

This Annual Report on Form 10-K (Form 10-K) contains certain forward-looking information relating to CA, Inc. (the “Company,” “Registrant,” “CA,” “we,” “our,” or “us”), that is based on the beliefs of, and assumptions made by, our management as well as information currently available to management. When used in this Form 10-K, the words “anticipate,” “believe,” “estimate,” “expect,” and similar expressions are intended to identify forward-looking information. Such information includes, for example, the statements made under the caption “Management’s Discussion and Analysis of Financial Condition and Results of Operations” under Item 7, but also appears in other parts of this Form 10-K. This forward-looking information reflects our current views with respect to future events and is subject to certain risks, uncertainties, and assumptions, some of which are described under the caption “Risk Factors” in Part I Item 1A and elsewhere in this Form 10-K. Should one or more of these risks or uncertainties occur, or should our assumptions prove incorrect, actual results may vary materially from those described in this Form 10-K as anticipated, believed, estimated, or expected. We do not intend to update these forward-looking statements.

The products and services mentioned in this Form 10-K are used for identification purposes only and may be protected by trademarks, trade names, services marks and/or other intellectual property rights of the Company and/or other parties in the United States and/or other jurisdictions. The absence of a specific attribution in connection with any such mark does not constitute a waiver of any such right.

This Form 10-K also contains references to other company, brand, and product names. These company, brand, and product names are used herein for identification purposes only and may be the trademarks of their respective owners. We disclaim any responsibility for specifying which marks are owned by which companies or which organizations.

## Part I

### ITEM 1. BUSINESS.

#### **(a) General Development of Business**

##### Overview

CA, Inc. is one of the world’s largest independent providers of information technology (IT) management software. We develop, market, deliver and license software products and services that allow organizations to run, manage and automate aspects of their computing environments, or IT infrastructures, which are critical to their business.

The Company was incorporated in Delaware in 1974, began operations in 1976, and completed an initial public offering of common stock in December 1981. Our common stock is traded on the New York Stock Exchange under the symbol “CA”.

We are considered an Independent Software Vendor (ISV). ISVs develop and license software products that can increase the efficiency of computer hardware platforms or operating systems sold by other vendors.

Our software helps our customers dynamically manage the people, processes, computers, networks and the range of technologies that make up their IT infrastructure. We have a broad portfolio of software products and services that span the areas of infrastructure management, security management, storage management and business service optimization.

##### Business Developments and Highlights

In April 2007, we held CA World with the theme of “Innovation in the Real World” where we addressed the challenges facing the IT industry and showcased the evolution and delivery of our Enterprise IT Management (EITM) strategy for transforming the way businesses manage IT. We delivered this message to more than 5,000 customers and partners.

In fiscal year 2007, we took the following actions to support our business:

- We continued pursuing our multi-year, four-part growth strategy to make our EITM vision real for our customers, enable a competitive cost structure for us, and move our Company from transaction-oriented sales to a relationship driven model with a focus on the largest enterprise customers. Please refer to “— (c) Narrative Description of the Business — Growth Strategy” below for more information.

- We completed the acquisitions of Cendura Corporation (Cendura) in September 2006, XOsoft, Inc. (XOsoft) in July 2006, MDY Group International, Inc. (MDY) in June 2006 and Cybermation, Inc. (Cybermation) in May 2006.
- In February 2007, we announced that CA Anti-Virus 2007, for home and home office, has received Checkmark certification from West Coast Labs on the Windows Vista Home Premium platform, meeting independent criteria for protection against viruses. This was the first product of its kind to be independently certified on the new Windows Vista operating system.
- In February 2007, we announced that our Board of Directors amended our By-laws to implement a majority voting standard. The new standard provides that a director nominee will be elected only if the number of votes cast “for” exceeds the number of votes “against” his or her election. Previously, directors were elected under a plurality vote standard, which mandated that nominees receiving the most votes would be elected regardless of whether those votes constituted a majority of the shares voted at the meeting.
- In December 2006, we announced the latest release of our Identity and Access Management (IAM) solution that helps organizations minimize risk while reducing the cost of their IT operations. Our IAM solution unifies and simplifies the management of enterprise-wide security through automated and centralized policy management.
- In November 2006, we announced Unicenter Advanced Systems Management (Unicenter ASM) r11.1, a platform-agnostic solution that provides centralized management for virtualized and clustered server environments — enabling customers to continuously assess, manage and optimize system resources to ensure service availability and reliability.
- In October 2006, we announced that our Board of Directors adopted a new Stockholder Protection Rights Plan (the Rights Plan) which replaced our existing rights plan when it expired on November 30, 2006. We will ask our stockholders to vote on the Rights Plan at our annual meeting of stockholders in August 2007.
- In September 2006, we announced a new release of Unicenter Network and Systems Management (Unicenter NSM) that offers a management database built on Microsoft SQL Server and eases integration of CA and third-party management solutions — enabling customers to optimize service availability while protecting their existing IT investments.
- In September 2006, we completed the tender offer for the purchase of 41,225,515 shares at a purchase price of \$24.00 per share, for a total price of approximately \$989 million, excluding bank, legal and other associated charges. Upon completion of the tender offer, we retired all of the shares that were repurchased.
- In August 2006, we completed a sale-leaseback of our corporate headquarters located in Islandia, New York. The transaction resulted in net proceeds of approximately \$201 million and a deferred gain of approximately \$7 million, which we amortize as a reduction to rent expense on a straight-line basis over the initial lease term of fifteen years.
- In August 2006, we announced a fiscal year 2007 cost reduction and restructuring plan (the FY07 Plan) that is expected to yield approximately \$200 million in annualized savings when completed. We currently expect a workforce reduction of approximately 2,000 positions, including 300 positions associated with joint ventures, facilities consolidations and other cost reduction initiatives. We expect to incur total pre-tax restructuring charges of approximately \$200 million over the 2007 and 2008 fiscal years in connection with this restructuring plan.
- In April 2006, we transitioned our human resources applications worldwide and certain financial and sales processing systems for our North American operations to SAP, an enterprise resource planning (ERP) system. This change in information system platform for our financial and operational systems is part of an on-going project to implement SAP at all of our facilities worldwide, which is expected to be completed over the next few years.
- We made the following key additions and changes to our executive management team:
  - In February 2007, we announced the appointment of Bilhar Mann as Senior Vice President and General Manager of our Security Management business unit.
  - In November 2006, we announced that Bill Lipsin was named Senior Vice President of Worldwide Channels.

- In September 2006, we announced that Amy Fliegelman Olli was named Executive Vice President and Co-General Counsel, reporting to our Chief Executive Officer. In February 2007, Ms. Olli was named Executive Vice President and General Counsel.
- In August 2006, we announced that Dr. Ajei S. Gopal joined CA as Senior Vice President and General Manager of the Enterprise Systems Management (ESM) business unit. Mr. Gopal succeeds Al Nugent who was recently appointed our Chief Technology Officer.
- In July 2006, we announced that Nancy E. Cooper was named Executive Vice President and Chief Financial Officer of the Company, reporting to our Chief Executive Officer.
- In June 2006, we announced that James E. Bryant was named Executive Vice President and Chief Administrative Officer of the Company, reporting to our Chief Executive Officer.

### **(b) Financial Information About Segments**

Our global business is principally in a single industry segment — the design, development, marketing, licensing, and support of software products that can operate on a wide range of hardware platforms and operating systems. Refer to Note 5, “Segment and Geographic Information”, in the Notes to the Consolidated Financial Statements for financial data pertaining to our segment and geographic operations.

### **(c) Narrative Description of the Business**

As one of the world’s leading independent enterprise management software companies, we provide software that unifies and simplifies complex IT management across an enterprise to help improve business results.

We believe this has become important to companies because IT is more strategic today than ever. Not only do companies rely on IT to conduct day-to-day business, but they also need IT to fuel growth, offer new services and set them apart from the competition. Organizations also use IT to comply with regulations, manage resources better and help drive innovation. In short, IT has transitioned from a support function into a true business driver.

We believe that managing IT has become increasingly complex and to take full advantage of IT requires management and integration. Companies must be able to manage IT as a whole and not as islands of technology isolated from the business. Over the last decade, the IT infrastructure has grown into a complicated collection of silos, each handling critical but discrete functions, often without the ability to work together. We also believe the need to better manage IT is driven by factors such as the inadequate use of best practice processes across much of IT, the inability to gain a common view of IT, the introduction of new technologies — such as server virtualization or mobile devices, as well as everyday business pressures such as competition and profitability.

Our mission is to transform the way our customers manage IT, and EITM is our vision of how we can help organizations accomplish this. With our EITM solutions and expertise, we help customers effectively govern, manage and secure IT. We believe we have a unique competitive advantage in the marketplace with the breadth and quality of our solutions; our hardware independence; and our ability to offer solutions that are modular and integrated so that customers can use them at their own pace. As a result, customers gain the ability to manage risk, improve service, manage costs and align their IT investments with their business needs.

EITM helps customers transform IT management and take advantage of what IT can do for their business. We help customers unify disparate elements of IT, systems, processes and people, and use technology and automation to simplify complex IT management. Rather than replacing existing IT investments, customers can gain visibility and control in order to better manage what they already have in place — whether it’s a distributed or mainframe environment, and regardless of the hardware or software they are using.

To help customers improve IT management, we deliver solutions that effectively govern, manage and secure IT. CA Capability Solutions are the building blocks of EITM. These solutions are modular and integrated so customers can address their needs at their own pace and realize value quickly. CA Capability Solutions can be used individually or in combination. CA Capability Solutions include services, education, and support, as well as partner offerings. In addition, CA Capability Solutions support a common view of a service through our Unified Service Model, which is a core element of our architecture. The Unified Service

Model provides a 360-degree view into the technology, assets, people, projects and processes supporting any given service, and the relationships among these components. With this insight, customers can manage IT more effectively.

