Science Applications International Corp
Form DEF 14A
April 24, 2015

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 x

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))

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to § 240.14a-12

Science Applications International Corporation

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

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

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

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

¨ Fee paid previously with preliminary materials.

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

1. Amount Previously Paid:
2. Form, Schedule or Registration Statement No.:
3. Filing Party:
4. Date Filed:

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION

1710 SAIC Drive

McLean, Virginia 22102

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held June 3, 2015

The annual meeting of stockholders of Science Applications International Corporation (SAIC), a Delaware corporation, will be held at the company's headquarters, 1710 SAIC Drive, McLean, Virginia, on Wednesday, June 3, 2015, at 9:00 a.m. (ET). For the convenience of our employees and stockholders, the meeting will also 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 2015 Annual Report on Form 10-K are available at www.proxyvote.com. Information on these websites, 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 nine directors;
2. To conduct an advisory vote on executive compensation;
3. To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending January 29, 2016; and
4. To transact such other business as may properly come before the meeting or any adjournments, postponements or continuations of the meeting.

Only stockholders of record at the close of business on April 9, 2015, 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 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

Paul H. Greiner

Corporate Secretary

McLean, Virginia

April 24, 2015

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.

SUMMARY INFORMATION

This summary highlights information contained elsewhere in this proxy statement. It does not contain all information that you should consider, and you should read the entire proxy statement carefully before voting.

Annual Meeting of Stockholders

- Time and Date9:00 a.m. (ET) on June 3, 2015
- Place: 1710 SAIC Drive

  McLean, VA 22102
- Record Date: April 9, 2015
- Voting: Stockholders as of the record date are entitled to vote.
- Attendance: All stockholders and their duly appointed proxies may attend the meeting.

Meeting Agenda and Voting Recommendations

Agenda Item	Board Recommendation	Page
Election of nine directors	FOR EACH NOMINEE	5
To conduct an advisory vote on executive compensation	FOR	18
Ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm	FOR	39

Board Nominees

The following table provides summary information about each director nominee. Each director nominee is elected annually by a majority of votes cast.

Nominee	Age	Director Since	Principal Occupation	Committees
Robert A. Bedingfield	66	2013	Former Global Coordinating Partner at Ernst & Young LLP	• Audit (chair) • Ethics

Deborah B. Dunie	51	2015	Former Executive Vice President and Chief Technology Officer of CACI International, Inc.	• Classified Business • Compensation
Thomas F. Frist, III	47	2013	Principal of Frist Capital LLC	• Audit • Nominating (chair)
John J. Hamre	64	2013	Chief Executive Officer and President of Center for Strategic & International Studies; former U.S. Deputy Secretary of Defense and Under Secretary of Defense (Comptroller)	• Classified Business (chair) • Ethics (chair) • Nominating
Timothy J. Mayopoulos	56	2015	President and Chief Executive Officer of the Federal National Mortgage Association (FNMA)	• Audit • Nominating
Anthony J. Moraco	55	2013	Chief Executive Officer	• Classified Business • Ethics
Donna S. Morea	60	2013	Former President of U.S., Europe, and Asia for CGI Group	• Compensation (chair) • Ethics
Edward J. Sanderson, Jr.	66	2013	Chair of the Board; former Executive Vice President of Oracle Corporation	• Classified Business • Compensation • Nominating
Steven R. Shane	57	2013	Former partner at Accenture PLC	• Audit • Compensation

Corporate Governance Highlights

Board Independence

- Nine of ten current directors qualify as Independent Directors
- E.J. Sanderson, Jr. is the independent Chair of the Board of Directors
- Mandatory Retirement Age for Independent Directors is 75 years
- Mandatory Retirement Age for Employee Directors is 65 years

Director Elections

- Annual Board Elections
- Directors Elected by a Majority of Votes Cast

Board Meetings in Last Fiscal Year

- Eight Full Board Meetings
- Five Independent Director Only Sessions

Evaluating and Improving Board Performance

- Annual Board Self-Evaluation Required
- Annual Review of Independence of Board
- Committee Self Evaluations Required
- Board Orientation/Education Programs

Aligning Director and Stockholder Interests

- Director and Executive Stock Ownership Guidelines
- Annual Equity Grant to Non-Employee Directors

Published Governance Policies and Practices

(visit www.saic.com)

- Corporate Governance Guidelines
- Code of Business Conduct of the Board of Directors
- Code of Conduct for Employees
- Charters for Board Committees
- Chair of the Board Position Description

SCIENCE APPLICATIONS INTERIONAL CORPORATION

Proxy Statement

Table of Contents

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION

1710 SAIC Drive

McLean, Virginia 22102

ANNUAL MEETING OF STOCKHOLDERS

To Be Held June 3, 2015

PROXY STATEMENT

This proxy statement is being furnished to the stockholders of Science Applications International Corporation (SAIC), 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 company's headquarters, 1710 SAIC Drive, McLean, Virginia, on Wednesday, June 3, 2015, at 9:00 a.m. (ET) and at any and all adjournments, postponements or continuations of the meeting. This proxy statement and the proxy and voting instruction card are first being sent or made available to our stockholders on or about April 24, 2015.

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 as of the close of business on our record date of April 9, 2015 are entitled to notice of, and to vote at, the annual meeting. As of April 9, 2015, there were 46,038,809 shares of common stock outstanding. We have no other class of capital stock outstanding.

Do I need an admission ticket to attend the annual meeting?

Yes. If you attend the meeting, you will be asked to present an admission ticket or proof of ownership and valid photo identification.

- If you received your proxy material via U.S. mail, your admission ticket is attached to your proxy and voting instruction card. Please detach the admission ticket and bring it with you to the meeting.
- If you vote electronically through the Internet, you can print an admission ticket from the online site.
- If you hold shares through an account with a bank or broker, you should bring a letter or a recent account statement showing that you owned our common stock in your account as of the record date. This will serve as your admission ticket.

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 9, 2015 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.

What is a broker “non-vote”?

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. In tabulating the voting results for a particular proposal, broker “non-votes” are not considered entitled to vote on that proposal. Broker “non-votes” will not have an effect on the outcome of any matter being voted on at the meeting, assuming a quorum is present.

INFORMATION ABOUT VOTING RIGHTS AND SOLICITATION OF PROXIES

Unless you provide voting instructions to any broker holding shares on your behalf, your broker may not use discretionary authority to vote your shares on any of the matters to be considered at the annual meeting other than the ratification of our independent registered public accounting firm. Please vote your shares or provide voting instructions to your broker so your vote can be counted.

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 9, 2015, on any matter submitted to a vote of stockholders at the annual meeting.

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 in accordance with the Board's recommendations as follows:

- FOR all of the company's nominees to the Board;
- FOR the approval, on a non-binding, advisory basis, of the compensation of our named executive officers; and
- FOR the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending January 29, 2016.

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 going to www.proxyvote.com or by scanning the QR code on your proxy and voting instruction card with a smart phone and following the instructions.

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 company's headquarters in McLean, Virginia, and vote in person if you are a stockholder of record or if you have obtained a valid proxy from the stockholder of record.

Submitting a proxy will not prevent you 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 mailing agent, Broadridge, as described below or by attending the annual meeting and voting in person. The mailing address of our mailing agent is Broadridge, 51 Mercedes Way, Edgewood, NY 11717. Attendance at the annual meeting will not, however, in and of itself, revoke a proxy.

What are the voting deadlines?

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 2, 2015. 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 May 29, 2015.

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, 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 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.

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, Key Executive Stock Deferral Plan and Deferred Compensation Plan, Vanguard Fiduciary Trust Company, as trustee of these stock plans, has the power to vote the shares of common stock held in these stock plans. Vanguard will vote all such shares in the same proportion that our other stockholders collectively vote their shares of common stock. If you are a participant in these stock plans, you do not have the right to instruct Vanguard on how to vote your proportionate interests in the shares of common stock held in these stock plans.

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

These terms describe how the ownership of your shares is reflected on the books of the company or our transfer agent. If your shares are registered directly with Computershare, our transfer agent, then you are a "stockholder of record" of 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 of these shares. The organization holding your account is considered the stockholder of record for purposes of voting at the annual meeting. As a beneficial owner, you have the right to instruct 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 or annual report, or if you do not wish to participate in householding and prefer to receive separate copies of these documents in the future, please contact our mailing agent, Broadridge, either by calling toll-free at (800) 542-1061, or by writing to Broadridge, Householding Department, 51 Mercedes Way, Edgewood, NY 11717. If you own shares through a bank, broker or other nominee, you should contact the nominee concerning householding procedures. We will promptly deliver a separate copy of the proxy statement or annual report to you upon request.

