

APRIL 19, 2007

DR. J. ROBERT BEYSTER

REMARKS FOR BOOK SIGNING FOR WARWICK'S BOOK
STORE

FIRST OF ALL, THANKS TO ALL OF YOU FOR BEING

HERE THIS EVENING. MOST OF YOU DON'T KNOW ME

PERSONALLY. SOME MAY KNOW THAT I HAVE HAD

STRONG INTEREST IN EMPLOYEE OWNERSHIP. IT

DATES BACK TO 1969 WHEN I FOUNDED SAIC.

I TOOK THE OPPORTUNITY AFTER RETIRING TO WRITE
THE BOOK "SAIC SOLUTION" WITH PETER ECONOMY.
I'M HERE BOTH TO TELL YOU ABOUT THE BOOK AND
TO SIGN COPIES OF THE BOOK FOR YOU.

MY BIG INTEREST AT SAIC WAS TO ESTABLISH A
MERITOCRACY TO REWARD THE EMPLOYEES WITH
DIRECTLY OWNED STOCK BASED ON MERIT.

SAIC EMPLOYEES, BOARD MEMBERS AND
CONSULTANTS WERE AWARDED OWNERSHIP
COMMENSURATE WITH THEIR CONTRIBUTION AND

THERE WERE A NUMBER OF CRITERIA FOR THIS: (1) DID THEY HELP WIN CONTRACTS? (2) DID THEY DO A GOOD JOB ON THE CONTRACTS THEY WERE AWARDED? (3) DID THEY BRING IN GOOD PEOPLE? AND (4) WERE THE CUSTOMERS HAPPY WITH THEM? THE SYSTEM RELIED ON THOSE EMPLOYED OR ASSOCIATED WITH SAIC USING GOOD JUDGEMENT IN BUILDING THEIR BUSINESS AND RUNNING THE COMPANY.

THIS SYSTEM CONSISTED OF BOTH DIRECT AND INDIRECT FORMS OF EQUITY OWNERSHIP TO INCENTIVIZE PEOPLE, SUCH AS STOCK PURCHASES,

STOCK BONUS OPTIONS AND RABBI TRUSTS. AS A
RESULT OF THESE INCENTIVES, THE COMPANY GREW
RAPIDLY AND PROFITABLY. WE ALSO HAD SOME
LARGE SURPRISES ALONG THE WAY THAT INCREASED
SHAREHOLDER VALUE.

FOR EXAMPLE, IN THE CASE OF NETWORK SOLUTIONS,
WHICH WAS THE ORIGINAL REGISTRAR FOR THE
INTERNET, WE TOOK NSI FROM INFANCY UNTIL IT
BECAME A COMPANY WITH OVER \$100-MILLION IN
PROFIT. THE COMPANY WAS EVENTUALLY SOLD FOR
MANY BILLIONS OF DOLLARS AND THE GAINS WERE

USED IN THE COMPANY TO MAKE ACQUISITIONS AND
REWARD OUR EMPLOYEES ALONG THE LINES I'VE
INDICATED, AND TO SUPPORT OUR TECHNICAL
RESEARCH PROGRAM.

WE ALSO PURCHASED BELLCORE FROM THE REGIONAL
BELL TELEPHONE COMPANIES AND IT CONTINUED TO
BE A SUCCESSFUL ORGANIZATION, WITH HIGHER
LEVELS OF PROFITABILITY THAN SAIC. BOTH STORIES
ARE TOLD IN THE BOOK. THEY ARE INTERESTING
STORIES AND I WON'T TELL YOU TONIGHT HOW IT ALL

ENDED. THESE ACQUISITIONS ADDED A LOT TO OUR
BOTTOM LINE.

SO NOW ABOUT THE BOOK. MY DAUGHTER STRONGLY
SUGGESTED I WRITE THE BOOK ABOUT SAIC. SAIC
LIKED THE IDEA. AS I MENTIONED PETER ECONOMY,
WHO WAS RECOMMENDED BY RAY SMILOR OF THE
BEYSTER INSTITUTE, JOINED US. THE BOOK IS
ORGANIZED INTO 14 CHAPTERS. TWELVE CHAPTERS
FOLLOW THE OUTLINE SUBJECTS TREATED IN THE SAIC
BROCHURE PRINCIPLES AND PRACTICES. THE
THIRTEEN CHAPTER IS ON GOVERNANCE IN AN

EMPLOYEE OWNED COMPANY AND THE 14TH CHAPTER
IS ON WHAT I SEE IN THE FUTURE. (REFERENCE VINT
CERF). VINT CERF, ONE OF THE FATHERS OF THE
INTERNET WAS HERE THIS MORNING SPEAKING TO THE
SAN DIEGO VENTURE GROUP. WE DISCUSS EMPLOYEE
OWNERSHIP AND HIGH TECHNOLOGY. THIS BOOK IS
OBVIOUSLY NOT CHRONOLOGICAL. THIS BOOK
SHOULD HELP YOU UNDERSTAND SAIC. NOW WHAT
CAN YOU DO TO HELP THE BOOK AUTHORS.

IF YOU SEE MISTAKES IN THE BOOK OR IF WE HAVE
OMITTED ANY IMPORTANT FACTS, LET US KNOW

THROUGH THE FOUNDATION'S INTERNET ADDRESS

FED.ORG OR THROUGH MY BLOG BEYSTER.COM.

THANK YOU AGAIN FOR COMING AND I'M TOLD WE

HAVE TIME TO TAKE A COUPLE OF QUESTIONS.

ANYONE HAVE A QUESTION?