## Growth Strategy

We are pursuing a multi-year, four-part growth strategy to make our EITM vision real for our customers, enable a competitive cost structure for CA and move our company from transaction-oriented sales to a relationship focus on the largest enterprise customers:

### 1. Internal Product Development

- In the past fiscal year, CA made significant progress on delivering new products and integrations supporting our EITM vision. We shipped new versions or new releases of virtually every major CA product, along with integrating our acquisitions including MDY, iLumin Software Services, Inc. (iLumin), Cybermation, XOsoft, and Cendura. In addition, we began to see synergies from some of our larger prior period acquisitions of Wily Technology, Inc. (Wily), Netegrity, Inc. (Netegrity), Niku Corporation (Niku) and Concord Communications, Inc. (Concord) with some of our other CA products like CA Unicenter Service Desk, CA Unicenter Network and Systems Management, CA Unicenter Asset Management and the security products.
- We have approximately 5,800 engineers globally who design and support CA software and have charged approximately \$0.7 billion to operations in each of the fiscal years ended March 31, 2007, 2006, and 2005 for product development and enhancements.
- We also are becoming more efficient in our development. We are growing our India Technology Center (in Hyderabad), which has expanded to approximately 1,200 developers and support engineers since its launch in 2003; and tapping an important talent pool in the Czech Republic (Prague) for mainframe development with approximately 100 developers there.

### 2. Strengthening Partner Relationships

- Partners are critical to our success. We need a broad base of partners to improve our reach, complement our expertise in niche areas and provide fulfillment and distribution. We partner with global systems integrators for their process design and planning as well as vertical expertise. We also work with value-added partners to offer enterprise solution implementation and we work with distribution partners who have specific market expertise.
- We have an active channel partner program. By developing strong relationships with global systems integrators, distribution channel partners, value-added resellers (VARs), system builders and original equipment manufacturers (OEMs), we extend CA technology to customers who otherwise wouldn't have access to it and expand the value we bring to customers overall. Our channel partners sell certain CA solutions that require a high level of expertise to sell.
- Our Enterprise Solution Provider Program supports our partners by recruiting, training and educating resellers on CA products and solutions. Through this program, we have authorized approximately 500 channel partners worldwide to sell certain CA solutions and are working with selected global solutions providers who sell solutions to multi-national companies. In the past year, we strengthened our business with our global systems integrators (including, but not limited to, companies such as Accenture, Deloitte, and PricewaterhouseCoopers).
- In April 2007, we formed our Mid-Market and Storage organization to develop and package solutions that focus on companies with 500-5,000 employees and revenue of \$100 million to \$1 billion. This organization will deliver CA solutions for this market through CA's channel-enabling partners to capitalize on the multi-billion dollar opportunity represented by the estimated 66,000 such companies around the world.

### 3. International Expansion

- We continue to invest internationally to increase the revenue we generate outside of the U.S. in areas where we believe the opportunities are greatest.
- In September 2006, we restructured our Latin America operation to be more aligned with market conditions and opportunities while reducing overall costs of the operation.

#### 4. Strategic Acquisitions

- We consider acquisitions that will support our EITM vision, extend our market position or expand our geographic footprint.
- In fiscal year 2007, we completed four acquisitions (see Note 2, “Acquisitions and Divestitures” in the Notes to the Consolidated Financial Statements for more information). These acquisitions filled technology gaps in our portfolio, strengthened our position in core focus areas, and continue to help round out our EITM offerings to better serve our customers.

#### Business Organization

According to industry trends and from our own research conducted over the past 18 months, we believe that customers are transitioning IT from a support function into a true business driver. They not only rely on IT to conduct day-to-day business, but they also need IT to fuel growth, enable innovation and create a competitive advantage. As this happens, customers need to be able to run IT like a service business. Fundamentally, IT is a collection of infrastructure assets, information, people and processes that need to work together. Customers want to be able to see what exists in the entire IT environment and have insight to make smart decisions on how to best use resources. They have to secure the infrastructure and gain better control over how IT supports the business.

In order to deliver on our EITM vision and growth strategy, our product development is organized to support the sixteen CA Capability Solutions described below. As customers increasingly manage IT operations in a more holistic way rather than as discrete technology functions, we believe our structure allows us to more closely align with our customers’ needs and to focus on products by growth opportunities within key capability areas. We do not presently maintain profit and loss data on our Capability Solutions, and they are therefore not considered business segments.

With EITM, CA Capability Solutions and our expertise, we believe customers can **govern, manage and secure** their entire IT environment — all of the people, information, processes, systems, networks, applications and databases from a Web service to the mainframe — while gaining the benefits of integration throughout the enterprise. CA Capability Solutions are grouped according to the main focus of what they enable customers to do — govern, manage and secure. All CA Capability Solutions are made up of several products and include services, education, and support, as well as partner offerings. CA Capability Solutions cover the following areas which customers tell us are important to their businesses.

#### Govern

Customers can maximize the value IT delivers to the business by aligning a portfolio of services with business objectives — balancing costs, resources and business risks. Executives gain insight into all of their IT to make the most effective IT investment decisions to support the business.

Our Capability Solutions include:

- *CA Project & Portfolio Management* — Ensures IT investment decisions are aligned with business strategy and manage risks and costs by providing real-time views into an organization’s investments, initiatives and resources.
- *CA IT Asset & Financial Management* — Manages cost and reduces risk by proactively managing assets through their life cycles, from requisition to retirement and disposal. Manages IT expenditures from budgeting through cost allocation.
- *CA Information Governance* — Protects and manages information throughout its life cycle, ensuring accurate access and availability at the right time and by the right people. Enables organizations to manage, archive and retain information based on its relative importance to the business.

The acquisition of MDY (June 2006) strengthened our Information Governance portfolio by offering a records management solution that controls and manages physical, electronic and email records. It provides comprehensive lifecycle management of all corporate knowledge assets across enterprise content ‘silos’. The architecture, Federated RM™, provides centralized management (retention, policy, search, discovery, hold and security) of vital information dispersed across the enterprise.

## Manage

Customers can meet business demands by delivering reliable, high-quality services through an automated, optimized IT infrastructure. When they understand how the underlying IT infrastructure is related to the services the business needs, they can manage those services more effectively.

Our Capability Solutions include:

- *CA Service Level Management* — Enables IT organizations to establish and monitor adherence to service level agreements and to define and publish service offerings through an IT service catalog.
- *CA Change & Configuration Management* — Supports a single process for managing change to applications and IT infrastructure. Minimizes the risk of change by unifying the entire change life cycle, from incident inception to the delivery of a patch, fix or enhancement.
- *CA Incident & Problem Management* — Automates IT processes to consolidate, log, track, manage, escalate and resolve incidents and problems. Assures service quality by accelerating detection and resolution.
- *CA Application Performance Management* — Manages the performance and availability of packaged and custom-built applications, portals and service oriented architecture (SOA). Ensures enterprise applications are delivering optimal service.
- *CA Service Availability Management* — Integrates event and performance management across all domains, systems, networks, storage, databases and applications. Improves IT staff efficiency by enabling process-driven management, policy-based automation and rapid root-cause analysis.
- *CA Network & Voice Management* — Provides integrated fault and performance management of heterogeneous data, IP telephony and legacy voice networks. Reduces downtime by identifying service degradations before users are impacted.
- *CA Dynamic & Virtual Systems Management* — Discovers, monitors and automates the management of heterogeneous, virtual and clustered system environments, ensuring availability and performance. Prevents unnecessary capital expenditures by maximizing utilization of existing server investments.
- *CA Workload Automation* — Dynamically automates the workload across multiplatform environments based on events. Enables companies to improve the delivery of critical business services while reducing costs.
- *CA Database Management* — Reduces the total cost of database ownership by automating day-to-day operations and increasing overall service responsiveness. Provides advanced technology and integration to manage increasingly large and complex databases.
- *CA Recovery Management* — Provides comprehensive cross-platform backup/recovery, disaster recovery, data replication and failover to securely manage and protect data resources. Minimizes risks to data and helps optimize the storage infrastructure.

In the past fiscal year, we augmented our capabilities in Workload Automation and Dynamic & Virtual Systems Management with the acquisitions of Cybermation (May 2006) and Cendura (September 2006), respectively. Cybermation brought mainframe job scheduling technology, competitive swap out tools, and an engine to support our future investments in IT process orchestration. Similarly, Cendura adds the ability to understand how IT devices combine to form a business-consumable service; and allows us to monitor configuration changes to IT devices. The acquisition of XOsoft (July 2006) strengthened our Recovery Management solutions by adding continuous application availability solutions to our portfolio including data replication, high-availability failover, and continuous data protection (CDP). Together, these acquisitions represent a significant technical move forward in helping customers manage their IT operations.

## Secure

Customers can protect assets and manage risks by monitoring and enforcing policy-based controls, managing identities and ensuring appropriate access. When they understand who has access to what is happening in the IT environment and what they have to do about it, they can better manage security.

Our Capability Solutions include:

- *CA Identity & Access Management* — Automates the management of a user's identity through its life cycle, ensuring that only authorized users can access critical IT resources from the Web to the mainframe. Mitigates risk, supports compliance initiatives and enables new business opportunities.
- *CA Security Information Management* — Provides centralized management of real-time events and post-event forensics analysis to improve administrator efficiency and reduce costs while ensuring security.
- *CA Threat Management* — Prevents spyware, viruses, worms, spam and malicious content from infiltrating and infecting a customer's network, email and business applications. Identifies threats and infrastructure vulnerabilities, preventing incidents before they negatively impact assets.

In the past year, CA has brought new security products to market (such as CA Host-based Intrusion Prevention), has grown in new market segments (extending the security portfolio in the consumer and mid-markets) and has updated the main product suites and expanded into new areas around Federated, SOA security and embedded application security. Going forward, we will continue to focus on initiatives regarding ease-of-use, improvement in product quality, innovation and leadership in security markets.

