CA, INC.
Form 10-Q
January 24, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

þ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended December 31, 2012
or
¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission File Number 1-9247

CA, Inc.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	13-2857434 (I.R.S. Employer Identification Number)
One CA Plaza Islandia, New York (Address of principal executive offices)	11749 (Zip Code)

1-800-225-5224
(Registrant’s telephone number, including area code)
Not applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No ¨
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.
(Check one:)

Large accelerated filer þ	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No þ

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Title of Class	Shares Outstanding
Common Stock	as of January 17, 2013
par value $0.10 per share	455,923,672

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PART I. FINANCIAL INFORMATION
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
CA, Inc.:

We have reviewed the condensed consolidated balance sheet of CA, Inc. and subsidiaries as of December 31, 2012, and the related condensed consolidated statements of operations and comprehensive income for the three-month and nine-month periods ended December 31, 2012 and 2011, and the condensed consolidated statements of cash flows for the nine-month periods ended December 31, 2012 and 2011. These condensed consolidated financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of CA, Inc. and subsidiaries as of March 31, 2012, and the related consolidated statements of operations, stockholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated May 11, 2012, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of March 31, 2012, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ KPMG LLP
New York, New York
January 24, 2013

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Item 1.
CA, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions, except share amounts)

	December 31, 2012 (unaudited)	March 31, 2012
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$2,353	$2,679
Short-term investments	195	—
Trade accounts receivable, net	786	902
Deferred income taxes	326	231
Other current assets	143	153
TOTAL CURRENT ASSETS	$3,803	$3,965
Property and equipment, net of accumulated depreciation of $772 and $707, respectively	$339	$386
Goodwill	5,856	5,856
Capitalized software and other intangible assets, net	1,296	1,389
Deferred income taxes	21	151
Other noncurrent assets, net	243	250
TOTAL ASSETS	$11,558	$11,997
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current portion of long-term debt	$19	$14
Accounts payable	76	95
Accrued salaries, wages and commissions	281	350
Accrued expenses and other current liabilities	415	444
Deferred revenue (billed or collected)	2,234	2,658
Taxes payable, other than income taxes payable	77	80
Federal, state and foreign income taxes payable	225	96
Deferred income taxes	14	14
TOTAL CURRENT LIABILITIES	$3,341	$3,751
Long-term debt, net of current portion	$1,282	$1,287
Federal, state and foreign income taxes payable	421	430
Deferred income taxes	44	44
Deferred revenue (billed or collected)	957	972
Other noncurrent liabilities	100	116
TOTAL LIABILITIES	$6,145	$6,600
STOCKHOLDERS' EQUITY		
Preferred stock, no par value, 10,000,000 shares authorized; No shares issued and outstanding	$—	$—
Common stock, $0.10 par value, 1,100,000,000 shares authorized; 589,695,081 and 589,695,081 shares issued; 450,765,508 and 466,183,134 shares outstanding, respectively	59	59
Additional paid-in capital	3,582	3,491
Retained earnings	5,229	4,865
Accumulated other comprehensive loss	(119)	(108)

Treasury stock, at cost, 138,929,573 and 123,511,947 shares, respectively	(3,338)	(2,910)
TOTAL STOCKHOLDERS' EQUITY	$5,413	$5,397
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$11,558	$11,997

See accompanying Notes to the Condensed Consolidated Financial Statements

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CA, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)
(in millions, except per share amounts)

