CA, INC.
Form DEF 14A
July 13, 2007

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

SCHEDULE 14A
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES EXCHANGE ACT OF 1934 (AMENDMENT NO.)

Filed by the Registrant [ü]
Filed by a Party other than the Registrant [ ]

Check the appropriate box:

[ ]	Preliminary Proxy Statement
[ ]	Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
[ü]	Definitive Proxy Statement
[ ]	Definitive Additional Materials
[ ]	Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-2.

CA, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than Registrant)

Payment of Filing Fee (Check the appropriate box):

[ü] No fee required.

[ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-12.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

[ ] Fee paid previously with preliminary materials.

[ ] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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July 13, 2007

To Our Stockholders:

On behalf of the Board of Directors and management of CA, Inc., we are pleased to invite you to the 2007 Annual Meeting of Stockholders. The meeting will be held in the Grand Ballroom at the Hyatt Regency Wind Watch Hotel in Hauppauge, New York on August 22, 2007 beginning at 10:00 a.m. Eastern Daylight Time.

Further details concerning the meeting, including the formal agenda, are contained in the accompanying Notice of Annual Meeting and Proxy Statement. At the meeting, there also will be management reports on our business and a discussion period during which you will be able to ask questions.

Whether or not you plan to attend in person, please vote your shares via the Internet, by telephone or by following the instructions in the accompanying materials.

Thank you for your consideration and continued support.

Sincerely,

William E. McCracken	John A. Swainson
Chairman of the Board of Directors	*President and Chief Executive Officer*

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CA, INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To the Stockholders of CA, Inc.:

The 2007 Annual Meeting of Stockholders of CA, Inc. will be held on Wednesday, August 22, 2007, at 10:00 a.m. Eastern Daylight Time in the Grand Ballroom at the Hyatt Regency Wind Watch Hotel located in Hauppauge, New York, for the following purposes:

(1) to elect directors, each to serve until the next annual meeting or until his or her successor is duly elected and qualified;

(2) to ratify the stockholder protection rights agreement;

(3) to ratify the appointment of KPMG LLP as our independent registered public accountants for the fiscal year ending March 31, 2008;

(4) to approve the CA, Inc. 2007 Incentive Plan;

(5) to consider a stockholder proposal to amend our By-laws to require ratification of chief executive officer compensation by a supermajority of independent Board members; and

(6) to transact any other business that properly comes before the meeting and any adjournment or postponement.

The Board of Directors has fixed the close of business on June 28, 2007 as the record date for determining the stockholders entitled to notice of and to vote at the meeting and any adjournment.

Admission tickets are on the outside back cover of this Notice of Annual Meeting and Proxy Statement. To enter the meeting, you will need an admission ticket or other proof that you are a stockholder. If you hold your shares through a broker or nominee, you will need to bring either a copy of the voting instruction card provided by your broker or nominee, or a copy of a brokerage statement showing your ownership as of June 28, 2007.

A list of stockholders entitled to vote at the 2007 Annual Meeting will be available for inspection upon the request of any stockholder for any purpose germane to the Annual Meeting at our principal offices, One CA Plaza, Islandia, New York during the ten days prior to the meeting, during ordinary business hours, and at the Hyatt Regency Wind Watch Hotel, 1717 Motor Parkway, Hauppauge, New York during the Annual Meeting.

Whether or not you expect to attend, **STOCKHOLDERS ARE REQUESTED TO VOTE THEIR SHARES VIA THE INTERNET OR VIA TELEPHONE (BY FOLLOWING THE INSTRUCTIONS ON THE PROXY CARD), OR TO SIGN, DATE AND RETURN THE ENCLOSED FORM OF PROXY IN THE ENVELOPE PROVIDED.** No postage is required if mailed in the United States.

Kenneth V. Handal
Executive Vice President, Global Risk &
Compliance, and Corporate Secretary

Islandia, New York

July 13, 2007

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CA, INC.

One CA Plaza
Islandia, New York 11749

PROXY STATEMENT

GENERAL INFORMATION

Proxy Solicitation

This Proxy Statement is furnished to the holders of the common stock, par value $.10 per share (the Common Stock), of CA, Inc. (we , us or the Company) in connection with the solicitation of proxies by the Board of Directors for use at the 2007 Annual Meeting of Stockholders and any adjournment or postponement. The meeting will be held on August 22, 2007, at 10:00 a.m. Eastern Daylight Time. The matters expected to be acted upon at the meeting are set forth in the preceding Notice of Annual Meeting. At present, the Board of Directors knows of no other business to come before the meeting.

The Notice of Annual Meeting, Proxy Statement and form of proxy will be mailed to stockholders beginning on or about July 13, 2007. We will bear the cost of soliciting proxies. In addition to the use of the mails, proxies may be solicited by personal or telephone conversation, telegram, facsimile and postings on our website, **ca.com**, or by our directors, officers and employees, for which they will not receive any additional compensation. We will also make arrangements with brokerage houses and other custodians, nominees and fiduciaries to forward solicitation material to the beneficial owners of shares of Common Stock held by such persons, and we may reimburse such custodians, nominees and fiduciaries for reasonable out-of-pocket expenses incurred. We have also retained Innisfree M & A Incorporated (Innisfree) to assist us in soliciting proxies. The fees to be paid to Innisfree are estimated to be $15,000 plus out-of-pocket costs.

Voting and Revocability of Proxy

The shares represented by valid proxies received and not revoked will be voted at the meeting. Where a proxy specifies a choice with respect to a matter to be acted upon, the shares represented by the proxy will be voted in accordance with the instructions given. If you return a signed proxy card without indicating your vote on a matter submitted at the meeting, your shares will be voted on that particular matter as follows: (1) FOR the Board s nominees for election as directors; (2) FOR ratification of the stockholder protection rights agreement; (3) FOR ratification of the appointment of KPMG LLP as our independent registered public accountants for the fiscal year ending March 31, 2008; (4) FOR the CA, Inc. 2007 Incentive Plan; and (5) AGAINST the stockholder proposal to amend our By-laws to require ratification of chief executive officer compensation by a supermajority of independent Board members. A stockholder may revoke a proxy at any time before it is exercised by filing a written revocation with the Corporate Secretary, submitting a proxy bearing a later date (including by telephone or the Internet), or voting in person at the meeting (please note that if you hold your shares through a bank or broker and you want to vote in person at the meeting, you must obtain a proxy from your bank or broker authorizing you to vote those shares and you must bring this proxy to the meeting). If any other business properly comes before the meeting or any adjournment or postponement, it is the intention of the persons named in the enclosed proxy card to vote the shares represented thereby on such matters in accordance with their best judgment.

Record Date and Voting Rights

Only stockholders of record at the close of business on June 28, 2007 are entitled to notice of and to vote at the meeting or any adjournment. On June 28, 2007, we had outstanding 514,830,010 shares of Common Stock. Each outstanding share of Common Stock is entitled to one vote. A majority of the outstanding shares of Common Stock present or represented by proxy at the meeting will constitute a quorum.

Votes cast at the meeting by proxy or in person will be tabulated by inspectors of election. The inspectors of election will treat shares of Common Stock represented by a properly signed and returned proxy as present

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at the meeting for purposes of determining a quorum, whether or not the proxy is marked as casting a vote or abstaining on any or all matters. Abstentions and broker non-votes (described below) are counted as present and entitled to vote for purposes of determining a quorum.