If you are eligible for householding, but you and other stockholders of record with whom you share an address currently receive multiple copies of the proxy statement or annual report and you wish to receive a single copy of each of these documents for your household, please contact our mailing agent, Broadridge, at the telephone number or address indicated above to bring this to our mailing agent's attention.

Where can I find the voting results of the annual meeting?

We intend to announce preliminary voting results at the annual meeting and publish final results in a Current Report on Form 8-K to be filed with the SEC within four business days of the annual meeting.

INTERNET AVAILABILITY OF PROXY MATERIALS

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.

On or about April 24, 2015, 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 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 proxy statement and annual report are available at www.proxyvote.com.

PROPOSAL 1—ELECTION OF DIRECTORS

At the annual meeting, nine directors are to be elected to serve for one-year terms to hold such position until their successors are elected and qualified unless any such director resigns or is removed prior to the end of such term. 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 able and willing to serve. Each nominee has consented to be named in this proxy statement and to serve if elected.

Majority Voting Standard in Uncontested Director Elections

We have adopted majority voting procedures for the election of directors in uncontested elections. In an uncontested election, nominees must receive more "for" than "against" votes to be elected without further action. Abstentions are not counted as votes cast. As provided in our bylaws, a "contested election" is one in which the number of nominees exceeds the number of directors to be elected. The election of directors at the 2015 annual meeting is an uncontested election.

If an incumbent director receives more "against" than "for" votes, he or she is expected to tender his or her resignation in accordance with our Corporate Governance Guidelines. The Nominating and Corporate Governance Committee will consider the offer of resignation and recommend to the Board of Directors the action to be taken. The Board 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 or some other public announcement.

Shares of common stock represented by properly executed, timely received and unrevoked proxies will be voted as instructed in the proxy. In the absence of specific instructions, the shares represented by properly executed, timely received and unrevoked proxies will be voted " for " each nominee. If any of the nominees listed below becomes 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.

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 our company. The Board evaluates each individual in the context of the Board as a whole, with the objective of recommending to stockholders a group of nominees 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.

Robert A. Bedingfield, age 66

Director Director since 2013

Until his retirement in June 2013, Mr. Bedingfield was a Global Coordinating Partner at Ernst & Young LLP ("E&Y") with over 40 years of experience, including 32 years as a partner in E&Y's accounting and auditing practices. He previously served as E&Y's Aerospace & Defense Practice Leader for over 15 years. He also served as Senior Advisory Partner for a number of E&Y's largest clients and served on E&Y's Senior Governing Board. Mr. Bedingfield has been a Trustee of the University of Maryland at College Park Board of Trustees since 2000 and has served on its Executive Committee and as Chair of its Audit Committee. Since March 2015, Mr. Bedingfield has also been a member of the Board of Directors of GeoPark Limited, a Latin American oil and gas explorer, operator and consolidator.

The Board believes that Mr. Bedingfield's financial expertise and his deep knowledge and experience in government contracting gained through decades of serving major companies in our industry provide important contributions to our Board.

Deborah B. Dunie, age 51

Director Director since 2015

Ms. Dunie has over 30 years experience in the aerospace and defense industry most recently serving as Executive Vice President and Chief Technology Officer of CACI International, Inc. from October 2006 to December 2014. Prior to this time, Ms. Dunie worked with the Department of Defense as a member of the Defense Intelligence Senior Executive Service from 2002 to 2006. Ms. Dunie served within the Office of the Under Secretary of Defense for Intelligence as Director, Plans and Analysis and as the Director of the Business Transformation Office at the National Imagery & Mapping Agency (currently known as the National Geospatial-Intelligence Agency). Prior to this time, Ms. Dunie held key positions at Oracle Corporation, Raytheon E-Systems, Inc., Martin Marrietta Corporation, Pacific-Sierra Research Corporation and ITT Corporation.

PROPOSAL 1—ELECTION OF DIRECTORS

The Board believes that Ms. Dunie's extensive experience in both the private and government sectors combined with her technical expertise in information systems and knowledge of the defense industry will provide a valuable perspective to the Board.

Thomas F. Frist, III, age 47

Director Director since 2013

Mr. Frist is a principal of Frist Capital LLC, a private investment vehicle for Mr. Frist and certain related persons, and has held this position since 1994. Prior to that, he co-managed FS Partners, LLC 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 Holdings, Inc., one of the largest non-governmental operators of health care facilities in the United States. He was previously a director of Leidos Holdings, Inc. from 2009 until September 2013 and of Triad Hospitals, Inc. from 1999 to 2006.

The Board believes that Mr. Frist's background and experience in finance and capital markets add a valuable dimension to our Board, particularly in the areas of capital deployment and other company financial matters.

John J. Hamre, age 64

Director Director since 2013

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 MITRE Corporation, Exelis, Inc. and Leidos Holdings, Inc. He was previously a director of Oskosh Corporation until January 2012, a director of ITT Corporation until October 2011, and 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. He serves as Chairman of the Defense Policy Board Advisory Committee. His particular expertise in matters key to our business, as well as his executive management experience as Chief Executive Officer of a leading public policy research institution, offer important contributions to our Board.

Timothy J. Mayopoulos, age 56

Director	Director since 2015

Mr. Mayopoulos has served as President and Chief Executive Officer of Federal National Mortgage Association, known as Fannie Mae, since June 2012. Mr. Mayopoulos joined Fannie Mae in April 2009 as General Counsel and Corporate Secretary and assumed the additional role of Chief Administrative Officer in September 2010. Prior to joining Fannie Mae, Mr. Mayopoulos served as Executive Vice President and General Counsel of Bank of America Corporation. Mr. Mayopoulos also has served in senior management and legal roles at Deutsche Bank AG, Credit Suisse First Boston, and Donaldson, Lufkin & Jenrette, Inc.

Mr. Mayopoulos has over 30 years of professional experience, including nearly 20 years in senior positions in various financial services companies. His valuable contributions to our Board include his executive management experience, his experience in finance and capital markets, his legal background, and his experience operating in highly regulated businesses.

Anthony J. Moraco, age 55

Director and Chief Executive Officer	Director since 2013

Mr. Moraco has served as our Chief Executive Officer and a Director since our separation from our former parent, Leidos Holdings, Inc., in September 2013. Prior to this time, Mr. Moraco served in various positions at Leidos, including serving as the President of its Government Solutions Group from February 2013 to September 2013, as Group President of its Intelligence, Surveillance and Reconnaissance organization from March 2012 to February 2013, as its Executive Vice President for Operations and Performance Excellence from August 2010 to March 2012 and as the Business Unit General Manager of its Space and Geospatial Intelligence Business Unit from 2006 to 2010. Prior to this time, Mr. Moraco was with the Boeing Company from 2000 to 2006 and served as the Deputy General Manager of Space & Intelligence Mission Systems and also the Phantom Works Director of Homeland Security Technology Integration. Mr. Moraco began his career at Autometric, Inc. in 1984 and served in various leadership roles during his 16 years there supporting the intelligence community until Boeing's acquisition of Autometric in 2000.

6

PROPOSAL 1—ELECTION OF DIRECTORS

The Board believes that Mr. Moraco's leadership skills and management ability proven during his tenure as an executive officer of our former parent make him highly qualified to serve on 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 as well as bring management's perspective on matters considered by the Board.

Donna S. Morea, age 60

Director since 2013

Director
Ms. Morea is a nationally recognized executive in IT professional services management with over thirty years of experience. From May 2004 until her retirement at the end of 2011, Ms. Morea served as President of CGI Technology and Solutions, Inc., a wholly-owned U.S. subsidiary of CGI Group, one of the largest independent information technology firms in North America. In that role, she led CGI's IT and business process services in the U.S. and India for large enterprises in financial services, healthcare, telecommunications and government. She currently serves on the Board of Directors of SunTrust Banks, Inc.

The Board believes that Ms. Morea's executive management experience and information technology expertise provide valuable leadership experience and market knowledge of a significant segment of our business.

Director since 2013
Edward
J.

Sanderson, Jr., age 66

Chair of the Board

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 Andersen Consulting (now Accenture). He was previously a director of Leidos Holdings, Inc. from 2002 until September 2013, and a director of Quantum Corp. until September 2005. Since February 2015, Mr. Sanderson has served as a member of the Board of Trustees of The Scripps Research Institute, one of the world's largest private biomedical research organizations.

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 us as a global provider of information technology services.