### **Our Unified Service Model and Integration Platform**

With the EITM vision and CA Capability Solutions, our EITM architecture enables high-quality services to be delivered to users, while optimizing assets and resources. The Unified Service Model, maintained in the CA Configuration Management Database (CA CMDB), is the centerpiece of our architecture for delivering EITM. As mentioned earlier, the Unified Service Model provides a complete 360-degree view into the IT services delivered to the business. The Unified Service Model incorporates all information that defines the characteristics of a service. This includes asset and relationship details, service levels, prices, costs, quality, risks and exposures and consumer information. The Unified Service Model is central to maintaining a common view of IT across all disciplines, enabling more coordinated automation, ensuring IT is meeting the needs of the business and helping customers create greater value. Instead of spending time and resources on manually handling routine maintenance and day-to-day IT issues, customers can free up time and budget to pursue initiatives more strategic to the business.

Through the Unified Service Model, our EITM architecture can provide critical insights on specific areas of the business so that customers can take the appropriate action in the following ways:

- *Service Impact* — Through the Unified Service Model, customers can manage IT services to ensure they are directly in line with business priorities. They can prioritize the most business-critical services over less important ones so their service quality is never compromised and resolve incidents and problems that impact those services more quickly.
- *Assets and Resources* — Because the Unified Service Model provides insight into the relationships and interdependencies between IT assets and the services they support, it can help customers make the most efficient use of their assets and resources.
- *Identity* — Integration with our security solutions enables our customers to manage the identity and entitlements of users from a services perspective. In other words, customers can ensure that any technology asset or IT staffer involved in supporting a given service and any users of the service have the appropriate, secure access they require.
- *Service Portfolio* — A Service Portfolio leverages the Unified Service Model to provide insight into the consumption, quality, costs and risks associated with those services to guide investment decisions.

The CA Integration Platform is the architectural foundation upon which our products are integrated. The CA Integration Platform leverages a SOA to deliver a set of shared, modular services, including an integrated workflow, User Interface services and scheduling services.

## Office of the CTO

The Office of the CTO drives our technology strategy; manages development of the CA integration platform, common components and services; manages our intellectual property and patent portfolio; governs our participation in standards organizations; and leads research and development for emerging technologies.

- *Technology Strategy* — As we evolve our vision of EITM, our goal is to help enterprises to more effectively govern, manage, and secure their environments. Our approach is to enable customers to become more prescriptive about their behavior through leveraging policies. We call our approach policy-based intelligent automation. The foundation of this approach is the *CA Integration Platform*, an event-driven architecture built on an SOA-based conduit and a collection of shared software services. The evolution of the integration platform enables the evolution of the EITM vision. Over time, the integration platform will become a focal point for enterprise policy, identity, control structures, and management state. In addition, it will also provide access to a variety of network-based integration services between CA and third party products and the common services outlined below.
- *Architecture and Methodology* — The Office of the CTO seeks to ensure all of our products are implemented according to a proven and consistent technical architecture. Having a consistent technical architecture also promotes greater product quality, improves user experience and simplifies product integration, all while lowering development costs and enabling cross-company usage of key components and technologies.
- *Common Technologies/Common Services* — The Office of the CTO manages the centralized development of a set of technologies and services shared by a number of our products and solutions. These include a federated management repository, licensing technologies, messaging technologies, workflow technologies and user interface technologies. These technologies and services enable our products to work together more easily and improve our ability to provide a simple, secure, and agile set of solutions to customers at a lower maintenance cost.
- *Intellectual Property (IP) and Standards* — We understand a well-developed patent portfolio helps us leverage and protect intellectual property assets in strategic areas. In fiscal year 2007, we enhanced our invention program in order to increase both the quantity and quality of our invention submissions. This team is also leading efforts to reduce unnecessary patent infringement lawsuits in the software industry by improving industry-wide patent quality. The IP and Standards team organizes CA's leadership and participation in the most strategic standards and open source bodies including W3C, Oasis, and Eclipse.
- *CA Council for Technical Excellence* — The CA Council for Technical Excellence was formed in 2006 to lead innovative projects designed to set the pace for true innovation in the industry. The Council also advises on technical issues of great importance to our future business. Council members promote innovation, communication, collaboration, standards and architectural approaches throughout CA's global technical community.
- *Innovation* — The Office of the CTO houses two innovation centers: Research Labs and Emerging Business Opportunities:
  - *Research Labs* — CA Labs drives research in advanced technologies related to management and security with return horizons typically greater than two years. This group performs research internally and works with major universities and standard setting bodies. Current areas of focus include the security, management, diagnosis and ease-of-use for on-demand computing, virtualized environments/virtualized services, policy-based automation and service-oriented architectures.
  - *Emerging Business Opportunities* — The Office of the CTO manages incubator projects for innovative governance, management and security solutions beyond those developed to support existing Capability Solutions with return horizons typically between one and two years. As these innovations reach the customer adoption phase, these product lines contribute value to customers and revenue to CA.

## Technological Expertise

Certain aspects of our products and technology are proprietary. We rely on U.S. and foreign intellectual property laws, including patent, copyright, trademark and trade secret laws to protect our proprietary rights. As of March 31, 2007, we hold over 500 patents worldwide and over 1,000 patent applications are pending worldwide for our technology. However, the

extent and duration of protection given to different types of intellectual property rights vary under different countries' legal systems. Generally, our U.S. and foreign patents expire at various times over the next twenty years. While the durations of our patents vary, we believe that the durations of our patents are adequate. The expiration of any of our patents will not have a material adverse effect on our business. In some countries, full-scale intellectual property protection for our products and technology may be unavailable, or the laws of other jurisdictions may not protect our proprietary technology rights to the same extent as the laws of the United States. We also maintain contractual restrictions in our agreements with customers, employees and others to protect our intellectual property rights. In addition, we occasionally license software and technology from third parties, including some competitors, and incorporate them into our own software products.

The source code for our products is protected both as trade secrets and as copyrighted works. Some of our customers are beneficiaries of a source code escrow arrangement that enables the customer to obtain a contingent, future-limited right to access our source code. If our source code is accessed, the likelihood of misappropriation or other misuse of our intellectual property may increase.

We are not aware that our products or technologies infringe on the proprietary rights of third parties. Third parties, however, may assert infringement claims against us with respect to our products, and any such assertion may require us to enter into royalty arrangements or result in costly and time-consuming litigation. Although we have a number of U.S. and foreign patents and pending applications that may have value to various aspects of our products and technology, we are not aware of any single patent that is essential to us or to any of our principal business product areas.

We continue to invest extensively in product development and enhancements. We anticipate that we will continue to adapt our software products to the rapid changes in the IT industry and will continue to enhance our products to help them remain compatible with hardware changes. We expect that we will continue to be able to improve our software products to work with the latest hardware platforms and operating systems.

To keep CA on top of major technological advances and to ensure our products continue to work well with those of other vendors, CA is active in most major standards organizations and takes the lead in many. Further, CA was the first major software company to earn the International Organization for Standardization's (ISO) 9001:2000 Global Certification, the ultimate ISO certification.

In addition, CA has built a strong global product development staff in Australia, China, the Czech Republic, Germany, India, Israel, Japan, the United Kingdom and the United States. Our technological efforts around the world ensure we maintain a global perspective of customer needs while cost-effectively tapping the skills and talents of developers worldwide, and enable us to efficiently and effectively deliver support to CA customers.

In the United States, product development is primarily performed at our facilities in Brisbane and Redwood City, California; San Diego, California; Lisle, Illinois; Framingham, Massachusetts; Mount Laurel, New Jersey; Islandia, New York; Plano, Texas; and Herndon, Virginia.

For the fiscal years ended March 31, 2007, 2006 and 2005, the costs of product development and enhancements, including related support, charged to operations were \$0.7 billion for each fiscal year. In fiscal years 2007, 2006 and 2005, we capitalized costs of \$85 million, \$84 million, and \$70 million, respectively, for internally developed software. The increase in capitalized costs for fiscal years 2007 and 2006 as compared with fiscal year 2005 was principally related to the effort to refresh our product offerings, including Enterprise Systems Management (Unicenter r11) and BrightStor products.

## Customers

No individual customer accounted for a material portion of our revenue during any of the past three fiscal years, or a material portion of the license contract value that has not yet been earned (deferred subscription value) reported at the end of any period in the past three fiscal years. At March 31, 2007, five customers accounted for substantially all of our outstanding prior business model net receivables which amounted to approximately \$503 million, including one large IT outsourcing customer with a license arrangement that extends through fiscal year 2012 with a net unbilled receivable balance in excess of \$400 million. The majority of our software products are used with relatively expensive computer hardware. As a result, most of our revenue is generated from customers who have the ability to make substantial commitments to software and hardware

implementations. Our software products are used in a broad range of industries, businesses and applications. We have a large and broad base of customers. We currently serve companies across every major industry worldwide, including manufacturers, technology companies, retailers, banks, insurance companies, other financial services providers, educational institutions, health care institutions and governmental agencies. Our customer's satisfaction is important to us. Therefore approximately 10% of the variable compensation for approximately 1,400 senior CA managers is linked to our customers' satisfaction, which we measure through independent surveys.

When customers enter into a software license agreement with us, they often pay for the right to use our software for a specified period of time. When the terms of these agreements expire, the customer must either renew the license agreement or pay usage and maintenance fees, if applicable, for the right to continue to use our software and receive support. We believe that our flexible business model allows us to maintain our customer base while allowing us the opportunity to cross-sell new software products and services to them.

### **CA Service and Education**

Our CA Technology Services™ team and global systems integration partners strive to help our customers shorten the time to measurable business results through fast, efficient implementation of our solutions. Through our global team of experts we offer a portfolio of assessment, implementation, optimization and managed service offerings to assist our customers at all stages of their solution deployment. Our proven, repeatable and phased approach draws on the expertise and best practice knowledge developed during thousands of successful projects completed annually in large and diverse organizations.

