CA, INC.
Form 10-K
May 15, 2009

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

FORM 10-K

(Mark One)

ü	**Annual Report Pursuant To Section 13 or 15(d) of the Securities Exchange Act of 1934 For The Fiscal Year Ended March 31, 2009**
	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	**13-2857434**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
One CA Plaza, Islandia, New York	**11749**
(Address of Principal Executive Offices)	(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)	(Name of each exchange on which registered)
Common stock, par value $0.10 per share	**The NASDAQ Stock Market LLC**
Stock Purchase Rights Preferred Stock, Class A	**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. ü Yes ___ No

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 ü 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. ü Yes ___ 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ___ 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.
ü Large accelerated filer ___ Accelerated filer ___ Non-accelerated filer

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

The aggregate market value of the common stock held by non-affiliates of the registrant as of September 30, 2008 (the last business day of the registrant s most recently completed second fiscal quarter) was approximately $7.7 billion based on the closing price of $19.96 on the NASDAQ Stock Market LLC on that date.

The number of shares of each of the registrant s classes of common stock outstanding at May 8, 2009 was 518,836,593 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 2009 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 mana 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 2009, fiscal 2008, fiscal 2007 and fiscal 2006, etc. are to our fiscal years ended on March 31, 2009, 2008, 2007 and 2006, etc., respectively.

Part I

ITEM 1. Business

(a) General Development of Business

Overview

CA, Inc. is the world s leading independent information technology (IT) management software company. We help organizations manage IT to become lean and more productive, which can help them better compete, innovate and grow. We develop and deliver software that makes it easier for organizations to manage IT throughout complex computing environments. With our vision for Enterprise IT Management (EITM) and our expertise, organizations can more effectively govern, manage and secure the services IT delivers to the business to reduce costs and risks, improve service and ensure IT is integrated with the business.

We address the entire computing environment, which includes all of the people, information, processes, systems, networks, applications and databases from a Web service to the mainframe to a virtualized cloud , regardless of the hardware or software customers are using. We serve the majority of the Forbes Global 2000 companies, 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 mainframe and distributed environments, spanning IT governance, IT management and IT security. Key focus areas include: infrastructure management, project and portfolio management, security management, service management, application performance management, and data center automation and virtualization.

The Company was incorporated in Delaware in 1974, began operations in 1976 and completed an initial public offering of common stock in December 1981. Prior to April 28, 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.

Fiscal 2009 Business Developments and Highlights

The following are some significant fiscal 2009 developments and highlights relating to our business:

In February 2009, we completed a cash tender offer for our outstanding 4.750% Senior Notes due December 1, 2009. We received valid tenders of $176 million of the aggregate principal amount of the notes. During fiscal 2009, we also repurchased $148 million of the aggregate principal amount of these notes in the open market. In total, we reduced our obligations relating to these Notes from $500 million to $176 million during fiscal 2009.

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In December 2008, we released our first Global Corporate Sustainability Report, Connected. The report affirms our dedication to growing the company in environmentally and socially sustainable ways, and highlights our commitment to our own sustainability, as well as our unique role as a leading provider of software management solutions that enable customers to achieve their business and sustainability goals.

In November 2008, we held our 13th user conference, CA World, in Las Vegas. CA World 2008 brought together more than 5,000 IT professionals from more than 70 countries to exchange IT management strategies for transforming IT from a cost center into an enabler of innovation and business growth.

In November 2008, we announced a Software-as-a-Service (SaaS) delivery option for our market leading enterprise-class solution, Clarity[tm] Project & Portfolio Manager PPM. By extending the availability options for our award-winning Clarity product, we now provide CIOs and business executives with best-in-class functionality through a flexible SaaS delivery model.

In October 2008, we announced plans to expand our India Technology Center (ITC) with the construction of a new 180,000 square foot building on our campus in Hyderabad.

In October 2008, our Board of Directors approved a new stock repurchase program that authorizes the Company to buy up to $250 million of our common stock.

In September 2008, we began offering broad-based support for Microsoft s virtualization technology across our Recovery Management, Virtualization Management, Security and Systems Management products. This support will help Microsoft customers effectively govern, manage and secure even the most complex virtualized environments.

In September 2008, we enhanced our Clarity[tm] Project & Portfolio Manager solution by fully integrating cost and schedule measurement functionality to help U.S. federal government agencies and contractors conform to the ANSI/EIA-748 standard for Earned Value Management Systems.

In September 2008, we released CA GRC Manager NERC Program Accelerator, a complete North American Electric Reliability Corporation (NERC) compliance program for power and utility customers.

In July 2008, we launched a customized channel partner program dedicated to our global Internet Security partners focus on our anti-malware product portfolio. The program for Internet Security will help value-added resellers, retailers and technology partners market and sell solutions to service small, medium and large organizations, as well as the home and home office market.

In June 2008, we released eight new and updated solutions that deliver on our vision of Enterprise IT Management to enable customers to govern, manage and secure the services IT delivers to the business. Our new offerings include products for managing compliance and risk across mainframe and distributed computing environments, and products that build on our latest advances in automation.

We made the following additions to our Board of Directors:

In November 2008, Kay Koplovitz was elected to our Board of Directors. Ms. Koplovitz was named to the Board s Corporate Governance Committee.

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 September 2008, Mr. Weinbach was also named to the Board s Audit 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 organizations manage IT to become lean and more productive by helping them automate and improve IT processes at a reduced cost, which helps them better compete, innovate and grow. We develop and deliver software that makes it easier for organizations to manage IT throughout complex computing environments, including handheld to mainframe, physical to virtual, and on-premises to cloud . With our vision for

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Enterprise IT Management (EITM) and our expertise, organizations can more effectively govern, manage and secure the services IT delivers to the business to reduce costs and risks, improve service and ensure IT is integrated with the business.

We support our customers needs to govern, manage and secure the services IT delivers to the business as follows:

Govern:
We help our customers automate IT governance and various aspects of business governance. IT governance is the process of deciding about the priorities of their IT investments and how IT will allocate its human and financial resources to support those priorities. Business governance includes risk management, policy and regulatory compliance management, and information governance (such as records and messaging management). IT governance is addressed by CA Clarity™ Project & Portfolio Manager, our market-leading, enterprise-class PPM solution. Business governance is addressed by our CA GRC Manager and Information Governance products.

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, data center automation and 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 NSM.

Secure:
We help 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, which include CA Access Control, CA Identity Manager and CA SiteMinder.

We believe this is important because IT has become more critical than ever to running a business. Organizations rely on IT to conduct day-to-day business, and they are increasingly using IT to do more, including: comply with regulations, ensure security, manage costs and risks, manage resources, and manage energy consumption, enabling organizations to increase revenue and profit. At the same time, organizations continue to add new technology to their computing environments, taking advantage of trends such as cloud computing, virtualization and Software-as-a-Service (SaaS), which makes the computing environment more complex.

We believe that to get the most out of their technology, organizations must be able to manage IT as a whole and not as isolated functions unable to work together. We see IT, when managed well, as a business driver, not a cost center. We believe organizations that are able to manage their entire IT environment, eliminate waste, become leaner and more productive are able to compete more effectively and even thrive.

We base our beliefs on our decades of experience with some of the world s largest, most sophisticated users of IT. CA focuses 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.

