

Science Applications International Corp  
Form DEF 14A  
April 24, 2014  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, DC 20549**  
**SCHEDULE 14A**

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

**Science Applications International Corporation**

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(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

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:





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**SCIENCE APPLICATIONS INTERNATIONAL CORPORATION**

1710 SAIC Drive

McLean, Virginia 22102

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

To Be Held June 4, 2014

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The annual meeting of stockholders of Science Applications International Corporation (SAIC), a Delaware corporation, will be held at the SAIC Conference Center, 1710 SAIC Drive, McLean, Virginia, on Wednesday, June 4, 2014, at 9:00 a.m. (local time). 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](http://www.saic.com)). In addition, the SAIC Proxy Statement and the SAIC 2014 Annual Report on Form 10-K are available at [www.proxyvote.com](http://www.proxyvote.com). Information on our website, other than these materials, is not a part of the proxy solicitation materials.

The annual meeting is being held for the following purposes:

1. To elect eight directors;
2. To approve the Amended and Restated 2013 Equity Incentive Plan;
3. To conduct an advisory vote on executive compensation;
4. To conduct an advisory vote on the frequency of future advisory votes on executive compensation;
5. To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending January 30, 2015; and
6. 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, 2014, 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, 2014

**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.**

**Table of Contents****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 Date:** 9:00 a.m. (Eastern) on June 4, 2014  
**Place:** SAIC Conference Center  
 1710 SAIC Drive  
 McLean, VA 22102  
**Record Date:** April 9, 2014  
**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 eight directors	FOR EACH NOMINEE	4
To approve the Amended and Restated 2013 Equity Incentive Plan	FOR	16
To conduct an advisory vote on executive compensation	FOR	22
To conduct an advisory vote on the frequency of future advisory votes on executive compensation	FOR EVERY YEAR	23
Ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm	FOR	45

**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	65	2013	Former Global Coordinating Partner at Ernst & Young LLP	Audit (chair) Ethics Compensation (chair)
Jere A. Drummond	74	2013	Former Vice Chairman of BellSouth Corporation; Former President and Chief Executive Officer of BellSouth Communications Group	Nominating Audit
Thomas F. Frist, III	46	2013	Principal of Frist Capital LLC	Nominating (chair)
John J. Hamre	63	2013	Chief Executive Officer and President of Center for Strategic & International Studies; former U.S. Deputy Secretary of Defense and	Ethics (chair)

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			Under Secretary of Defense (Comptroller)	Classified Business (chair)
Anthony J. Moraco	54	2013	Chief Executive Officer; former Group President of Government Solutions and Group President of Intelligence, Surveillance and Reconnaissance at Former Parent	Nominating Classified Business Ethics
Donna S. Morea	59	2013	Former President of U.S., Europe, and Asia for CGI Group	Compensation Ethics
Edward J. Sanderson, Jr.	65	2013	Chair of the Board; former Executive Vice President of Oracle Corporation; former partner of McKinsey & Company and Andersen Consulting (now Accenture)	Classified Business Compensation
Steven R. Shane	56	2013	Former partner at Accenture PLC	Nominating Audit Compensation

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**Corporate Governance Highlights**

**Board Independence**

Seven of eight 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**

Three Full Board Meetings  
Three 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](http://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



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SAIC

Proxy Statement

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**SCIENCE APPLICATIONS INTERNATIONAL CORPORATION**

1710 SAIC Drive

McLean, Virginia 22102

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**ANNUAL MEETING OF STOCKHOLDERS**

To Be Held June 4, 2014

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**PROXY STATEMENT**

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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 SAIC Conference Center, 1710 SAIC Drive, McLean, Virginia, on Wednesday, June 4, 2014, at 9:00 a.m. (local time) and at any and all adjournments, postponements or continuations of the meeting. In this proxy statement, we use the terms we, us, our and SAIC to refer to Science Applications International Corporation. This proxy statement and the proxy and voting instruction card are first being sent or made available to our stockholders on or about April 24, 2014.