In addition, our CA Education team offers a full blend of learning solutions and certification programs around CA software and IT management best practices such as information technology infrastructure library (ITIL). We offer a comprehensive portfolio of foundation to advanced level training to address the needs of all users within our customers from implementers, administrators, end users to business users. Our blended learning solutions range from classroom-based training in our Global Learning Centers to self-paced and Web-instructor-led on-line training offerings. This ensures that our customers have the right skill sets and competencies to achieve the full value from their IT management solution.

### **CA Technical Support**

As part of our commitment to customer satisfaction, we strive to provide our customers with industry leading support. CA Technical Support is a highly skilled, customer focused team that spans locations around the world, delivering 24 x 7 business-critical assistance in 18 languages.

Support is intended to help customers get the most from their software purchase by resolving issues and answering product questions. We call this enterprise offering CA Business Critical Support, to which customers may selectively add custom offerings as further detailed below.

- *CA Business Critical Support (CA BCS)* — These services provide customers with a full range of direct-contact and self-service features including unlimited calls and callers, remote problem analysis and assistance during local country business hours, and access to a wide range of online support services. Currently more than 200,000 registered users make use of our self-service portal to research technical information; open and maintain incident reports; and download product releases, patches and documentation.
- *CA BCS Custom Offerings* — These services are fee-based and designed to provide focused support over customer designated periods, to further enhance the successful use of purchased software.

*CA Support Availability Management (CA SAM)* — Customers with a large portfolio of CA software may benefit from our ability to align Technical Support with their operational plans, coordinate resources and tailor product information. The deliverables for the CA SAM offering are designed to maintain and improve the return on customers' software investment at a minimum cost.

*CA Targeted Support* — This service provides customers with product-focused attention with a named Support Engineer. The Support Engineer has an understanding of the customer's IT environment and business goals and acts as a focal point for the support needs around a specific CA product or solution.

*CA Extended Support* — This service addresses the needs of customers who require additional time to migrate or upgrade to new CA releases, products or solutions. This service provides technical support for a specific CA solution, product or release that has reached its End-of-Service or End-of-Life date.

CA Technical Support has also extended its support to include implementation partners. The CA Solution Deployment Support offering is intended to help partners validate their solution approach, provide customized information and priority routing of any issues during the project through an engagement-focused CA Technical Support representative. This customized implementation support is focused on reducing the risk in project plans and improving the time to value for customers.

Separately, we offer support options for consumer and commercial products including chat, email and voice support. We also offer both business hours and 24x7 support options, in addition to web-based self-help for our high-volume product solutions.

This combination of dedicated Technical Support staff, online services, custom offerings, and partner support programs drives the post-sale customer and partner experience, as well as satisfaction with and loyalty to CA's products.

### **Business Model**

Customers face challenges when trying to achieve their desired returns on software investments. These challenges are compounded by traditional software pricing models that often force companies to make long-term commitments for projected capacities. When these projections are inaccurate, companies may not achieve the desired returns on investment. Many companies are also concerned that, due to short product life cycles for some software products, new products may become available before the end of their current software license agreement periods. In addition, some companies, particularly those in new or evolving industries, want pricing structures that are linked to the growth of their businesses to minimize the risks of overestimating capacity projections.

We believe we can service our customers better by offering more flexible licensing terms to help customers realize maximum value from their software investments. In October 2000, we formalized this philosophy and refer to it as our business model.

Our business model offers customers a wide range of purchasing and payment options. Our flexible licensing terms allow customers to license our software products for relatively short periods of time, including on a monthly basis. Through these flexible licensing agreements, customers can evaluate whether our software meets their needs before making larger commitments. As customers become more comfortable with their software investments, they typically license our software for longer terms, generally up to three years.

Some customers prefer to choose cost certainty and sign longer-term agreements. Under our flexible licensing terms, customers can license our software products under multi-year licenses, and most customers choose terms of one to three years, although longer terms are sometimes selected. We often provide our customers with the option to change their product mix after an initial period of time to mitigate their risks. We also help customers reduce uncertainty by providing a standard pricing schedule based on simple usage tiers. Additionally, we offer our customers the ability to establish pricing models for our products based on their key business metrics. Although this practice is not widely utilized by our customers we believe this metric-based approach is unique in the software industry and can provide us with a competitive advantage.

As a result of the flexible licensing terms we offer our customers, specifically the right to receive unspecified future upgrades for no additional fee, as well as maintenance included during the term of the license, we are required under generally accepted accounting principles in the United States of America to recognize revenue from certain of our license agreements ratably over the license term. For a description of how ratable revenue recognition has impacted our financial results, refer to "Results of Operations" within Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

### **Sales and Marketing**

We offer our solutions through a direct sales force, which is a combination of Account Directors, Account Managers and technical experts. We also partner with global systems integrators, value-added and distribution partners and OEMs. (See "— Growth Strategy — Strengthening Partner Relationships" above).

We made substantial changes to our sales organization and sales coverage model during fiscal years 2006 and 2007. In the second quarter of fiscal year 2006, we expanded our "enterprise account" direct sales model in which Account Directors and

Account Managers are dedicated to managing the Company's relationships with specific new and existing enterprise accounts. Their focus is on selling new solutions to enterprise customers. While reducing the overall size of our force through a reorganization of the sales force in the second quarter of fiscal year 2007, we more than doubled the number of Account Directors and Account Managers who perform this function. Also, early in the third quarter of fiscal year 2007, the members of our technical sales organization, consisting of more than 1,500 employees, were assigned revised roles as solution strategists, technology specialists, and consultants, aligned around our product solutions to be deployed as needed by our Account Directors and Account Managers in connection with the sale of new products and solutions. We also have a core group of sales people who are dedicated to managing, maintaining and renewing our installed customer base. The balance of our market will be covered substantially through our resellers and partners. We are engaged in an extensive training program to enable our sales force to perform its new roles effectively. The purpose of these changes, together with changes to CA's Incentive Compensation Plan and related process changes, is threefold: (i) to enable the Company to increase its sales of new products and solutions to new and existing customers while protecting the Company's installed base; (ii) to reduce costs and increase productivity; and (iii) to address the commissions issues that arose in connection with our fiscal year 2006 Incentive Compensation Plan.

Our sales organization operates on a worldwide basis. We operate through branches and subsidiaries located in 46 countries outside the United States. Each geographic territory offers all or most of our software products. Approximately 46% of our revenue in fiscal year 2007 was from operations outside of the United States. As of March 31, 2007, we had approximately 3,700 sales and sales support personnel.

We also distribute, market and support our software through a network of value-added partners, OEMs and distributors. As noted earlier, one of our growth strategies is to strengthen our partner relationships and grow our partner channel. We actively encourage value-added partners to market our software products. Value-added partners often combine our software products with specialized consulting services and provide enhanced user-specific solutions to a particular market or sector. Facilities managers, including CSC, EDS, and IBM, often deliver IT services using our software products to companies that prefer to outsource their IT operations.

## **Competition**

The markets in which we compete are marked by technological change, the steady emergence of new companies and products, evolving industry standards, and changing customer needs. Competitive differentiators include, but are not limited to: industry vision, performance, quality, breadth of product group, integration of products, brand name recognition, price, functionality, customer support, frequency of upgrades and updates, manageability of products, and reputation.

We compete with many established companies in the markets we serve. Some of these companies have substantially greater financial, marketing, and technological resources, larger distribution capabilities, earlier access to customers, and greater opportunity to address customers' various information technology requirements than we do. These factors may provide our competitors with an advantage in penetrating markets with their products. We also compete with many smaller, less established companies that may be able to focus more effectively on specific product areas or markets. Because of the breadth of our product offerings, an individual competitor does not generally compete with us across all of our product areas. Some of our key competitors include BMC, EMC, HP, IBM, and Symantec. We believe that we have a competitive advantage in the marketplace with our EITM industry vision, the breadth and quality of our product offerings, our products' hardware independence, and the ability to offer our solutions as product modules or as integrated suites, so that customers can use them at their own pace. In the past fiscal year, we have also undertaken an effort to evolve the CA brand by providing a consistent worldwide "look, feel and sound" for the Company to help the market understand who CA is today and the value the Company can deliver.

## Employees

The table below sets forth the approximate number of employees by location and functional area as of March 31, 2007:

LOCATION	EMPLOYEES AS OF MARCH 31, 2007	FUNCTIONAL AREA	EMPLOYEES AS OF MARCH 31, 2007
Corporate headquarters	2,000	Product development and support	5,800
		Sales and support	3,700
Other U.S. offices	5,500	Professional services	1,400
		Information technology	
International offices	7,000	support, finance, and administration	3,600
Total	14,500	Total	14,500

As of March 31, 2007 and 2006, we had approximately 14,500 and 16,000 employees, respectively. The decrease was mostly in our sales and support staff and reflects the actions taken through the FY07 Plan. We believe our employee relations are satisfactory.

### (d) Financial Information About Geographic Areas

Refer to Note 5, "Segment and Geographic Information", in the Notes to the Consolidated Financial Statements for financial data pertaining to our segment and geographic operations.

### (e) Available Information

Our website address is [ca.com](http://ca.com). All filings we make with the SEC, including our Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q, our Current Reports on Form 8-K, and any amendments, are available for free on our website as soon as reasonably practicable after they are filed with or furnished to the SEC. Our SEC filings are available to be read or copied at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Information regarding the operation of the Public Reference Room can be obtained by calling the SEC at 1-800-SEC-0330. Our filings can also be obtained for free on the SEC's Internet site at [sec.gov](http://sec.gov). The reference to our website address does not constitute incorporation by reference of the information contained on the website in this Report or other filings with the SEC, and the information contained on the website is not part of this document.