Our strategy is to enable Chief Information Officers (CIOs) to realize increasing levels of value from their IT investments by helping them manage IT to solve their business problems, move their businesses forward and achieve a compelling return on their investments in CA technology.

Business Organization
Our Company is organized to support our customers needs and our business strategy, from how we develop and deliver products and services to how we market and sell our software and how we support our technology. We group

our products into solution sets under our govern, manage and secure framework. The products we develop are based on areas of focus where we believe we have the greatest growth opportunities and leading solutions.

Our main areas of focus for mainframe and distributed environments are:

- infrastructure management
- project and portfolio management
- IT security management, including compliance and risk management
- service management

application performance management, and

data center automation and virtualization

We continuously enhance our areas of focus to meet the needs of our customers and the market, which includes SaaS, cloud computing, and other areas considered emerging technologies.

Sales and Marketing

We offer our solutions through our direct sales force, and indirectly through global systems integrators, managed service providers, technology partners, EITM value-added resellers, original equipment manufacturers and distribution and volume partners. We have a disciplined, structured and systematic selling process through which we concentrate on our focus areas for both the distributed and mainframe environment.

These areas 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 our products globally to help drive sales.

Our sales organization operates on a worldwide basis. We operate through branches, subsidiaries and partners around the world. Approximately 46% of our revenue in fiscal 2009 was from operations outside of the United States. As of March 31, 2009 and March 31, 2008, we had approximately 3,200 and 3,300 sales and sales support personnel, respectively. In certain smaller geographic locations, including in the Asia-Pacific-Japan region, we use our distribution and resale partners as our primary selling vehicle.

CA Customer Value Network

To guide customers through the process of selecting, implementing and using IT management software and help them gain business value at every stage of the software lifecycle, we deliver proven, quality solutions and serve as a knowledgeable, trusted partner through a range of offerings and programs that make up the CA Customer Value Network.

The CA Customer Value Network is comprised of CA Education, CA Services, CA Support, CA Partners and CA Communities. CA Education, CA Services, CA Support, and CA Partners provide numerous offerings from solution implementation to technology consultation, educational programs and support services, throughout the customer s software ownership. CA Communities provide programs that can help customers solve problems, network with peers, and gain insight into new products and product development to maximize efficiency, performance and business results.

Partners

As an integral part of our strategy, we enter into contractual arrangements with third parties to facilitate the development and sale of our products. We utilize a broad base of partners to enable us to reach more customers, stay ahead of technology trends, complement our expertise in niche areas and provide fulfillment and distribution.

We work with several types of partners:

Global Systems Integrators (GSIs) offer process design and planning as well as vertical expertise. We work with GSIs including, but not limited to, Accenture, Deloitte and PricewaterhouseCoopers.

Managed Service Providers at both the global and regional level. These companies, including but not limited to, CSC, EDS and IBM, often deliver IT services using our software products to organizations that prefer to outsource their IT operations.

Technology Partners are leading platform and application vendors who enable strong product integration and technical collaboration by helping us ensure that CA products and our partners products deliver comprehensive solutions for our customers IT environments. Some of our valued partners include Microsoft, SAP and VMware, which help us adapt and respond to the emergence of new technologies and trends, such as virtualization and cloud computing.

EITM Value-Added Resellers combine our software products with specialized consulting services and provide enhanced, user-specific solutions to a particular market or sector.

Distributors and Volume Partners enable us to broaden our reach to the Small and Medium Business market segment and provide efficient personalized local delivery, service and support to our customers in that market.

Customers

We have a large and broad base of customers, including the majority of 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 service companies across most major industries 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 may either renew the license agreements or pay usage and maintenance fees, if applicable, for the right to continue to use our software, receive support, and/or receive future upgrades. Our customers satisfaction is important to us and we believe that our flexible business model allows us to maintain our customer base while allowing us 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. As of March 31, 2009, three customers accounted for substantially all of our outstanding prior business model net receivables, which amounted to approximately $240 million, including one large IT outsourcing customer with a license arrangement that extends through fiscal 2012 with a net unbilled receivable balance of approximately $232 million. Refer to Business Model in Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations, for further information.

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 customers needs.

Our research and development activities include a number of efforts. We established CA Labs in 2005 to strengthen relationships between research communities and us. We formed the CA Council for Technical Excellence in 2006 to lead innovative projects designed to promote communication, collaboration, and synergy among CA s global technical community.

To keep us 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, CISPP, and have built knowledge and expertise in key vertical markets, such as financial services, government, telecommunications, insurance, health care, manufacturing and retail. Further, we were the first major software company to earn the International Organization for Standardization s (ISO) 9001:2000 Global Certification.

We have approximately 5,600 engineers globally who design and support CA software and have charged to operations $486 million, $526 million and $557 million in fiscal 2009, 2008 and 2007, respectively, for product development and enhancements. In fiscal 2009, 2008 and 2007, we capitalized costs of $129 million, $112 million and $85 million, respectively, for internally developed software.

Our product development staff is global, with locations in Australia, Canada, China, the Czech Republic, Germany, India, Israel, Japan, the United Kingdom and the United States. We collaborate in both physical and virtual labs. 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 support our customers.

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

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. However, the extent and duration of protection given to different types of intellectual property rights vary under different countries legal systems. 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.

We maintain a portfolio of U.S. and foreign patents that generally expire at various times over the next 20 years. Although the durations and geographic patent coverage for our inventions may vary, we believe our patent portfolio adequately protects our interests. We expect to maintain a patent portfolio that includes more than 400 issued patents and 700 pending applications in the United States and the European Union.

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.

We are not aware that our products or technologies infringe on the proprietary rights of third parties. Third parties, however, have asserted and 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

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 by 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 used by our customers, we believe this metric-based approach can provide us with a competitive advantage in certain circumstances.

On licenses sold for our mainframe products and most of our distributed products, we offer our customers the right to receive unspecified future software 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 software products and do not always include maintenance with the license sale. For a description of our revenue recognition policies, refer to Note 1, Significant Accounting Policies , in the Notes to the Consolidated Financial Statements.

Competition

The enterprise management software business is highly competitive and is marked by rapid technological change, the steady emergence of new companies and products, evolving industry standards and changing customer needs. We compete with many established companies in the markets we serve. Some of these companies have substantially greater financial, marketing, and technological resources, broader distribution capabilities, earlier access to customers, and a 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 portfolio, we have competitors who may only compete with us in one product area and other companies who compete across most or all of our product portfolios. Competitive differentiators include, but are not limited to: industry vision, performance, quality, breadth of product offerings, expertise, integration of products, brand name recognition, price, functionality, customer support, frequency of upgrades and updates, manageability of products and reputation. Some of our key competitors are IBM, HP, BMC and Symantec.

We believe that we are well positioned and have a unique competitive advantage in the marketplace with our vision for Enterprise IT Management for a number of reasons:

The breadth and quality of our products, and their ability to integrate with existing customer technology investments. Various CA products manage IT in most environments, whether distributed, mainframe or virtualized. As new technologies are introduced, we continue to pursue integration to help customers see how the different elements of IT hardware, software and staff work together to deliver a service to the business.

The depth of our technical expertise.

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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, helping them quickly realize value from CA technology.

Our ability to offer products that are modular, open and integrated so customers can use them at their own pace individually or in combination with their existing technology.

