

CA, INC.
Form 10-K
May 23, 2008

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-K

(Mark One)

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**Annual Report Pursuant To Section 13 or 15(d)
of the Securities Exchange Act of 1934
For the Fiscal Year Ended March 31, 2008**

OR

**Transition Report Pursuant To Section 13 or 15(d) of the Securities Exchange Act of 1934
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)

Securities registered pursuant to Section 12(b) of the Act:

(Title of Each Class)

**Common stock, par value \$0.10 per share
Stock Purchase Rights Preferred Stock, Class A**

(Name of Each Exchange on Which Registered)

**The NASDAQ Stock Market LLC
The NASDAQ Stock Market LLC**

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

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Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

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 No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a 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

The aggregate market value of the common stock held by non-affiliates of the registrant as of September 30, 2007 (the last business day of the registrant's most recently completed second fiscal quarter) was approximately \$9.9 billion based on the closing price of \$25.72 on the New York Stock Exchange on that date.

The number of shares of each of the registrant's classes of common stock outstanding at May 15, 2008 was 513,725,511 shares of common stock, par value \$0.10 per share.

Documents Incorporated by Reference:

Part III: Portions of the Proxy Statement to be issued in conjunction with the registrant's 2008 Annual Meeting of Stockholders.

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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 product and services names 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. ITIL is a registered trademark of the Office of Government Commerce in the United Kingdom and other countries. All other trademarks, trade names, service marks and logos referenced herein, belong to their respective companies.

References in this Form 10-K to fiscal 2008, fiscal 2007, fiscal 2006 and fiscal 2005, etc. are to our fiscal years ended on March 31, 2008, 2007, 2006 and 2005, etc., respectively.

Part I

ITEM 1. BUSINESS.

(a) General Development of Business

Overview

CA, Inc., the world's leading independent information technology (IT) management software company, helps organizations use IT to better perform, compete, innovate and grow. We provide software solutions to unify and simplify IT management in highly complex computing environments. With CA's Enterprise IT Management (EITM) vision and our expertise, organizations can more effectively govern, manage and secure IT to reduce costs and risks, improve service and ensure IT is enabling their businesses' success.

The Company was incorporated in Delaware in 1974, began operations in 1976, and completed an initial public offering of common stock in December 1981. During fiscal 2008 and through April 27, 2008, our common stock was traded on the New York Stock Exchange under the symbol CA. On April 28, 2008 we commenced trading on The NASDAQ Global Select Market tier of The NASDAQ Stock Market LLC under the same symbol.

We help customers govern, manage and secure their entire IT operation—all of the people, information, processes, systems, networks, applications and databases from a Web service to the mainframe, regardless of the hardware or software they are using. We serve the majority of companies in the Forbes Global 2000, who rely on our software, in part, to manage mission critical aspects of their businesses. We have a broad portfolio of software products and services that address our customers' needs for distributed or mainframe environments, spanning key growth areas including infrastructure management, project and portfolio management, IT security management, service management, data center automation and application performance management, as well as storage and business governance.

Business Developments and Highlights

In fiscal 2008, we took the following actions to support our business:

We sharpened our focus on enterprise customers who, by the nature of their size and the complexity of their IT infrastructures, have unique demands that our software and services are well suited to meet. Throughout the year, we continued to evolve our solutions to govern, manage and secure IT in line with customer needs and reinforced our commitment to the mainframe market, which is an important market for our customers and us.

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In February 2008, we finalized an agreement with HCL Technologies (HCL) to establish a strategic partnership in which HCL assumed all responsibilities for product development and research as well as customer support associated with our Internet Security business. We retain all sales and marketing functions for the Internet Security business.

In January 2008, we announced a series of initiatives to help customers derive the most long-term business value from their significant investments in mainframe computing technology. The initiatives include new mainframe suites, new no-cost consulting services and simplified models for pricing and licensing. These initiatives are designed to ease the pressures customers are under to improve the efficiency and effectiveness with which they govern, manage and secure their mainframe environments. This has become particularly important as the role of the mainframe continues to evolve and organizations become increasingly dependent on highly scalable, highly available and highly secure IT services capable of supporting large-scale database activity and intense transaction loads.

In November 2007, we announced a major new version of our CA Identity and Access Management solution that helps customers more securely and efficiently enable their businesses with service-oriented architecture (SOA) and Web services.