Steven R. Shane, age 57

Director since 2013

Mr. Shane retired in September 2011 as a partner of Accenture plc, a management consulting, technology and outsourcing services firm, after a 30-year career. While at Accenture, Mr. Shane was the Managing Partner of the North America Public Service business for Accenture responsible for Accenture’s U.S. federal, state and local and Canadian federal and provincial business. He also held several other senior management positions, including those where he led consulting engagements for many of the largest banking institutions in the United States. Following his retirement from Accenture, Mr. Shane joined LH&P, LLC, a boutique consulting company, where he provides strategic, organizational and business advice to senior executives in some of the largest U.S. financial services companies. Mr. Shane also is a member of the Board of Directors and chair of the Audit Committee of ZPower, LLC and serves as an Advisory Board Member for MAXIMUS Federal Services.

Mr. Shane's expertise in financial matters and the implementation of significant, mission critical technology systems for the U.S. government as well as state and local governments offer perspectives that our Board considers valuable to us as a leading provider of technical, engineering and enterprise information technology services to the government customers.

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 links entitled “About” and then “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 and other corporate governance documents 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 relating to corporate governance.

Codes of Conduct

All of our employees, including our executive officers, are required to comply with our Code of Conduct, which describes our standards for protecting company 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.

Our directors also are required to comply with our 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 our 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 “About” followed by “Corporate Governance.”

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, stockholder 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 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 an analysis of the responses, the Board of Directors determined that all directors, except for Mr. Moraco because of his role as our Chief Executive Officer, are independent under its guidelines and free from any relationship that would interfere with the exercise of their independent judgment. The Board of Directors considered the following relationships involving Mr. Bedingfield and Dr. Hamre in reaching the conclusion that such relationships did not interfere with the exercise of each of their independent judgment:

- Mr. Bedingfield's son, Kenneth Bedingfield, became the Chief Financial Officer of Northrop Grumman Corporation effective February 3, 2015; and
- Dr. Hamre is Chairman of the Defense Policy Board Advisory Committee, a committee that advises the Secretary of Defense on foreign policy matters. The Committee has no role in acquisition issues. He is also a member of the Board of Directors of Exelis Inc and Leidos Holdings, Inc.

CORPORATE GOVERNANCE

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. In evaluating potential nominees, the Committee and the Board consider each individual in the context of the Board as a whole, with the objective of recommending to stockholders a slate of individual director nominees 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:

- expertise and involvement in areas relevant to our business such as defense, intelligence, science, finance, government or commercial and international business;
- interpersonal skills, substantial personal accomplishments and diversity as to gender, age, ethnic background and experience;
- 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, with the ability to exercise sound judgment informed by diversity of experience and perspectives; and
- benefits from the continuing service of qualified incumbent directors in promoting stability and continuity, contributing to the Board's ability to work together as a collective body and giving the company the benefit of experience and insight that its directors have accumulated during their tenure.

The Nominating and Corporate Governance Committee reviews the director selection process annually and the Committee and the Board assess its effectiveness through an annual written evaluation process. 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 range of 7 to 14 directors currently specified in our Bylaws, no more than three directors may be an employee of SAIC;
- 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. In addition, non-employee directors may not serve on the board of directors of more than four other publicly-traded companies. Moreover, directors are expected to act ethically at all times and adhere to our Code of Business Conduct of the Board of Directors.

Board Leadership Structure

The Board is currently led by a non-executive Chair, Mr. Sanderson, who is an independent director. 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 Chair of the Board, whether that person is an independent director or the Chief Executive Officer. The Board selects the Chair annually and may decide to separate or combine the roles of Chair of the Board and Chief Executive Officer, if appropriate, at any time in the future. In cases where the Board determines it is in the best interests of our stockholders to combine the positions of Chair and Chief Executive Officer, the independent directors will designate a lead independent director with the responsibilities described in our Corporate Governance Guidelines.

The functions of the non-executive Chair of the Board include:

- planning the Board’s annual schedule of meetings and agendas, in consultation with the Chief Executive Officer and Corporate Secretary and other directors as appropriate;
- coordinating with the Chief Executive Officer and the Corporate Secretary to ensure that the Board receives the appropriate quantity and quality of information in a timely manner to enable it to make informed decisions;
- chairing all meetings of the Board and of the independent directors in executive session and ensure that meetings are conducted efficiently and effectively;

- facilitating full and candid Board discussions, ensure all directors express their views on key Board matters and assist the Board in achieving a consensus;
- working with committee chairs to ensure that each committee functions effectively and keeps the Board apprised of actions taken;
- building consensus, developing teamwork and a cohesive Board culture and facilitating formal and informal communication with and among directors; and
- serving as the liaison between the Board and company management.

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, making decisions 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 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 senior management that, among other things, works with the Chief Executive Officer, Board Committees and the full Board to establish the overall corporate risk strategy and oversight of policies, systems, processes and training relating to risk matters within the company. This committee reports 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

The Board of Directors held eight meetings of the entire Board through the end of fiscal 2015. The independent directors met five times during the year, either in executive session of regular board meetings or in separate meetings. Mr. Sanderson, the non-executive Chair of the Board, presides at all executive sessions of our independent directors as provided by our Corporate Governance Guidelines. During fiscal 2015, no director attended fewer than 75% of the aggregate of the meetings of the Board and committees of the Board on which they served. It is our policy to encourage all directors to attend our annual meeting of stockholders.

The Board of Directors has the following principal standing committees: Audit, Classified Business Oversight, Ethics and Corporate Responsibility, 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."

Audit Committee

The current members of the Audit Committee are Robert A. Bedingfield (Chair), Thomas F. Frist, III, Timothy J. Mayopoulos and Steven R. Shane. The Board of Directors has determined that each member 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 each member of the Audit Committee qualifies 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; after a transition period allowed for new public companies, obtain and review a report by the independent registered public accounting firm that describes our internal 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 Report 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 in addition to the acceptability of accounting principles used to prepare our consolidated financial statements; review our responses to any investigation of the SEC or any national securities exchange on which our shares are listed; review the type of information to be disclosed in our earnings press releases and discuss the earnings press releases; and review any financial information and earnings guidance provided to analysts and rating agencies.
- Ethical and Legal Compliance—Review the effectiveness of our system for monitoring compliance with laws and regulations; establish procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters (including procedures for receiving and handling complaints on a confidential and anonymous basis); and evaluate and handle any complaints submitted to or reported to the Audit Committee.
- Other Responsibilities—Discuss and evaluate our guidelines and policies regarding risk assessment and risk management; discuss our major financial risk exposures and the steps management has taken to monitor and control such exposures; and review our litigation, government investigation and legal compliance matters that could have a significant impact on our financial statements.

The Audit Committee held eight meetings through the end of fiscal 2015.

Classified Business Oversight Committee

The current members of the Classified Business Oversight Committee are John J. Hamre (Chair), Deborah B. Dunie, Anthony J. Moraco and Edward J. Sanderson, Jr. 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;
- 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.

Because the Company did not have a significant amount of classified work, the Classified Business Oversight Committee held no meetings through the end of fiscal 2015. The Company's classified work is expected to increase significantly following the closing of the previously announced agreement to acquire Scitor Holdings, Inc., which is anticipated to be completed in May 2015.

Ethics and Corporate Responsibility Committee

The current members of the Ethics and Corporate Responsibility Committee are John J. Hamre (Chair), Robert A. Bedingfield, Anthony J. Moraco and Donna S. Morea. 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 compliance with our Code of Conduct by our executive officers and other employees;
- reviewing and establishing procedures for the receipt, retention and treatment of complaints regarding violations of our policies, procedures and standards related to ethical conduct and legal compliance;
- reviewing and evaluating the effectiveness of our ethics, compliance and training programs and related administrative policies; and
- reviewing our policies and practices in the areas of corporate responsibility including, the safety and protection of the environment, charitable contributions and such political, social and environmental issues that may affect our business operations, performance, public image or reputation.

The Ethics and Corporate Responsibility Committee held four meetings through the end of fiscal 2015.