Employees

The table below sets forth the approximate number of employees by location and functional area as of March 31, 2009:

LOCATION	EMPLOYEES AS OF MARCH 31, 2009	FUNCTIONAL AREA	EMPLOYEES AS OF MARCH 31, 2009
Corporate headquarters	1,900	Professional services	1,200
		Support services	1,500
Other U.S. offices	5,200	Selling and marketing	3,700
		General and administrative	2,400
International offices	6,100	Product development	4,400
Total	13,200	Total	13,200

As of March 31, 2009 and 2008, we had 13,200 and 13,700 employees, respectively. The decrease was mostly in our sales and professional services staff and reflects the actions taken under the fiscal 2007 restructuring plan. For additional information on the fiscal 2007 restructuring plan refer to Note 3, Restructuring and Other, in the Notes to the Consolidated Financial Statements. 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 corporate 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 investor relations website (ca.com/investor) 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 website at **www.sec.gov.** The reference to our website address does not constitute incorporation by reference of the information contained on our website in this Form 10-K or other filings with the SEC, and the information contained on our website is not part of this document.

Our investor relations website (ca.com/investor) also contains information about our initiatives in corporate governance, including: our corporate governance principles; information concerning our Board of Directors (including specific procedures for communicating with them); information concerning our Board Committees, including the charters of the Audit Committee, the Compensation and Human Resources Committee, the Corporate Governance Committee, and the Compliance and Risk Committee; and our CA Code of Conduct: Information and Resource Guide (applicable to all of our employees, including our Chief Executive Officer, Chief Financial Officer, Principal Accounting Officer, and our directors). These documents can also be obtained in print by writing to our Corporate Secretary, One CA Plaza, Islandia, NY 11749.

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, cash flow and stock price.

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Given the global nature of our business, economic factors or political events beyond our control and other business risks associated with non-U.S. operations can affect our business in unpredictable ways.
International revenue has historically represented a significant percentage of our total worldwide revenue. Success in selling and developing our products outside the United States will depend on a variety of factors in various non-U.S. locations, including:

- Foreign exchange currency rates;
- Local economic conditions;
- Political stability;
- Workforce reorganizations in various non-U.S. locations, including reorganizations of sales, product development, technical services, finance, human resources and facilities functions;
- Effectively staffing key managerial and technical positions;
- Successfully localizing software products for a significant number of international markets;
- More restrictive employment regulation;
- Trade restrictions such as tariffs, duties, taxes or other controls;
- International intellectual property laws, which may be more restrictive or may offer lower levels of protection than U.S. law;
- Complying with differing and changing local laws and regulations in multiple international locations as well as complying with U.S. law and regulations where applicable in these international locations; and
- Developing and executing an effective go-to-market strategy in various locations.

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

General economic conditions, including concerns regarding a global recession and credit constraints, or unfavorable economic conditions in a particular region, business or industry sector, may lead our customers to delay or forgo technology investments and could have other impacts, any of 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 or recession in the global economy, or in a particular region, or business or industry sector (such as the financial services sector), or tightening of credit markets, could cause customers to: have difficulty accessing credit sources; delay contractual payments; or delay or forgo decisions to (i) license new products (particularly with respect to discretionary spending for software), (ii) upgrade their existing environments or (iii) purchase services. Any such impacts could adversely affect our business, financial condition, operating results and cash flow.

Such a general slowdown or recession in the global economy may also materially impact the global banking system including individual institutions as well as a particular business or industry sector, which could cause further consolidations or failures in such a sector. Approximately one third of our revenue comes from arrangements with financial institutions (i.e., banking, brokerage and insurance companies). The majority of these arrangements are for the renewal of mainframe capacity and maintenance associated with transactions processed by our financial institution customers. While we cannot predict what impact there may be on our business from further consolidation of the financial industry sector, or the impact from the economy in general on our business, to date the impact has not been material to our balance sheet, results of operations or cash flows. The vast majority of our subscription and maintenance revenue in any particular reporting period comes from contracts signed in prior periods, generally pursuant to contracts ranging in duration from three to five years.

These adverse financial events could also result in further government intervention in the U.S. and world markets. Any of these results could impact the manner in which we are able to conduct business including within a particular industry sector or market and could adversely affect our business, financial condition, operating results and cash flow.

Changes to the compensation of our sales organization could materially adversely affect our business, financial condition, operating results and cash flow.
We may change 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 (Incentive Compensation Plan), management retains broad discretion to change various aspects of the Incentive Compensation 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 amount 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 adversely affect our cost of doing business, employee morale, or other performance metrics, all of which could materially 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 could materially adversely affect 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, 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 need to continue to improve and implement existing and 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 software, consolidated certain finance functions into regional locations, and are in the process of expanding and upgrading our operational and financial systems. 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. Failure to properly or adequately address these issues could result in the diversion of management s attention and resources, adversely affect our ability to manage our business and materially adversely affect our business, financial condition, results of operations and cash flow. Refer to Item 9A, Controls and Procedures, for additional 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 could materially adversely affect our infrastructure, market presence, or results of operations.
In the past we have acquired, and in the future we expect to acquire complementary companies, products, services and technologies (including through mergers, asset acquisitions, joint ventures, partnerships, strategic alliances, and equity investments). 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, facilities, 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;

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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;

An acquisition may result in increased litigation risk, including litigation from terminated employees or third parties;

We may have difficulty with determinations related to accounting matters, including those that require a high degree of judgment or complex estimation processes, including valuation and accounting for goodwill and intangible assets, stock-based compensation, and income tax matters; and

Our due diligence process may fail to identify significant issues with the acquired 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 and cash flow, 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 or to retain employees, existing stockholders interests may be diluted and net income 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 either diminish demand for or inhibit growth of 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 or greater financial, technical and marketing resources. We also face competition from numerous smaller companies that specialize in specific aspects of the highly fragmented software industry, and from 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, certain 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 could 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 and operating system software and 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 adversely affect our competitive position, which could materially 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.

Our business may suffer if we are not able to retain and attract adequate qualified personnel, including key managerial, technical, marketing and sales personnel.

We operate in a business where there is intense competition for experienced personnel in all of our global markets. We depend on our ability to identify, recruit, hire, train, develop and retain qualified and effective personnel. Our ability to do so depends on numerous factors, including factors that we cannot control, such as competition and conditions in the local employment markets in which we operate. Our future success depends in large part on the continued contribution of our senior management and other key employees. A loss of a significant number of skilled managerial or other personnel could have a negative effect on the quality of our products. A loss of a significant number of experienced and effective sales personnel could result in fewer sales of our products. Our failure to retain qualified employees in these categories could materially adversely affect our business, financial condition, operating results and cash flow.

Failure to adapt to technological change in a timely manner could materially adversely affect our business.
If we fail to keep pace with technological change in our industry, that failure would have an adverse effect on our revenue 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 for all of our products 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 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 may experience 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, which could materially adversely affect our business, financial condition, operating results and cash flow.