In October 2007, we announced the official opening of our new India Technology Center facility (CA ITC) in Hyderabad, increasing our presence in the region and reflecting our commitment to our research and development programs.

Also in October 2007, we unveiled a comprehensive solution for empowering IT organizations to achieve their increasingly challenging and business-critical governance, risk and compliance (GRC) objectives. The offering features CA GRC Manager, an innovative product that provides portfolio management of IT risks across the enterprise, as well as our industry-leading IT control automation solutions.

Also in October 2007, we announced new versions of five solutions for IBM z/OS that strengthen and automate the protection of corporate IT resources, while helping with legal and regulatory compliance.

In August 2007, we entered into a \$1 billion five-year unsecured revolving credit facility that will expire August 2012. The new facility replaced a prior \$1 billion four-year facility that was due to expire in December 2008.

Also in August 2007, we announced a new release of CA Unicenter Service Catalog that helps enable IT managers to define and deliver IT services in business terms.

Also in August 2007, we announced new versions of three mainframe application quality assurance and testing solutions that help organizations more effectively leverage their legacy application investments within a SOA environment.

In April 2007, we announced the next step in the fulfillment of our EITM vision with an innovative Unified Service Model and an accompanying set of solutions that empower IT to drive business growth and innovation to transform the way companies govern, manage and secure IT.

Also in April 2007, we formed an organization to develop and package solutions that focus on companies with revenue of \$100 million to \$1 billion to enhance our presence in the mid-market.

We made the following key additions and changes to our executive management team and Board of Directors:

In April 2008, Arthur F. Weinbach was elected to our Board of Directors and named to the Board's Compensation and Human Resources Committee.

In March 2008, we named Michael J. Christenson as CA's President. He continues as our Chief Operating Officer, reporting to our Chief Executive Officer, John A. Swainson. Mr. Christenson oversees our direct and indirect sales, services, technical support, business development and strategic alliances.

In January 2008, we announced greatly expanded roles for Dr. Ajei Gopal, Executive Vice President of the EITM Group, which encompasses a number of our key growth areas, and for Jacob Lamm, Executive Vice President of the Governance Group, which has a specific focus on the business governance market, an emerging and potentially large market for the Company. These appointments follow their promotions to our Executive Leadership Team in May 2007. They continue to report to Mr. Swainson.

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In December 2007, we promoted Una O'Neill to Executive Vice President and General Manager of CA Services and to our Executive Leadership Team. She continues to report to Mr. Christenson.

In June 2007, William E. McCracken succeeded Lewis S. Ranieri as Chairman of CA's Board of Directors. Mr. Ranieri remained a Director until his retirement in December 2007.

In May 2007, we promoted George Fischer to Executive Vice President of Worldwide Direct Sales and John Ruthven to Executive Vice President of Worldwide Sales Operations. Mr. Fischer and Mr. Ruthven were also promoted to our Executive Leadership team and continue to report to Mr. Christenson.

In April 2007, Raymond J. Bromark was elected to our Board of Directors, named to the Board's Audit and Compliance Committee, of which he was named Chairman in October 2007, and named to the Board's Strategy Committee.

(b) Financial Information About Segments

Our global business consists of a single industry segment—the design, development, marketing, licensing, and support of IT management software products that 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 the world's leading independent IT management software company, we help companies use IT to better perform, innovate, compete and grow. We believe our value proposition is unique: We provide software that unifies and simplifies complex IT management across an enterprise to improve business results. Our EITM vision, solutions and expertise help customers govern, manage and secure IT to manage cost and risk, improve service and ensure that IT is enabling their businesses to succeed.

We believe this has become important to companies because IT is more critical to running their businesses than ever. Companies rely on IT to conduct day-to-day business, and they are increasingly using IT to do more, such as drive innovation, comply with regulations, manage resources better and manage their energy consumption, enabling them to increase revenue and profit. We believe that to take full advantage of what IT can do for a business requires management and integration. Companies must be able to manage IT as a whole and not as islands of technology isolated from the business and unable to work together. Organizations need to be able to support and drive efficiencies in existing technologies, incorporate new technologies such as mobile devices and service-oriented architectures, and use best practice processes across IT while handling the daily business pressures of 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 EITM, we enable customers to take advantage of what IT can do for their business by unifying disparate elements of IT—systems, processes and people—and using 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 is a distributed or mainframe environment, and regardless of the hardware or software they are using.