	For the Three Months Ended December 31, 2012	2011	For the Nine Months Ended December 31, 2012	2011
REVENUE				
Subscription and maintenance revenue	$966	$1,006	$2,906	$3,035
Professional services	97	103	283	289
Software fees and other	132	154	303	302
TOTAL REVENUE	$1,195	$1,263	$3,492	$3,626
EXPENSES				
Costs of licensing and maintenance	$72	$69	$210	$207
Cost of professional services	92	91	266	270
Amortization of capitalized software costs	66	59	197	164
Selling and marketing	331	342	953	1,038
General and administrative	96	113	304	331
Product development and enhancements	120	126	368	384
Depreciation and amortization of other intangible assets	39	44	120	134
Other (gains) expenses, net	9	6	(14)	10
TOTAL EXPENSES BEFORE INTEREST AND INCOME TAXES	$825	$850	$2,404	$2,538
Income from continuing operations before interest and income taxes	$370	$413	$1,088	$1,088
Interest expense, net	12	9	33	24
Income from continuing operations before income taxes	$358	$404	$1,055	$1,064
Income tax expense	107	141	342	337
INCOME FROM CONTINUING OPERATIONS	$251	$263	$713	$727
Income from discontinued operations, net of income taxes	—	—	—	13
NET INCOME	$251	$263	$713	$740
BASIC INCOME PER SHARE				
Income from continuing operations	$0.55	$0.54	$1.54	$1.46
Income from discontinued operations	—	—	—	0.03
Net income	$0.55	$0.54	$1.54	$1.49
Basic weighted average shares used in computation	452	483	458	492
DILUTED INCOME PER SHARE				
Income from continuing operations	$0.55	$0.54	$1.53	$1.46
Income from discontinued operations	—	—	—	0.02
Net income	$0.55	$0.54	$1.53	$1.48
Diluted weighted average shares used in computation	453	484	460	493

See accompanying Notes to the Condensed Consolidated Financial Statements

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CA, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)
(in millions)

	For the Three Months Ended December 31,		For the Nine Months Ended December 31,	
	2012	2011	2012	2011
Net income	$251	$263	$713	$740
OTHER COMPREHENSIVE (LOSS)/INCOME				
Foreign currency translation adjustments	(1)	2	(11)	(66)
TOTAL OTHER COMPREHENSIVE INCOME	$(1)	$2	$(11)	$(66)
COMPREHENSIVE INCOME	$250	$265	$702	$674

See accompanying Notes to the Condensed Consolidated Financial Statements

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CA, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(in millions)

	For the Nine Months Ended December 31,	
	2012	2011
OPERATING ACTIVITIES FROM CONTINUING OPERATIONS:		
Net income	$713	$740
Income from discontinued operations	—	(13)
Income from continuing operations	$713	$727
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:		
Depreciation and amortization	317	298
Provision for deferred income taxes	46	78
Provision for bad debts	4	(3)
Share-based compensation expense	62	61
Asset impairments and other non-cash items	6	15
Foreign currency transaction losses (gains)	19	(4)
Changes in other operating assets and liabilities, net of effect of acquisitions:		
Decrease in trade accounts receivable	105	12
Decrease in deferred revenue	(420)	(389)
Increase (decrease) in taxes payable, net	74	(33)
Decrease in accounts payable, accrued expenses and other	(37)	(34)
(Decrease) increase in accrued salaries, wages and commissions	(66)	5
Changes in other operating assets and liabilities	15	(4)
NET CASH PROVIDED BY OPERATING ACTIVITIES – CONTINUING OPERATIONS	$838	$729
INVESTING ACTIVITIES FROM CONTINUING OPERATIONS:		
Acquisitions of businesses, net of cash acquired, and purchased software	$(18)	$(373)
Purchases of property and equipment	(41)	(53)
Proceeds from divestiture of assets	—	7
Capitalized software development costs	(122)	(137)
Purchases of investments	(346)	(102)
Proceeds from sale of investments	—	27
Maturities of investments	163	72
Other investing activities	2	(1)
NET CASH USED IN INVESTING ACTIVITIES – CONTINUING OPERATIONS	$(362)	$(560)
FINANCING ACTIVITIES FROM CONTINUING OPERATIONS:		
Dividends paid	$(349)	$(75)
Purchases of common stock	(421)	(553)
Debt borrowings	791	240
Debt repayments	(796)	(371)
Exercise of common stock options and other	22	12
NET CASH USED IN FINANCING ACTIVITIES – CONTINUING OPERATIONS	$(753)	$(747)
Effect of exchange rate changes on cash	$(49)	$(96)
NET CHANGE IN CASH AND CASH EQUIVALENTS – CONTINUING OPERATIONS	$(326)	$(674)

CASH USED IN OPERATING ACTIVITIES – DISCONTINUED OPERATIONS	$—	$(21)
CASH PROVIDED BY INVESTING ACTIVITIES – DISCONTINUED OPERATIONS	—	4
NET EFFECT OF DISCONTINUED OPERATIONS ON CASH AND CASH EQUIVALENTS	$—	$(17)
DECREASE IN CASH AND CASH EQUIVALENTS	$(326)	$(691)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	$2,679	$3,049
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$2,353	$2,358