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 could materially adversely affect our business, financial condition, operating results and cash flow.
The largest suppliers of systems and computing software are, in most cases, the manufacturers of the computer hardware systems used by most of our customers. Historically, these companies have from time to time modified or introduced new operating systems, systems software and computer hardware. In the future, such new products from these companies 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 forgo the use of our products in favor of those with comparable functionality contained either in their 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 our products 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 materially adversely affect our business, financial condition, operating results and cash flow.
Some of our solutions 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 licensed product would outweigh the premium cost of the license. The unavailability of these licenses or the necessity of agreeing to commercially unreasonable terms for such licenses could have a material adverse effect 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 materially 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

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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 and therefore could have a material adverse effect on our business, financial condition, operating results and cash flow.

Discovery of errors in our software could materially adversely affect our revenue 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 errors that we have not detected or if our software otherwise fails to meet our customers expectations. Significant technical challenges also arise with our products because our customers license 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 revenue 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 that could, whether or not successful, be costly, distracting and time-consuming;

Increased insurance costs; and

Failure to successfully complete service engagements for product installations and implementations.

Consequently, the discovery of errors in our products after delivery could have a material adverse effect on our business, financial condition, operating results and cash flow.

We have a significant amount of debt. Changes in market conditions or our ratings could increase our interest costs and adversely affect the cost of refinancing our debt and our ability to refinance our debt, which could materially adversely affect our business, financial condition, operating results and cash flow.
As of March 31, 2009, we had $1,937 million of debt outstanding, consisting of unsecured fixed-rate senior note obligations, convertible senior notes, and credit facility borrowings. Refer to Note 7, Debt, in the Notes to the Consolidated Financial Statements for the payment schedule of our long-term debt obligations. Our senior unsecured notes are rated by Moody s Investors Service, Fitch Ratings, and Standard and Poor s. These agencies or any other credit rating agency could downgrade or take other negative action with respect to our credit ratings in the future. If our credit ratings were downgraded or other negative action is taken, we would be required to, among other things, pay additional interest on outstanding borrowings under our principal revolving credit agreement. Any downgrades

could affect our ability to obtain additional financing in the future and may affect the terms of any such financing.

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, our failure to generate sufficient cash as our debt becomes due or to renew credit lines prior to their expiration could materially adversely affect our business, financial condition, operating results and cash flow.

Failure to protect our intellectual property rights and source code would weaken our competitive position.
Our future success is highly dependent upon our proprietary technology, including our software and our source code for that 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 materially adversely affected. Refer to Item 1, Business (c) Narrative Description of the Business Patents and Trademarks, for additional information.

The number, terms and duration of our license agreements as well as the timing of orders from our customers and channel partners, may cause fluctuations in some of our key financial metrics, which may affect our quarterly financial results.
Historically, a substantial portion of our license agreements are executed in the last month of a quarter and the number of contracts executed during a given quarter can vary substantially. In addition, we experience a historically long sales cycle, which is driven in part by the varying terms and conditions of our software contracts. These factors can make it difficult for us to predict bookings and cash flow on a quarterly basis. Any failure or delay in executing new or renewed license agreements in a given quarter could cause declines in some of our key financial metrics (*e.g.*, bookings or cash flow), and, accordingly, increases the risk of unanticipated variations in our quarterly results and financial condition.

We may become dependent upon large transactions, and the failure to close such transactions on a satisfactory basis could materially adversely affect our business, financial condition, operating results and cash flow.
In the past, we have been dependent upon large-dollar enterprise transactions with individual customers. There can be no assurances that we will not be reliant on large-dollar enterprise transactions in the future, and the failure to close those transactions on terms that are commercially attractive to us could materially 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 10% of our total revenue backlog as of March 31, 2009 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, may be terminated at the convenience of the government, or both. 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, which could materially adversely affect 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.

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. Although we

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believe we have sufficient controls in place to prevent significant external disruptions, 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 materially adversely affected.

The use of third-party microcode could negatively affect 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, future technological developments involving such microcode could have a material adverse effect on our business, financial condition, operating results and cash flow.

We may lose access to third-party operating systems, which could materially 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; 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. Other vendors, including some of the largest 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. There can be no assurance that such restrictions will not have a material adverse effect on 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, which could materially adversely affect our business, financial condition, operating results and cash flow.
From time to time, third parties have claimed and may claim that our products infringe various forms of their intellectual property or that we owe royalty payments to them. Investigation of these claims 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 will be asserted. Defending against such claims is time-consuming and could result in significant litigation expense or settlement on unfavorable terms, which could materially adversely affect our business, financial condition, operating results and cash flow.

Fluctuations in foreign currencies could result in translation losses.
Our consolidated financial results are reported in U.S. dollars. Most of the revenue and expenses of our foreign subsidiaries are denominated in local currencies. Given that cash is typically received over an extended period of time for many of our license agreements and given that a substantial portion of our revenue is generated outside of the U.S., foreign currency fluctuations could result in substantial changes in reported revenues and operating results due to the foreign currency impact upon translation of these transactions into U.S. dollars.

In the normal course of business, we employ various strategies to manage these risks, including the use of derivative instruments. To the extent that these strategies do not manage all of the risks inherent in our foreign exchange exposures or that these strategies may cause our earnings and expenses to fluctuate more than they would have had these strategies not been employed, fluctuations of the exchange rates of foreign currencies against the U.S. dollar could materially adversely affect our business, financial condition, operating results and cash flow.

Any failure by us to execute our restructuring plans and related sales model changes successfully could result in total costs that are greater than expected or revenues that are less than anticipated.

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

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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, which could materially adversely affect our financial condition, operating results and cash flow.

Our restructuring efforts in Asia focused on shifting our sales model in certain smaller countries from a direct sales force model to an indirect, partner-led model. We may implement this strategy in other regions in the future. Risks associated with this business model shift include the potential inability of our partners to sell our products effectively and to provide adequate implementation services and product support. A greater reliance on partners will also subject us to further third party risks associated with business practices in those regions.

We have outsourced various functions to third parties and these arrangements may not be successful, thereby resulting in increased costs, or may adversely affect service levels and our public reporting.
We have outsourced various functions to third parties including certain development functions 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 periodically monitor the performance of these third parties and maintain contingency plans in case the 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, which could materially adversely affect our business, financial condition, operating results and cash flow and our ability to file our financial statements with the Securities and Exchange Commission timely or accurately.

Potential tax liabilities may materially adversely affect our results.
We are subject to income taxes in the United States and in 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 from that which is reflected in our income tax provisions and accruals. Additional tax assessments resulting from an audit or litigation may result in increased tax provisions or payments which could materially adversely affect our financial condition, operating results and cash flow in the period or periods in which that determination is made.

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, 2009, we leased 68 facilities throughout the United States and 113 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 market terms at our option as they become due.

We own one facility in Germany totaling approximately 100,000 square feet, two facilities in Italy which total approximately 140,000 square feet, one facility in India totaling approximately 255,000 square feet and an approximately 215,000 square foot European headquarters in the United Kingdom.

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 in 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 additional information.

ITEM 3. LEGAL PROCEEDINGS.