Human Resources and Compensation Committee

The current members of the Human Resources and Compensation Committee are Donna S. Morea (Chair), Jere A. Drummond, Deborah B. Dunie, Edward J. Sanderson, Jr. and Steven R. Shane. In anticipation of Mr. Drummond's expected retirement from the Board in June 2015, the Chair of the Committee transitioned from Mr. Drummond to Ms. Morea after the Committee's meeting in March 2015. The Board of Directors has determined that each of the members of the Human Resources and Compensation Committee is independent for purposes of our Corporate Governance Guidelines. The responsibilities of the Human Resources and Compensation Committee are set forth in its charter and include:

- determining the compensation of our Chief Executive Officer and reviewing and approving the compensation of our other executive officers;
- reviewing and evaluating with the Chief Executive Officer the long-range plans for management succession;
- exercising all rights, authority and functions reserved to them under all of our equity, retirement and other compensation plans;
- approving and making recommendations to the Board of Directors regarding non-employee director compensation;
- preparing an annual report on executive compensation for inclusion in our proxy statement or annual report on Form 10-K in accordance with the rules and regulations of the SEC; and
- periodically reviewing our human resources strategy, policies and programs.

In the exercise of its responsibilities, the Human Resources and Compensation Committee may delegate such of its authorities and responsibilities as the Committee deems proper to members of the Committee or to a subcommittee. The Committee's processes and procedures for the consideration and determination of executive compensation are discussed in further detail under "Compensation Discussion and Analysis" below. The Human Resources and Compensation Committee held six meetings through the end of fiscal 2015.

CORPORATE GOVERNANCE

Role of Independent Consultant

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

- reviewing our total compensation philosophy, peer group, and target competitive positioning for reasonableness and appropriateness;
- reviewing our overall executive compensation program and advising the Committee on evolving best practices;
- providing independent analyses and recommendations to the Committee on executive officers' compensation and new programs that management submits to the Committee for approval; and
- reviewing the Compensation Discussion and Analysis section of our proxy statement.

The consultant interacts directly with members of management only on matters under the Committee's oversight and with the knowledge and permission of the Committee. The Committee has assessed the independence of Frederic W. Cook & Co., Inc. pursuant to SEC rules and concluded that the firm's work for the Committee does not raise any conflict of interest.

Compensation Committee Interlocks and Insider Participation

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

Nominating and Corporate Governance Committee

The current members of the Nominating and Corporate Governance Committee are Thomas F. Frist, III (Chair), Jere A. Drummond, John J. Hamre, Timothy J. Mayopoulos and Edward J. Sanderson, Jr. The Board of Directors has determined that each of the members of the Nominating and Corporate Governance Committee is independent for purposes of our Corporate Governance Guidelines. The responsibilities of the Nominating and Corporate Governance Committee are set forth in its charter and include:

- evaluating, identifying and recommending director nominees, including nominees proposed by stockholders;
- reviewing and making recommendations regarding the composition and procedures of the Board of Directors;
- making recommendations regarding the size, composition and charters of the Board's committees;
- developing and recommending to the Board of Directors a set of corporate governance principles, including recommending an independent director to serve as non-executive Chair of the Board or as Lead Director; and
- developing and overseeing an annual self-evaluation process of the Board of Directors and its committees.

The Nominating and Corporate Governance Committee held three meetings through the end of fiscal 2015.

Director Nominations Process

The Nominating and Corporate Governance Committee utilizes a variety of methods for identifying and evaluating nominees for directors. The Committee regularly assesses the Board's current and projected strengths and needs by, among other things, reviewing the Board's current profile, the criteria for Board membership described on page 9 and our current and future needs.

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

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

Stockholder Nominations

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

Such stockholder's notice must include certain information as provided in Section 3.03 of our bylaws about the nominee, the stockholder and the underlying beneficial owner, if any, including his or her name, age, address, occupation, shares, rights to acquire shares, information about derivatives, hedges, short positions, understandings or agreements regarding the economic and voting interests of the nominee, the stockholder and related persons with respect to our stock, if any, and such other information as would be required to be disclosed in a proxy statement soliciting proxies for the election of the proposed nominee. In addition, the notice must contain certain information about the stockholder proposing to nominate that person. We may require any proposed nominee to furnish such other information as may reasonably be required to determine the eligibility of such proposed nominee to serve as a director. A stockholder's notice must be updated, if necessary so that the information submitted is true and correct as of the record date for determining stockholders entitled to receive notice of the meeting.

Mandatory Retirement Policy

The Board has adopted a mandatory retirement age of 75 for independent directors and 65 for employee directors. It is the general policy of the Nominating and Corporate Governance Committee not to nominate candidates for re-election at any annual stockholder meeting to be held after he or she has attained the applicable retirement age.

Board of Directors Compensation

The Board of Directors uses a combination of cash retainers and fees and stock-based incentives to attract and retain qualified candidates to serve as directors. In determining director compensation, the Board of Directors considers the significant amount of time required of our directors in fulfilling their duties, as well as the skill and expertise of our directors. The Human Resources and Compensation Committee periodically reviews director compensation with the assistance of our independent compensation consultant and recommends to the Board of Directors the form and amount of compensation to be provided. The director compensation described below represents the total compensation received by our directors for their service.

The following is a summary of the compensation that we provide to our non-employee directors:

Cash Compensation. Our directors receive a cash retainer for their service on the Board of Directors. For fiscal 2015, the annual retainer was $50,000 and the annual retainer for the Chair of each committee of the Board was an additional $10,000, except for the Chair of the Audit Committee where the annual retainer is an additional $15,000. The annual retainer for the independent Chair of the Board is an additional annual retainer of $160,000. These retainers are paid quarterly in advance. In addition to the cash retainers, non-employee directors also received $2,000 for each meeting of the Board and committee they attended. We also reimburse our directors for expenses incurred while attending meetings or otherwise performing services as a director.

Equity Compensation. Directors are eligible to receive equity awards under our equity incentive plan. These equity awards vest on the earlier of one year from the date of grant or on the date of the next annual meeting of stockholders following the date of grant. If a director retires due to our mandatory retirement policy, the director's equity awards continue to vest as scheduled and options remain exercisable for the remainder of the option term.

Deferral Plans. Prior to January 1, 2015, directors were eligible to defer all or any portion of their cash retainers and fees into our Keystaff Deferral Plan and/or our Key Executive Stock Deferral Plan. Starting on January 1, 2015, directors are eligible to defer all or any portion of their cash retainers and fees into our Deferred Compensation Plan. These plans are described in further detail under the caption "Executive Compensation—Nonqualified Deferred Compensation" below.

Stock Ownership Guidelines and Policies. The Board of Directors believes that its members should acquire and hold shares of our stock in an amount that is meaningful and appropriate. To encourage directors to have a material investment in our stock, the Board has adopted stock ownership guidelines that call for directors to hold shares of our stock with a value of at least five times the amount of the annual cash retainer. Board members are required to hold all shares of stock acquired under our equity programs until this target value has been achieved. In addition to these ownership guidelines, our directors are also subject to policies that prohibit certain short-term or speculative transactions in our securities that we believe carry a greater risk of liability for insider trading violations or may create an appearance of impropriety. Our policy requires directors to obtain preclearance from our General Counsel for all transactions in our securities.

The following table sets forth information regarding the compensation paid to our directors for service in fiscal 2015.

Name [(1)]	Fees earned or paid in cash ($) [(2)]	Stock awards ($) [(3)]	Option awards ($) [(4)]	Total ($)
Robert A. Bedingfield	105,000	100,019	50,004	255,023
France A. Cordova [(5)]	2,000	-	-	2,000
Jere A. Drummond	94,000	100,019	50,004	244,023
Thomas F. Frist, III	98,000	100,019	50,004	248,023
John J. Hamre	96,000	100,019	50,004	246,023
Donna S. Morea	84,000	100,019	50,004	234,023
Edward J. Sanderson, Jr.	244,000	100,019	50,004	394,023
Steven R. Shane	94,000	100,019	50,004	244,023

(1) Mr. Moraco, our Chief Executive Officer, is not included in this table because he received no additional compensation for his service as a director. Ms. Dunie and Mr. Mayopoulos are not included in this table because they did not serve as directors during fiscal 2015.