Assuming that a quorum is present at the meeting, the majority of the votes cast at the meeting will be required to elect the directors, which means that the number of votes cast for the director must exceed the number of votes cast against the director. Abstentions and broker non-votes will have no effect on the election of directors since only votes cast for and against a director will be counted. If a director does not receive the requisite vote, generally the Board of Directors will have 90 days from the certification of the vote to accept or reject the individual s irrevocable resignation that all incumbent directors were required to submit before the mailing of this Proxy Statement. For more information on the majority vote standard for election of directors, see Corporate Governance below.

Assuming that a quorum is present at the meeting, the affirmative vote of the holders of a majority of the shares of Common Stock present or represented by proxy at the meeting and entitled to vote on the subject matter will be required to approve Proposals 2, 3 and 4. In determining whether Proposals 2, 3 and 4 have received the requisite number of affirmative votes, abstentions will have the effect of a vote against these proposals, and broker non-votes, if any, will reduce the absolute number, but not the percentage, of affirmative votes needed for approval of these proposals.

The affirmative vote of the holders of not less than a majority of the outstanding shares of Common Stock entitled to vote on the proposal will be required to approve Proposal 5. In determining whether Proposal 5 has received the requisite number of affirmative votes, abstentions and broker non-votes, if any, will have the effect of a vote against this proposal. Accordingly, if a majority of the outstanding shares of Common Stock are not voted in favor of Proposal 5, either by a vote at the meeting or by valid proxy, Proposal 5 will not be approved.

Broker Non-Votes

A broker non-vote occurs when your broker submits a proxy for your shares but does not indicate a vote on a particular matter because the broker has not received voting instructions from you and does not have authority to vote on that matter without such instructions. Broker non-votes are treated as present for purposes of determining a quorum but are not counted as votes for or against the matter in question or as abstentions, nor are they counted in determining the number of votes present for the particular matter.

Under the rules of the New York Stock Exchange (the NYSE), if your broker holds shares in your name and delivers this Proxy Statement to you, the broker, in the absence of voting instructions from you, is entitled to vote your shares on Proposals 1 and 3, but not on Proposals 2, 4 and 5.

Annual Report

Our Annual Report for the fiscal year ended March 31, 2007 accompanies this Proxy Statement and is also available on our website at **ca.com**. Stockholders are referred to the Annual Report for financial and other information about us. The Annual Report is not a part of this Proxy Statement.

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INFORMATION REGARDING BENEFICIAL OWNERSHIP OF PRINCIPAL STOCKHOLDERS, THE BOARD AND MANAGEMENT

The following table sets forth information, based on data provided to us, with respect to beneficial ownership of shares of Common Stock as of June 28, 2007 for (1) each person known by us to beneficially own more than five percent of the outstanding shares of Common Stock, (2) each of our directors and nominees for election as directors, (3) each individual who served as our principal financial officer during fiscal year 2007, (4) each of our three most highly compensated executive officers other than the Chief Executive Officer and the Chief Financial Officer (collectively, together with the Chief Executive Officer, the Chief Financial Officer and each other individual who served as our principal financial officer during fiscal year 2007, the Named Executive Officers), and (5) all of our directors and executive officers as a group.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned[1]	Percent of Class
Holders of More Than 5%:		
Walter H. Haefner[2] Careal Holding AG Utoquai 49 8022 Zurich, Switzerland	125,813,380	24.44%
Hotchkis and Wiley Capital Management, LLC[3] 725 S. Figueroa Street, 39th Floor Los Angeles, CA 90017	67,643,775	13.14%
Private Capital Management, L.P.[4] 8889 Pelican Bay Boulevard Suite 500 Naples, FL 34108	64,162,857	12.46%
NWQ Investment Company, LLC[5] 2049 Century Park East, 16th Floor Los Angeles, CA 90067	52,205,671	10.14%
Pzena Investment Management, LLC[6] 120 West 45th Street, 20th Floor New York, NY 10036	32,660,206	6.34%
Legg Mason Capital Management, Inc. and LMM LLC[7] 100 Light Street Baltimore, MD 21202	26,486,092	5.14%
Directors and Nominees:		
Raymond J. Bromark[8][9]	0	*
Alfonse M. D Amato[8]	32,050	*
Gary J. Fernandes[8]	1,125	*
Robert E. La Blanc[8]	7,750	*
Christopher B. Lofgren[8]	0	*
Jay W. Lorsch[8]	6,750	*
William E. McCracken[8]	0	*

Lewis S. Ranieri(8)(10)	174,050	*
Walter P. Schuetze(8)	14,250	*
John A. Swainson	602,189	*
Laura S. Unger(8)	0	*
Ron Zambonini(8)	0	*

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Name and Address of Beneficial Owner	Number of Shares Beneficially Owned[(1)]	Percent of Class
Named Executive Officers (Non-Directors):		
Russell Artzt	2,405,005	*
Michael Christenson	286,138	*
Robert Cirabisi[(11)]	111,828	*
Nancy Cooper[(11)]	95,510	*
Robert Davis[(11)(12)]	48,588	*
Kenneth Handal	270,781	*
All Directors, Nominees and Executive Officers as a Group (25 persons)	4,668,879	0.91%

* Represents less than 1% of the outstanding Common Stock.

(1) Except as indicated below, all persons have represented to us that they exercise sole voting and investment power with respect to their shares. The amounts shown in this column include the following shares of Common Stock issuable upon exercise of stock options that either are currently exercisable or will become exercisable within 60 days after June 28, 2007: Mr. D Amato 20,250; Mr. Fernandes 1,125; Mr. La Blanc 6,750; Mr. Lorsch 6,750; Mr. Ranieri 6,750; Mr. Schuetze 6,750; Mr. Swainson 430,248; Mr. Artzt 1,116,266; Mr. Christenson 91,007; Mr. Cirabisi 67,275; Ms. Cooper 24,414; Mr. Handal 212,748, and all directors and executive officers as a group 2,351,891. Amounts shown in the above table also include shares held in the CA Savings Harvest Plan, our 401(k) plan, and acquired through the Employee Stock Purchase Plan.

(2) According to a Schedule 13D/A filed on October 30, 2003, Walter H. Haefner, through Careal Holding AG, a company wholly owned by Mr. Haefner, exercises sole voting power and sole dispositive power over these shares.

(3) According to a Schedule 13G/A filed on February 14, 2007 by Hotchkis & Wiley Capital Management, LLC (HWCM), HWCM exercises sole voting power over 50,122,331 shares and sole dispositive power over 67,643,775 shares. According to the Schedule 13G/A, the shares are owned of record by clients of HWCM and HWCM disclaims beneficial ownership of the shares.

(4) According to a Schedule 13G/A filed on February 14, 2007 by Private Capital Management L.P. (PCM), PCM exercises sole voting and dispositive power over 2,850,440 shares and shared voting and dispositive power over 61,312,417 shares. According to the Schedule 13G/A, PCM exercises shared voting authority with respect to shares held by clients of PCM that have delegated proxy voting authority to PCM and PCM disclaims beneficial ownership of shares over which it has dispositive power.

(5) According to a Schedule 13G/A filed on February 9, 2007 by NWQ Management Company, LLC (NWQ), NWQ exercises sole voting power over 45,311,195 shares and sole dispositive power over 52,205,671 shares. According to the Schedule 13G/A, the shares are beneficially owned by clients of NWQ.

(6) According to a Schedule 13G filed on February 13, 2007 by Pzena Investment Management, LLC (PIM), PIM exercises sole voting power over 16,467,793 shares and sole dispositive power over 32,660,206 shares.