**INFORMATION ABOUT VOTING RIGHTS AND SOLICITATION OF PROXIES**

**Background Information**

On September 27, 2013, SAIC became an independent, publicly traded company as a result of the distribution of our shares from SAIC, Inc. (currently named Leidos Holdings, Inc. or Former Parent ) to its stockholders (the Spin-Off ). SAIC is traded on the New York Stock Exchange under the ticker symbol SAIC.

**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, 2014 are entitled to notice of, and to vote at, the annual meeting. As of April 9, 2014, there were 48,303,392 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.

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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 SAIC 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, 2014 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.

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**INFORMATION ABOUT VOTING RIGHTS AND SOLICITATION OF PROXIES**

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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 proxy 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, 2014, on any matter submitted to a vote of stockholders at the annual meeting unless a stockholder elects to cumulate votes for the election of directors as described below.

**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 of the Amended and Restated 2013 Equity Incentive Plan;

FOR the approval, on a non-binding, advisory basis, of the compensation of our named executive officers;

FOR the approval of an annual advisory vote on executive compensation; and

FOR the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending January 30, 2015.

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](http://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 SAIC Conference Center 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.

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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 3, 2014. For shares held in the SAIC Retirement Plan, the deadline for submitting voting instructions using any of the allowed methods is 11:59 p.m. Eastern time on June 1, 2014.

### **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.

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**INFORMATION ABOUT VOTING RIGHTS AND SOLICITATION OF PROXIES**

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**How are the shares held by the Stock Plans voted?**

Under the terms of our Stock Compensation Plan, Management Stock Compensation Plan and Key Executive Stock Deferral Plan, 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 1-800-542-1061, or by writing to Broadridge, Householding Department, 51 Mercedes Way, Edgewood, NY 11717. If you own shares through a bank, broker, or other nominee, you should contact the nominee concerning householding procedures. We will promptly deliver a separate copy of the proxy statement 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, 2014, 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](http://www.proxyvote.com).

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**PROPOSAL I ELECTION OF DIRECTORS**

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**Nominees for Directors**

At the annual meeting, eight 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 2014 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 SAIC. 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 65**

*Director*

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.

**Director since 2013**



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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.

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**PROPOSAL I ELECTION OF DIRECTORS**

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**Jere A. Drummond, age 74**

*Director*

**Director since 2013**

Mr. Drummond was employed by BellSouth Corporation from 1962 until his retirement in December 2001. He served as Vice Chairman of BellSouth Corporation from January 2000 until his retirement. He was President and Chief Executive Officer of BellSouth Communications Group, a provider of traditional telephone operations and products, from January 1998 until December 1999. He was President and Chief Executive Officer of BellSouth Telecommunications, Inc. from January 1995 until December 1997. Mr. Drummond is also a member of the Board of Directors of Borg-Warner Automotive. He was previously a director of our Former Parent from 2003 until September 2013, a director of AirTran Holdings, Inc. until May 2011, and a director of Centillium Communications Inc. until October 2008.

The Board believes that Mr. Drummond's demonstrated leadership abilities and business judgment, shaped during four decades of executive management and board experience at complex commercial companies, provide an important leadership element to our Board.

**Thomas F. Frist, III, age 46**

*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, L.L.C. and worked at Rainwater, Inc. in Fort Worth, Texas and in New York. Since 2006, Mr. Frist has served on the Board of Directors of HCA Holdings, Inc., one of the largest non-governmental operators of health care facilities in the United States. He was previously a director of our Former Parent from 2009 until September 2013. From 1999 to 2006, he served on the board of Triad Hospitals, Inc.

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

**John J. Hamre, age 63**

*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.

**Anthony J. Moraco, age 54**

*Director and Chief Executive Officer*

**Director since 2013**

Mr. Moraco has served as the Chief Executive Officer and a Director of SAIC as a public company since the Spin-Off in September 2013. Prior to the Spin-Off, Mr. Moraco also served as the President of the Government Solutions Group of our Former Parent from February 2013 to September 2013 and as Group President of our Former Parent's Intelligence, Surveillance and Reconnaissance organization from March 2012 to February 2013. Mr. Moraco also held other positions from when he joined our Former Parent in February 2006, including as Executive Vice President for Operations and Performance Excellence and as the business unit general manager of the Space and Geospatial Intelligence Business Unit of our Former Parent. Prior to joining our Former Parent, 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 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 until Boeing's acquisition of Autometric in 2000.

