of questions submitted to SAIC. It appears that the authors were not interested in our input because they also ignored the bulk of the information that we submitted in our written responses. At the outset, the editors of Vanity Fair appear to have found every negative press article and litigation matter involving SAIC during its 38 year existence. In their search for the negative, the authors of the article contacted anyone who might have something negative to say about SAIC and went on to quote terminated employees, litigants and contingent fee lawyers as if their word was the final authority. No attempt was made to place these matters into context or to achieve a balanced perspective. Further, the article ignores substantial publicly available information supportive of the company. The result is an article lacking in credibility.

The article also ignores the tremendous accomplishments that SAIC and its employees have achieved for our customers during our 38 years on tens of thousands of contracts. Instead, the article provides a distorted view of a handful of contracts of the over 100,000 SAIC has successfully completed. A more balanced description of the specific contracts discussed in the article is contained in our written responses and available on ISSAIC.

Although the article is filled with inaccurate and misleading information that portrays SAIC in a false light as an unethical company, set forth below are a couple of examples that illustrate the faulty logic and lengths the authors were willing to go to malign SAIC in the article.

The article preposterously suggests (i.e., "some might argue") that SAIC was involved in instigating the Iraq war. It's absurd to suggest that, by anticipating the rise of global terror networks and assisting the United States in defending itself against such threats, SAIC is somehow responsible for instigating the Iraq war. The run-up to the war is one of the most examined and investigated periods in American history; any such suggestion concerning SAIC is absurd and totally lacking in factual foundation.

The article's accusations concerning the so-called revolving door and SAIC's hiring of former government workers also lacks credibility. The Vanity Fair article dwells at length on the number of former government officials and employees who have joined SAIC

over the years. SAIC - like virtually every other government contractor - often hires former government employees. And with good reason: far from the illicit connections or improper influence with their old colleagues implied in the article, what such workers actually bring to the table is a deep understanding of their former agencies - the agency's mission, its objectives and how the private sector might best help accomplish them. The real issue should not be how many former government employees choose to go to work for SAIC, but whether they comply with the law's restrictions on their activities after leaving the government. SAIC goes to substantial effort and expense to make sure that its managers and employees obey the letter and spirit of the law in this highly regulated area. Additional information on this issue and our efforts to comply with these restrictions is available on ISSAIC (see related information below).

The article goes on to imply that SAIC's employee ownership system was really a mechanism to improperly influence government officials to award SAIC contracts because these government officials some day in the future may want to leave the government and join SAIC.

The article uses a quote from an employment lawyer who sued the Company almost 20 years ago as the "authority" for this absurd proposition. The article goes on to imply that employees who left the Company to work for the government "had considerable incentive to keep SAIC's continuing good fortunes in mind" on the assumption that they continued to own their SAIC stock and would benefit financially from helping SAIC's business interests as a government employee.

The article ignores the fact that until SAIC recently went public it had a right of repurchase upon termination of affiliation and repurchased the stock of employees who left the Company. Although a cursory investigation of the facts would have shown the absurdity and falsity of this allegation, the Vanity Fair article baselessly accuses the Company and these government employees of what amounts to criminal conduct.

For over 38 years, SAIC employees have done exemplary work for the nation in such activities as supporting the National Cancer Institute in Frederick, MD, in cancer and AIDS research, operating the national tsunami warning system, supporting the national DNA data base for catching criminals, advancing the state of robotics, measuring the stealth of Navy submarines and helping warfighters transform the way they fight.

Today we are a company of 44,000 dedicated employees working on more than 9,000 contracts. We are proud of our commitment to ethical performance, and we're proud of our employees and the level of knowledge and expertise they bring to their work.

We will be working with our line organizations, our customers, Capitol Hill and the news media to insure they have an accurate picture of SAIC.

- Arnold Punaro

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