Our website also contains information about our initiatives in corporate governance, including: our corporate governance principles; information concerning our Board of Directors (including e-mail communication with them); our Business Practices Standard of Excellence; Our Code of Conduct (applicable to all of our employees, including our Chief Executive Officer, Chief Financial Officer, Principal Accounting Officer, and our directors); instructions for calling the CA Compliance and Ethics Helpline; information concerning our Board Committees, including the charters of the Audit and Compliance Committee, the Compensation and Human Resource Committee, the Corporate Governance Committee, and the Strategy Committee; and transactions in CA securities by directors and executive officers. These documents can also be obtained in print by writing to our Executive Vice President, Global Risk & Compliance, and Corporate Secretary, Kenneth V. Handal, at the Company's world headquarters in Islandia, New York, at the address listed on the cover of this Form 10-K. Refer to the Corporate Governance section in the Investors section of our website for details.

## ITEM 1A. RISK FACTORS.

Current and potential stockholders should consider carefully the risk factors described below. Any of these factors, or others, many of which are beyond our control, could negatively affect our revenue, profitability and cash flow.

Our operating results and revenue are subject to fluctuations caused by many economic factors associated with our industry and the markets for our products which, in turn, may individually and collectively affect our revenue, profitability and cash flow in adverse and unpredictable ways.

Quarterly and annual results of operations are affected by a number of factors associated with our industry and the markets for our products, including those listed below, which in turn could adversely affect our revenue, profitability and cash flow in the future.

- Timing and impact of threat outbreaks (e.g., worms and viruses);
- The rate of adoption of new product technologies and releases of new operating systems;
- Demand for products and services;
- Length of sales cycle;
- Customer difficulty in implementation of our products;
- Magnitude of price and product and/or services competition;
- Introduction of new hardware;
- General economic conditions in countries in which customers do a substantial amount of business;
- Changes in customer budgets for hardware, software and services;
- Ability to develop and introduce new or enhanced versions of our products;
- Changes in foreign currency exchange rates;
- Ability to control costs;
- The number and terms and conditions of licensing transactions;
- Reorganizations of the sales and technical services forces;
- The results of litigation; and
- Ability to retain and attract qualified personnel.

Any of the foregoing factors, among others, may cause our operating expenses to be disproportionately high, or cause our revenue and operating results to fluctuate. As a consequence, our business, financial condition, operating results and cash flow could be adversely affected. For a discussion of certain factors that could affect our cash flow in the future, for example, please see Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Sources and Uses of Cash”.

The timing of orders from customers and channel partners may cause fluctuations in some of our key financial metrics which may impact our quarterly financial results and stock price.

Historically, a substantial portion of our license agreements are executed in the last month of a quarter. Any failure or delay in executing new or renewed license agreements in a given quarter could cause fluctuations in some of our key financial metrics (i.e., new deferred subscription value or cash flow), which may have a material adverse effect on our quarterly financial results. Our historically uneven sales pattern also makes it difficult to predict future new deferred subscription value and cash flow for each period and, accordingly, increases the risk of unanticipated variations in our quarterly results and financial condition. If we do not achieve our forecasted results for a particular period, our stock price could decline significantly.

Given the global nature of our business, economic or political events beyond our control can affect our business in unpredictable ways.

International revenue has historically represented a significant percentage of our total worldwide revenue. Continued success in selling our products outside the United States will depend on a variety of market and business factors, including:

- Reorganizations of the sales and technical services workforce;

- Fluctuations in foreign exchange currency rates;
- Staffing key managerial positions;
- The ability to successfully localize software products for a significant number of international markets;
- General economic conditions in foreign countries;
- Political stability; and
- Trade restrictions such as tariffs, duties or other controls affecting foreign operations.

Any of the foregoing factors, among others, could adversely affect our business, financial condition, operating results and cash flow.

[Changes to the compensation of our sales organization could adversely affect our business, financial condition, operating results and cash flow.](#)

We may update our compensation plans for the sales organization from time to time in order to align the sales force with the Company's economic interests. Under the terms of CA's Incentive Compensation Plan (the "Incentive Compensation Plan"), management retains broad discretion to change or modify various aspects of the plan such as sales quotas or territory assignments to ensure that the plan is aligned with CA's overall business objectives. However, the laws of many of the countries and states in which CA operates impose limitations on the degree of discretion a company's management may exercise on compensation matters such as commissions. The Incentive Compensation Plan itself, or changes made by management where CA exercises discretion to change the Incentive Compensation Plan, may lead to outcomes that are not anticipated or intended and may impact our cost of doing business, employee morale, and/or other performance metrics, all of which could adversely affect our business, financial condition, operating results and cash flow.

[Changes to our sales force coverage model and organization could adversely affect our business, financial condition, operating results, and cash flow.](#)

During fiscal years 2006 and 2007, we made substantial changes to our sales organization and sales coverage model. See Item 1, "Business — (c) Description of the Business — Sales and Marketing" for more information. The purpose of these changes was to enable the Company to increase its sales of new products and solutions to new and existing customers while protecting the Company's installed base. In addition, these changes require our sales force to acquire new skills and knowledge and to assume different roles. We are fully deploying these changes on a worldwide basis in fiscal year 2008, and we may make additional changes in the future. Any of these changes may lead to outcomes that are not anticipated or intended and may impact the performance of our sales force and thus our cost of doing business, employee morale, and/or other performance metrics, all of which could adversely affect our business, financial condition, operating results and cash flow.

[Failure to expand our channel partner programs related to the sale of CA solutions may result in lost sales opportunities, increases in expenses and weakening in our competitive position.](#)

We sell CA solutions through systems integrators and value-added resellers in channel partner programs that require training and expertise to sell these solutions, and global penetration to grow these aspects of our business. The failure to expand these channel partner programs and penetrate these markets may adversely impact our success with channel partners, resulting in lost sales opportunities and an increase in expenses, as well as weaken our competitive position.

[If we do not adequately manage and evolve our financial reporting and managerial systems and processes, including the successful implementation of our enterprise resource planning software from SAP AG, our ability to manage and grow our business may be harmed.](#)

Our ability to successfully implement our business plan and comply with regulations requires effective planning and management systems and processes. We will need to continue to improve existing and implement new operational and financial systems, procedures and controls to manage our business effectively in the future. As a result, we have licensed enterprise resource planning (ERP) software from SAP AG and have begun a process to expand and upgrade our operational and financial systems. Phase one of the implementation was completed in April 2006 and included operating activities in

North America and worldwide human resources. A second major phase of SAP was implemented in November 2006, which included operating activities in our CA Technology Services business. Any delay in the implementation of, or disruption in the transition to, our new or enhanced systems, procedures or internal controls, could adversely affect our ability to accurately forecast sales demand, manage our supply chain, achieve accuracy in the conversion of electronic data and records, and report financial and management information, including the filing of our quarterly or annual reports with the SEC, on a timely and accurate basis. As a result of the conversion from prior systems and processes, data integrity problems may be discovered that if not corrected could impact our business or financial results. In addition, as we add functionality to the ERP software and complete implementations in other geographic regions, new issues could arise that we have not foreseen. Such issues could adversely affect our ability to do, among other things, the following in a timely manner: provide quotes; take customer orders; ship products; provide services and support to our customers; bill and track our customers; fulfill contractual obligations; and otherwise run our business. Failure to properly or adequately address these issues could result in the diversion of management's attention and resources, impact our ability to manage our business and negatively impact our results of operations, cash flows and stock price. See Item 4, "Controls and Procedures", for further information.

[We may encounter difficulties in successfully integrating companies and products that we have acquired or may acquire into our existing business and, therefore, such failed integration may adversely affect our infrastructure, market presence, results of operations and stock price.](#)

We have in the past and expect in the future to acquire complementary companies, products, services and technologies. The risks we may encounter include: we may find that the acquired company or assets do not further improve our financial and strategic position as planned; we may have difficulty integrating the operations, personnel and commission plans of the acquired business; we may have difficulty forecasting or reporting results subsequent to acquisitions; we may have difficulty retaining the technical skills needed to provide services on the acquired products; we may have difficulty incorporating the acquired technologies or products with our existing product lines; we may have product liability, customer liability or intellectual property liability associated with the sale of the acquired company's products; our ongoing business may be disrupted by transition or integration issues; our management's attention may be diverted from other business concerns; we may be unable to obtain timely approvals from governmental authorities under applicable competition and antitrust laws; we may have difficulty maintaining uniform standards, controls, procedures and policies; our relationships with current and new employees, customers and distributors could be impaired; the acquisition may result in increased litigation risk, including litigation from terminated employees or third parties; and our due diligence process may fail to identify significant issues with the target company's product quality, financial disclosures, accounting practices, internal control deficiencies, including material weaknesses, product architecture, legal contingencies and other matters. These factors could have a material adverse effect on our business, results of operations, financial condition or cash flows, particularly in the case of a large acquisition or number of acquisitions. To the extent we issue shares of stock or other rights to purchase stock, including options, to pay for acquisitions, existing stockholders' interests may be diluted and earnings per share may decrease.

[We are subject to intense competition in product and service offerings and pricing, and we expect to face increased competition in the future, which could diminish demand for our products and, therefore, reduce our sales, revenue and market presence.](#)

The markets for our products are intensely competitive, and we expect product and service offerings and pricing competition to increase. Some of our competitors have longer operating histories, greater name recognition, a larger installed base of customers in any particular market niche, larger technical staffs, established relationships with hardware vendors and/or greater financial, technical and marketing resources. Competitors for our various products include large technology companies. We also face competition from numerous smaller companies that specialize in specific aspects of the highly fragmented software industry and shareware authors that may develop competing products. In addition, new companies enter the market on a frequent and regular basis, offering products that compete with those offered by us. Moreover, many customers historically have developed their own products that compete with those offered by us. The competition may affect our ability to attract and retain the technical skills needed to provide services to our customers, forcing us to become more reliant on delivery of services through third parties. This, in turn, could increase operating costs and decrease our revenue, profitability and cash flow. Additionally, competition from any of these sources can result in price reductions or displacement of our products, which could have a material adverse effect on our business, financial condition, operating results and cash flow.