(2) Amounts in this column represent the aggregate dollar amount of all fees earned or paid in cash for services as a director for annual retainer fees, committee and/or chair fees and meeting fees. Prior to January 1, 2015, directors were eligible to defer all or any portion of their cash retainers and fees into our Keystaff Deferral Plan and/or our Key Executive Stock Deferral Plan and starting on January 1, 2015, directors are eligible to defer all or any portion of their cash retainers and fees into our Deferred Compensation Plan. Director fees that are deferred into the Key Executive Stock Deferral Plan are denominated in stock units of equal value. In fiscal 2015, the following directors deferred the following amounts and received the following number of stock units in our Key Executive Stock Deferral Plan:

Name	Amount Deferred ($)	Stock units received upon deferral of fees (#)
Robert A. Bedingfield	84,750	1,989
Jere A. Drummond	64,000	1,465

CORPORATE GOVERNANCE

(3) Amounts in this column reflect the grant date fair value computed in accordance with stock-based compensation accounting rules (FASB ASC Topic 718). For fiscal 2015, Messrs. Bedingfield, Drummond, Frist, Hamre, Sanderson, Shane and Ms. Morea each received 2,630 restricted stock units. For more information regarding our application of FASB ASC Topic 718, including the assumptions used in the calculations of these amounts, see Note 6 of Notes to Consolidated and Combined Financial Statements included in our Annual Report on Form 10-K as filed with the SEC on March 31, 2015. At the end of fiscal 2015, the following non-employee directors held the following number of unvested stock units:

Name	Unvested stock units
Robert A. Bedingfield	2,630
Jere A. Drummond	2,630
Thomas F. Frist, III	2,630
John J. Hamre	2,630
Donna S. Morea	2,630
Edward J. Sanderson, Jr.	2,630
Steven R. Shane	2,630

(4) Amounts in this column reflect the grant date fair value computed in accordance with FASB ASC Topic 718. Option awards granted to directors vest on the earlier of one year from the date of grant or on the date of the next annual meeting of stockholders following the date of grant. During fiscal 2015, Messrs. Bedingfield, Drummond, Frist, Hamre, Sanderson, Shane and Ms. Morea were each issued nonstatutory options to purchase 9,014 shares of our common stock. At the end of fiscal 2015, our non-employee directors held vested and unvested options to purchase the following number of shares of our common stock.

Name	Aggregate shares subject to outstanding options
Robert A. Bedingfield	15,292
Jere A. Drummond	21,332
Thomas F. Frist, III	21,332
John J. Hamre	21,332
Donna S. Morea	15,292
Edward J. Sanderson, Jr.	21,332
Steven R. Shane	15,292

(5) Ms. Cordova resigned as a director in March 2014.

Related Party Transactions

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

In determining whether to approve or ratify a related party transaction, the Ethics and Corporate Responsibility Committee considers, among other factors it deems appropriate, the following factors:

- potential benefits to us;
- the impact on a director's or nominee's independence or an executive officer's relationship with or service to us; and
- whether the related party transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the related party's interest in the transaction.

In deciding to approve a transaction, the Committee may, in its sole discretion, impose such conditions as it deems appropriate on us or the related party. Any transactions involving the compensation of executive officers, however, are to be reviewed and approved by the Human Resources and Compensation Committee. If a related party transaction will be ongoing, the Ethics and Corporate Responsibility Committee may establish guidelines to be followed in our ongoing dealings with the related party. Thereafter, the Ethics and Corporate Responsibility Committee will review and assess ongoing relationships with the related party on at least an annual basis to determine whether they are in compliance with the Committee's guidelines and that the related party transaction remains appropriate.

We engage in transactions and have relationships with many entities, including educational and professional organizations, in the ordinary course of our business. Some of our directors, executive officers or their immediate family members may be directors, officers, partners, employees or stockholders of these entities. We carry out transactions with these firms on customary terms. There were no transactions during fiscal 2015 in which any related party had a direct or indirect material interest.

Communications with the Board of Directors

Any interested party may communicate with the Chair of the Board and the Chairs of our Audit, Ethics and Corporate Responsibility, Human Resources and Compensation, and Nominating and Corporation Governance Committees on Board-related issues by sending an e-mail to:

- boardchair@saic.com;
- auditchair@saic.com;
- compensationchair@saic.com; or
- ethicschair@saic.com.

You may also write to them or to any other director, the independent directors as a group or the Board of Directors generally at the following address:

SAIC

Attention: Corporate Secretary

1710 SAIC Drive, MS T3-5

McLean, VA 22102

Relevant communications will be forwarded to the recipients noted in the communication. Communications sent to the Board of Directors or the independent directors as a group will be forwarded to the Chair of the Board.

PROPOSAL 2—ADVISORY VOTE ON EXECUTIVE COMPENSATION

We are providing our stockholders with the opportunity to vote to approve, on a nonbinding, advisory basis, the compensation of our named executive officers as disclosed in this proxy statement in accordance with the compensation disclosure rules of the SEC.

We urge stockholders to read our Compensation Discussion & Analysis (CD&A), which describes in detail how we seek to closely align the interests of our named executive officers with the interests of our stockholders. As described in the CD&A, our compensation programs are designed to:

- pay for performance by tying a majority of an executive’s compensation to the attainment of financial and other performance measures that, the Board believes, promote the creation of long-term stockholder value and position the company for long-term success;
- provide the same types of benefits for executives as other employees, with no special or supplemental pension, health or death benefits for executives;
- target total direct compensation at the median among companies with which we compete for executive talent;
- enable us to recover, or “clawback,” incentive compensation if there is any material restatement of our financial results, or if an executive is involved in misconduct;
- require our executives to own a significant amount of our stock;
- avoid incentives that encourage unnecessary or excessive risk-taking; and
- compete effectively for talented executives who will contribute to our long-term success.

The Human Resources and Compensation Committee and the Board of Directors believe that these programs and policies are effective in implementing our pay for performance philosophy and achieving its goals. This advisory stockholder vote, commonly known as “Say-on-Pay,” gives you, as a stockholder, the opportunity to advise whether or not you approve of our executive compensation program and policies by voting on the following resolution:

RESOLVED, that the stockholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed pursuant to the compensation disclosure rules of the SEC, including the Compensation Discussion and Analysis, compensation tables and any related material.

The vote on this resolution is not intended to address any specific element of compensation; rather, the vote relates to the compensation of our named executive officers, as described in the CD&A and Executive Compensation sections of this proxy statement in accordance with the compensation disclosure rules of the SEC. The vote is advisory, which means that the vote is not binding on the company, our Board of Directors or the Human Resources and Compensation Committee of the Board of Directors. However, as an expression of our stockholders’ view, the Human Resources and Compensation Committee seriously considers the vote when making future executive compensation decisions.

Vote Required

The affirmative vote of a majority of the shares present or represented and entitled to vote either in person or by proxy is required to approve Proposal 2. Broker non-votes are not entitled to vote on this proposal and will not be counted in evaluating the results of the vote. This advisory vote on executive compensation is non-binding.

Recommendation of the Board

The Board of Directors unanimously recommends a vote FOR the approval of the compensation of our named executive officers, as disclosed in this proxy statement.

COMPENSATION DISCUSSION & ANALYSIS

This Compensation Discussion & Analysis ("CD&A") provides important information about our executive compensation philosophy and programs for fiscal 2015. In addition, this CD&A also describes compensation decisions made by our Human Resources and Compensation Committee of the Board of Directors (sometimes referred to as the "Committee"), which is responsible for overseeing the compensation programs for all of our executives, including the officers named in the executive compensation tables in this Proxy Statement ("named executive officers"). Our named executive officers for fiscal 2015 are as follows:

Name	Title
Anthony J. Moraco	Chief Executive Officer
John R. Hartley	Chief Financial Officer
Nazzic S. Keene	Sector President—Global Markets & Missions
Douglas M. Wagoner	Sector President—Services & Solutions
Mark D. Schultz	General Counsel

Executive Summary

Fiscal 2015 Business Highlights

Fiscal 2015 was a year of optimization for the company. We refined our market strategies and continued our development of repeatable solutions and capabilities while operating in a challenging market environment. Our executive leadership kept the company focused on customer contract execution and business development as well as meeting our financial objectives in our first full year as a stand-alone company. Ensuring that appropriate performance goals were established was critical to achieving that focus and in driving efforts to increase stockholder value. Therefore, in establishing the objectives for our short-term incentive plan and performance share awards, the Committee set targets for revenue, operating income and cash flow generation.

Key business highlights for fiscal 2015 include the following:

- Revenues of $3.835 billion, with operating income of $240 million, resulting in an operating margin of 6.3%, an improvement of 170 basis points from fiscal 2014;
- Operating cash flow of $277 million;
- Achieved total stockholder return (stock price appreciation plus dividends from February 1, 2014 to January 30, 2015) of approximately 35%;
- Continued and broadened margin improvement initiatives designed to improve the future profitability of the company;
- Deployed capital of $137 million to repurchase approximately 3.2 million shares under our Share Repurchase Program.

- Ended fiscal 2015 with a backlog of $6.2 billion supported by fiscal 2015 bookings of $ 3.4 billion.