(7) According to a Schedule 13G filed on February 15, 2007 by Legg Mason Capital Management, Inc. and LMM LLC (collectively, the LM Group), the LM Group exercises shared voting and dispositive power over 22,986,092 shares held by Legg Mason Capital Management, Inc. and 3,500,000 shares held by LMM LLC.

(8) Under our prior and current compensation plans for non-employee directors, such directors have received a portion of their fees in the form of deferred stock units. On the January 1st immediately following termination of service, a director receives shares of Common Stock in an amount equal to the number of deferred stock units accrued in his/her deferred compensation account. As of June 28, 2007, our non-employee directors had the following approximate number of deferred stock units: Mr. Bromark 0; Mr. D Amato 18,993; Mr. Fernandes 23,200; Mr. La Blanc 26,387; Mr. Lofgren 10,049; Mr. Lorsch 27,037; Mr. McCracken 7,241; Mr. Ranieri 13,339; Mr. Schuetze 21,507; Ms. Unger 8,360; and Mr. Zambonini 6,688. The deferred stock units are not included in the above table. See Compensation of Directors for more information.

(9) On April 26, 2007, the Board of Directors elected to increase the number of directors serving on the Board from eleven to twelve. The Board then elected Mr. Bromark to fill the vacancy.

(10) As of June 28, 2007, Mr. Ranieri had pledged 167,300 shares of Common Stock.

(11) Mr. Davis employment terminated on July 31, 2006. Mr. Cirabisi served as interim Chief Financial Officer from the time Mr. Davis ceased serving as Chief Financial Officer until August 15, 2006, when Ms. Cooper s appointment as Chief Financial Officer became effective. Mr. Cirabisi continues to serve as our Corporate Controller and principal accounting officer.

(12) Mr. Davis stock ownership is based on the last public filing reflecting his ownership, a Form 4 Statement of Changes in Beneficial Ownership filed with the Securities and Exchange Commission (the SEC) on March 3, 2006.

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PROPOSAL 1 ELECTION OF DIRECTORS

Nominees

On the recommendation of the Corporate Governance Committee, the Board of Directors has nominated the persons named below for election as directors at the meeting, each to serve until the next annual meeting or until his or her successor is duly elected and qualified.

The Board has determined that eleven of the nominees (all of the nominees other than Mr. Swainson) are independent under NYSE listing requirements and our Corporate Governance Principles (the Principles) which are attached hereto as Exhibit A.

In the course of the Board s determination regarding the independence of each non-employee director, it considered transactions, relationships and arrangements (as described below) as required by the independence guidelines contained in the Principles. The Board did not consider transactions that occurred prior to fiscal year 2007 of the type covered by the 3-year look back provisions of the NYSE independence standards where the Board had previously considered such transactions in determining in prior years that such directors were independent.

With respect to fiscal year 2007, the Board evaluated for Mr. Lofgren the annual amount of purchases from us by the company where he serves as an executive officer and determined that the amount of such purchases was below the greater of $1 million or two percent of the consolidated gross revenues of the other company pursuant to director independence standard 1 set forth in the Principles.

In addition, with respect to Messrs. Fernandes, La Blanc and Ranieri and Ms. Unger, the Board considered the amount of our discretionary charitable contributions to charitable organizations where he or she serves as a director, trustee or in a similar capacity (but not as an executive officer or employee), which are permitted by director independence standard 6 set forth in the Principles. These contributions constituted less than the greater of $1 million or two percent of the other organization s total consolidated gross revenues during the organization s last completed fiscal year (which is consistent with the threshold specified in director independence standard 5 set forth in the Principles that would have been applicable if Messrs. Fernandes, La Blanc and Ranieri and Ms. Unger had been executive officers or employees of these charitable organizations). The Corporate Governance Committee, comprised entirely of independent directors, reviewed and/or approved any such contribution over the amount of $50,000.

Mr. Swainson is deemed not to be independent because of his current position as our President and Chief Executive Officer. Each of the nominees has confirmed to us that he or she expects to be able to continue to serve as a director until the end of his or her term. If, however, at the time of the Annual Meeting, any of the nominees named below is not available to serve as a director (an event which the Board does not anticipate), all the proxies granted to vote in favor of such director s election will be voted for the election of such other person or persons, if any, as the Board may nominate.

All members of the Audit and Compliance, Compensation and Human Resource, and Corporate Governance Committees are independent directors as defined by NYSE listing requirements and the Principles. Members of the Audit and Compliance Committee also satisfy the separate SEC independence requirements.

Our policy is that all directors and nominees should attend annual meetings. All of our directors then in office attended the 2006 Annual Meeting of Stockholders.

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Set forth below are the nominees names, biographical information, age and the year in which each was first elected a director.

Name	Biographical Information	Age	Director Since
Raymond J. Bromark	Retired Partner of PricewaterhouseCoopers LLP (PwC). Mr. Bromark was Head, Professional, Technical, Risk and Quality Group of PwC from 2001 to 2006 and provided consulting services to PwC from July 2006 through April 2007. He is a member of the American Institute of Certified Public Accountants (the AICPA) and the University of Delaware s Weinberg Center for Corporate Governance s Advisory Board. Mr. Bromark was PwC s representative on the AICPA s Center for Public Company Audit Firms Executive Committee. He was also a member of the Financial Accounting Standards Advisory Council, the Public Company Accounting Oversight Board s Standing Advisory Group and the AICPA s Special Committee on Financial Reporting, its SEC Practice Section Executive Committee and its Ethics Executive Committee.	61	2007
Alfonse M. D Amato	Managing Director of Park Strategies LLC, a business consulting firm, since January 1999. Mr. D Amato was a United States Senator from January 1981 until January 1999. During his tenure in the Senate, he served as Chairman of the Senate Committee on Banking, Housing and Urban Affairs, and Chairman of the Commission on Security and Cooperation in Europe.	69	1999
Gary J. Fernandes	Chairman and President of FLF Investments, a family business involved with the acquisition and management of commercial real estate properties and other assets, since 1999. Mr. Fernandes retired as Vice Chairman of Electronic Data Systems Corporation (EDS), a global technology services company, in 1998, after serving on the Board of Directors of EDS since 1981. After retiring from EDS, Mr. Fernandes founded Convergent Partners, a venture capital fund focusing on buyouts of technology-related companies. He also served as Chairman and CEO of GroceryWorks, Inc., an internet grocery fulfillment company until 2001. He currently serves on the Board of Directors of BancTec, Inc., a privately held systems integration, manufacturing and services company, Blockbuster International, a NYSE listed provider of home entertainment services, and eTelecare Global Solutions, Inc., a provider of complex business process outsourcing solutions. Mr. Fernandes also serves as an advisory director of MHT Partners, a Dallas-based investment banking firm	63	2003

serving mid-market companies. He serves on the Board of Governors of Boys & Girls Clubs of America, and is a director of the Boys & Girls Club of Dallas. He also serves as a trustee of the O Hara Trust and the Hall-Voyer Foundation.