See accompanying Notes to the Condensed Consolidated Financial Statements

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CA, INC. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE A – ACCOUNTING POLICIES
Basis of Presentation: The accompanying unaudited Condensed Consolidated Financial Statements of CA, Inc. (Company) have been prepared in accordance with U.S. generally accepted accounting principles (GAAP), as defined in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 270, for interim financial information and with the instructions to Rule 10-01 of Securities and Exchange Commission Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. For further information, refer to the Company's Consolidated Financial Statements and Notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2012 (2012 Form 10-K). In the opinion of management, all adjustments considered necessary for a fair presentation have been included. All such adjustments are of a normal, recurring nature.
The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, these estimates may ultimately differ from actual results.
Operating results for the three and nine months ended December 31, 2012 are not necessarily indicative of the results that may be expected for the fiscal year ending March 31, 2013.
Divestitures: In June 2011, the Company sold its Internet Security business. The results of operations for this business and the related gain on disposal have been presented as discontinued operations in the accompanying Condensed Consolidated Statements of Operations and Condensed Consolidated Statements of Cash Flows for the nine months ended December 31, 2011. See Note B, "Divestitures," for additional information.
Cash and Cash Equivalents: The Company's cash and cash equivalents are held in numerous locations throughout the world, with approximately 64% being held by the Company's foreign subsidiaries outside the United States at December 31, 2012.
Fair Value Measurements: Fair value is the price that would be received for an asset or the amount paid to transfer a liability in an orderly transaction between market participants. The Company is required to classify certain assets and liabilities based on the following fair value hierarchy:

- Level 1: Quoted prices in active markets that are unadjusted and accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2: Quoted prices for identical assets and liabilities in markets that are not active, or quoted prices for similar assets and liabilities in active markets or financial instruments for which significant inputs are observable, either directly or indirectly; and
- Level 3: Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

See Note I, "Fair Value Measurements," for additional information.
Deferred Revenue (Billed or Collected): The Company accounts for unearned revenue on billed amounts due from customers on a gross basis. Unearned revenue on billed installments (collected or uncollected) is reported as deferred revenue in the liability section of the Company's Condensed Consolidated Balance Sheets. Deferred revenue (billed or collected) excludes unbilled contractual commitments executed under license and maintenance agreements that will be billed in future periods. See Note G, "Deferred Revenue," for additional information.
Statements of Cash Flows: For the nine months ended December 31, 2012 and 2011, interest payments, net for both periods were approximately $56 million and income taxes paid were approximately $190 million and $252 million, respectively. For the nine months ended December 31, 2012 and 2011, the excess tax benefits from options exercised included in financing activities from continuing operations were approximately $6 million and $3 million, respectively.

Non-cash investing activities for the nine months ended December 31, 2012 consisted of assets acquired under capital leases of $9 million and the purchase of a software license for $20 million, which will be paid during the fourth quarter of fiscal year 2013.

Non-cash financing activities for the nine months ended December 31, 2012 and 2011 consisted of treasury shares issued in connection with the following: share-based incentive awards granted under the Company's equity compensation plans of approximately $63 million (net of approximately $34 million of taxes withheld) and $54 million (net of approximately $26 million of taxes withheld), respectively; and discretionary stock contributions to the CA, Inc. Savings Harvest Plan of approximately $29 million and $13 million, respectively.

The Company uses a notional pooling arrangement with an international bank to help manage global liquidity requirements. Under this pooling arrangement, the Company and its participating subsidiaries may maintain either cash deposit or borrowing positions through local currency accounts with the bank, so long as the aggregate position of the global pool is a notionally calculated net cash deposit. Because the bank maintains a security interest in the cash deposits, and has the right to offset the cash deposits against the borrowings, the bank provides the Company and its participating subsidiaries favorable interest terms on both. The activity under this cash pooling arrangement for the nine months ended December 31, 2012 was as follows:

(in millions)	
Total borrowing position outstanding at March 31, 2012 [1]	$139
Borrowings	791
Repayments	(787)
Foreign currency exchange effect	(3)
Total borrowing position outstanding at December 31, 2012 [1]	$140

(1) Included in “Accrued expenses and other current liabilities” in the Company’s Condensed Consolidated Balance Sheets.