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.

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**PROPOSAL I ELECTION OF DIRECTORS**

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**Donna S. Morea, age 59**

*Director*

**Director since 2013**

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. Under her leadership, revenues grew from \$850 million to over \$2.2 billion.

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.

**Edward J. Sanderson, Jr., age 65**

*Chair of the Board*

**Director since 2013**

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 our Former Parent from 2002 until September 2013, and a director of Quantum Corp. until September 2005.

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

**Steven R. Shane, age 56**

*Director*

**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 held several senior management positions, including those where he led consulting engagements for many of the largest banking institutions in the United States and managed Accenture's U.S. federal, state and local and Canadian federal and provincial businesses. 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.

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### **CORPORATE GOVERNANCE**

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#### **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](http://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.

#### **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](http://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 are obligated to complete a questionnaire which requires them to disclose any transactions with us in which the director or any member of his or her immediate family might have a direct or potential conflict of interest. Based on an analysis of the responses, the Board of Directors determined that all directors, except for Anthony J. 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.

#### **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

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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;

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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:

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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.



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**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**

Following the Spin-Off through the end of fiscal 2014, the Board of Directors held three meetings of the entire Board. The independent directors met three 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 2014, no director attended fewer than 75% of the aggregate of the meetings of the Board and committees of the Board on which they served except for Mr. Shane who attended two of three or 66% of the Audit Committee meetings. 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](http://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, and Steven R. Shane. The Board of Directors has determined that each of the members of the Audit Committee is independent for purposes of our Corporate Governance Guidelines, as well as for purposes of the requirements of the Securities Exchange Act of 1934. In addition, the Board of Directors has determined that Robert A. Bedingfield, Thomas F. Frist, III and Steven R. Shane qualify as Audit Committee financial experts as defined by the rules under the Securities Exchange Act of 1934. The backgrounds and experience of the Audit Committee financial experts are set forth above in Proposal 1 Election of Directors. The responsibilities of the Audit Committee are set forth in its charter and fall into the following categories:

***Internal Controls and Disclosure Controls*** Review and provide feedback on the assessment performed by management on internal control over financial reporting; review the internal control assessment with the independent registered public accounting firm, the internal auditor and management; review any major issues as to the adequacy of our internal control over financial reporting and any special audit steps adopted in light of control deficiencies; review our disclosure controls and procedures designed to ensure timely collection and evaluation of information required to be disclosed in our filings with the SEC or posted on our website; and review the independent registered public accounting firm's procedures and management of the audit relating to internal control over financial reporting.

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*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.

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*Internal Audit* Review the qualifications, organizational structure and performance of the internal audit function; review, approve and update the rolling three-year internal audit plan; periodically review any significant difficulties, disagreements with management or restrictions encountered in the scope of the Internal Audit Department's work; receive periodic summaries of findings from completed internal audits and the status of major audits in process; receive timely notification of any issues or concerns identified during the course of internal audits and reviews; and discuss with the independent registered public accounting firm the responsibilities, budget and staffing of our internal audit function.

*Financial Reporting* Review and discuss with management, the independent registered public accounting firm and the internal auditor our annual and quarterly consolidated financial statements, including the disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations that will be contained in our Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q; discuss with the independent registered public accounting firm the auditor's judgments about the quality 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 three meetings following the Spin-Off through the end of fiscal 2014.

*Classified Business Oversight Committee*

The current members of the Classified Business Oversight Committee are John J. Hamre (Chair), 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.

The Classified Business Oversight Committee held no meetings following the Spin-Off through the end of fiscal 2014.

*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 the adequacy of our Code of Conduct for Principal Executive Officer and Senior Financial Officers;

reviewing and establishing procedures for the receipt, retention and treatment of complaints regarding violations of our policies, procedures and standards related to ethical conduct and legal compliance;

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 one meeting following the Spin-Off through the end of fiscal 2014.

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*Human Resources and Compensation Committee*

The current members of the Human Resources and Compensation Committee are Jere A. Drummond (Chair), Donna S. Morea, Edward J. Sanderson, Jr. and Steven R. Shane. 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 one meeting following the Spin-Off through the end of fiscal 2014.