On April 9, 2007, the Company filed a complaint in the United States District Court for the Eastern District of New York (the Federal Court) against Rocket Software, Inc. (Rocket). On August 1, 2007, the Company filed an amended complaint alleging that Rocket misappropriated intellectual property associated with a number of the Company s database management software products. The amended complaint included causes of action for copyright infringement, misappropriation of trade secrets, unfair competition, and unjust enrichment. In the amended complaint, the Company sought damages of at least $200 million for Rocket s alleged theft and misappropriation of the Company s intellectual property, as well as an injunction preventing Rocket from continuing to distribute the database management software products at issue. On February 10, 2009, the Company announced that it had reached a settlement with Rocket resolving the Company s claims of copyright infringement and trade secret misappropriation. As part of the settlement, Rocket agreed to license technology from the Company, including source code authored several years ago and related trade secrets that were the subject of the litigation for $50 million to be received and recognized as software fees and other with the consolidated statement of operations in increments through fiscal 2014. Rocket did not admit any wrongdoing in connection with this settlement.

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 for the past five years of our executive officers as of May 15, 2009 are listed below:

John A. Swainson, 54, has been Chief Executive Officer of the Company since February 2005 and a member of the Company s Board of Directors since November 2004. Mr. Swainson joined the Company in November 2004. He also served as the Company s President from November 2004 to March 2008. From July to November 2004, Mr. Swainson was Vice President of Worldwide Sales and Marketing of the Software Group at International Business Machines Corporation (IBM), a manufacturer of information processing products and a technology, software, and networking systems manufacturer and developer. From 1997 to July 2004, he was General Manager of the Application Integration and Middleware division of IBM s Software Group.

Michael J. Christenson, 50, has been President of the Company since March 2008 and Chief Operating Officer since April 2006. Mr. Christenson joined the Company in 2005. He served as the Company s Executive Vice President of Strategy and Business Development from February 2005 to April 2006. He 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.

Russell M. Artzt, 62, co-founded the Company in June 1976. He has been Vice Chairman and Founder of the Company since April 2007, playing an instrumental role in the evolution of the Company s EITM vision. Mr. Artzt also provides counsel in the areas of strategic partnerships, product development leadership, and corporate strategy. Mr. Artzt was the Company s Executive Vice President of Products from January 2004 to April 2007 and was Executive Vice President, eTrust® Solutions from April 2002 to January 2004.

James E. Bryant, 64, has been Executive Vice President, Risk, and Chief Administrative Officer of the Company since April 2009. He is responsible for the Company s information technology, facilities and administration, corporate transformation, enterprise risk management, internal audit and internal controls. Mr. Bryant joined the Company in June 2006. He served as the Company s Executive Vice President and Chief Administrative Officer from June 2006 to March 2009. From 2005 to June 2006, Mr. Bryant 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. From 1994 to 2002, Mr. Bryant served as Vice President of Finance in IBM s Software Group.

Nancy E. Cooper, 55, has been Executive Vice President and Chief Financial Officer of the Company since she joined the Company in August 2006. From December 2001 to August 2006, she served as Senior Vice President and Chief Financial Officer of IMS Health Incorporated, a provider of information solutions to the pharmaceutical and healthcare industries. Ms. Cooper began her career at IBM, where she held positions of increasing responsibility over a 22-year period including Chief Financial Officer of the Global Industries Division, Assistant Corporate Controller, and Controller and Treasurer of IBM Credit Corporation.

Andrew Goodman, 50, has been Executive Vice President, Worldwide Human Resources of the Company since July 2005. Mr. Goodman joined the Company in July 2002. From July 2002 to July 2005, he served as Senior Vice President of Human Resources.

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Ajei S. Gopal, 47, has been Executive Vice President, Products and Technology Group, since February 2009. Dr. Gopal has overall responsibility for the Company s Products and Technology Group, including the EITM Group, the Mainframe Business Unit, the IT Governance Business Unit and the Office of the Chief Technology Officer. He joined the Company in July 2006. He served as Senior Vice President and General Manager, Enterprise Systems Management Business Unit from July 2006 to May 2007, as Executive Vice President and General Manager of the Management Business Unit and Security Business Unit from May 2007 to January 2008 and as Executive Vice President, EITM Group from January 2008 to February 2009. Dr. Gopal was with Symantec Corporation, a provider of infrastructure software, from September 2004 to July 2006, where he served most recently as Executive Vice President and Chief Technology Officer, and earlier as Senior Vice President, Global Technology and Corporate Development. From June 2001 to June 2004, Dr. Gopal was with ReefEdge Networks, a provider of wireless LAN systems, a company he co-founded, where he served on the Board of Directors and held several executive roles.

Jacob Lamm, 44, has been the Company s Executive Vice President, Strategy and Corporate Development, since February 2009. He joined the Company in 1998. He is responsible for coordinating the Company s overall business strategy, as well as the Company s strategy for acquisitions. He served as the Company s Executive Vice President, Governance Group from January 2008 to February 2009, as Executive Vice President and General Manager, Business Service Optimization Business Unit from March 2007 to January 2008, as Senior Vice President, General Manager and Business Unit Executive from April 2005 to March 2007, and as Senior Vice President, Development from October 2003 to April 2005.

Amy Fliegelman Olli, 45, has been Executive Vice President and General Counsel of the Company since February 2007. She is responsible for all of the Company s legal and compliance functions worldwide. Ms. Olli joined the Company in September 2006. From September 2006 to February 2007, she served as Executive Vice President and Co-General Counsel of the Company. Before September 2006, Ms. Olli spent nearly 20 years in various senior-level legal positions with divisions of IBM, most recently as General Counsel Americas and Global Coordinator for Sales and Distribution for 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.

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Part II

ITEM 5. MARKET FOR REGISTRANT S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

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, our common stock commenced trading on The NASDAQ Global Select Market tier of The NASDAQ Stock Market LLC (NASDAQ) under the same symbol. The following table sets forth, for the fiscal quarters indicated, the quarterly high and low closing sales prices on the NASDAQ and the New York Stock Exchange, as applicable:

	FISCAL 2009		**FISCAL 2008**	
	High	Low	High	Low
Fourth Quarter	$ 18.90	$ 15.40	$ 26.31	$ 21.26
Third Quarter	$ 20.12	$ 14.37	$ 27.18	$ 24.15
Second Quarter	$ 24.63	$ 18.31	$ 26.68	$ 23.41
First Quarter	$ 26.54	$ 21.67	$ 28.21	$ 25.39

On March 31, 2009, the closing price for our common stock on the NASDAQ was $17.61. As of March 31, 2009, we had approximately 9,300 stockholders of record.

We have paid cash dividends each year since July 1990. For each of fiscal 2009, 2008 and 2007, we paid annual cash dividends of $0.16 per share, which have been paid out in quarterly installments of $0.04 per share as and when declared by the Board of Directors.

Purchases of Equity Securities by the Issuer

On October 29, 2008, our Board of Directors approved a stock repurchase program that authorizes us to acquire up to $250 million of our common stock. During the third quarter of fiscal 2009, we paid $4 million to repurchase approximately 0.3 million of our common shares at an average price of $15.84 per share. As of March 31, 2009, we remained authorized to purchase an aggregate amount of up to approximately $246 million of additional common shares under our current stock repurchase program.

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ITEM 6. SELECTED FINANCIAL DATA.

The information set forth below should be read in conjunction with the Results of Operations section included in Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations.