Our competitors include large vendors of hardware or operating system software and/or service providers. The widespread inclusion of products that perform the same or similar functions as our products bundled within computer hardware or other companies' software products, or services similar to those provided by us, could reduce the perceived need for our products and services, or render our products obsolete and unmarketable. Furthermore, even if these incorporated products are inferior or more limited than our products, customers may elect to accept the incorporated products rather than purchase our products. In addition, the software industry is currently undergoing consolidation as software companies seek to offer more extensive suites and broader arrays of software products and services, as well as integrated software and hardware solutions. This consolidation may negatively impact our competitive position, which could adversely affect our business, financial condition, operating results and cash flow. Refer to Item 1, "Business — (c) Narrative Description of the Business — Competition", for additional information.

[Failure to adapt to technological change in a timely manner could adversely affect our revenues and earnings.](#)

If we fail to keep pace with technological change in our industry, such failure would have an adverse effect on our revenues and earnings. We operate in a highly competitive industry characterized by rapid technological change, evolving industry standards, changes in customer requirements and frequent new product introductions and enhancements. During the past several years, many new technological advancements and competing products entered the marketplace. The distributed systems and application management markets in which we operate are far more crowded and competitive than our traditional mainframe systems management markets. Our ability to compete effectively and our growth prospects depend upon many factors, including the success of our existing distributed systems products, the timely introduction and success of future software products, and the ability of our products to interoperate and perform well with existing and future leading databases and other platforms supported by our products. We have experienced long development cycles and product delays in the past, particularly with some of our distributed systems products, and expect to have delays in the future. In addition, we have incurred, and expect to continue to incur, significant research and development costs, as we introduce new products. If there are delays in new product introductions or less-than-anticipated market acceptance of these new products, we will have invested substantial resources without realizing adequate revenues in return, and our revenues and earnings could be adversely affected.

[If our products do not remain compatible with ever-changing operating environments we could lose customers and the demand for our products and services could decrease, which would negatively impact sales and revenue.](#)

IBM, HP, Sun Microsystems, EMC and Microsoft are the largest suppliers of systems and computing software and, in most cases, are the manufacturers of the computer hardware systems used by most of our customers. Historically, these developers have modified or introduced new operating systems, systems software and computer hardware. In the future, such new products could incorporate features that perform functions currently performed by our products, or could require substantial modification of our products to maintain compatibility with these companies' hardware or software. Although we have to date been able to adapt our products and our business to changes introduced by hardware manufacturers and system software developers, there can be no assurance that we will be able to do so in the future. Failure to adapt our products in a timely manner to such changes or customer decisions to forego the use of our products in favor of those with comparable functionality contained either in the hardware or operating system could have a material adverse effect on our business, financial condition, operating results and cash flow.

[Certain software that we use in daily operations is licensed from third parties and thus may not be available to us in the future, which has the potential to delay product development and production and, therefore, could adversely affect our revenues and profits.](#)

Some of our products contain software licensed from third parties. Some of these licenses may not be available to us in the future on terms that are acceptable to us or allow our products to remain competitive. The loss of these licenses or the inability to maintain any of them on commercially acceptable terms could delay development of future products or the enhancement of existing products. We may also choose to pay a premium price for such a license in certain circumstances where continuity of the product would outweigh the premium cost of the license. There can be no assurance that, at a given point of time, any of the above will not have an adverse impact on our business, financial condition, operating results and cash flow.

Certain software we use is from open source code sources which under certain circumstances may lead to unintended consequences and, therefore, could adversely affect our business, financial condition, operating results and cash flow.

Some of our products contain software from open source code sources. The use of such open source code may subject us to certain conditions, including the obligation to offer our products that use open source code for no cost. We monitor our use of such open source code to avoid subjecting our products to conditions we do not intend. However, the use of such open source code may ultimately subject some of our products to unintended conditions so that we are required to take remedial action that may divert resources away from our development efforts. We believe that the use of such open source code will not have a significant impact on our operations and that our products will be viable after any remediation efforts. However, there can be no assurance that future conditions involving such open source code will not have an adverse impact on our business, financial condition, operating results and cash flow.

Discovery of errors in our software could adversely affect our revenues and earnings and subject us to product liability claims, which may be costly and time consuming.

The software products we offer are inherently complex. Despite testing and quality control, we cannot be certain that errors will not be found in current versions, new versions or enhancements of our products after commencement of commercial shipments. If new or existing customers have difficulty deploying our products or require significant amounts of customer support, our operating margins could be adversely affected. Moreover, we could face possible claims and higher development costs if our software contains undetected errors or if we fail to meet our customers' expectations. Significant technical challenges also arise with our products because our customers purchase and deploy our products across a variety of computer platforms and integrate them with a number of third-party software applications and databases. These combinations increase our risk further because in the event of a system-wide failure, it may be difficult to determine which product is at fault; thus, we may be harmed by the failure of another supplier's products. As a result of the foregoing, we could experience:

- Loss of or delay in revenues and loss of market share;
- Loss of customers, including the inability to do repeat business with existing key customers;
- Damage to our reputation;
- Failure to achieve market acceptance;
- Diversion of development resources;
- Increased service and warranty costs;
- Legal actions by customers against us which could, whether or not successful, increase costs and distract our management;
- Increased insurance costs; and
- Failure to successfully complete service engagements for product installations and implementations.

In addition, a product liability claim, whether or not successful, could be time-consuming and costly and thus could have a material adverse affect on our business, financial condition, operating results and cash flow.

Our credit ratings have been downgraded and could be downgraded further which would require us to pay additional interest under our credit agreement and could adversely affect our ability to borrow in the future.

As of May 2007, our senior unsecured notes are rated Ba1, BB+ and BB by Moody's Investors Service (Moody's), Fitch Ratings (Fitch), and Standard and Poor's (S&P), respectively. The outlook of the ratings is negative for all three agencies.

Moody's, Fitch, S&P or any other credit rating agency may further downgrade or take other negative action with respect to our credit ratings in the future. If our credit ratings are further downgraded or other negative action is taken, we would be required to, among other things, pay additional interest under our credit agreement, if it is utilized. Any downgrades could affect our ability to obtain additional financing in the future and may affect the terms of any such financing. This could have a material adverse effect on our business, financial condition, operating results and cash flow.

[We have a significant amount of debt and failure to generate sufficient cash as our debt becomes due or to renew credit lines prior to their expiration may adversely affect our business, financial condition, operating results and cash flow.](#)

As of March 31, 2007, we had approximately \$2.6 billion of debt outstanding, consisting of unsecured fixed-rate senior note obligations, convertible senior notes, and credit facility borrowings. Refer to Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Contractual Obligations and Commitments”, for the payment schedule of our long-term debt obligations, inclusive of interest. We expect that existing cash, cash equivalents, marketable securities, cash provided from operations and our bank credit facilities will be sufficient to meet ongoing cash requirements. However, failure to generate sufficient cash as our debt becomes due or to renew credit lines prior to their expiration may adversely affect our business, financial condition, operating results and cash flow.

[Failure to protect our intellectual property rights would weaken our competitive position.](#)

Our future success is highly dependent upon our proprietary technology, including our software. Failure to protect such technology could lead to our loss of valuable assets and competitive advantage. We protect our proprietary information through the use of patents, copyrights, trademarks, trade secret laws, confidentiality procedures and contractual provisions. Notwithstanding our efforts to protect our proprietary rights, policing unauthorized use or copying of our proprietary information is difficult. Unauthorized use or copying occurs from time to time and litigation to enforce intellectual property rights could result in significant costs and diversion of resources. Moreover, the laws of some foreign jurisdictions do not afford the same degree of protection to our proprietary rights as do the laws of the United States. For example, for some of our products, we rely on “shrink-wrap” or “click-on” licenses which may be unenforceable in whole or in part in some jurisdictions in which we operate. In addition, patents we have obtained may be circumvented, challenged, invalidated or designed around by other companies. If we do not adequately protect our intellectual property for these or other reasons our business, financial condition, operating results and cash flow could be adversely affected. Refer to “Item 1, Business — (c) Narrative Description of the Business — Technological Expertise”, for additional information.

[We may become dependent upon large transactions and the failure to close such transactions could adversely affect our business, financial condition, operating results and cash flow.](#)

We have historically been dependent upon large-dollar enterprise transactions with individual customers. As a result of the flexibility afforded by our business model, we anticipate that there will be fewer of these transactions in the future. There can be no assurances, however, that we will not be reliant on large-dollar enterprise transactions in the future, and the failure to close such transactions could adversely affect our business, financial condition, operating results and cash flow.

[Our sales to government clients subject us to risks, including early termination, audits, investigations, sanctions and penalties.](#)

Approximately 11% of our total deferred subscription value at March 31, 2007 is associated with multi-year contracts signed with the U.S. Federal Government and other U.S. state and local governmental agencies. These contracts are generally subject to annual fiscal funding approval and/or may be terminated at the convenience of the government. Termination of a contract or funding for a contract could adversely affect our sales, revenue and reputation. Additionally, government contracts are generally subject to audits and investigations which could result in various civil and criminal penalties and administrative sanctions, including termination of contracts, refund of a portion of fees received, forfeiture of profits, suspension of payments, fines and suspensions or debarment from doing business with the government.

[Our customers’ data centers and IT environments may be subject to hacking or other breaches, harming the market perception of the effectiveness of our products.](#)

If an actual or perceived breach of our customers’ network security occurs, allowing access to our customers’ data centers or other parts of their IT environments, regardless of whether the breach is attributable to our products, the market perception of the effectiveness of our products could be harmed. Because the techniques used by computer hackers to access or sabotage networks change frequently and may not be recognized until launched against a target, we may be unable to anticipate these techniques. Alleviating any of these problems could require significant expenditures of our capital and diversion of our resources from development efforts. Additionally, these efforts could cause interruptions, delays or cessation of our product licensing, or modification of our software, which could cause us to lose existing or potential customers, adversely affecting our business, financial condition, operating results and cash flow.