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Name	Biographical Information	Age	Director Since
Robert E. La Blanc	Founder and President of Robert E. La Blanc Associates, Inc., an information technologies consulting and investment banking firm, since 1981. Mr. La Blanc was previously Vice Chairman of Continental Telecom Corporation and, before that, a general partner of Salomon Brothers, Inc. He is also a director of Fibernet Telecom Group, Inc. and a family of Prudential Mutual Funds.	73	2002
Christopher B. Lofgren	President and Chief Executive Officer of Schneider National, Inc., a provider of transportation, logistics and related services, since 2002. Prior to being appointed CEO, Mr. Lofgren served as Chief Operating Officer from 2000 to 2002, and Chief Information Officer from 1996 to 2002. Mr. Lofgren also serves on the Advisory Board of the School of Industrial and Systems Engineering at Georgia Tech, as a board member of the Green Bay, Wisconsin Boys & Girls Club, the Executive Committee and the Board of Directors of the American Trucking Associations, Inc. (ATA) and the Board of Directors of the American Transportation Research Institute, a research trust affiliated with the ATA.	48	2005
Jay W. Lorsch	Louis Kirstein Professor of Human Relations at the Harvard Business School since 1978. Mr. Lorsch has served as Faculty Chairman of the Harvard Business School s Global Corporate Governance Initiative since 1998. He is the author of more than a dozen books and consultant to the boards of directors of several Fortune 500 companies. He has held several major administrative positions at the school, including Senior Associate Dean from 1986 to 1995.	74	2002
William E. McCracken	President of Executive Consulting Group, LLC since 2002. Mr. McCracken has been Chairman of the Board of the Company since June 2007. During a 36-year tenure at IBM, Mr. McCracken held several different executive offices, including serving as general manager of the IBM Printing Systems Division and general manager of Worldwide Marketing of IBM PC Company. He is currently a member of the Board of Directors of IKON Office Solutions. He is also Chairman of the Board of Trustees of Lutheran Social Ministries of New Jersey and President of the Greater Plainfield Habitat for Humanity.	64	2005

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Name	Biographical Information	Age	Director Since
Lewis S. Ranieri	Mr. Ranieri is the prime originator and founder of the Hyperion private equity funds and chairman and/or director of various other non-operating entities owned directly and indirectly by Hyperion. Mr. Ranieri also serves as Chairman, Chief Executive Officer and President of Ranieri & Co., Inc., a private investment advisor and management corporation. He is also Chairman of American Financial Realty Trust, Capital Lease Funding, Inc., Franklin Bank Corp. and Root Markets, Inc., an internet-based marketing company. Prior to forming Hyperion, Mr. Ranieri had been Vice Chairman of Salomon Brothers, Inc., and worked for Salomon from July 1968 to December 1987. Mr. Ranieri served as Chairman of the Board of the Company from April 2004 to June 2007 and Lead Independent Director from May 2002 to April 2004. Mr. Ranieri has served on the National Association of Home Builders Mortgage Roundtable continuously since 1989. Mr. Ranieri acts as a trustee or director of Environmental Defense and the Metropolitan Opera Association and is Chairman Emeritus of the American Ballet Theatre and Vice Chairman of the Kennedy Center Corporate Fund Board.	60	2001
Walter P. Schuetze	Independent consultant since February 2000. Mr. Schuetze was Chief Accountant to the Securities and Exchange Commission Division of Enforcement from November 1997 to February 2000, an independent consultant from April 1995 to November 1997, and Chief Accountant to the Securities and Exchange Commission from January 1992 to March 1995. He was a charter member of the Financial Accounting Standards Board, a member of the Financial Accounting Standards Advisory Council, and a member and chair of the Accounting Standards Executive Committee of the American Institute of Certified Public Accountants.	74	2002
John A. Swainson	Chief Executive Officer of the Company since February 2005 and President and Director since November 2004. From November 2004 to February 2005, he served as our Chief Executive Officer-elect. From July to November 2004, Mr. Swainson was Vice President of Worldwide Sales and Marketing of IBM s Software Group, responsible for selling its diverse line of software products through multiple channels. From 1997 to July 2004, he was General Manager of the Application Integration and Middleware division of IBM s Software Group, a division he started in 1997. He is also a director of Visa U.S.A. Inc. and Cadence	53	2004

Design Systems, Inc.

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Name	Biographical Information	Age	Director Since
Laura S. Unger	Ms. Unger was a Commissioner of the Securities and Exchange Commission from November 1997 to February 2002, including Acting Chairperson of the SEC from February to August 2001. From June 2002 through June 2003, Ms. Unger was employed by CNBC as a Regulatory Expert. Before being appointed to the SEC, Ms. Unger served as Counsel to the United States Senate Committee on Banking, Housing and Urban Affairs from October 1990 to November 1997. Prior to working on Capitol Hill, Ms. Unger was an attorney with the Enforcement Division of the SEC. Ms. Unger serves as a director of Ambac Financial Group, Inc. and Children s National Medical Center. She also acts as the Independent Consultant to JPMorgan Chase for the Global Analyst Settlement.	46	2004
Ron Zambonini	Chairman of the Board of Cognos Incorporated, a developer of business intelligence software, since May 2004 and a director since 1994. Mr. Zambonini was Chief Executive Office of Cognos from September 1995 to May 2004 and President from 1993 to April 2002. Mr. Zambonini currently serves on the Board of Directors of Emergis Inc.	60	2005

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE *FOR* EACH OF THE NOMINEES LISTED ABOVE.

RELATED PERSON TRANSACTIONS

The Board has adopted the Related Person Transactions Policy (the Policy), which is a written policy governing the review and approval or ratification of Related Person Transactions, as defined in SEC rules.

Under the Policy, each of our directors, nominees for director and executive officers must notify the General Counsel and/or the Office of Corporate Secretary of any potential Related Person Transactions involving such person or an immediate family member of such person. The General Counsel and/or the Office of Corporate Secretary will review potential Related Person Transactions to determine if they are subject to the Policy. If so, the transaction will be referred for approval or ratification to the Corporate Governance Committee, which will approve or ratify the transaction only if it determines that the transaction is in, or is not inconsistent with, our best interests and the best interests of our stockholders. In determining whether to approve or ratify a Related Person Transaction, the Corporate Governance Committee may consider, among other things:

- the fairness to us of the Related Person Transaction;
- whether the terms of the Related Person Transaction would be on the same basis if the transaction, arrangement or relationship did not involve a related person;
- the business reasons for us to participate in the Related Person Transaction;
- the nature and extent of our participation in the Related Person Transaction;
- whether any Related Person Transaction involving a director, nominee for director or an immediate family member of a director or nominee for director would be immaterial under the categorical standards adopted by the Board with respect to director independence contained in the Principles;
- whether the Related Person Transaction presents an actual or apparent conflict of interest for any director, nominee for director or executive officer, the nature and degree of such conflict and whether any mitigation of such conflict is feasible;
- the availability of other sources for comparable products or services;
- the direct or indirect nature and extent of the related person s interest in the Related Person Transaction;
- the ongoing nature of the Related Person Transaction;
- the relationship of the related person to the Related Person Transaction and with us and others;
- the importance of the Related Person Transaction to the related person; and
- the amount involved in the Related Person Transaction.

The Corporate Governance Committee will administer the Policy and may review, and recommend amendments to, the Policy from time to time.

Since the beginning of fiscal year 2007, there have not been any Related Person Transactions.

LITIGATION INVOLVING CERTAIN DIRECTORS AND EXECUTIVE OFFICERS

On February 1, 2005, the Company established a Special Litigation Committee of independent members of its Board of Directors to, among other things, control and determine the Company s response to the 60(b) Motions (see Stockholder Class Action and Derivative Lawsuits Filed Prior to 2004 below). The Special Litigation Committee has announced its conclusions, determinations, recommendations and actions with respect to the 60(b) Motions (see Derivative Actions Filed in 2004 below).