Summary of Compensation Philosophy

SAIC employs a pay for performance philosophy. We reward those employees with superior overall performance. The Committee has established a "pay for performance" compensation philosophy aimed at attracting and retaining quality executive talent and rewarding our key executives through short, medium and long-term incentives (variable compensation) while providing a smaller portion of their overall compensation in the form of base salary. This philosophy serves to both encourage and recognize performance excellence and helps drive stockholder value. By aligning significant portions of executive officers' compensation with profitable growth and operating cash flow, the total compensation for our executives is directly linked to stockholder return.

The Committee targets total direct compensation for executives to be at approximately median levels of comparable publicly traded companies of our size and in our industry. However, our incentive programs are structured to reward above-target performance and therefore, may generate above-median compensation levels.

Short-term incentive compensation in fiscal 2015. Each named executive officer's total fiscal 2015 target short-term incentive cash bonus was based on achievement of pre-approved targets for revenue, operating income and days working capital. The company's weighted average score on these three financial performance measures for 2015 was 103.1%.

Long-term incentive compensation in fiscal 2015. We generally target our executive officers' long-term incentive awards at the median of the competitive market. In fiscal 2015, we provided the following forms of long-term compensation to our executives:

Type of Long-Term Incentive Award	Percentage of Total Long-Term Incentive Award	Purpose and Significant Features
Performance Share Awards	50%	Incentivizes our executives to achieve specific measurable financial goals over a three year performance cycle. Shares are issued after the end of the performance cycle and can range from 0% for below threshold performance to 150% of target number of shares for maximum performance.
Restricted Stock Units (RSUs)	25%	Aligns pay and company performance as reflected in our stock price, encourages retention of our executives' services and promotes continued investment by our executives in company stock.
Stock Options	25%	Strongly aligns executive and stockholder interests by having value only if the stock price increases over the term of the option.

COMPENSATION DISCUSSION & ANALYSIS

SAIC incorporates best practices into our compensation programs

We believe our compensation programs incorporate best practices regarding corporate governance, risk mitigation and alignment of executives' interests with stockholders' interests. Following are key features of our practices:

At SAIC, we do….

- Believe in Pay for Performance - simply put we reward those who perform.
- Perform an annual review by the Committee to establish a group of comparable companies to be used in compensation decisions.
- Employ a market-based approach to comparable companies to determine executives' target compensation.
- Review and consider feedback provided by our stockholders related to executive compensation matters.
- Mitigate against imprudent risk-taking through balancing features in the design of our compensation program.
- Subject incentive compensation to a "clawback" policy if there is a material restatement of our financial results for any reason or if the employee was involved in misconduct.
- Consider stockholder dilution and burn rate in equity compensation decisions.
- Require significant stock ownership under our stock ownership guidelines.
- Use an independent compensation consultant that reports directly to the Committee
- Provide "double-trigger" provisions for change in control benefits.

At SAIC, we do not ….

- Permit cash out or re-pricing of underwater stock options.
- Guarantee multi-year bonus payouts to executives.
- Provide employment agreements for executives.
- Provide golden parachute excise tax gross-ups on change in control benefits.
- Permit hedging or pledging of company stock or purchasing company stock on margin by our executives.
- Offer pension benefits to our executives or other employees.
- Provide special or supplemental health or death benefits or other similar perquisites for executives that are not otherwise available to other employees.

93% of our stockholders voted in favor of management's executive compensation program

Based on our stockholder advisory vote at our 2014 annual stockholders meeting, commonly referred to as a say-on-pay vote, our stockholders approved the compensation of our named executive officers, with approximately 93% of stockholder votes cast in favor of our 2014 say-on-pay resolution.

In addition, at our 2014 annual meeting of stockholders, we asked our stockholders to vote, on a nonbinding and advisory basis, on whether future advisory votes on executive compensation should occur every year, every two years or every three years. The Board recommended and our stockholders overwhelmingly approved the proposal recommending that we conduct future advisory votes on executive compensation every year. Accordingly, the Board determined that we will hold an advisory stockholder vote on executive compensation at our stockholders meeting each year for the foreseeable future.

We welcome feedback from stockholders regarding our executive compensation programs, which are described in more detail below. Stockholders desiring to communicate with the Board of Directors or the Human Resources and Compensation Committee may do so as described under "Communications with the Board of Directors" in this Proxy Statement. The Committee will take into account stockholder votes on say-on-pay resolutions when evaluating our compensation philosophy.

Elements and Objectives of Our Compensation Programs

Compensation elements include base salary and variable incentives

Under the direction of the Committee, we provide the following principal elements of compensation to our executives:

Base Salary. We provide a fixed base salary to our executives based on their level of responsibility, expertise, skills, knowledge and experience and on competitive peer company and other applicable market data. We generally target our executive officers' base salaries at the median of the competitive market. Consistent with our philosophy of tying pay to performance, the base salary of our executives is the smallest part of their overall compensation.

Variable Incentive Compensation. We use a combination of cash and equity incentive awards to foster and reward performance in key areas over short and longer timeframes. Our annual cash incentive awards are based upon performance against predetermined goals for the fiscal year in order to encourage and to reward contributions to our annual financial, operating and strategic objectives. We provide medium-term and long-term equity incentive awards to our executives to motivate them to stay with us and build stockholder value through their future performance. We believe that stock options in particular aid in employee retention and motivate our executives to build stockholder value because they may realize value only if our stock appreciates over the seven-year option term. The Committee generally does not consider an executive's current stock or option holdings in making additional equity awards.

The following chart summarizes the relevant performance measures and time frames that were used to assess our variable pay elements for fiscal 2015:

Other Benefits. We also provide our executives with benefits generally available to other employees, such as participation in our health and welfare benefits and retirement programs. Our executives are also entitled to certain benefits if their employment is terminated following a change in control.

The Committee considers numerous factors when determining direct compensation

At the beginning of each fiscal year, the Committee generally reviews and approves the following elements of direct compensation to be provided to our executives:

- the base salary for the upcoming year;
- the payout range for the cash incentive awards that may be earned for the upcoming year and the performance goals and criteria upon which the amount of the awards will be determined;
- the mix and amount of equity incentive awards to be granted to our executives; and
- the payout range for performance share awards, if any, that may be earned for the performance period beginning in that fiscal year and the performance period, goals and criteria upon which the amount of the awards for the relevant performance period will be determined.

In determining the amounts of direct compensation to be awarded to our executives, the Committee considers the company's overall performance and competitive market data for our compensation peer group.

Company performance is a key factor in determining variable compensation. The amount of any cash incentive awards to be paid upon completion of the fiscal year are determined based upon our achievement of financial and operating objectives set at the beginning of the fiscal year; however, the Committee retains the discretion to reduce the payouts when appropriate.

Individual performance is a factor in setting base salaries. In determining base salaries, the Committee reviews a performance assessment for each of our executives, as well as compensation recommendations provided by the Chief Executive Officer and the Chief Human Resources Officer. The Committee also considers market data and information provided by its independent compensation consultant. Executives do not propose their own compensation.

Assessing Chief Executive Officer performance. In determining compensation for our Chief Executive Officer, the Committee meets in executive session and evaluates his performance based on his achievement of performance objectives that typically are established and agreed upon at the beginning of the fiscal year. Formal input is received from the independent directors and the executive leadership team. The Committee also considers the Chief Executive Officer's leadership contributions towards the company's performance, including financial and operating results, development and achievement of strategic objectives, progress in building capability among the executive leadership team and corporate governance leadership, as well as market data and information provided by the Committee's independent compensation consultant. The Committee determines the Chief Executive Officer's compensation and then reviews his evaluation and compensation with the Board's independent directors. The Chair of the Board and the Chair of the Committee then present the Committee's evaluation and compensation determination to the Chief Executive Officer. The Chief Executive Officer does not propose his own compensation or attend the meeting of the Committee at which his performance and compensation are reviewed.

