

4/23/07

DR. J. ROBERT BEYSTER

REMARKS FOR BOOK SIGNING FOR SAIC

FIRST OF ALL, THANKS TO ALL OF YOU FOR BEING

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

PERSONALLY. SOME MAY KNOW THAT I HAVE HAD

STRONG INTEREST IN EMPLOYEE OWNERSHIP. IT

DATES BACK TO 1969 WHICH I FOUNDED THE

COMPANY.

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, MEET

AND GREET MY FRIENDS AND TO SIGN COPIES OF THE

BOOK FOR YOU.

ONE OF MY MAIN INTERESTS 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. USING
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. WE DISCUSS EMPLOYEE OWNERSHIP AND
HIGH TECHNOLOGY THE BOOK IS OBVIOUSLY NOT
CHRONOLOGICAL. THIS BOOK SHOULD HELP YOU
UNDERSTAND SAIC. NOW WHAT CAN YOU DO TO HELP
SAIC AND THE BOOK AUTHORS.

IF YOU SEE MISTAKES IN THE BOOK OR IF WE HAVE
OMITTED ANY IMPORTANT FACTS, LET US KNOW
THROUGH FED.ORG OR BEYSTER.COM BLOG

THANK YOU AGAIN FOR COMING AND I'M TOLD WE

HAVE TIME TO TAKE A COUPLE OF QUESTIONS.

ANYONE HAVE A QUESTION?