Stockholder Class Action and Derivative Lawsuits Filed Prior to 2004

The Company, its former Chairman and CEO Charles B. Wang, its former Chairman and CEO Sanjay Kumar, its former Chief Financial Officer Ira Zar, and its Vice Chairman and Founder Russell M. Artzt were defendants in one or more stockholder class action lawsuits, filed in July 1998, February 2002, and March 2002 in the United States District Court for the Eastern District of New York (the Federal Court), alleging, among other things, that a class consisting of all persons who purchased the Common Stock during the period from January 20, 1998 until July 22, 1998 were harmed by misleading statements, misrepresentations, and omissions regarding the Company s future financial performance. In addition, in May 2003, a class action lawsuit captioned *John A. Ambler v. Computer Associates International, Inc., et al.* was filed in the Federal Court. The complaint in this matter, a purported class action on behalf of the CA Savings Harvest Plan (the CASH Plan) and the participants in, and beneficiaries of, the CASH Plan for a class period running from March 30, 1998, through May 30, 2003, asserted claims of breach of fiduciary duty under the federal Employee Retirement Income Security Act (ERISA). The named defendants were the Company, the Company s Board of Directors, the CASH Plan, the Administrative Committee of the CASH Plan, and the following current or former employees and/or former directors of the Company: Messrs. Wang, Kumar, Zar, Artzt, Peter A. Schwartz, and Charles P. McWade; and various unidentified alleged fiduciaries of the CASH Plan. The complaint alleged that the defendants breached their fiduciary duties by causing the CASH Plan to invest in Company securities and sought damages in an unspecified amount.

A derivative lawsuit was filed by Charles Federman against certain current and former directors of the Company, based on essentially the same allegations as those contained in the February and March 2002 stockholder lawsuits discussed above. This action was commenced in April 2002 in Delaware Chancery Court, and an amended complaint was filed in November 2002. The defendants named in the amended complaint were the Company as a nominal defendant, current Company directors Mr. Lewis S. Ranieri, and The Honorable Alfonse M. D Amato, and former Company directors Ms. Shirley Strum Kenny and Messrs. Wang, Kumar, Artzt, Willem de Vogel, Richard Grasso, and Roel Pieper. The derivative suit alleged breach of fiduciary duties on the part of all the individual defendants and, as against the former management director defendants, insider trading on the basis of allegedly misappropriated confidential, material information. The amended complaint sought an accounting and recovery on behalf of the Company of an unspecified amount of damages, including recovery of the profits allegedly realized from the sale of Common Stock.

On August 25, 2003, the Company announced the settlement of all outstanding litigation related to the above-referenced stockholder and derivative actions as well as the settlement of an additional derivative action filed by Charles Federman that had been pending in the Federal Court. As part of the class action settlement, which was approved by the Federal Court in December 2003, the Company agreed to issue a total of up to 5.7 million shares of Common Stock to the stockholders represented in the three class action lawsuits, including payment of attorneys fees. The Company has completed the issuance of the settlement shares as well as payment of $3.3 million to the plaintiffs attorneys in legal fees and related expenses.

In settling the derivative suits, which settlement was also approved by the Federal Court in December 2003, the Company committed to maintain certain corporate governance practices. Under the settlement, the Company, the individual defendants and all other current and former officers and directors of the Company were released from any potential claim by stockholders arising from accounting-related or other public statements made by the Company or its agents from January 1998 through February 2002 (and from March

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1998 through May 2003 in the case of the employee ERISA action). The individual defendants were released from any potential claim by or on behalf of the Company relating to the same matters.

On October 5, 2004 and December 9, 2004, four purported Company stockholders served motions to vacate the Order of Final Judgment and Dismissal entered by the Federal Court in December 2003 in connection with the settlement of the derivative action. These motions primarily seek to void the releases that were granted to the individual defendants under the settlement. On December 7, 2004, a motion to vacate the Order of Final Judgment and Dismissal entered by the Federal Court in December 2003 in connection with the settlement of the 1998 and 2002 stockholder lawsuits discussed above was filed by Sam Wyly and certain related parties. The motion seeks to reopen the settlement to permit the moving stockholders to pursue individual claims against certain present and former officers of the Company. The motion states that the moving stockholders do not seek to file claims against the Company. On June 14, 2005, the Federal Court granted movants motion to be allowed to take limited discovery prior to the Federal Court s ruling on these motions (the 60(b) Motions). No hearing date is currently set for the 60(b) Motions.

The Government Investigation DPA Concluded

In September 2004, the Company reached agreements with the United States Attorney s Office for the Eastern Division of New York (the USAO) and the Northeast Region of the SEC by entering into a Deferred Prosecution Agreement (DPA) with the USAO and consenting to the entry of a Final Consent Judgment (Consent Judgment , and together with the DPA, the Agreements) in a parallel proceeding brought by the SEC in the Federal Court. The Federal Court approved the DPA on September 22, 2004 and entered the Consent Judgment on September 28, 2004. The agreements resolved USAO and SEC investigations into certain of the Company s past accounting practices, including its revenue recognition policies and procedures during certain periods prior to the adoption of the business model in October 2000, and obstruction of their investigations.

On May 21, 2007, based on the Company s compliance with the DPA s terms, the Federal Court ordered dismissal of the charges that had been filed against the Company in connection with the DPA. As a result of the dismissal and as provided in the DPA, the DPA thereupon expired and is thus concluded.

The Consent Judgment contains provisions which are parallel to the DPA, and it permanently enjoins the Company from violating certain provisions of the federal securities laws. The injunctive provisions of the Consent Judgment remain in effect. For additional information concerning the DPA, the Consent Judgment, and related matters, see discussion below.

The Government Investigation

In 2002, the USAO and the staff of the Northeast Regional Office of the SEC commenced an investigation concerning certain of the Company s past accounting practices, including the Company s revenue recognition procedures in periods prior to the adoption of the Company s business model in October 2000.

In response to the investigation, the Board of Directors authorized the Audit Committee (now the Audit and Compliance Committee) to conduct an independent investigation into the timing of revenue recognition by the Company. On October 8, 2003, the Company reported that the ongoing investigation by the Audit and Compliance Committee had preliminarily found that revenues were prematurely recognized in the fiscal year ended March 31, 2000, and that a number of software license agreements appeared to have been signed after the end of the quarter in which revenues associated with such software license agreements had been recognized in that fiscal year. Those revenues, as the Audit and Compliance Committee found, should have been recognized in the quarter in which the software license agreements were signed. Those preliminary findings were reported to government investigators.

Following the Audit and Compliance Committee s preliminary report and at its recommendation, David Kaplan, David Rivard, Lloyd Silverstein and Ira Zar, the executives who oversaw the relevant financial operations during the period in question, resigned at the Company s request. On January 22, 2004,

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Mr. Silverstein pled guilty to federal criminal charges of conspiracy to obstruct justice in connection with the ongoing investigation. On April 8, 2004, Messrs. Kaplan, Rivard and Zar pled guilty to charges of conspiracy to obstruct justice and conspiracy to commit securities fraud in connection with the investigation. Mr. Zar also pled guilty to committing securities fraud.

On January 26, 2007, Mr. Zar was sentenced to a term of imprisonment for seven months and home confinement for seven months. On January 29, 2007, Mr. Kaplan was sentenced to home confinement for six months. On January 30, 2007, Mr. Rivard was sentenced to home confinement for four months. On January 31, 2007, Mr. Silverstein was sentenced to home confinement for six months. The Federal Court has deferred its decisions on restitution owed by Messrs. Kaplan, Rivard and Zar until a date to be determined.