[Our software products, data centers and IT environments may be subject to hacking or other breaches, harming the market perception of the effectiveness of our products.](#)

Although we believe we have sufficient controls in place to prevent intentional disruptions, we expect to be an ongoing target of attacks specifically designed to impede the performance of our products. Similarly, experienced computer programmers, or hackers, may attempt to penetrate our network security or the security of our data centers and IT environments and misappropriate proprietary information or cause interruptions of our services. If these intentionally disruptive efforts are successful, our activities could be adversely affected, our reputation and future sales could be harmed and our business, financial condition, operating results and cash flow could be adversely affected.

[General economic conditions may lead our customers to delay or forgo technology upgrades which could adversely affect our business, financial condition, operating results and cash flow.](#)

Our products are designed to improve the productivity and efficiency of our customers' information processing resources. However, a general slowdown in the world economy or a particular region, particularly with respect to discretionary spending for software, could cause customers to delay or forgo decisions to license new products, to upgrade their existing environments or to acquire services, which could adversely affect our business, financial condition, operating results and cash flow.

[The use of third-party microcode could negatively impact our product development.](#)

We anticipate ongoing use of microcode or firmware provided by hardware manufacturers. Microcode and firmware are essentially software programs embedded in hardware and are, therefore, less flexible than other types of software. We believe that such continued use will not have a significant impact on our operations and that our products will remain compatible with any changes to such code. However, there can be no assurance that future technological developments involving such microcode will not have an adverse impact on our business, financial condition, operating results and cash flow.

[We may lose access to third-party operating systems which would adversely affect future product development.](#)

In the past, certain of our licensees using proprietary operating systems were furnished with "source code", which makes the operating system understandable to programmers; and/or "object code", which directly controls the hardware; and other technical documentation. Since the availability of source code facilitated the development of systems and applications software, which must interface with the operating systems, independent software vendors, such as us, were able to develop and market compatible software. Microsoft, IBM and other vendors have a policy of restricting the use or availability of the source code for some of their operating systems. To date, this policy has not had a material effect on us. Some companies, however, may adopt more restrictive policies in the future or impose unfavorable terms and conditions for such access. These restrictions may, in the future, result in higher research and development costs for us in connection with the enhancement and modification of our existing products and the development of new products. Although we do not expect that such restrictions will have this adverse effect, there can be no assurances that such restrictions or other restrictions will not have a material adverse effect on our business, financial condition, operating results and cash flow.

[The markets for some or all of our key product areas may not grow.](#)

Our products are arranged in CA Capability Solutions, which are in turn grouped according to the main focus of what they enable customers to do — govern, manage and/or secure. Some or all of these areas may not grow, may decline in growth, or customers may decline or forego use of products in some or all of these areas. This is particularly true in newly emerging areas. A decline in sales in these product areas could result in decreased demand for our products and services, which would adversely impact our business, financial condition, operating results and cash flow.

[Third parties could claim that our products infringe their intellectual property rights or that we owe royalty payments which could result in significant litigation expense or settlement with unfavorable terms that could adversely affect our business, financial condition, operating results and cash flow.](#)

From time to time third parties may claim that our products infringe various forms of their intellectual property and/or that we owe royalty payments to them. Investigation of these claims, whether with or without merit, can be expensive and could affect development, marketing or shipment of our products. As the number of software patents issued increases, it is likely that

additional claims, with or without merit, will be asserted. Defending against such claims is time-consuming and could result in significant litigation expense or settlement with unfavorable terms that could adversely affect our business, financial condition, operating results and cash flow.

#### Fluctuations in foreign currencies could result in translation losses.

Most of the revenue and expenses of our foreign subsidiaries are denominated in local currencies. Given the relatively long sales cycle that is typical for many of our products, foreign currency fluctuations could result in substantial changes due to the foreign currency impact upon translation of these transactions into U.S. dollars. Additionally, fluctuations of the exchange rates of foreign currencies against the U.S. dollar can affect our results from operations within those markets, all of which may adversely impact our business, financial condition, operating results and cash flow.

#### Our stock price is subject to significant fluctuations.

Our stock price is subject to significant fluctuations in response to variations in quarterly operating results, the gain or loss of significant license agreements, changes in earnings or cash flow estimates by analysts, changes in our forward-looking guidance, announcements related to accounting issues, announcements of technological innovations or new products by us or our competitors, changes in domestic and international economic and business conditions, general conditions in the software and computer industries and other events or factors. In addition, the stock market in general has experienced extreme price and volume fluctuations that have affected the market price of many companies in industries that are similar or related to those in which we operate and that have been unrelated to the operating performance of these companies. These market fluctuations have in the past adversely affected and may continue to adversely affect the market price of our common stock, which in turn could affect the value of our stock-based compensation and our ability to retain and attract key employees.

#### Any failure by us to execute our restructuring plan successfully could result in total costs and expenses that are greater than expected.

We have announced restructuring plans, which include workforce reductions as well as global facility consolidations and other cost reduction initiatives. We may have further workforce reductions or restructuring actions in the future. Risks associated with these actions and other workforce management issues include delays in implementation of anticipated workforce reductions, changes in restructuring plans that increase or decrease the number of employees affected, decreases in employee morale and the failure to meet operational targets due to the loss of employees, any of which may impair our ability to achieve anticipated cost reductions or may otherwise harm our business.

#### We have outsourced various functions to third parties and these arrangements may not be successful thereby resulting in increased costs or may negatively impact service levels.

We have outsourced various functions to third parties and may outsource additional functions to third-party providers in the future. We rely on those third parties to provide services on a timely and effective basis. Although we closely monitor the performance of these third parties and maintain back-up plans in case third parties are unable to perform as agreed, we do not ultimately control the performance of our outsourcing partners. The failure of third-party outsourcing partners to perform as expected or as required by contract could result in significant disruptions and costs to our operations.

#### Potential tax liabilities may adversely affect our results.

We are subject to income taxes in both the United States and numerous foreign jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. We are regularly under audit by tax authorities. Although we believe our tax estimates are reasonable, the final determination of tax audits and any related litigation could be materially different than that which is reflected in historical income tax provisions and accruals. Should additional taxes be assessed as a result of an audit or litigation, a material effect on our income tax provision and net income in the period or periods in which that determination is made could result.

## ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

## ITEM 2. PROPERTIES.

Our principal real estate properties are located in areas necessary to meet sales and operating requirements. All of the properties are considered to be both suitable and adequate to meet current and anticipated operating requirements.

As of March 31, 2007, we leased 98 facilities throughout the United States and 136 facilities outside the United States. Our lease obligations expire on various dates with the longest commitment extending to 2023. We believe all of our leases will be renewable at our option as they become due.

In the United States, we own an approximately 100,000 square foot distribution center in Central Islip, New York. We own one facility in Germany totaling approximately 100,000 square feet, two facilities in Italy which total approximately 140,000 square feet, and an approximately 215,000 square foot European headquarters in the United Kingdom.

We periodically review the benefits of owning our properties. On occasion, we enter into sale-leaseback transactions and use the proceeds to fund strategic actions such as acquisitions, product development, or stock repurchases. Depending upon the strategic importance of a particular location and management's long-term plans, the duration of the initial lease term in sale-leaseback transactions may vary.

We own and lease various computer, telecommunications, electronic, and transportation equipment. We also lease mainframe and distributed computers at our facilities in Islandia, New York, and Lisle, Illinois. This equipment is used for internal product development, technical support efforts, and administrative purposes. We consider our computer and other equipment to be adequate for our current and anticipated needs. Refer to "Contractual Obligations" under Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and Note 8, "Commitments and Contingencies", in the Notes to the Consolidated Financial Statements for information concerning lease obligations.

## ITEM 3. LEGAL PROCEEDINGS.

Refer to Note 8, "Commitments and Contingencies", in the Notes to the Consolidated Financial Statements for information regarding legal proceedings.

## ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None.

### Executive Officers of the Registrant.

The name, age, present position, and business experience of our executive officers as of May 18, 2007, are listed below:

NAME	AGE	POSITION
John A. Swainson	52	President, Chief Executive Officer and Director
Russell M. Artzt	60	Executive Vice President, Products
James Bryant	62	Executive Vice President and Chief Administrative Officer
Michael J. Christenson	48	Executive Vice President and Chief Operating Officer
Nancy E. Cooper	53	Executive Vice President and Chief Financial Officer
Donald R. Friedman	60	Executive Vice President and Chief Marketing Officer
Andrew Goodman	48	Executive Vice President, Worldwide Human Resources
Kenneth V. Handal	58	Executive Vice President, Global Risk & Compliance, and Corporate Secretary
Alan F. Nugent	52	Executive Vice President and Chief Technology Officer
Amy Fliegelman Olli	43	Executive Vice President and General Counsel
Robert G. Cirabisi	43	Senior Vice President and Corporate Controller
Patrick J. Gnazzo	60	Senior Vice President, Business Practices, Chief Compliance Officer and Chief Risk Officer

**John A. Swainson** is President and Chief Executive Officer at CA and a member of the Company's Board of Directors. During three decades in the Information Technology (IT) industry, including 26 years at IBM, Mr. Swainson has developed a rare combination of management expertise and technology vision that he is applying to the transformation of CA. Mr. Swainson joined the Company in 2004.

Mr. Swainson has been Chief Executive Officer of the Company since February 2005 and President and Director since November 2004. From November 2004 to February 2005, he served as the Company's Chief Executive Officer-elect. From July to November 2004, Mr. Swainson was Vice President of Worldwide Sales and Marketing of IBM Corporation's Software Group, responsible for selling its diverse line of software products through multiple channels. From 1997 to July 2004, he was General Manager of the Application Integration and Middleware division of IBM Corporation's Software Group, a division he started in 1997.

Mr. Swainson serves on the board of directors of VISA U.S.A. Inc., Cadence Design Systems, Inc. and the Ridgefield (CT) Symphony Orchestra. He holds a bachelor of applied science degree in engineering from the University of British Columbia.