Statement of Operations Data

	YEAR ENDED MARCH 31,				
(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)	2009	2008	2007	2006	2005
Revenue	$ 4,271	$ 4,277	$ 3,943	$ 3,772	$ 3,583
Income from continuing operations[1]	694	500	121	160	27
Basic income from continuing operations per share	1.35	0.97	0.22	0.28	0.05
Diluted income from continuing operations per share	1.29	0.93	0.22	0.27	0.05
Dividends declared per common share	0.16	0.16	0.16	0.16	0.08

Balance Sheet and Other Data

	MARCH 31,				
(IN MILLIONS)	2009	2008	2007	2006	2005
Cash provided by continuing operating activities	$ 1,212	$ 1,103	$ 1,068	$ 1,380	$ 1,527
Working capital surplus (deficit)	102	190	(51)	(462)	199
Working capital, excluding deferred revenue[2]	2,533	2,854	2,332	1,694	2,243
Total assets	11,252	11,756	11,517	11,118	11,726
Long-term debt (less current maturities)	1,287	2,221	2,572	1,813	1,810
Stockholders equity	4,344	3,709	3,654	4,718	5,034

(1) In fiscal 2009, 2008 and 2007 we incurred after-tax charges of $64 million, $74 million and $124 million, respectively, for restructuring and other costs. In fiscal 2007, we also incurred after-tax charges of $6 million for write-offs of in-process research and development costs due to acquisitions.

In fiscal 2006, we incurred after-tax charges of $54 million for restructuring and other costs and an after-tax benefit of $5 million relating to the gain on the divestiture of assets that were contributed during the formation of Ingres Corp. We also incurred an after-tax charge of $18 million for write-offs of in-process research and development costs due to acquisitions.

In fiscal 2005, we incurred after-tax charges of $144 million related to shareholder litigation and government investigation settlements, a tax expense charge of $55 million related to the planned repatriation of $500 million in cash under the American Jobs Creation Act of 2004, and after-tax charges of $17 million for severance and other expenses in connection with a restructuring plan.

(2) Deferred revenue includes all amounts billed or collected in advance of revenue recognition from all sources including subscription license agreements, maintenance, and professional services. It does not include unearned

revenue on future installments not yet billed as of the respective balance sheet dates.

ITEM 7. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Introduction

This Management s Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is intended to provide an understanding of our financial condition, change in financial condition, cash flow, liquidity and results of operations. This MD&A should be read in conjunction with our Consolidated Financial Statements and the accompanying Notes to Consolidated Financial Statements appearing elsewhere in this Report. References in this MD&A to fiscal 2009, fiscal 2008, fiscal 2007 and fiscal 2006, etc. are to our fiscal years ended on March 31, 2009, 2008, 2007 and 2006, etc., respectively.

Business Overview

We are the world s leading independent information technology (IT) management software company, helping organizations manage IT to become lean and more productive, which can help them better compete, innovate and grow. We develop and deliver software that makes it easier for organizations to manage IT throughout complex computing environments and to help them govern, manage and secure their entire IT operation all of the people, information, processes, systems, networks, applications and databases from Web services to the mainframe, regardless of the hardware or software they are using.

We license our products worldwide, principally to large IT service providers, financial services companies, governmental agencies, retailers, manufacturers, educational institutions, and healthcare institutions. These customers typically maintain IT infrastructures that are both complex and central to their objectives for operational excellence.

We offer our software products and solutions directly to our customers through our direct sales force and indirectly through global systems integrators, managed service providers, technology partners, Enterprise IT Management (EITM) value-added resellers and distribution and volume partners.

CA s Business Model

As described in greater detail in Part I, Item 1, Business, we license our software products directly to customers as well as through distributors, resellers and value-added resellers. We generate revenue from the following sources: license fees licensing our products on a right-to-use basis; maintenance fees providing customer technical support and product enhancements; and service fees providing professional services such as product implementation, consulting and education. The timing and amount of fees recognized as revenue during a reporting period are determined in accordance with generally accepted accounting principles in the United States of America (GAAP). Revenue is reported net of applicable sales taxes.

Under our business model, we offer customers a wide range of licensing options, including the flexibility to license software under month-to-month licenses or to fix their costs by committing to longer-term agreements. Licenses sold for most of our software products permit customers to change their software product mix as their business and technology needs change and includes the right to receive software products in the future within defined product lines for no additional fee, commonly referred to as unspecified future software products. In such instances, we do not have vendor-specific objective evidence (VSOE) for the fair value of the undelivered elements, and we are therefore required under GAAP to recognize revenue from such license agreements evenly on a monthly basis (also known as ratably) over the license term.

A relatively small percentage of our revenue is recognized on a perpetual or up-front basis once all revenue recognition criteria are met in accordance with Statement of Position 97-2 *Software Revenue Recognition*, issued by the American Institute of Certified Public Accountants, as amended by SOP 98-9 *Modification of SOP 97-2, Software Revenue Recognition, With Respect to Certain Transactions* (SOP 97-2) (see Critical Accounting Policies and Estimates below for details). In such cases, these products are not sold with the right to receive unspecified future software products and VSOE exists for maintenance. We expect to continue to offer these types of licensing arrangements; therefore, the amount of revenue we expect to recognize on an up-front basis may increase to the extent that such license agreements are not executed within a short time frame of other agreements with the same customer or in contemplation of other license agreements with the same customer where the right exists to receive unspecified future software products.

Several contracts executed prior to October 2000 (the prior business model) remain in effect and have not yet been renewed under license arrangements that contain the right to receive unspecified future software products. Under those agreements, we did not offer our customers the right to receive unspecified future software products and we record the present value of the

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license agreement as revenue at the time the license agreement was signed. As these customer license agreements are renewed under our current licensing model, we expect to see an increase in revenue backlog related to these licenses, from which subscription revenue will be amortized in future periods. The favorable impact on subscription revenue from the conversion of contracts from our prior business model to our current business model is decreasing over time as the transition is completed and was not material for fiscal 2009 or 2008. The remaining balance of unbilled installment receivables that were previously recognized as revenue under our prior business model was $240 million and $342 million as of March 31, 2009 and March 31, 2008, respectively.

Under our license agreements, customers generally make installment payments for the right to use our software products over the term of the associated software license agreement. While the timing of revenue recognition is affected by the offering of unspecified future software products, it generally has not changed the timing of how we bill and collect cash from customers and as a result, our cash generated from operations has generally not been affected by the offering of unspecified future software products.

Performance Indicators

Management uses several quantitative and qualitative performance indicators to assess our financial results and condition. Each provides a measurement of the performance of our business model and how well we are executing our plan.

Our predominantly subscription-based business model is unique among our competitors in the software industry and it may be difficult to compare our results for many of our performance indicators with those of our competitors. The following is a summary of the principal quantitative and qualitative performance indicators that management uses to review performance:

YEAR ENDED MARCH 31, (DOLLARS IN MILLIONS)	2009	2008	CHANGE	PERCENT CHANGE
Total revenue	$ 4,271	$ 4,277	$ (6)	%
Subscription and maintenance revenue	$ 3,772	$ 3,762	$ 10	%
Net income	$ 694	$ 500	$ 194	39%
Cash provided by operating activities	$ 1,212	$ 1,103	$ 109	10%
Total bookings	$ 5,245	$ 4,724	$ 521	11%
Subscription and maintenance bookings	$ 4,783	$ 4,110	$ 673	16%
Weighted average subscription and maintenance license agreement duration in years	3.61	2.98	0.63	21%
Annualized subscription and maintenance bookings	$ 1,325	$ 1,379	$ (54)	(4)%

(DOLLARS IN MILLIONS)	AS OF MARCH 31, 2009	AS OF MARCH 31, 2008	CHANGE	PERCENT CHANGE
Cash, cash equivalents and marketable securities[1]	$ 2,713	$ 2,796	$ (83)	(3)%
Total debt	$ 1,937	$ 2,582	$ (645)	(25)%
Total expected future cash collections from committed contracts[2]	$ 4,914	$ 4,362	$ 552	13%
Total revenue backlog[2]	$ 7,378	$ 6,858	$ 520	8%

1 At March 31, 2009 and March 31, 2008, marketable securities were less than $1 million.

2 Refer to the discussion in the Liquidity and Capital Resources section of this MD&A for additional information on expected future cash collections from committed contracts, billing backlog and revenue backlog.