The SEC filed related actions against each of the four former executives, alleging that they participated in a widespread practice that resulted in the improper recognition of revenue by the Company. Without admitting or denying the allegations in the complaints filed by the SEC, Messrs. Kaplan, Rivard, Silverstein and Zar each consented to a permanent injunction against violating, or aiding and abetting violations of, the securities laws, and also to a permanent bar from serving as an officer or director of a publicly held company. Litigation with respect to the SEC s claims for disgorgement and penalties is continuing.

A number of other employees, primarily in the Company s legal and finance departments, were terminated or resigned as a result of matters under investigation by the Audit and Compliance Committee, including Steven Woghin, the Company s former General Counsel. Stephen Richards, the Company s former Executive Vice President of Sales, resigned from his position and was relieved of all duties in April 2004, and left the Company at the end of June 2004. Additionally, on April 21, 2004, Sanjay Kumar resigned as Chairman, director and Chief Executive Officer of the Company, and assumed the role of Chief Software Architect. Thereafter, Mr. Kumar resigned from the Company effective June 30, 2004.

In April 2004, the Audit and Compliance Committee completed its investigation and determined that the Company should restate certain financial data to properly reflect the timing of the recognition of license revenue for the Company s fiscal years ended March 31, 2001 and 2000. The Audit and Compliance Committee believes that the Company s financial reporting related to contracts executed under its current business model is unaffected by the improper accounting practices that were in place prior to the adoption of the current business model in October 2000 and that had resulted in the aforementioned restatements, and that the historical issues it had identified in the course of its independent investigation concerned the premature recognition of revenue. However, certain of these prior period accounting errors have had an impact on the subsequent financial results of the Company as described in Note 12 to the Consolidated Financial Statements in the Company s amended Annual Report on Form 10-K/A for the fiscal year ended March 31, 2005.

As noted above, in September 2004, the Company agreed to, and the Federal Court approved, the DPA and the Consent Judgment.

Under the DPA, the Company agreed to establish a $225 million fund for purposes of restitution to current and former stockholders of the Company, with $75 million to be paid within 30 days of the date of approval of the DPA by the Federal Court, $75 million to be paid within one year after the approval date and $75 million to be paid within 18 months after the approval date. The Company made the first $75 million restitution payment into an interest-bearing account under terms approved by the USAO on October 22, 2004. The Company made the second $75 million restitution payment into an interest-bearing account under terms approved by the USAO on September 22, 2005. The Company made the third and final $75 million restitution payment into an interest-bearing account under terms approved by the USAO on March 22, 2006.

Pursuant to the DPA, the Company proposed and the USAO accepted, on or about November 4, 2004, the appointment of Kenneth R. Feinberg as Fund Administrator. Also, pursuant to the Agreements, Mr. Feinberg submitted to the USAO on or about June 28, 2005, a Plan of Allocation for the Restitution Fund (the Restitution Fund Plan). The Restitution Fund Plan was approved by the Federal Court on August 18, 2005. The Company s payments to the restitution fund, which will be allocated and distributed to certain current and former stockholders of the Company as determined by the Fund Administrator, are in addition to the amounts

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that the Company previously agreed to provide current and former stockholders in settlement of certain class action lawsuits in August 2003 (see Stockholder Class Action and Derivative Lawsuits Filed Prior to 2004). This latter amount was paid by the Company in December 2004 in shares at a then total value of approximately $174 million.

Under the Agreements, the Company also agreed, among other things, to take the following actions by December 31, 2005: (1) to add a minimum of two new independent directors to its Board of Directors; (2) to establish a Compliance Committee of the Board of Directors; (3) to implement an enhanced compliance and ethics program, including appointment of a Chief Compliance Officer; (4) to reorganize its Finance and Internal Audit Departments; and (5) to establish an executive disclosure committee. The reorganization of the Finance Department is in progress and the reorganization of the Internal Audit Department is substantially complete. On December 9, 2004, the Company announced that Patrick J. Gnazzo had been named Senior Vice President, Business Practices, and Chief Compliance Officer, effective January 10, 2005. On February 11, 2005, the Board of Directors elected William McCracken to serve as a new independent director, and also changed the name of the Audit Committee of the Board of Directors to the Audit and Compliance Committee of the Board of Directors and amended the Committee s charter. On April 11, 2005, the Board of Directors elected Ron Zambonini to serve as a new independent director. On November 11, 2005, the Board of Directors elected Christopher Lofgren to serve as a new independent director. On April 26, 2007, the Board of Directors elected Raymond J. Bromark to serve as a new independent director.

Under the Agreements, the Company also agreed to the appointment of an Independent Examiner to examine the Company s practices for the recognition of software license revenue, its ethics and compliance policies and other specified matters. The Agreements provided that the Independent Examiner would also review the Company s compliance with the Agreements and periodically report findings and recommendations to the USAO, SEC and Board of Directors. On March 16, 2005, the Federal Court appointed Lee S. Richards III, Esq. of Richards Spears Kibbe & Orbe LLP (now, Richards Kibbe & Orbe LLP), to serve as Independent Examiner. On September 15, 2005, Mr. Richards issued his six-month report concerning his recommendations for best practices regarding certain areas specified in the Agreements. On December 15, 2005, March 15, 2006, June 15, 2006, September 15, 2006 and December 15, 2006, Mr. Richards issued quarterly reports concerning the Company s compliance with the Agreements. On May 1, 2007, Mr. Richards issued a final report (the Final Report) concerning the Company s compliance with the Agreements.

Pursuant to the Consent Judgment with the SEC, the Company is permanently enjoined from violating Section 17(a) of the Securities Act of 1933 (the Securities Act), Sections 10(b), 13(a) and 13(b)(2) of the Securities Exchange Act of 1934 (the Exchange Act) and Rules 10b-5, 12b-20, 13a-1 and 13a-13 under the Exchange Act.

Under the DPA, the USAO agreed to seek dismissal of the charges the USAO filed against the Company in connection with the DPA, upon the Company s compliance with the DPA. However, it was also agreed that the USAO could prosecute such charges against the Company at any time while the DPA is in effect if the USAO were to determine that the Company deliberately gave materially false, incomplete or misleading information pursuant to the DPA, committed any federal crime while the DPA is in effect or knowingly, intentionally and materially violated any provision of the DPA.

In his Fourth Report, dated June 15, 2006, the Independent Examiner described certain issues regarding the Company s internal accounting controls and reorganization of the Finance Department. Accordingly, by letter dated September 14, 2006, the USAO informed the Federal Court that the USAO had determined to extend the term of the Independent Examiner to May 1, 2007. The extension was made pursuant to paragraph 22 of the DPA and with the consent of the Company. The Independent Examiner s term was otherwise set to expire on September 16, 2006. The USAO, the SEC, the Independent Examiner and the Company agreed that the extension to May 1, 2007 was appropriate in light of the control-environment and commission-related material weaknesses announced in the 2006 Form 10-K, and issues concerning the reorganization of the Finance Department to be addressed by the Company s then new Chief Financial Officer, Nancy Cooper, who had joined the Company in August 2006. Beyond the control issues identified in the Independent Examiner s June 15, 2006 report, the USAO advised the Federal Court that the Company had, as of the date of the above-referenced letter, substantially complied with the terms of the DPA. The USAO also informed the Federal Court that if the control issues described above were resolved by May 1, 2007, and the Company were otherwise in compliance with the DPA, the USAO would seek the Federal Court s dismissal with prejudice of the charges that had been filed against the Company in connection with the DPA.