We believe we have a unique competitive advantage in the marketplace with the breadth and quality of our products and solutions and their ease of integration with existing customer technology investments; the depth of our technical expertise; our commitment to open standards and innovation; our independence, which means we do not have a preferred hardware, software or operating system platform agenda; our ability to work with customers from planning through implementation; and our ability to offer solutions that are modular, open and integrated so that customers can

use them at their own pace individually or in combination with their existing technology.

Because integration is so important, we provide a unifying platform, or what we call our Unified Service Model, to bring the management of IT all together and help customers gain the most value from their IT. We think of our Unified Service Model as providing a blueprint of the services IT offers to the business. Our Unified Service Model lets our customers see how the different elements of IT hardware, software and staff work together to deliver a complete service. The Unified Service Model, together with our solutions, provides a complete 360-degree view of a service with insight into costs, risks, entitlements and service levels so customers can manage IT more effectively. All of our solutions are integrated through the CA Integration Platform, which is the architectural foundation for our products.

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Business Strategy

We continue to pursue a strategy to: enable our customers to realize increasing levels of value from their IT investments through our EITM vision and enterprise management software products, solutions and services; maintain a relationship focus with our customers; accelerate our market growth; and improve our competitive profitability. We strive to do this in a number of ways, including by:

Concentrating on areas where we can maintain or achieve market leadership and respond to our customers needs for improved IT management. Many of our solutions are recognized by industry analysts as being among the leaders in their categories.

Developing, delivering and supporting products and services customers want and need to manage their IT investments effectively. We believe our relationship-oriented approach to our customers allows us to better understand and meet their needs. Our product development, services, education and technical support capabilities are designed to serve our customers from our initial discussion through implementation and ongoing support.

Business Organization

Overview

Our Company is organized to support our business strategy, from how we develop and deliver products and services to how we market and sell our software to how we support our technology.

Our product development efforts are aligned with our customers' needs to govern, manage and secure IT. We group our products based on areas of focus where we believe we have the greatest growth opportunities and leading solutions. These areas include: infrastructure management, project and portfolio management, IT security management, service management, data center automation and application performance management. These areas are in addition to our continued commitment to mainframe and storage solutions, as well as our pursuit of the emerging business governance market. We do not presently maintain profit and loss data on these focus areas, and they are therefore not considered business segments.

Govern

We help our customers make better decisions by giving them insight into their IT investments and risk from a single place. We view governance in terms of business governance and IT governance, which is addressed by CA Clarity™, our leading solution for project and portfolio management. In October 2007, we expanded our governance capabilities to address increasingly challenging and business-critical GRC objectives of IT organizations. In particular, CA GRC Manager is an innovative product that provides portfolio management of IT risks across the enterprise, as well as CA's industry-leading IT control automation solutions.

Manage

We make it easier to manage technology so that high-quality IT services can be delivered within our customers' businesses at a competitive cost. We focus on service management; datacenter automation; application performance management, which includes offerings such as CA Wily Introscope®; and infrastructure management, which includes offerings such as CA SPECTRUM Network Fault Manager, CA eHealth® Network Performance Manager and CA Unicenter® Network and Systems Management. We augmented these capabilities in August 2007 when we announced a new release of CA Unicenter Service Catalog that helps IT managers to define and deliver IT services in business terms.

Secure

We ensure customers have secure access to the information, applications, systems and services they need to conduct their businesses. We focus on identity and access management, as well as security information management and threat management. In November 2007, we announced CA Identity and Access Management r12, a major new

version of our offering that helps customers more securely and efficiently enable their businesses with Service Oriented Architecture (SOA) and Web services.

Sales and Marketing

We offer our solutions through our direct sales force, and indirectly through global systems integrators, value-added partners, original equipment manufacturers and distribution partners. We have a disciplined, structured and systematic

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selling process through which we concentrate on high-growth areas for both the distributed and mainframe environment including:

infrastructure management

project and portfolio management

IT security management

service management

data center automation, and

application performance management

These areas, along with our continued commitment to other core parts of our business such as mainframe, storage and business governance, allow us to address customer needs and deepen relationships while opening the door for us to cross-sell and up-sell additional solutions. We rely on our marketing organization to help us identify new market opportunities, provide fact-based insight on industry and customer trends, and build awareness of CA worldwide to help drive sales.

