



Our customers can count on us – today and tomorrow.



The combined strengths of our software, domain expertise and more than 35 years of experience have enabled us to help customers across organizations, industries and governments around the globe succeed.

Innovation is at the heart of what we do. We start by listening to customers to understand their needs. Then we give our employees the freedom to explore new ideas and come up with innovative ways to address those needs. The combined strengths of our software, domain expertise and more than 35 years of experience have enabled us to help customers across organizations, industries and governments around the globe succeed.

Even though we have enjoyed steady growth every year since our inception, one thing has remained unchanged: our longstanding commitments to helping customers transform how their businesses work and sustain a culture of fact-based decision making. Our business analytics framework provides customers with a flexible and straightforward path to achieving their key objectives and gaining maximum return from their information assets. Today, SAS is the world's largest privately held software company, with more than 11,500 employees in more than 400 offices globally. Together, we provide software and services to more than 50,000 sites in 127 countries. And the guiding principles that launched this company in 1976 are still the foundation of our growth and success:

- ▶ Commitment to customers.
- ▶ Appreciation of and dedication to employees.
- ▶ Adherence to the highest standards of quality and performance for our software.
- ▶ Continual innovation that creates lasting value.

We pledge to maintain these principles both in the year ahead and beyond, as we continue to give our customers THE POWER TO KNOW®.



## Letter from the CEO

2010 was a year of milestones for SAS – as an innovator, employer and corporate citizen. The year marked our 35th consecutive year of growth and profitability, with record global revenue of US\$2.43 billion, an increase of 5.2 percent over 2009.

Demand for SAS® solutions has never been greater. That's because our focus is not just on technology; it is on solving business problems specific to particular industries, with technology as the enabler. In business analytics, revenues jumped 26 percent – a clear indicator of the growing recognition that analytics can help organizations see further into the future so they can make adjustments faster and with more confidence.

Worldwide, more organizations sought the predictive power of analytics to make smarter business decisions, resulting in double-digit growth in analytics across most industry sectors, including education, energy and utilities, financial services, government, health care and life sciences. Revenue from customer intelligence, business intelligence, data management, financial performance and strategy management, merchandising, risk and fraud management, and supply chain solutions also saw double-digit – and in some cases triple-digit – growth across most industries.

Staying ahead of the frenetic pace of today's information economy requires a strong commitment to innovation. Our global research and development operation enables SAS to produce new solutions at an unprecedented rate; we literally develop and test software around the clock. In 2010, SAS reinvested 24 percent of its revenues back into R&D and released more software than ever before, in areas including fraud detection, customer intelligence, social media analysis, data mining, risk management, high-performance computing and data management.

In June, we purchased Glasgow, Scotland-based Memex, a world leader in intelligence management solutions that help improve intelligence processes, enhance public safety, and prevent and deter crime, terrorism and other threats. Memex has a strong presence in the law enforcement and homeland security markets, which will serve to strengthen our position in the worldwide public security and safety markets. A month later, we acquired Vision Systems & Technology Inc. (VSTI), a professional services company that has been delivering advanced analytic solutions to the US intelligence community for more than a decade.

Jim Goodnight, CEO and co-founder of SAS.

Around the world, SAS Analytics give a quantifiable edge to many organizations, including: Commerzbank, Daiichi Sankyo, First Niagara, OneBeacon Insurance Group, the State of North Carolina and TrueCar.com.

#### **AN EMPLOYER OF CHOICE**

Engaged, talented employees are vital to a knowledge-based company like SAS. They keep our offerings on the cutting edge – a fact that we've known since we first opened our doors 35 years ago. In 2010, SAS was named No.1 on the Best Companies to Work For lists in Belgium, Norway, Sweden and the US. Reaching the top of Fortune's Best Companies to Work For list in the US was especially satisfying, as we have been on that list since it was established in 1998.

We learned in early 2011 that SAS was again No. 1 on Fortune's Best Companies to Work For list in the US and Norway. This ranking is important; it demonstrates our ongoing commitment to nurturing the trust and open communication that exists between employees and management. The pride employees have in the company translates to an unwavering drive to deliver high-quality software and service to our customers.

SAS was also recognized as a Top 10 employer in Argentina (No. 8), Canada (No. 4), India (No. 10), the Netherlands (No. 2) and Europe (No. 7). We also made top 100 lists in Australia, China, France, Germany, Italy, Korea, Mexico, Norway, Portugal, South Africa, Sweden and the UK.

#### **RESPONSIBLE CORPORATE CITIZENSHIP**

Our success as a company puts SAS in a leadership role in many ways, and with leadership comes responsibility. One of the responsibilities that we take most seriously is our obligation to show leadership through conscientious corporate citizenship. We demonstrated this leadership in 2010 through investments in education and environmental sustainability.

In the two years since award-winning SAS® Curriculum Pathways® online educational resources were made available to educators in the US at no charge, the number of teacher and school accounts has skyrocketed. Used in all 50 states, the software provides standards-based content for middle and high schools in core academic disciplines – English, mathematics, social studies, science and Spanish. And the return on our investments in education has been encouraging.