*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;

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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 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;

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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 one meeting following the Spin-Off through the end of fiscal 2014.

*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 7 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 90<sup>th</sup> day, nor earlier than the close of business on the 120<sup>th</sup> 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 120<sup>th</sup> day prior to such annual meeting and not later than the close of business on the 90<sup>th</sup> day prior to such annual meeting or the 10<sup>th</sup> 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*

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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.



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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 2014, 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.* During fiscal 2014, the directors were eligible to defer all or any portion of their cash retainers or fees or certain equity compensation into our Keystaff Deferral Plan and/or our Key Executive Stock Deferral 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. All of our directors who served as a director for three years or more on the Board of Directors of our company or our Former Parent met this requirement in fiscal 2014. 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 2014 and reflects two quarters of retainer and meeting fees following the Spin-Off. For fiscal 2014, Messrs. Bedingfield and Shane and Ms. Morea each received equity awards valued at approximately \$100,000. The remaining non-employee directors were directors of our Former Parent prior to the Spin-Off and received equity compensation from our Former Parent earlier in the fiscal year in that capacity.

In connection with the Spin-Off, all of the equity awards held by the directors of Former Parent were bifurcated and converted into awards denominated in our common stock and awards denominated in the common stock of our Former Parent based on the relative ratios of each company's value as of the date of the Spin-Off. In this way, directors would not be motivated to favor one company over the other in making decisions related to the Spin-Off as they would have an equity stake in both companies. As a result, approximately 31% of equity awards held by the directors of our Former Parent were converted into equity awards denominated in our common stock and 69% of equity awards held by the directors of our Former Parent were converted into equity awards denominated in the common stock of Former Parent. Further, account balances in the Key Executive Stock Deferral Plan for directors of Former Parent who became our directors were transferred into our Key Executive Stock Deferral Plan and are reflected as stock units of our common stock, as adjusted to preserve the same value immediately after the Spin-Off that each share unit had before the Spin-Off, with the exception of Mr. Hamre. Mr. Hamre serves as our director as well as a director of Former Parent and his account balance remained in the Key Executive Stock Deferral Plan of Former Parent.

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All information regarding directors' compensation in the following tables is shown on a post-adjustment basis.

Name <sup>(1)</sup>	Fees earned or paid in cash (\$) <sup>(2)</sup>	Stock awards (\$) <sup>(3)</sup>	Option awards (\$) <sup>(4)</sup>	Total (\$)
Robert A. Bedingfield	46,500	66,718	33,273	\$ 146,491
France A. Córdova	40,000			\$ 40,000
Jere A. Drummond	40,000			\$ 40,000
Thomas F. Frist, III	46,000			\$ 46,000
John J. Hamre	40,000			\$ 40,000
Donna S. Morea	35,000	66,718	33,273	\$ 134,991
Edward J. Sanderson, Jr.	117,000			\$ 117,000
Steven R. Shane	37,000	66,718	33,273	\$ 136,991

- (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.
- (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. The directors are eligible to defer such cash fees into our Keystaff Deferral Plan and Key Executive Stock Deferral Plan. Director fees that are deferred into the Key Executive Stock Deferral Plan are denominated in stock units of equal value. In fiscal 2014, 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	16,250	498
Jere A. Drummond	30,000	919

- (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 2014, Messrs. Bedingfield and Shane and Ms. Morea each received 2,083 restricted stock units of our common stock. 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 April 9, 2014.

At the end of fiscal 2014, the following non-employee directors held the following number of unvested stock units (including unvested stock units issued as dividend equivalents), including awards held in our Key Executive Stock Deferral Plan.

Name	Unvested stock units
Robert A. Bedingfield	2,099
France A. Córdova	3,367

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Jere A. Drummond	1,055
Thomas F. Frist, III	1,055
Donna S. Morea	2,099
Edward J. Sanderson, Jr.	1,055
Steven R. Shane	2,099

(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 2014, Messrs. Bedingfield and Shane and Ms. Morea were each issued options to purchase 6,278 shares of our common stock. At the end of fiscal 2014, 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	6,278
France A. Córdova	14,080
Jere A. Drummond	14,080
Thomas F. Frist, III	13,988
John J. Hamre	14,080
Donna S. Morea	6,278
Edward J. Sanderson, Jr.	14,080
Steven R. Shane	6,278

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**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 2014 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;

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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.