For the nine months ended December 31, 2011, borrowings and repayments related to the notional pooling arrangement were approximately $240 million and $112 million, respectively, and are presented within the financing activities section of the Condensed Consolidated Statements of Cash Flows.

Other Matters: As part of the Company’s efforts to more fully utilize its intellectual property assets, in the first quarter of fiscal 2013, the Company closed a transaction that assigned the rights to certain of these assets to a large technology company for $35 million. The entire contract amount is included in the “Other (gains) expenses, net” line of the Company’s Condensed Consolidated Statement of Operations for the nine months ended December 31, 2012. The Company will continue to have the ability to use these intellectual property assets in current and future product offerings.

New Accounting Pronouncements Recently Adopted: In June 2011, the FASB issued Accounting Standards Update No. 2011-05, Comprehensive Income (Topic 220) — Presentation of Comprehensive Income (ASU 2011-05), requiring an entity to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. ASU 2011-05 eliminated the option to present the components of other comprehensive income as part of the statement of equity. The Company adopted ASU 2011-05 in the first quarter of fiscal year 2013 by including the required disclosures in two separate but consecutive statements.

NOTE B – DIVESTITURES

In June 2011, the Company sold its Internet Security business for approximately $14 million and recognized a gain on disposal of approximately $23 million, including tax expense of approximately $18 million.

The income from discontinued components for the sale of the Company’s Internet Security business, which occurred during the first quarter of fiscal year 2012, consisted of the following:

	Nine Months Ended December 31, 2011 (in millions)
Subscription and maintenance revenue	$15
Total revenue	$15
Loss from operations of discontinued components, net of tax benefit of $6 million	$(10)
Gain on disposal of discontinued components, net of taxes	23

Income from discontinued operations, net of taxes	$13

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NOTE C – SEVERANCE AND EXIT COSTS

Fiscal year 2012 workforce reduction plan: The fiscal year 2012 workforce reduction plan (Fiscal 2012 Plan) was announced in July 2011 and consisted of a workforce reduction of approximately 400 positions. This action is part of the Company's efforts to reallocate resources and divest non-strategic parts of the business. The total amount incurred for severance under the Fiscal 2012 Plan was $39 million. Actions under the Fiscal 2012 Plan were substantially completed by the end of fiscal year 2012.

Fiscal year 2010 restructuring plan: The fiscal year 2010 restructuring plan (Fiscal 2010 Plan) was announced in March 2010 and consisted of a workforce reduction of approximately 1,000 positions and global facilities consolidations. These actions were intended to better align the Company's cost structure with the skills and resources required to more effectively pursue opportunities in the marketplace and execute the Company's long-term growth strategy. The total amounts incurred for severance and facilities abandonment under the Fiscal 2010 Plan were $43 million and $2 million, respectively. Actions under the Fiscal 2010 Plan were substantially completed by the end of fiscal year 2011.

Fiscal year 2007 restructuring plan: In August 2006, the Company announced the fiscal year 2007 restructuring plan (Fiscal 2007 Plan) to significantly improve the Company's expense structure and increase its competitiveness. The Fiscal 2007 Plan consisted of a workforce reduction of approximately 3,100 employees, global facilities consolidations and other cost reductions. The total amounts incurred for severance and facilities abandonment under the Fiscal 2007 Plan were $220 million and $118 million, respectively. Actions under the Fiscal 2007 Plan were substantially completed by the end of fiscal year 2010.

Accrued severance and exit costs and changes in the accruals during the nine months ended December 31, 2012 and 2011 associated with these plans as well as other severance actions were as follows:

(in millions)	Accrued Balance at March 31, 2012	Expense	Change in Estimate	Payments	Accretion and Other	Accrued Balance at December 31, 2012
Severance	$13	$18	$(3)	$(8)	$—	$20
Facilities abandonment	40	—	—	(11)	(4)	25
Total accrued liabilities	$53					$45

(in millions)	Accrued Balance at March 31, 2011	Expense	Change in Estimate	Payments	Accretion and Other	Accrued Balance at December 31, 2011
Severance	$8	$49	$(6)	$(30)	$—	$21
Facilities abandonment	47	—	—	(8)	1	40
Total accrued liabilities	$55					$61

The severance liability is included in "Accrued salaries, wages and commissions" in the Condensed Consolidated Balance Sheets. The facilities abandonment liability is included in "Accrued expenses and other current liabilities" and "Other noncurrent liabilities" in the Condensed Consolidated Balance Sheets.