The 2.2 megawatt capacity solar farms generate 3.6 million kilowatt hours of clean, renewable energy each year and produce zero waste. Sheep are used to maintain the grass around the solar arrays.

## Letter from the CEO *continued*

For example, at South Granville High School in North Carolina, SAS Curriculum Pathways underpins a technology-focused redesign, including laptops for all students and teachers. The goal is to graduate 100 percent of students. In just two years, 20.3 percent more students are graduating, attendance has increased and disciplinary action decreased. With 50,000 teachers and 10,000 schools registered, we're expecting to see results like this across the US.

SAS is also investing in higher education around the world. In the US, we worked closely with North Carolina State University as it developed its Master of Science in Analytics (MSA) program. The program is designed to equip knowledge workers with the skills needed by today's leading organizations. The initial results are very positive. Since its inception in 2007, each year more than 90 percent of MSA students have received job offers by the time they graduate. In 2010, MSA program graduates earned starting salaries averaging more than US\$83,000. Similar programs are currently being developed in the UK and in Singapore, and plans are for these programs to be rolled out in several countries throughout Europe and Asia this year.

SAS also has a strong commitment to environmental sustainability. In October, we completed construction on our second solar farm, which has a 1.2 megawatt capacity. With the estimated 1.7 million kilowatt-hours generated annually by SAS Solar Farm 1 – in operation since December 2008 – the two combined systems produce enough energy to power more than 325 average-sized homes. They also avoid more than 3,500 tons of carbon dioxide emissions from conventionally produced electricity – the equivalent to the emissions from burning more than 367,000 gallons of gasoline.

In November, we opened our new cloud computing facility, which was built to Leadership in Energy and Environmental Design (LEED) standards for water and energy conservation. We are also nearing completion of a new 280,000-square-foot building that will house the Executive Briefing Center and was designed to achieve LEED certification.

### **AN EYE TOWARD THE FUTURE**

Looking back over our accomplishments in 2010 gives us a strong vantage point for looking to the future and all the possibilities it may hold – both for SAS and for our customers.

Our newest building, which houses the Executive Briefing Center, was designed to achieve LEED certification and greater environmental efficiencies for energy and water consumption.



Throughout 2011, the still-uncertain economic landscape and exponential growth of digital data will present both challenges and opportunities for organizations. Industry-specific and cross-industry solutions built on the SAS Business Analytics Framework can solve organizations' toughest problems – from improving customer relations to reducing fraud and risk.

SAS High-Performance Computing, introduced mid-2010 in banking and retail solutions, helps solve those problems in record time – and in some cases, in real time – by distributing analytic tasks across multiple processors. These advances in processing power enable organizations to get analytic results faster – and act on them more quickly – to dramatically improve their agility in the marketplace and gain an even greater competitive edge.

Though the long-term effects of the economic downturn still aren't known, we are both confident and enthusiastic about the future. At SAS, we offer our customers a commodity that isn't readily available in this time of economic difficulty: stability. We have spent the last 35 years listening to our customers and meeting their needs with the very best products and services.

And just as we have every year, we offer you these commitments:

- ▶ We will continue to invest in innovation by strengthening our technologies and expertise.
- ▶ We will continue to invest in our employees, whom we consider our most valuable assets.
- ▶ We will continue to look for ways to equip the next generation of knowledge workers so that they can make a difference at their workplace and in their communities.

And as we look ahead, we will set our sights on exceeding expectations – both our customers' and our own – at every turn. We wouldn't know how to do it any other way.

Sincerely,

James H. Goodnight, PhD, CEO

SAS achieved its 35th consecutive year of growth in 2010, with global revenue reaching US\$2.43 billion.

## Gaining an edge in a challenging economy

In 2010, SAS achieved its 35th consecutive year of growth, with global revenue reaching US\$2.43 billion, up 5.2 percent over 2009. Growth was strong in several industries. Sales to the financial services industry increased by 7 percent and represented 42 percent of total revenue, our largest industry segment. Sales to the retail industry were up by 18 percent, while health care and life sciences increased by 13 percent and 10 percent respectively.

Our growing network of alliance and channel partners played an integral role in expanding our customer base. Partners influenced more than 27 percent of new sales and 60 percent of the top 50 global deals, including national retailer Macy's; the National Bank of Abu Dhabi; Italy's Intesa Sanpaolo; and the recent CJLEADS crime prevention project with the State of North Carolina. Other customers across the globe who recognize the value of working with SAS and its alliance partners include Italy's SEC Servizi bank consortium and INPS social security agency; Japan-based Oita Bank; Australian-based telecommunications company Telstra; the Czech Republic's largest bank, Ceska sporitelna; and Catalina Marketing in the US.

We expanded our strategic partnership with Accenture in early 2010 to create the Accenture SAS Analytics Group, which is designed to drive business analytics into organizations across the globe. Accenture, along with global partners such as Capgemini and Deloitte, have incorporated core elements of the SAS Business Analytics Framework into their recently launched analytic competency centers.