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**PROPOSAL 2 APPROVAL OF THE AMENDED AND RESTATED 2013 EQUITY INCENTIVE PLAN**

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We are seeking the approval of our stockholders of our Amended and Restated 2013 Equity Incentive Plan (the Plan). The Plan, as currently in effect, was adopted prior to the Spin-Off. Your approval of the Plan will mean:

An increase in the number of shares that may be issued under the Plan. Initially, an aggregate of 5.7 million shares were reserved under the Plan. In connection with the Spin-Off, we assumed awards for approximately 5.7 million shares. We are requesting that the aggregate shares reserved for issuance under the Plan be increased from 5.7 million shares to 8.45 million shares. All future equity awards made by us to our executives, employees and independent directors will be granted exclusively under the Plan. Increasing the number of shares that may be issued under the Plan will allow us to continue to make awards under the Plan.

For certain types of awards intended to qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code), approval of the per-person maximum limits described below and approval of the performance measures.

**Features of the Plan**

The Plan includes the following provisions that we believe are beneficial to our stockholders:

The Plan has a fixed share pool and does not have an evergreen share replenishment feature.

The Plan prohibits repricing or cash buyouts of stock options or stock appreciation rights (SARs).

The Plan prohibits dividend equivalents on unearned performance-based stock awards and unexercised stock options and SARs.

The Plan includes a recoupment or clawback provision.

The Plan generally prohibits the transferability of stock options and stock awards prior to the date that unrestricted shares have been issued.

A copy of the Plan, as approved by our Board of Directors, is attached as Appendix A to this proxy statement. The Plan provides for the grant to our employees, directors and consultants of stock options, stock appreciation rights, stock awards (including restricted stock, deferred stock, restricted stock units, performance shares, phantom stock or other similar types of awards) and cash awards. All equity awards granted under the Plan are granted with respect to shares of our common stock.

**Shares Issuable Under the Plan**

Initially, an aggregate of 5.7 million shares were authorized under the Plan. In connection with the Spin-Off, we assumed awards for approximately 5.7 million shares. After the Spin-Off, we granted awards for approximately 500,000 shares of common stock, which together with the awards assumed in the Spin-Off, result in total awards granted under the Plan of approximately 6.0 million shares (net of awards forfeited, expired and canceled since the Spin-Off) as of January 31, 2014.

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We expect that the number of shares actually issued under the Plan will be significantly less than the number of total awards outstanding under the Plan because (a) a net option exercise results in a smaller number of shares issued when a participant uses award shares, rather than cash, to pay the exercise price, which historically most participants have elected to do, (b) most participants historically have elected to let the company retain award shares to pay for taxes due on the exercise of options and all participants are required to use award shares to pay for taxes upon the vesting of restricted stock or restricted stock units, (c) some participants may leave employment with us before the vesting of awards resulting in awards being forfeited and (d) some participants may not exercise stock options before the expiration date for a variety of reasons, including if the exercise price exceeds the then current market price of shares.

If this proposal is approved, an aggregate of 8.45 million shares will be available for future issuance under the Plan, including under awards currently outstanding. Our Board of Directors believes that equity compensation awards are an important part of our overall compensation program and that the awards are important in retaining and motivating new and existing personnel. Therefore, it unanimously recommends a vote in favor of approving the Plan so that we can continue to make awards under the Plan.

### **Section 162(m) Matters**

Section 162(m) of the Internal Revenue Code (Code) generally limits public companies from deducting certain compensation paid in excess of \$1 million to certain of their executive officers during any fiscal year. Under current law, this restriction potentially applies to compensation paid to our Chief Executive Officer and certain other highly compensated executive officers. Certain performance-based compensation is specifically exempted from this deduction limit if it meets the requirements of Code Section 162(m).