Committee reviews and modifies our compensation peer group annually. The Committee compares the amount of direct compensation we provide to our executives to that provided by companies with whom we compete for executive talent with similar roles and responsibilities. To complete this effort, the Committee establishes a peer comparator group for each fiscal year and benchmarks each element of direct compensation (including salary and cash and equity incentives) to be provided to our executives against that provided by other publicly traded engineering, information technology, consulting and defense companies, which we refer to as our "compensation peer group." The compensation peer group for fiscal 2015 consisted of the following 13 companies:

- AECOM Technology Corporation
- Alliant Techsystems Inc.
- CACI International Inc.
- CGI Group Inc.
- Engility Holdings, Inc.
- Exelis Inc.
- Jacobs Engineering Group Inc.
- ManTech International Corporation
- MAXIMUS, Inc.
- Rockwell Collins, Inc.
- Tetra Tech, Inc.
- Unisys Corporation
- URS Corporation

This compensation peer group consists of companies that we believe have similar revenues and industry focus to ours, as well as companies against which we compete for talent and stockholder investment. The compensation peer group is structured so that no company within the group has annual revenues greater than three times or less than approximately one-third of our estimated revenues for the fiscal year in which the peer group is reviewed. For comparison purposes, for fiscal 2015, our estimated annual revenues were at approximately the 38th percentile of the revenues of the compensation peer group. In addition to the compensation peer group, data from multiple broad-based third-party surveys is compiled and provided for the Committee's consideration regarding compensation that other comparably-sized companies provide to their chief executive officer, chief financial officer and other members of senior management. The Committee considers this survey data and analysis when evaluating appropriate levels of direct compensation. To be competitive in the market for our executive-level talent, we generally will target overall compensation for our executives at approximately the market median, although the actual cash incentive awards paid and performance shares earned will vary based on operating performance and may therefore generate compensation that is higher or lower than the market median.

Compensation Decisions for Fiscal 2015

SAIC's compensation mix is aligned with our peer group

The charts below depicts each element of targeted compensation expressed as a percentage of total targeted direct compensation for our Chief Executive Officer and our other named executive officers for fiscal 2015.

As indicated above, base salary represents a smaller portion of overall compensation than performance-based cash and equity incentive awards. The allocation of a meaningful portion of overall compensation to annual cash incentive awards demonstrates the Committee's belief that a substantial portion of total compensation should reflect the actual achievement of predetermined goals. The allocation of a majority of overall compensation of our executives to long-term incentives reflects the principle that a substantial portion of total compensation should be delivered in the form of equity awards in order to align the interests of our executives with those of our stockholders. Performance share awards to our executive officers (representing 50% of their targeted value of long-term incentives) were made in fiscal 2015 and are directly related to the achievement of cumulative operating income and annual operating cash flow over a three-year period commencing in fiscal 2015. We believe that a combination of performance share awards, stock options and time-based RSUs provides an appropriate balance of medium-term and long-term incentives.

The various amounts of compensation provided to our named executive officers for fiscal 2015 are set forth in more detail in the tables in this proxy statement under the caption "Executive Compensation." The allocation of performance shares and stock options in the charts above are based on the grant date fair value of the options and performance shares at 100% of target. The actual value of these awards will be based on future financial performance and our stock price.

Base Salary

In reviewing and approving the fiscal 2015 base salaries for our named executive officers and other executives, the Committee considered its independent consultant's analysis of pay levels among the compensation peer group and survey data, which indicated that base salaries for our executives were, on average, at approximately between the 25th percentile and median levels of comparable companies of our size. Actual individual base salary amounts also reflect the Committee's judgment with respect to each executive's responsibility, performance, experience and other factors, including internal equity considerations, the individual's historical compensation and any retention concerns. The Committee reviews executives' base salaries annually or at the time of a promotion or a substantial change in responsibilities based on the above-described criteria.

COMPENSATION DISCUSSIONS & ANALYSIS

The fiscal 2015 base salaries, the percentage increases in their salaries from FY14 and the market positioning of their base salaries are set out below:

Name	FY15 Base Salary	Percentage Increase from FY14 Base Salary (2)	Market Positioning of FY15 Salary
Anthony J. Moraco	$925,000	12.1%	Slightly below median market
John R. Hartley	$520,000	4.0%	Between 25th percentile and market median
Nazzic S. Keene	$550,000	10.0%	Median market
Douglas M. Wagoner[1]	$490,000	15.3%	Between 25th percentile and market median
Mark D. Schultz	$435,000	2.4%	Median market

(1) Mr. Wagoner was promoted to Sector President just prior to the beginning of Fiscal 2015 and received an interim salary adjustment at that time. His salary was adjusted again to reflect the market positioning of his role and his experience in early Fiscal 2015.

(2) Reflects change from fiscal 2014 base salary effective after our separation from our former parent.

Annual Cash Incentive Awards

Each named executive officer's total fiscal 2015 short-term incentive cash bonus depended upon the achievement of specific financial and operating performance goals approved by our Committee, and described below.

Performance goals for cash incentive awards. At the beginning of each fiscal year, the Committee sets and approves threshold, target and maximum performance goals for the upcoming year based on objective financial and operational goals. Further, the Committee also reviews and approves the corresponding targeted cash incentive awards based upon the achievement of such goals. No amount is payable for below-threshold performance. When threshold performance is met, payouts are determined on a straight-line basis between threshold and target performance and between target and maximum performance.

Under our short-term incentive program for fiscal 2015:

- 100% of the award was determined by our company performance
- Our Committee used revenue and operating income as financial goals
- Revenue and operating income directly align with our overall strategy and are strongly correlated with potential stockholder value.
- We also used average days working capital to measure how efficiently we use our working capital relative to the size of our business and operating units.

Performance measures for fiscal 2015. The financial performance scores, their relative weightings, the targeted achievement levels and actual performance for our short-term incentive program for fiscal 2015, as approved by the Committee, were:

	Weighting	Target	Actual	Achievement Level	Payout Level
Financial Goals					

Revenue	30%	$3.9B	$3.835B	98.3%	29.5%
Operating Income	50%	$242.5M	$240M	99.1%	49.5%
Days Working Capital [1]	20%	41 days	37 days	110.2%	24.1%
Weighted Average for Financial Goals					103.1%

[1] Determined by dividing total working capital at each quarter end by average daily sales during that quarter. Goals and payouts are based on the average of quarter-end days working capital for the fiscal year.

Determination of cash incentive award amounts. For fiscal 2015, the Committee set the target amount of the cash incentive award at 120% of base salary for the Chief Executive Officer and between 65% and 85% of base salary for the other named executive officers, based on applicable market data. For our named executive officers, the target and payout level amounts for the fiscal 2015 cash incentive awards related to fiscal 2015, and the amounts of the awards earned by the officers were as follows:

	Base Salary ($)	STI as % of Base	Target Cash Incentive ($)	Weighted Financial Goals Payout Level	Cash Incentive Amount Paid ($)
Anthony J. Moraco	925,000	120 %	1,110,000	103.1 %	1,144,410
John R. Hartley	520,000	85 %	442,000	103.1 %	455,702
Nazzic S. Keene	550,000	85 %	467,500	103.1 %	481,993
Douglas M. Wagoner	490,000	85 %	416,500	103.1 %	429,412
Mark D. Schultz	435,000	65 %	282,750	103.1 %	291,515

Long-Term Incentive Awards

The amounts of these awards are determined based on competitive market data and vary based upon an executive's position and responsibilities. The Committee generally targets total direct compensation levels at approximately median market levels.

Performance Share Awards. Our Committee believes that performance share awards incentivize our executives to achieve superior financial performance over the medium term (three years) to maintain or increase the value of our stock and are therefore strongly aligned with stockholder interests. Moreover, as performance share awards only vest at the end of a three year period and are awarded in overlapping annual cycles, they also serve to retain the services of our executive officers.

At the beginning of each overlapping three year performance period, the Committee establishes both the performance measures to be used for that performance period, their weightings and the levels of performance on those measures that will generate threshold, target and maximum payouts. The number of performance shares delivered at the end of the three year performance cycle may range from 0% for below-threshold performance to 50% for threshold performance and up to 150% for above threshold performance. When the performance threshold is met, payouts are determined on a straight-line basis for performance levels between threshold and target and between target and maximum. Dividend equivalents on performance shares are accumulated in cash and are paid at the end of the three-year performance cycle to the extent that the underlying share awards are earned.

Restricted Stock Units (RSUs). The Committee believes that RSUs provide a strong incentive for employee retention and promote the building of stockholder value, and it expects to grant RSUs to our executives in the future. For fiscal 2015, the Committee granted approximately 25% of long-term incentive awards to our executives in the form of time-based RSUs, which vest 25% of the shares at the end of each of the first four years. Dividend equivalents on unvested RSUs accumulate in cash and are paid when the underlying RSUs vest.

Stock Options. Approximately 25% of the targeted total value of the annual equity awards granted to our named executive officers in fiscal 2015 consisted of stock options, which vest 33% of the shares at the end of each of the first three years and expire at the end of the seventh year. We believe that stock options aid in employee retention and motivate our executives to build stockholder value because they may realize value only if our stock appreciates over the option term.