Accretion and other includes accretion of the Company's lease obligations related to facilities abandonment as well as changes in the assumptions related to future sublease income. These costs are included in "General and administrative" expense in the Condensed Consolidated Statements of Operations.

NOTE D - INVESTMENTS

At December 31, 2012, short-term investments consisted of time deposits held by foreign entities that are denominated in currencies other than the U.S. dollar. These investments have maturities greater than three months,

but less than one year.
At March 31, 2012, short-term investments were less than $1 million.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE E – TRADE ACCOUNTS RECEIVABLE
Trade accounts receivable, net represents amounts due from the Company's customers and is presented net of allowances. These balances include revenue recognized in advance of customer billings but do not include unbilled contractual commitments executed under license agreements. The components of "Trade accounts receivable, net" were as follows:

	December 31, 2012	March 31, 2012
	(in millions)	
Accounts receivable – billed	$727	$812
Accounts receivable – unbilled	69	80
Other receivables	13	26
Less: Allowances	(23)	(16)
Trade accounts receivable, net	$786	$902

NOTE F – GOODWILL, CAPITALIZED SOFTWARE AND OTHER INTANGIBLE ASSETS
The gross carrying amounts and accumulated amortization for capitalized software and other intangible assets at December 31, 2012 were as follows:

	At December 31, 2012				
	Gross Amortizable Assets	Less: Fully Amortized Assets	Remaining Amortizable Assets	Accumulated Amortization on Remaining Amortizable Assets	Net Assets
	(in millions)				
Purchased software products	$5,651	$4,740	$911	$301	$610
Internally developed software products	1,487	638	849	310	539
Other intangible assets	813	429	384	237	147
Total capitalized software and other intangible assets	$7,951	$5,807	$2,144	$848	$1,296

The gross carrying amounts and accumulated amortization for capitalized software and other intangible assets at March 31, 2012 were as follows:

	At March 31, 2012				
	Gross Amortizable Assets	Less: Fully Amortized Assets	Remaining Amortizable Assets	Accumulated Amortization on Remaining Amortizable Assets	Net Assets
	(in millions)				
Purchased software products	$5,628	$4,733	$895	$228	$667
Internally developed software products	1,366	574	792	258	534
Other intangible assets	814	412	402	214	188
Total capitalized software and other intangible assets	$7,808	$5,719	$2,089	$700	$1,389

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Based on the capitalized software and other intangible assets recorded through December 31, 2012, the projected annual amortization expense for fiscal year 2013 and the next four fiscal years is expected to be as follows:

	Year Ended March 31,				
	2013	2014	2015	2016	2017
	(in millions)				
Purchased software products	$107	$101	$90	$89	$87
Internally developed software products	156	159	136	105	72
Other intangible assets	54	49	40	26	9
Total	$317	$309	$266	$220	$168

The Company evaluates the useful lives and recoverability of capitalized software and other intangible assets when events or changes in circumstances indicate that an impairment may exist. These evaluations require complex assumptions about key factors such as future customer demand, technology trends, and the impact of such factors on the technology the Company acquires and develops for its products.

As of December 31, 2012, no impairment exists and no revisions to useful lives are necessary within our Enterprise Solutions segment. Impairment or revisions to useful lives could result from the use of alternative assumptions that reflect reasonably possible outcomes related to future customer demand or technology trends for certain assets in the Enterprise Solutions segment whose carrying amount is approximately $75 million.

At both December 31, 2012 and March 31, 2012, the goodwill balance was $5,856 million.