On May 15, 2007, the USAO submitted a motion to the Federal Court seeking dismissal of the charges. The USAO motion papers cited the Final Report of the Independent Examiner and stated that the Company complied with the DPA. On May 21, 2007, the Federal Court issued an order dismissing the charges; as a result of the dismissal and as provided in the terms of the DPA, the DPA thereupon expired and thus concluded.

On September 22, 2004, Mr. Woghin, the Company s former General Counsel, pled guilty to a two-count information charging him with conspiracy to commit securities fraud and obstruction of justice. The SEC also filed a complaint in the Federal Court against Mr. Woghin alleging that he violated Section 17(a) of the Securities Act, Sections 10(b) and 13(b)(5) of the Exchange Act, and Rules 10b-5 and 13b2-1 thereunder. The complaint further alleged that under Section 20(e) of the Exchange Act, Mr. Woghin aided and abetted the Company s violations of Sections 10(b), 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act and Rules 10b-5, 12b-20, 13a-1 and 13a-13 thereunder. Mr. Woghin consented to a partial judgment imposing a permanent injunction enjoining him from committing violations in the future and permanently barring him from serving as an officer or director of a public company. The SEC s claims for disgorgement and civil penalties against Mr. Woghin are pending. On January 16, 2007, Mr. Woghin was sentenced to a term of imprisonment for two years and supervised release for a period of three years. By Order dated February 6, 2007, the Federal Court reduced Mr. Woghin s term of imprisonment to one year and one day, with the balance of the initial two-year term to be served in home confinement. The Federal Court has deferred any decisions on restitution until a date to be determined.

Additionally, on September 22, 2004, the SEC filed complaints in the Federal Court against Sanjay Kumar and Stephen Richards alleging that they violated Section 17(a) of the Securities Act, Sections 10(b) and 13(b)(5) of the Exchange Act, and Rules 10b-5 and 13b2-1 thereunder. The complaints further alleged that under Section 20(e) of the Exchange Act, Messrs. Kumar and Richards aided and abetted the Company s violations of Sections 10(b), 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act and Rules 10b-5, 12b-20, 13a-1 and 13a-13 thereunder. The complaints sought to enjoin Messrs. Kumar and Richards from further violations of the Securities Act and the Exchange Act and for disgorgement of gains they received as a result of these violations. On June 14, 2006, Messrs. Kumar and Richards consented to partial judgments imposing permanent injunctions enjoining them from committing violations of the federal securities laws in the future and permanently barring them from serving as officers or directors of public companies. The SEC s claims against Messrs. Kumar and Richards for disgorgement and civil penalties are pending.

On September 23, 2004, the USAO filed, in the Federal Court, a ten-count indictment charging Messrs. Kumar and Richards with conspiracy to commit securities fraud and wire fraud, committing securities fraud, filing false SEC filings, conspiracy to obstruct justice and obstruction of justice. Additionally, Mr. Kumar was charged with one count of making false statements to an agent of the Federal Bureau of Investigation and Mr. Richards was charged with one count of perjury in connection with sworn testimony before the SEC.

On or about June 29, 2005, the USAO filed a superseding indictment against Messrs. Kumar and Richards, dropping one count and adding several allegations to certain of the nine remaining counts. On April 24, 2006, Messrs. Kumar and Richards pled guilty to all counts in the superseding indictment filed by the USAO. On November 2, 2006, Mr. Kumar was sentenced to a term of imprisonment for twelve years. On or about April 13, 2007, the Federal Court executed a Stipulation and Order directing that Mr. Kumar pay restitution in the amount of $798.6 million, of which $50 million is due to be paid within 90 days of the date of the Order or by July 31, 2007, whichever is later. On November 14, 2006, Mr. Richards was sentenced to a term of imprisonment for seven years and three years of supervised release. The Federal Court has deferred any decisions on Mr. Richards restitution until a hearing at a date to be set by the Federal Court.

On April 21, 2006, Thomas M. Bennett, the Company s former Senior Vice President, Business Development, was arrested pursuant to an arrest warrant issued by the Federal Court. The arrest warrant charged Mr. Bennett with three counts of conspiracy to commit obstruction of justice in violation of Title 18, United States Code, Sections 1510(a) and 1505, and Title 18, United States Code, Section 371. On June 21, 2006, Mr. Bennett pled guilty to one count of conspiracy to obstruct justice. On December 6, 2006, Mr. Bennett was sentenced to a term of home confinement for ten months, three years of supervised release, 100 hours of community service, and a fine of $15,000.

Derivative Actions Filed in 2004

In June 2004, a purported derivative action was filed in the Federal Court by Ranger Governance Ltd. against certain current or former employees and/or directors of the Company. In July 2004, two additional purported derivative actions were filed in the Federal Court by purported Company stockholders against certain current or former employees and/or directors of the Company. In November 2004, the Federal Court issued an order consolidating these three derivative actions. The plaintiffs filed a consolidated amended complaint (the Consolidated Complaint) on January 7, 2005. The Consolidated Complaint names as defendants Messrs. Wang, Kumar, Zar, Artzt, D Amato, Richards, Ranieri and Woghin; Messrs. Kaplan, Rivard and Silverstein; Michael A. McElroy; Messrs. McWade and Schwartz; Gary Fernandes; Robert E. La Blanc; Jay W. Lorsch; Kenneth Cron; Walter P. Schuetze; Messrs. de Vogel and Grasso; Roel Pieper; KPMG LLP; and Ernst & Young LLP. The Company is named as a nominal defendant. The Consolidated Complaint alleges a claim against Messrs. Wang, Kumar, Zar, Kaplan, Rivard, Silverstein, Artzt, D Amato, Richards, McElroy, McWade, Schwartz, Fernandes, La Blanc, Ranieri, Lorsch, Cron, Schuetze, de Vogel, Grasso, Pieper and Woghin for contribution towards the consideration the Company had previously agreed to provide current and former stockholders in settlement of certain class action litigation commenced against the Company and certain officers and directors in 1998 and 2002 (see Stockholder Class Action and Derivative Lawsuits Filed Prior to 2004) and seeks on behalf of the Company compensatory and consequential damages in an amount not less than $500 million in connection with the USAO and SEC investigations (see The Government Investigation). The Consolidated Complaint also alleges a claim seeking unspecified relief against Messrs. Wang, Kumar, Zar, Kaplan, Rivard, Silverstein, Artzt, D Amato, Richards, McElroy, McWade, Fernandes, La Blanc, Ranieri, Lorsch, Cron, Schuetze, de Vogel and Woghin for violations of Section 14(a) of the Exchange Act for alleged false and material misstatements made in the Company s proxy statements issued in 2002 and 2003. The Consolidated Complaint also alleges breach of fiduciary duty by Messrs. Wang, Kumar, Zar, Kaplan, Rivard, Silverstein, Artzt, D Amato, Richards, McElroy, McWade, Schwartz, Fernandes, La Blanc, Ranieri, Lorsch, Cron, Schuetze, de Vogel, Grasso, Pieper and Woghin. The Consolidated Complaint also seeks unspecified compensatory, consequential and punitive damages against Messrs. Wang, Kumar, Zar, Kaplan, Rivard, Silverstein, Artzt, D Amato, Richards, McElroy, McWade, Schwartz, Fernandes, La Blanc, Ranieri, Lorsch, Cron, Schuetze, de Vogel, Grasso, Pieper and Woghin based upon allegations of corporate waste and fraud. The Consolidated Complaint also seeks unspecified damages against Ernst & Young LLP and KPMG LLP, for breach of fiduciary duty and the duty of reasonable care, as well as contribution and indemnity under Section 14(a) of the Exchange Act. The Consolidated Complaint requests restitution and rescission of the compensation earned under the Company s executive compensation plan by Messrs. Artzt, Kumar, Richards, Zar, Woghin, Kaplan, Rivard, Silverstein, Wang, McElroy, McWade and Schwartz. Additionally, pursuant to Section 304 of the Sarbanes-Oxley Act, the Consolidated Complaint seeks reimbursement of bonus or other incentive-based equity compensation received by defendants Wang, Kumar, Schwartz and Zar, as well as alleged profits realized from their sale of securities issued by the Company during the time periods they served as the Chief Executive Officer (Messrs. Wang and Kumar) and Chief Financial Officer (Messrs. Schwartz and Zar) of the Company. Although no relief is sought from the Company, the Consolidated Complaint seeks monetary damages, both compensatory and consequential, from the other defendants, including current or former employees and/or directors of the Company, KPMG LLP and Ernst & Young LLP in an amount totaling not less than $500 million.