Our sales organization operates on a worldwide basis. We operate through branches, subsidiaries and partners around the world. Approximately 48% of our revenue in fiscal 2008 was from operations outside of the United States. As of March 31, 2008 and March 31, 2007, we had approximately 3,300 and 3,700 sales and sales support personnel, respectively. In certain smaller geographic locations, we may use our distribution and resale partners as our primary selling vehicle.

Partners

Partners are an integral part of our strategy. We need a broad base of partners to enable us to reach more customers, 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 and work with companies including, but not limited to, Accenture, Deloitte, and PricewaterhouseCoopers.

We also work with value-added partners to offer enterprise solution implementation and we actively encourage them 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. In addition, we work with distribution partners who have specific market expertise.

Our organization that focuses on companies with revenue of \$100 million to \$1 billion delivers CA solutions to this market through partners to capitalize on the multi-billion dollar opportunity represented by the estimated 66,000 such companies around the world. As part of our commitment to this market, in February 2008, we announced a major new release of CA Recovery Management that enables companies to simplify management, tighten security and speed recovery of critical business information. CA Recovery Management includes new releases of CA ARCserve® Backup, CA XOssoft™ High Availability and CA XOssoft™ Replication, offering channel partners and their customers the latest advances in data protection, business continuity and disaster recovery.

Customers

We have a large and broad base of customers, including the majority of companies in the Forbes Global 2000. 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 currently serve companies across every major industry worldwide including banks, insurance companies, other financial services providers, governmental agencies, manufacturers, technology companies, retailers, educational institutions and health care institutions.

When customers enter into software license agreements 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 customers must either renew the license agreements or pay usage and maintenance fees, if applicable, for the right to continue to use our software and/or receive support. Our customers' satisfaction is important to us and we believe that our flexible business model allows us

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to maintain our customer base while allowing us the opportunity to cross-sell new software products and services to them.

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. As of March 31, 2008, four customers accounted for substantially all of our outstanding prior business model net receivables, which amounted to approximately \$342 million, including one large IT outsourcing customer with a license arrangement that extends through fiscal 2012 with a net unbilled receivable balance of approximately \$324 million. Refer to **Business Model** in Item 7, **Management's Discussion and Analysis of Financial Condition and Results of Operations**, for further information.

Competition

The markets in which we compete are marked by rapid 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, expertise, 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, we compete with companies in specific product areas and in one instance, across all of our product areas. Some of our key competitors are IBM, BMC, HP, Cisco, EMC, Microsoft, Oracle and Symantec.

We believe that we are well positioned and have a competitive advantage in the marketplace with our EITM vision, the breadth and quality of our product offerings, our hardware and operating system 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. We continue our efforts to evolve the CA brand to consistently help the market understand the value we can deliver.

CA Services, Education and Technical Support

We support our software with implementation services, education and technical support to help customers gain the most from their CA technology investments.

CA Services Our CA Services team and global systems integration partners strive to help our customers shorten the time to achieve measurable business results through fast, efficient implementation of our solutions. 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.

CA Education We offer a comprehensive portfolio of basic to advanced level training to address the range of customer needs, all with the goal of helping customers get the most out of their technology investments. Our blended learning solutions range from classroom-based training in our Global Learning Centers to self-paced and on-line training offerings.

CA Technical Support As part of our commitment to customer satisfaction, we strive to provide our customers with industry-leading support through our dedicated technical support staff, online services, custom offerings, and partner support programs. Our Technical Support team is highly skilled and customer focused, delivering 24 x 7

business-critical assistance to locations around the world. CA's Technical Support team helps customers get the most from their software purchases by resolving issues and answering product questions quickly to keep their systems running.

Office of the CTO

The Office of the Chief Technology Officer (CTO) drives our technology strategy; manages our intellectual property and patent portfolio; governs our participation in standards organizations; and leads research and development for emerging

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technologies. The Office of the CTO oversees the CA Council for Technical Excellence, which was formed in 2006 to lead innovative projects designed to set the pace for true innovation in the industry and promote communication, collaboration, standards and architectural approaches throughout CA's global technical community. This office also oversees two innovation centers: Research Labs to drive advanced technologies, and Emerging Business Opportunities to manage incubator projects for innovative governance, management and security solutions beyond those developed to support existing solutions.

Research and Development

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, operating system changes and our customer's needs.

We have approximately 5,900 engineers globally who design and support CA software and have charged to operations over \$500 million annually in fiscal 2008, 2007 and 2006 for product development and enhancements. In fiscal 2008, 2007 and 2006, we capitalized costs of \$112 million, \$85 million and \$84 million, respectively, for internally developed software.