**Russell M. Artzt** is Executive Vice President of Products at CA. He manages all product business units at CA, with particular focus on the integration of the Company's industry-leading management software portfolio and the evolution of its EITM vision. With more than 30 years of experience in the IT industry as a technology leader, consultant and executive, Mr. Artzt is a recognized expert in software development and project management. Mr. Artzt co-founded the Company in June 1976.

Mr. Artzt has been an Executive Vice President of the Company since April 1987 and Executive Vice President of Products since 2004. From April 2002 to 2004, he served as Executive Vice President — eTrust Solutions.

Mr. Artzt received a bachelor's degree in mathematics from Queens College and a master's degree in computer science from New York University.

**James Bryant** is Executive Vice President and Chief Administrative Officer at CA. He is responsible for the Company's information technology, facilities and administration, corporate transformation, and planning operations. Mr. Bryant joined the Company in June 2006.

A 30-year IT veteran, Mr. Bryant has extensive knowledge of the software industry and in running global operations. Mr. Bryant has been Executive Vice President and Chief Administrative Officer of the Company since June 2006. From 2005 to June 2006, he was a member of Common Angels, a Boston-based investment group that provides funding and mentoring for high technology start-ups; from 2003 to June 2006 he was a Selectman for the Town of Hamilton, Massachusetts; and from 1994 to 2002, he served as Vice President of Finance in the Software Group at IBM.

Mr. Bryant holds a Bachelor of Science degree in mechanical engineering from the University of Missouri and a master's degree in business administration from the University of California at Berkeley.

**Michael J. Christenson** is Executive Vice President and Chief Operating Officer at CA. He has responsibility for sales, services, business development, partnerships, and strategic alliances. Since joining CA in 2005 as Executive Vice President of Strategy and Business Development, Mr. Christenson has been instrumental in the successful acquisition and integration of several companies that have significantly broadened CA's solutions portfolio. Mr. Christenson joined the Company in February 2005.

Mr. Christenson has been Executive Vice President and Chief Operating Officer of the Company since April 2006. From February 2005 to April 2006, he served as Executive Vice President of Strategy and Business Development. Mr. Christenson retired in 2004 from Citigroup Global Markets, Inc. after a 23 year career as an investment banker where he was responsible for that company's Global Private Equity Investment Banking, North American Regional Investment Banking, and Latin American Investment Banking. In addition, he was a member of the Operating Committee of the Global Investment Banking Division and the Investment Committee of SSB Capital Partners. Prior to these roles, he served as head of Citigroup's Global Technology Investment Banking and Global Media Investment Banking.

Mr. Christenson earned a Bachelor of Arts degree in chemistry from Rutgers University and a master of business administration degree in finance from The New York University Graduate School of Business.

**Nancy E. Cooper** is Executive Vice President and Chief Financial Officer at CA. She is responsible for all of CA's corporate and business financial functions worldwide, including the controller role, treasury, tax and investor relations. Ms. Cooper joined the Company in August 2006.

Ms. Cooper has been Executive Vice President and Chief Financial Officer of the Company since August 2006. From December 2001 to August 2006, she served as Senior Vice President and Chief Financial Office of IMS Health Incorporated, a leading provider of information solutions to the pharmaceutical and healthcare industries.

Ms. Cooper has nearly 30 years of finance experience, serving as Chief Financial Officer for IMS Health Incorporated, Reciprocal, Inc., and Pitney Bowes Credit Corporation. Ms. Cooper began her career at IBM, where she held positions of increasing responsibility over a 22-year period including CFO of the Global Industries Division, Assistant Corporate Controller, and Controller and Treasurer of IBM Credit Corporation.

Ms. Cooper holds a Bachelor of Arts degree in economics and political science from Bucknell University and an MBA from the Harvard Graduate School of Business Administration. She is a director of R.H. Donnelley Corporation.

**Donald R. Friedman** is Executive Vice President and Chief Marketing Officer at CA. He brings a unique set of business and marketing experience and capabilities to CA, having been in senior executive roles in development, sales, marketing and general management at both large and small companies. Mr. Friedman joined the Company in April 2005.

Mr. Friedman has been Executive Vice President and Chief Marketing Officer of the Company since April 2005. From September 2001 to April 2005, he provided management and marketing consulting services to technology companies.

Previously, Mr. Friedman served as Chief Executive Officer for International Flex Technologies and Sheldahl, and was acting CEO of Protegrity. Mr. Friedman spent 30 years at IBM and held various senior management positions, including Vice President of marketing and strategy and he was General Manager of three international business units.

Mr. Friedman earned a bachelor's degree in engineering from Stevens Institute of Technology, and is a member of the school's Advisory Board. He also attended Executive Programs at Northwestern and the University of Virginia.

**Andrew Goodman** is Executive Vice President, Worldwide Human Resources at CA. He is responsible for employee development, recruitment, operations, benefits and community relations. With more than 20 years in human resources management — including extensive experience in Fortune 500, technology and professional services environments — Mr. Goodman is focused on the acquisition, development, retention and management of talent as a means to enhanced business performance. Mr. Goodman joined the Company in 2002.

Mr. Goodman has been Executive Vice President, Worldwide Human Resources of the Company since July 2005. From July 2002 to July 2005, he served as Senior Vice President of Human Resources. Prior to joining the Company, Mr. Goodman was First Vice President of Global Technology Group Human Resources at Merrill Lynch & Co., Inc. Mr. Goodman joined the Company in July 2002. Previously, Mr. Goodman served in senior management positions with Bankers Trust Company, Ernst & Young, and General Electric Company.

Mr. Goodman received a bachelor's degree in English Literature from the Stony Brook State University of New York.

**Kenneth V. Handal** is Executive Vice President, Global Risk & Compliance and Corporate Secretary at CA. He is responsible for CA's corporate governance and compliance programs and the internal audit and global security functions. Mr. Handal joined the Company in July 2004.

Mr. Handal has been Executive Vice President, Global Risk & Compliance of the Company since February 2007 and Corporate Secretary since April 2005. From September 2006 to February 2007, he served as Executive Vice President and Co-General Counsel; and from July 2004 to September 2006, he was Executive Vice President and General Counsel. From July 1996 to July 2004, Mr. Handal was Associate General Counsel for the Altria family of companies, which included Philip Morris and Kraft Foods. Mr. Handal was a partner of Arnold & Porter and an Assistant United States Attorney for the Southern District of New York. He serves on the Board of Directors of the National Center for Missing and Exploited Children.

Mr. Handal earned his law degree from The University of Chicago Law School, where he was managing editor of the *Law Review*, and his undergraduate degree from Georgetown University.

**Alan F. Nugent** is Executive Vice President and Chief Technology Officer at CA. He is a 30-year industry veteran responsible for CA's technology vision and strategy. Mr. Nugent's teams are delivering common technology services to CA's business units, ensuring architectural compliance and integration of the Company's solutions and products. He is also focused on creating an integrated software engineering methodology focusing on quality, reliability and consistency of the entire CA solutions portfolio. Mr. Nugent joined the Company in April 2005.

Mr. Nugent has been Executive Vice President and Chief Technology Officer since June 2006. From April 2005 to June 2006, he served as Senior Vice President and General Manager of our Enterprise Systems Management Business Unit. From March 2002 to April 2005, he served as Senior Vice President and Chief Technology Officer of Novell, Inc., where he was the innovator behind the company's moves into open source and identity-driven solutions. Previously, he held executive-level technology management positions for Vectant, Inc., BellSouth Corporation, American Re-Insurance Company, Xerox Corporation and Hewlett-Packard Company.

**Amy Fliegelman Olli** is Executive Vice President and General Counsel at CA. She is responsible for the company's Law Department, including all legal activities relating to software licensing, intellectual property, litigation and acquisitions. Ms. Olli joined the Company in September 2006.

Ms. Olli has been Executive Vice President and General Counsel of the Company since February 2007. From September 2006 to February 2007, she served as Executive Vice President and Co-General Counsel. From January 2006 to September 2006, she was General Counsel — Americas and Global Coordinator for Sales and Distribution for IBM; from May 2005 to January 2006, she was Associate General Counsel — Southwest Europe of IBM; from July 2004 to May 2005 she was Associate General Counsel — IBM Global Services EMEA; from July 2003 to July 2004, she was Associate General Counsel — IBM Software Group — EMEA; and prior thereto, she was Associate General Counsel — Software Group-Application and Integrated Middleware Division of IBM. Ms. Olli spent nearly 20 years in various senior-level legal positions at IBM, where she was responsible for a team of more than 200 lawyers in the U.S., Europe, Latin America and Canada, and for coordination of all of IBM's sales and distribution lawyers on a global basis.

Ms. Olli received a Bachelor of Science degree in business administration from the State University of New York at Oswego and a J.D. from Western New England School of Law.

**Robert Cirabisi** is Senior Vice President and Corporate Controller at CA. He is responsible for accounting, internal controls, sales accounting and equity administration. Mr. Cirabisi joined the Company in May 2000.

Mr. Cirabisi has been Senior Vice President and Corporate Controller of the Company since July 2005. From May 2006 to July 2006, he served as interim Chief Financial Officer; from July 2004 to June 2005, he was Senior Vice President and Chief Accounting Officer; and from April 2002 to July 2004, he served as Vice President of Investor Relations.

Mr. Cirabisi received a bachelor's degree in public accounting from Hofstra University and is a Certified Public Accountant.

**Patrick J. Gnazzo** is Senior Vice President, Business Practices, Chief Compliance Officer and Chief Risk Officer at CA. He is responsible for risk, business practices and compliance, records information and management and the CA ombudsman. Mr. Gnazzo joined the Company in January 2005.

Mr. Gnazzo has been Chief Risk Officer since February 2007 and Senior Vice President, Business Practices and Chief Compliance Officer since January 2005. From February 1993 to January 2005, he was Vice President, Business Practices and Chief Compliance Officer at United Technologies Corporation.

Mr. Gnazzo received a Bachelor of Arts degree from John Carroll University and a J.D. from Cleveland State University.