NOTE G – DEFERRED REVENUE

The current and noncurrent components of “Deferred revenue (billed or collected)” at December 31, 2012 and March 31, 2012 were as follows:

	December 31, 2012	March 31, 2012
	(in millions)	
Current:		
Subscription and maintenance	$2,068	$2,479
Professional services	149	162
Financing obligations and other	17	17
Total deferred revenue (billed or collected) – current	$2,234	$2,658
Noncurrent:		
Subscription and maintenance	$920	$935
Professional services	35	35
Financing obligations and other	2	2
Total deferred revenue (billed or collected) – noncurrent	$957	$972
Total deferred revenue (billed or collected)	$3,191	$3,630

NOTE H – DERIVATIVES

The Company is exposed to financial market risks arising from changes in interest rates and foreign exchange rates. Changes in interest rates could affect the Company’s monetary assets and liabilities, and foreign exchange rate changes could affect the Company’s foreign currency denominated monetary assets and liabilities and forecasted transactions. The Company enters into derivative contracts with the intent of mitigating a portion of these risks.

Interest Rate Swaps: The Company has interest rate swaps with a total notional value of $500 million, which swap a total of $500 million of its 6.125% Senior Notes due December 2014 into floating interest rate debt through December 1, 2014. These swaps are designated as fair value hedges.

At December 31, 2012, the fair value of these derivatives was an asset of approximately $22 million, of which approximately $12 million is included in “Other current assets” and approximately $10 million is included in “Other noncurrent assets, net” in the Company’s Condensed Consolidated Balance Sheet.
At March 31, 2012, the fair value of these derivatives was an asset of approximately $27 million, of which approximately $11 million is included in “Other current assets” and approximately $16 million is included in “Other noncurrent assets, net” in the Company’s Condensed Consolidated Balance Sheet.
Foreign Currency Contracts: The Company enters into foreign currency option and forward contracts to manage foreign currency risks. The Company has not designated its foreign exchange derivatives as hedges. Accordingly, changes in fair value from these contracts are recorded as “Other (gains) expenses, net” in the Company’s Condensed Consolidated Statements of Operations.
At December 31, 2012, foreign currency contracts outstanding consisted of purchase and sales contracts with a total notional value of approximately $740 million, which includes hedges on U.S. dollar investments held by a non-U.S. subsidiary outside of that subsidiary’s functional currency, and durations of less than three months. The net fair value of these contracts at December 31, 2012 was a net liability of less than $1 million, of which approximately $4 million is included in “Other current assets” and approximately $4 million is included in “Accrued expenses and other current liabilities” in the Company’s Condensed Consolidated Balance Sheet.
At March 31, 2012, foreign currency contracts outstanding consisted of purchase and sales contracts with a total notional value of approximately $893 million and durations of less than six months. The net fair value of these contracts at March 31, 2012 was a net liability of approximately $2 million, of which approximately $2 million is included in “Other current assets” and approximately $4 million is included in “Accrued expenses and other current liabilities” in the Company’s Condensed Consolidated Balance Sheet.
A summary of the effect of the interest rate and foreign exchange derivatives on the Company’s Condensed Consolidated Statements of Operations is as follows:

	Amount of Net (Gain)/Loss Recognized in the Condensed Consolidated Statements of Operations (in millions)	
	Three Months Ended December 31, 2012	Three Months Ended December 31, 2011
Interest expense, net – interest rate swaps designated as fair value hedges	$ (3)	$ (3)
Other (gains) expenses, net – foreign currency contracts	$ (7)	$ 8

	Amount of Net (Gain)/Loss Recognized in the Condensed Consolidated Statements of Operations (in millions)	
	Nine Months Ended December 31, 2012	Nine Months Ended December 31, 2011
Interest expense, net – interest rate swaps designated as fair value hedges	$ (9)	$ (9)
Other (gains) expenses, net – foreign currency contracts	$ 2	$ 9

The Company is subject to collateral security arrangements with most of its major counterparties. These arrangements require the Company or the counterparty to post collateral when the derivative fair values exceed contractually established thresholds. The aggregate fair values of all derivative instruments under these collateralized arrangements were in a net asset position at December 31, 2012 and March 31, 2012. The Company posted no collateral at December 31, 2012 or March 31, 2012. Under these agreements, if the Company’s credit ratings had been downgraded one rating level, the Company would still not have been required to post collateral.

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CA, INC. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE I – FAIR VALUE MEASUREMENTS
The following table presents the Company's assets and liabilities that are measured at fair value on a recurring basis at December 31, 2012 and March 31, 2012:

	At December 31, 2012	At March 31, 2012
	Fair Value	