Our product development staff is global, with locations 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 our 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.

We also are becoming more efficient in our product development. In October 2007, we announced the official opening of our new CA India Technology Center facility (CA ITC) in Hyderabad. The state-of-the-art campus reflects the substantial investment CA has made in staffing the CA ITC's research and development operations. Our workforce in India now exceeds 1,600. The CA ITC team will take a lead role in advancing our EITM vision of unifying and simplifying IT management.

We also took measures to help grow our Internet threat security business through our strategic partner, HCL Technologies (HCL) in a way that allows us to take advantage of our expertise and opportunities in this area while enabling more aggressive product development.

To keep CA on top of major technological advances and to ensure our products continue to work well with those of other vendors, we are active in most major standards organizations and take the lead in many. Many of our professionals are certified across key standards, including ITIL®, PMI, CSPP, and have built knowledge and expertise in key vertical markets, such as financial services, government, telecommunications, insurance, healthcare, manufacturing and retail. Further, CA was the first major software company to earn the International Organization for Standardization's (ISO) 9001:2000 Global Certification.

Patents and Trademarks

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, 2008, we hold over 600 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

20 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.

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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 our customers to obtain a contingent, 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.

Product Licensing

We believe we can serve our customers better by offering multiple ways to license our products to help customers realize maximum value from their software investments. This philosophy is the basis of our 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.

Our licensing model offers customers a wide range of purchasing and payment options. Under our flexible licensing terms, customers can license our software products under multi-year licenses, with most customers choosing terms of one to three years, although longer terms are sometimes selected for customers who desire greater cost certainty. 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 can provide us with a competitive advantage.

On licenses sold for most of our products, we offer our customers the right to receive unspecified future products for no additional fee, as well as maintenance included during the term of the license. On licenses sold for certain products or through certain indirect channels, we do not offer our customers unspecified future products and do not always include maintenance with the license sale. For a description of our revenue recognition policies, refer to Results of Operations in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

Employees

The table below sets forth the approximate number of employees by location and functional area as of March 31, 2008:

LOCATION	EMPLOYEES AS OF MARCH 31, 2008	FUNCTIONAL AREA	EMPLOYEES AS OF MARCH 31, 2008
Corporate headquarters	2,000	Professional services	1,500

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		Support services	1,500
Other U.S. offices	5,300	Selling and marketing	3,900
		General and administrative	2,400
International offices	6,400	Product development	4,400
Total	13,700	Total	13,700

As of March 31, 2008 and 2007, we had 13,700 and 14,500 employees, respectively. The decrease was mostly in our sales and administrative staff and reflects the actions taken through the fiscal 2007 plan. Refer to the Restructuring and Other section in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations for additional information. We believe our employee relations are satisfactory.

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(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**. 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**. The reference to our website address does not constitute incorporation by reference of the information contained on the website in this Form 10-K 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 Resources 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 Investor Relations 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 materially adversely affect our business, financial condition, operating results and cash flow.

Our operating results are subject to fluctuations caused by many 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 materially adversely affect our business, financial condition, operating results and cash flow in the future.

The rate of adoption of new product technologies and demand for products and services;

Length of our sales cycle to our customers;

Customer difficulty in implementation of our products;

Magnitude of price and product or services competition;

Introduction of new hardware by manufacturers of computer hardware systems used by most of our customers;

General economic conditions in countries and industries in which we do a substantial amount of business;

Changes in foreign currency exchange rates;

Ability to control costs;

The number and terms and conditions of licensing transactions;

Workforce reorganizations in various locations around the world, including reorganizations of sales, technical services, finance, human resources and facilities functions;

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Timing and impact of threat outbreaks (*e.g.*, computer software worms and viruses);

The results of litigation;

Ability to retain and attract qualified personnel; and

The markets for some or all of our products may not grow as we expect.

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 materially 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 affect 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 (*e.g.*, new deferred subscription value or cash flow), which could 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 factors or political events beyond our control and other business risks associated with foreign operations can affect our business in unpredictable ways.

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

Workforce reorganizations in various locations around the world, including reorganizations of sales, technical services, finance, human resources and facilities functions;

Fluctuations in foreign exchange currency rates;

Staffing key managerial positions;

The ability to successfully localize software products for a significant number of international markets;

More restrictive employment regulation;

General economic conditions;

Political instability;