FY2015–FY2017 Performance Share Awards

For fiscal 2015, approximately 50% of the long-term incentives awarded to our executive officers were provided in the form of performance share units (valued at target payout levels). The performance goals and weightings for these awards are as follows:

Goals	Weighting	Description
Cumulative Operating Income	60%	Achievement is measured cumulatively over the three year period
Annual Operating Cash Flow	40%	An annual target for each year was set at the beginning of the performance period

The Committee believes that these financial goals complement the financial goals established for our short-term cash incentive plan. Achievement and payouts for each of the above goals will be determined separately by the Committee at the end of the performance period.

Other Benefits Provided in Fiscal 2015

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

Health and welfare benefits. Our executives are entitled to participate in all health and welfare plans that we generally offer to all of our eligible employees, which provide medical, dental, health, group term life insurance and disability benefits. We believe that these health and welfare benefits are reasonable in scope and amount and are of the kind typically offered by other companies against which we compete for executive talent.

Retirement benefits. Our executives are entitled to participate in the same defined contribution retirement plan that is generally available to all of our eligible employees. Currently, we provide matching contributions to eligible participants' retirement plan accounts based on a percentage of the first 5% (6% before January 1, 2015) of their "eligible compensation" under applicable rules. The average amount of contributions we made to the retirement plan accounts of our named executive officers in fiscal 2015 was approximately $10,000. The Committee believes that these contributions to this retirement program permits our executives to save for their retirement in a tax-effective manner, are reasonable in scope and amount and are of the kind typically offered by other companies against which we compete for executive talent.

Deferred compensation plans. To provide other tax-deferred means to save for retirement, we maintain certain deferred compensation plans that allow our named executive officers and other eligible participants to elect to defer all or a portion of any cash incentive awards or, prior to January 1, 2014, vested performance share awards granted to them under our incentive plans. We make no contributions to named executive officers' accounts under these plans. In addition, we maintain a deferred compensation plan that allows our named executive officers and other eligible participants to elect to defer a portion of their eligible salary. Vested deferred balances under the plans will generally be paid upon retirement or termination. These plans are described in more detail under "Nonqualified Deferred Compensation" below in this Proxy Statement.

Perquisites and personal benefits. We generally do not provide perquisites and personal benefits to our executives that are not otherwise available to other employees.

Other Policies and Considerations

Assessment of Risks in our Compensation Programs

In the design and oversight of our compensation programs for executives and all employees, the Committee, with assistance from the Committee's independent consultant and management, assesses risks relating to our pay practices and incentive programs. The risk assessment is focused on identifying risks associated with our compensation programs and the mix of each type of compensation element we provide to our executives and all employees, as well as the measures that the Company may employ to mitigate those risks. The Committee believes that the following features of our compensation programs effectively mitigate excessive risk taking that could harm our value or reward poor judgment by our executives or other employees:

- short-term incentive measures are balanced among different financial measures, with targets that are intended to be achievable upon realistic levels of performance;
- significant weighting towards long-term incentive compensation promotes long-term decision making and discourages short-term risk taking;
- maximum payouts are capped at levels that do not reward excessive risk-taking;
- goals are based on company performance measures, which mitigates excessive risk-taking within any particular business operation;
- our compensation recoupment policy allows us to recover compensation based on financial results that are subsequently restated or if fraud or intentional misconduct is involved; and
- our stock ownership guidelines encourage a long-term perspective.

Equity Award Grant Practices

The Committee is responsible for the administration of our equity incentive plans. Generally, in advance of each fiscal year, the Committee will select predetermined dates on which equity awards will be granted to our employees, including our executives during the following fiscal year. These grant dates are selected to occur after the dates we anticipate releasing our annual or quarterly financial results. We generally grant equity incentive awards to our directors, executives and all other eligible employees on an annual basis shortly after we announce our financial results for the recently completed fiscal year. In addition to these annual grants, the Committee predetermines four quarterly dates on which any additional equity incentive awards may be made to eligible executives or other employees in connection with a new hire, for retention purposes or otherwise. The Committee approves all equity awards made to our directors and executives.

The exercise price of any option grant is determined by reference to the fair market value of the shares on the grant date, which our 2013 Amended and Restated Equity Incentive Plan defines as the closing sales price of our common stock on the New York Stock Exchange on the trading day immediately preceding the grant date.

Stock Ownership Guidelines

We encourage our employees to own our stock so that they are motivated to maximize our long-term performance and stock value. We have adopted stock ownership guidelines for our executives that require them to accumulate and maintain stockholdings calculated as a multiple of their base salary, depending on their role. The CEO is required to accumulate and hold shares with a value of five times his salary and other named executive officers are required to accumulate and hold shares with a value of three times their salaries. Absent pre-approval, executives must hold 100% of the net shares acquired under our equity incentive programs until the applicable multiple of base salary is achieved.

Prohibition on Hedging or Pledging Company Stock or Purchasing “On-Margin”

We have established policies for our executives that prohibit certain short-term or speculative transactions in our securities that we believe carry a greater risk of liability for insider trading violations and also create an appearance of impropriety. For example, with respect to our securities, our executives are not permitted to engage in any short sales or any trading in puts, calls or other derivatives on an exchange or other organized market. In addition, we prohibit our executives from pledging company stock as collateral for a loan or purchasing company stock “on margin.” Further, our executives are required to obtain preclearance from our General Counsel for all transactions in our securities.

“Clawback” or Compensation Recoupment Policy

Under our “clawback” or compensation recoupment policy, the Committee may require executives and other employees who receive incentive compensation to return cash and equity incentives if there is a material restatement of the financial results upon which the incentive compensation was originally based. If the Committee determines that recovery is appropriate, we will seek repayment of the difference between the incentive compensation paid and the incentive compensation that would have been paid, if any, based on the restated financial results.

The policy also provides for recovery of cash and equity incentive compensation from any employee involved in fraud or intentional misconduct, whether or not it results in a restatement of our financial results. In such a situation, the Committee would exercise its business judgment to determine what action it believes is appropriate under the circumstances.

We may seek to recover the applicable amount of compensation from incentive compensation paid or awarded after the adoption of the policy, from future payments of incentive compensation, cancellation of outstanding equity awards and reduction in or cancellation of future equity awards. In cases of fraud or misconduct, we may also seek recovery from incentive compensation paid or awarded prior to the adoption of the policy.

Post-Employment Benefits

We do not maintain a defined benefit or other supplemental retirement plan that would entitle our executives to receive company-funded payments if they leave the company.

Upon certain terminations of employment, including death, disability, retirement or a change in control, our employees, including our named executive officers, may be eligible for continued vesting of equity awards on the normal schedule or accelerated vesting in full or on a pro rata basis, depending on the nature of the event and the type of the award. The purpose of these provisions is to protect previously earned or granted awards by making them available following the specified event. Because these termination provisions are contained in our standard award agreements for all recipients and relate to previously granted or earned awards, we do not consider these potential termination benefits as a separate item in compensation decisions for our named executive officers. Our long-term incentive plans do not provide for additional benefits or tax gross-ups. For more information about potential post-employment benefits, see "Executive Compensation—Potential Payments upon Termination or a Change in Control."

Potential Change in Control and Severance Benefits

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

There are no excise tax gross-up provisions in these severance protection agreements. These agreements renew for successive one-year terms each year, unless either the Committee or an executive to whom the agreement applies decides not to extend the term of the agreement before October 31 st of the prior year. This annual term permits the Committee to regularly review the amount of benefits that would be provided to our executives in connection with an involuntary termination of their employment following a change in control and to consider whether to continue providing such benefits.

Tax Deductibility of Executive Compensation

We generally attempt to provide compensation that is structured to maximize favorable tax benefits for us. Section 162(m) of the Internal Revenue Code generally limits the deductibility of certain compensation in excess of $1 million paid in any one year to the Chief Executive Officer and the three other most highly compensated named executive officers (other than our Chief Financial Officer). Qualified performance-based compensation will not be subject to this deduction limit if certain requirements are met.

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

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

Human Resources and Compensation Committee Report

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

Jere A. Drummond (Chair)

Donna S. Morea

Edward J. Sanderson, Jr.

Steven R. Shane

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth information regarding compensation earned by our named executive officers. The compensation set forth below was earned for service to SAIC during fiscal 2015, and, if applicable, during fiscal 2014 after September 27, 2013. Any compensation for service prior to September 27, 2013 was earned for service to our former parent company. All such compensation is disclosed, whether or not such amounts were paid in such year:

Name and principal position	Fiscal Year [1]	Salary ($)	Stock awards ($) [2]	Option awards ($) [2]	Non-equity incentive plan compensation ($) [3]	All other compensation ($) [4]	Total ($)
Anthony J. Moraco Chief Executive Officer							