In addition, we continue to use our partnerships with leading technology vendors, such as Teradata, HP and EMC/Greenplum to provide our customers with innovative, analytic-driven solutions that address the increasing demand for in-database analytics and high-performance computing.

### **GLOBAL PRESENCE, GLOBAL SUCCESS**

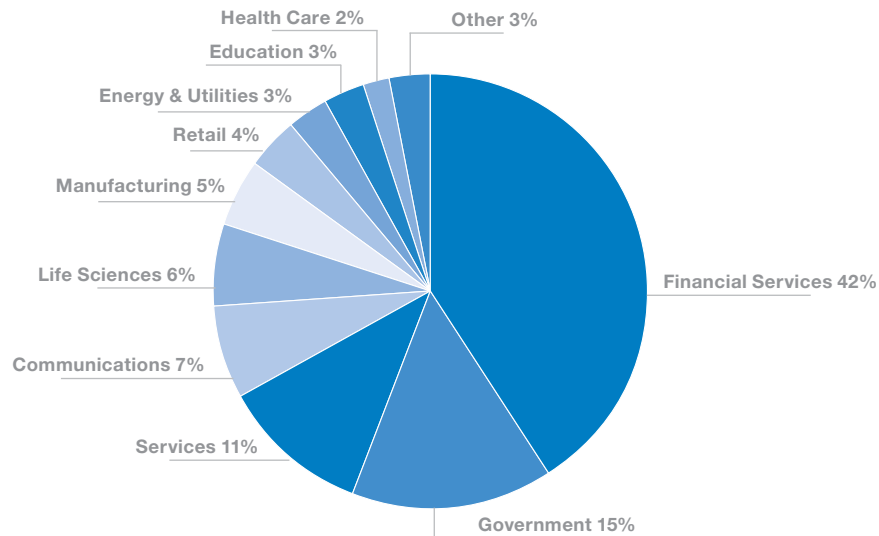
Revenue growth remained distributed around the globe. The Americas accounted for 46 percent of total revenue; Europe, Middle East and Africa (EMEA) contributed 42 percent; and 12 percent came from the Asia Pacific region. In developing markets, double-digit percentage gains were achieved in most of Asia, Latin America and the Middle East.



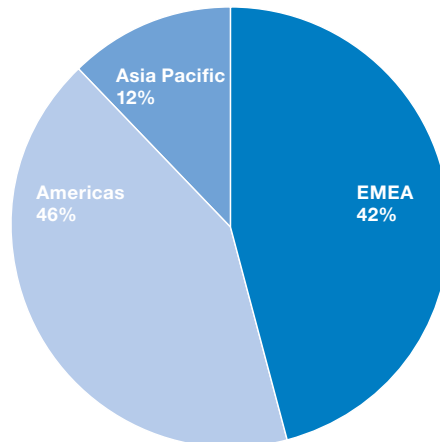
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## 2010 revenue

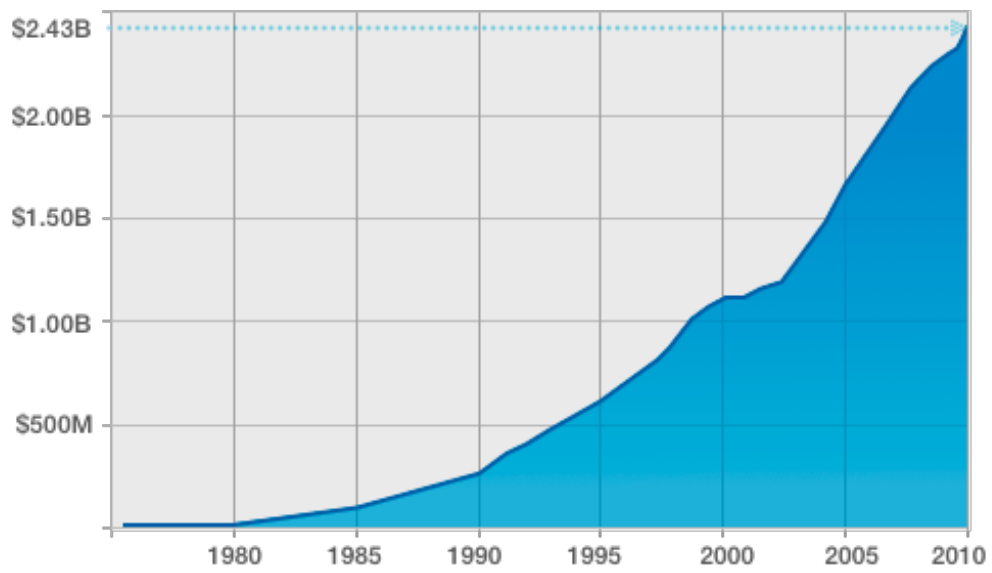
Revenue by Industry



Revenue by Region



Revenue Growth 1976-2010



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