Analyses of our performance indicators, including general trends, can be found in the Results of Operations and Liquidity and Capital Resources sections of this MD&A.

Subscription and Maintenance Revenue Subscription and maintenance revenue is the amount of revenue recognized ratably during the reporting period from both: (i) subscription license agreements that were in effect during the period, generally including maintenance that is bundled with and not separately identifiable from software usage fees or product sales, and (ii) maintenance agreements associated with providing customer technical support and access to software fixes and upgrades that are separately identifiable from software usage fees or product sales. These amounts include the sale of products directly by us, as well as by distributors, resellers and value-added resellers to end-users, where the contracts incorporate the right for end-users to receive unspecified future software products and other contracts entered into in close proximity or contemplation of such agreements.

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Total Bookings Total bookings includes the incremental value of all subscription, maintenance and professional service contracts and software fees and other contracts entered into during the reporting period. Effective April 1, 2008, we changed our performance indicator for measuring our new business activity from new deferred subscription value to total bookings. In addition to what was previously included in new deferred subscription value, subscription and maintenance bookings now includes the value of maintenance contracts committed by customers in the current period that were separate from license subscription contracts, whereas new deferred subscription value excluded certain of these types of agreements. The bookings amounts disclosed in this MD&A include the effects of this change. The incremental value of subscription and maintenance agreements added was $252 million for the year ended March 31, 2008. Total bookings also includes the value of new professional services and software fees and other contracts that were not previously included in new deferred subscription value.

Subscription and Maintenance Bookings Subscription and maintenance bookings is the aggregate incremental amount we expect to collect from our customers over the terms of the underlying subscription and maintenance agreements entered into during a reporting period. These amounts include the sale of products directly by us, as well as indirectly by distributors, resellers and value-added resellers to end-users, where the contracts incorporate the right for end-users to receive unspecified future software products, and other contracts without these rights entered into in close proximity or contemplation of such agreements. These amounts are expected to be recognized ratably as subscription and maintenance revenue over the applicable term of the agreement. Subscription and maintenance bookings excludes the value associated with certain perpetual based licenses, license-only indirect sales, and professional services arrangements.

The license and maintenance agreements that contribute to subscription and maintenance bookings represent binding payment commitments by customers over periods that range generally from three to five years, although in certain cases customer commitments can be for longer periods. The amount of new subscription and maintenance bookings recorded in a period is affected by the volume and value of contracts renewed during that period. Our subscription and maintenance bookings typically increase in each consecutive quarter during a fiscal year, with the first quarter being the least and the fourth quarter being the most. However, subscription and maintenance bookings may not always follow the pattern of increasing in consecutive quarters during a fiscal year, and the quarter to quarter differences in subscription and maintenance bookings may vary. Additionally, period-to-period changes in subscription and maintenance bookings do not necessarily correlate to changes in billings or cash receipts. The contribution to current period revenue from subscription and maintenance bookings from any single license or maintenance agreement is relatively small, since revenue is recognized ratably over the applicable term for these agreements.

Weighted Average Subscription and Maintenance License Agreement Duration in Years The weighted average subscription and maintenance license agreement duration in years reflects the duration of all subscription and maintenance agreements executed during a period, weighted by the total contract value of each individual agreement. Effective April 1, 2008, our calculation of weighted average subscription and maintenance license agreement duration in years now includes all subscription and maintenance contracts from both direct and indirect channels, whereas the prior calculation reflected direct product subscription licenses only. This modification has also been reflected in the weighted average subscription and maintenance license agreement duration in years for fiscal 2008 for comparison purposes and resulted in a decrease of 0.24 years for fiscal 2008.

Annualized Subscription and Maintenance Bookings Annualized subscription and maintenance bookings is an indicator that normalizes the bookings recorded in the current period to account for contract length. It is calculated by dividing the total value of all new subscription and maintenance license agreements entered into during a period by the weighted average subscription and license agreement duration in years of all such license and maintenance agreements recorded during the same period.

Total Revenue Backlog Total revenue backlog represents the aggregate amount we expect to recognize as revenue in the future as either subscription and maintenance revenue, professional services revenue or software fees and other associated with contractually committed amounts billed or to be billed as of the balance sheet date. Total revenue backlog is composed of amounts recognized as liabilities in our Consolidated Balance Sheets as deferred revenue (billed or collected) as well as unearned amounts associated with balances yet to be billed under subscription and maintenance and software fees and other agreements. Amounts are classified as current or non-current depending on when they are expected to be earned and therefore recognized as revenue. The portion of the total revenue backlog that relates to subscription and maintenance

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agreements is recognized as revenue evenly on a monthly basis over the duration of the underlying agreements and is reported as subscription and maintenance revenue in our Consolidated Statements of Operations.

Deferred revenue (billed or collected) is comprised of: (i) amounts received from the customer in advance of revenue recognition, (ii) amounts billed but not collected for which revenue has not yet been earned, and (iii) amounts received in advance of revenue recognition from financial institutions where we have transferred our interest in committed installments (referred to as Financing obligations in the Notes to the Consolidated Financial Statements).

Results of Operations

The following table presents revenue and expense line items reported in our Consolidated Statements of Operations for fiscal 2009, 2008 and 2007 and the period-over-period dollar and percentage changes for those line items. Certain prior year balances have been reclassified to conform to the current period s presentation. For additional information, see Note 1, Significant Accounting Policies, in the Notes to the Consolidated Financial Statements.

	YEAR ENDED MARCH 31			**DOLLAR CHANGE**	**PERCENT CHANGE**	**DOLLAR CHANGE**	**PERCENT CHANGE**
(DOLLARS IN MILLIONS)	2009	2008	2007	2009/2008	2009/2008	2008/2007	2008/2007
Revenue:							
Subscription and maintenance revenue	$ 3,772	$ 3,762	$ 3,458	$ 10	%	$ 304	9%
Professional services	358	383	351	(25)	(7)	32	9
Software fees and other	141	132	134	9	7	(2)	(1)
Total revenue	$ 4,271	$ 4,277	$ 3,943	$ (6)	%	$ 334	8%
Expenses:							
Costs of licensing and maintenance	$ 298	$ 272	$ 250	$ 26	10%	$ 22	9%
Cost of professional services	307	368	333	(61)	(17)	35	11
Amortization of capitalized software costs	125	117	354	8	7	(237)	(67)
Selling and marketing	1,214	1,327	1,340	(113)	(9)	(13)	(1)
General and administrative	464	530	549	(66)	(12)	(19)	(3)
Product development and enhancements	486	526	557	(40)	(8)	(31)	(6)
Depreciation and amortization of other intangible assets	149	156	148	(7)	(4)	8	5
Other (gains) expenses, net	(1)	6	(13)	(7)	(117)	19	146
Restructuring and other	102	121	201	(19)	(16)	(80)	(40)
Charge for in-process research and development costs			10			(10)	(100)
Total expenses before interest and income taxes	3,144	3,423	3,729	(279)	(8)	(306)	(8)
Income from continuing operations before interest and	1,127	854	214	273	32	640	299

income taxes							
Interest expense, net	25	46	60	(21)	(46)	(14)	(23)
Income from continuing operations before income taxes	1,102	808	154	294	36	654	425
Income tax expense	408	308	33	100	32	275	833
Income from continuing operations	$ 694	$ 500	$ 121	$ 194	39%	$ 379	313%

Note amounts may not add to their respective totals due to rounding.