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**PROPOSAL 2 APPROVAL OF THE AMENDED AND RESTATED 2013 EQUITY INCENTIVE PLAN**

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In order for certain forms of compensation to qualify as performance-based compensation, payment under the awards must be contingent upon the achievement of performance goals that are established in a manner specified under Section 162(m) of the Code. The Plan permits us to issue awards that incorporate performance objectives and provides that these performance objectives, which we call objectively determinable performance conditions, may be based upon a variety of factors such as revenue dollars, earnings per share, operating cash flow and other performance measures listed below.

The Plan provides that the following measures may be used in objectively determinable performance conditions and that such measures may be expressed in absolute terms or values, in terms of growth or improvement or relative to the performance of one or more comparable companies or an index covering multiple companies and that relate to any of the following, as it may apply to an individual, one or more affiliates, business units, divisions or the whole of the company: revenue; earnings per share; return on assets; return on equity; net order dollars; net profit; operating cash flow; operating income; contract bookings; contract awards; profit before tax; earnings before interest, depreciation and taxes (EBITDA); return on invested capital; days working capital; total shareholder return; share price growth; free cash flow; return on sales; operating margin; book-to-bill; headcount; employee retention; new hires; backlog; objective customer satisfaction indicators; and efficiency measures, each with respect to the Company and/or an affiliate or individual business unit or division.

Our Plan also provides that, within any fiscal year of the company, no employee may be granted under the Plan options to purchase, and SARs to receive compensation calculated with reference to, more than an aggregate of 425,000 shares of common stock under the Plan. In addition, to the extent granted with the intent of having it qualify as qualified performance-based compensation under Section 162(m) of the Code, within any single fiscal year of the company, no employee may be granted under the Plan restricted stock awards or restricted stock units for more than 285,000 shares of common stock or cash awards having an aggregate maximum value of more than \$5,000,000.

**Other Material Terms of the Plan**

*Administration.* The Plan may be administered by our Board of Directors, a committee of our Board of Directors or a delegated officer or employee in certain circumstances. The Board of Directors has delegated authority to our Human Resources and Compensation Committee to administer the Plan.

*Eligibility.* Non-statutory stock options, SARs, stock awards and cash awards may be granted under the Plan to employees, directors and consultants of the company or its affiliates. Incentive stock options may be granted only to our employees or those of our affiliates. The aggregate grant date fair value of all awards made under the Plan to any non-employee director in a fiscal year is limited to \$500,000. The administrator, in its discretion, selects the individuals to whom stock options, SARs, stock awards and cash awards may be granted, the time or times at which awards are granted and the terms of awards to be granted under the Plan.

*Non-assignability of Awards.* Stock options, SARs and stock awards are generally nontransferable prior to the date on which the participant has been issued unrestricted shares of our stock. The administrator does have discretionary authority to permit awards to be transferable in limited circumstances to family members.

*Termination of Awards.* Generally, unless otherwise provided in the award agreement, if an awardee's service as an employee, consultant or director terminates other than for death or disability or for cause, vested stock options will remain exercisable for a period of 90 days following the awardee's termination, or if earlier, until the expiration of the term of the stock options. Unvested restricted stock awards and restricted stock units are forfeited as of the date of the termination of employment. If an awardee's service as an employee, consultant or director terminates for cause, all of the awardee's awards will immediately terminate as of the date of termination unless otherwise provided for in the award agreement. Unless otherwise provided for in the award agreement, if an awardee becomes disabled or dies while an employee, consultant or director of the company, the vesting of all of the awardee's unvested awards will accelerate, and all of the awardee's awards will be exercisable until the expiration of the term of the award. The administrator has the authority to extend the period of time for which an award is to remain exercisable following an awardee's termination (taking into account limitations under the Code), but not beyond the expiration of the term of the award.

*Prohibition on Repricing.* Stock options and SARs may not be repriced or cancelled and replaced with lower-priced stock options, SARs, other awards or cash payments with the effect of lowering the exercise price of previously granted stock options and SARs are prohibited without the approval of our stockholders.



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*Dividend Equivalents.* Stock awards may include a right to dividend equivalents, which may be settled in the form of cash, shares or a combination of both. However, dividend equivalents are not permitted on stock options and SARs and will not be paid on unearned performance awards.

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**PROPOSAL 2 APPROVAL OF THE AMENDED AND RESTATED 2013 EQUITY I**