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The following table sets forth, for the fiscal years indicated, the percentage that the items in the accompanying Consolidated Statements of Operations bear to total revenue.

	PERCENTAGE OF TOTAL REVENUE FOR THE YEAR ENDED MARCH 31,		
	2009	2008	2007
Revenue:			
Subscription and maintenance revenue	88%	88%	88%
Professional services	8	9	9
Software fees and other	4	3	3
Total revenue	100%	100%	100%
Expenses:			
Costs of licensing and maintenance	7%	6%	6%
Cost of professional services	7	9	8
Amortization of capitalized software costs	3	3	9
Selling and marketing	28	31	34
General and administrative	11	12	14
Product development and enhancements	11	12	14
Depreciation and amortization of other intangible assets	3	4	4
Other (gains) expenses, net			
Restructuring and other	2	3	5
Charge for in-process research and development costs			
Total expenses before interest and taxes	74	80	95
Income from continuing operations before interest and income taxes	26	20	5
Interest expense, net	1	1	2
Income from continuing operations before income taxes	26	19	4
Income tax expense	10	7	1
Income from continuing operations	16%	12%	3%

Note amounts may not add to their respective totals due to rounding.

Revenue
Total revenue was unfavorably affected by foreign exchange of $35 million for fiscal 2009 compared with fiscal 2008 and favorably affected by $165 million for fiscal 2008 compared with fiscal 2007.

Subscription and Maintenance Revenue
Subscription and maintenance revenue increased slightly for fiscal 2009 compared with fiscal 2008 primarily due to an increase in the annual value of existing customer contracts, partially offset by unfavorable foreign exchange variance of $32 million.

Subscription and maintenance revenue increased for fiscal 2008 compared with fiscal 2007 also predominantly due to an increase in the annual value of existing customer contracts, plus a $144 million favorable variance from foreign exchange.

Subscription and Maintenance Bookings

For fiscal 2009 and 2008, we added subscription and maintenance bookings of $4,783 million and $4,110 million, respectively. Subscription and maintenance bookings for fiscal 2009 were favorably affected by an increase in U.S. renewal bookings compared with the prior year period primarily due to the size and duration of the contracts that were renewed in fiscal 2009, partially offset by an unfavorable variance due to foreign exchange. During fiscal 2009, we renewed a total of 68 license agreements with incremental contract values in excess of $10 million each, for an aggregate contract value of $2,471 million. During fiscal 2008, we renewed a total of 61 license agreements with incremental contract values in excess of $10 million each, for an aggregate contract value of $1,396 million. The increase in the dollar value of the agreements in excess of $10 million was primarily attributable to the execution of several large contract extensions with terms of approximately five years in the second quarter, two of which had a combined contract value of approximately $550 million. For fiscal 2009, annualized subscription and maintenance bookings decreased $54 million from the prior year period to $1,325 million. The weighted average subscription and maintenance license agreement duration in years increased to 3.61 for fiscal 2009 compared with 2.98 for fiscal 2008 due to an increase in the number and dollar values of contracts executed with contract terms longer than historical averages. Although each contract is subject to terms negotiated by the respective parties, management does not currently expect the duration of contracts to increase materially beyond historical levels.

For fiscal 2008 and 2007, we added subscription and maintenance bookings of $4,110 million and $3,610 million, respectively. Bookings for fiscal 2008 were favorably affected by growth in sales of new products and services, continued improvement in the management of contract renewals, and an increase in the number and dollar amounts of large contracts during the fiscal year. During fiscal 2008, we renewed a total of 61 license agreements with incremental contract values in excess of $10 million each, for an aggregate contract value of $1,396 million. During fiscal 2007, we renewed 42 license agreements with incremental contract values in excess of $10 million each, for an aggregate contract value of $1,142 million. For fiscal 2008, annualized subscription and maintenance bookings increased $151 million from the prior year period to $1,379 million.

Professional Services

Professional services revenue primarily includes product implementation, customer training and customer education. The revenue decrease for fiscal 2009 compared with fiscal 2008 was primarily due to our concerted efforts to reduce the number of low margin service contracts in all regions, revenue decreases from customer delays in signing professional service contracts due to the difficult economic environment and revenue decreases in the APJ region, which was due to our decision to stop providing professional services in certain markets in conjunction with our change in that region from a direct to an indirect sales model.

The increase in professional services revenue for fiscal 2008 compared with fiscal 2007 was driven primarily by growth in the volume of Project and Portfolio Management, Identity and Access Management and Service Management implementation projects in fiscal 2008.

Software Fees and Other

Software fees and other revenue primarily consists of revenue that is recognized on an up-front basis as required by SOP 97-2. This includes revenue generated through transactions with distribution and original equipment manufacturer channel partners (sometimes referred to as our indirect or channel revenue) and certain revenue associated with new or acquired products sold on an up-front basis. Also included is financing fee revenue, which results from the discounting of product sales recognized on an up-front basis with extended payment terms to present value. Revenue recognized on an up-front basis results in higher revenue for the current period than if the same revenue had been recognized ratably under our subscription model.

For fiscal 2009, software fees and other revenue increased from fiscal 2008 primarily due to an $11 million increase in our indirect business revenue and $5 million due to the license agreement we entered into with Rocket Software, Inc. (Rocket). These increases were partially offset by lower financing fees and other revenues. Refer to Note 8 Commitments and Contingencies for additional information relating to the Rocket agreement.

For fiscal 2008, software fees and other revenue slightly decreased compared with fiscal 2007 due to lower financing fee revenue due to the decrease in the remaining number of contracts from the prior business model with extended payment terms, which was partially offset by revenue increases in our indirect business.

Total Revenue by Geography

The following table presents the amount of revenue earned from sales to unaffiliated customers in the United States and international regions and corresponding percentage changes for fiscal 2009, 2008 and 2007.

	FISCAL 2009 COMPARED WITH FISCAL 2008					**FISCAL 2008 COMPARED WITH FISCAL 2007**				
(DOLLARS IN MILLIONS)	2009	% of Total	2008	% of Total	% Change	2008	% of Total	2007	% of Total	% Change
United States	$ 2,291	54%	$ 2,217	52%	3%	$ 2,217	52%	$ 2,131	54%	4%
International	1,980	46%	2,060	48%	(4)%	2,060	48%	1,812		