The consolidated derivative action has been stayed pending resolution of the 60(b) Motions (see Stockholder Class Action and Derivative Lawsuits Filed Prior to 2004).

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On February 1, 2005, the Company established a Special Litigation Committee of independent members of its Board of Directors to, among other things, control and determine the Company s response to the Consolidated Complaint and the 60(b) Motions. On April 13, 2007, the Special Litigation Committee issued its reports, which announced the Special Litigation Committee s conclusions, determinations, recommendations and actions with respect to the claims asserted in the Derivative Actions and in the 60(b) Motions. Also, in response to the Consolidated Complaint, the Special Litigation Committee served a motion which seeks the Federal Court s approval of the Special Litigation Committee s conclusions. As summarized in the Company s Current Report on Form 8-K filed with the SEC on April 13, 2007 and in the bullets below, the Special Litigation Committee concluded as follows:

The Special Litigation Committee has concluded that it would be in the best interests of the Company to pursue certain of the claims against Charles Wang (CA s former Chairman and CEO) including filing a motion to set aside releases granted to Mr. Wang in 2000 and 2003. The Special Litigation Committee has determined and directed that these claims be pursued vigorously by CA using counsel retained by the Company. Certain other claims against Mr. Wang should be dismissed as they are duplicative of the ones to be pursued and are for various legal reasons infirm. The Special Litigation Committee will seek dismissal of these claims.

The Special Litigation Committee has reached a binding term sheet settlement (subject to court approval) with Sanjay Kumar (CA s former Chairman and CEO). Pursuant to this settlement, the Company will receive a $15.25 million judgment against Mr. Kumar secured in part by real property and executable against his future earnings. This amount is in addition to the $52 million that Mr. Kumar will repay to CA s shareholders as part of his criminal restitution proceedings. Based on his sworn financial disclosures, the Special Litigation Committee believes that, following his agreement with the government, Mr. Kumar had no material assets remaining. As a result, the Special Litigation Committee will seek dismissal of all claims against him.

The Special Litigation Committee has concluded that it would be in the best interests of the Company to pursue certain of the claims against former officer Peter Schwartz (CA s former CFO). The Special Litigation Committee has determined and directed that these claims be pursued vigorously by CA using counsel retained by the Company. Certain other claims against Mr. Schwartz should be dismissed as they are duplicative of the ones to be pursued and are for various legal reasons infirm. The Special Litigation Committee will seek dismissal of these claims.

The Special Litigation Committee has concluded that it would be in the best interests of the Company to pursue certain of the claims against the former CA executives who have pled guilty to various charges of securities fraud and/or obstruction of justice including David Kaplan (CA s former head of Financial Reporting), Stephen Richards (CA s former head of Worldwide Sales), David Rivard (CA s former head of Sales Accounting), Lloyd Silverstein (CA s former head of the Global Sales Organization), Steven Woghin (CA s former General Counsel, and Ira Zar (CA s former CFO). The Special Litigation Committee has determined and directed that these claims be pursued by CA using counsel retained by the Company, unless the Special Litigation Committee is able to successfully conclude its ongoing settlement negotiations with these individuals shortly after the conclusion of their criminal restitution proceedings.

The Special Litigation Committee has reached a settlement agreement (subject to court approval) with Russell Artzt (currently Vice Chairman and Founder and a former CA Board member). The Special Litigation Committee noted that during its investigation, it did not uncover evidence that Mr. Artzt directed or participated in the 35 Day-Month practice or that he was involved in the preparation or dissemination of the financial statements that led to the accelerated vesting of equity granted under the Company s Key Employee Stock Ownership Plan (KESOP) as alleged in the Derivative Actions. Pursuant to this settlement, the Company will receive $9 million (the cash equivalent of approximately 354,890 KESOP shares) and, as a result, the Special Litigation Committee will seek dismissal of all claims against him.

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The Special Litigation Committee has reached a settlement agreement (subject to court approval) with Charles McWade (CA s former head of Financial Reporting and business development). Pursuant to this settlement, the Company will receive $1 million and, as a result, the Special Litigation Committee will seek dismissal of all claims against him.

The Special Litigation Committee believes that the claims (the Director Claims) against current and former CA directors Kenneth Cron, Alfonse D Amato, Willem de Vogel, Gary Fernandes, Richard Grasso, Shirley Strum Kenny, Robert La Blanc, Jay Lorsch, Roel Pieper, Lewis Ranieri, Walter Schuetze, and Alex Vieux should be dismissed. The Special Litigation Committee has concluded that these directors did not breach their fiduciary duties and the claims against them lack merit.

The Special Litigation Committee has concluded that while the Company has potentially valid claims (the McElroy Claims) against former officer Michael McElroy (CA s former senior vice president of the Legal department), it would be in the best interests of the Company to seek dismissal of the claims against him.

The Special Litigation Committee has concluded that it would be in the best interests of the Company to seek dismissal of the claims against CA s former independent auditors, Ernst & Young LLP (E&Y). The Special Litigation Committee has recommended this dismissal in light of the relevant legal standards, in particular, the applicable statutes of limitation. However, the Special Litigation Committee has recommended that CA promptly sever all economic arrangements with E&Y.

The Special Litigation Committee has concluded that it would be in the best interests of the Company to seek dismissal of the claims against CA s current independent auditors, KPMG LLP (KPMG). The Special Litigation Committee has determined that KPMG s audits were professionally conducted. The Special Litigation Committee has recommended this dismissal in the exercise of its business judgment in light of legal and factual hurdles as well as the value of the Company s business relationship with KPMG.

The Special Litigation Committee has served motions which seek dismissal of the Director Claims, the McElroy Claims, the claims against E&Y and KPMG, and certain other claims. In addition, the Special Litigation Committee has asked for the Federal Court s approval for the Company to be realigned as the plaintiff with respect to claims against certain other parties, including Messrs. Wang and Schwartz.

The Company is obligated to indemnify its officers and directors under certain circumstances to the fullest extent permitted by Delaware law. As a part of that obligation, the Company has advanced and will continue to advance certain attorneys fees and expenses incurred by current and former officers and directors in various litigations and investigations arising out of similar allegations, including the litigation described above.

<u>Derivative Actions Filed in 2006</u>

On August 10, 2006, a purported derivative action was filed in the Federal Court by Charles Federman against certain current or former directors of the Company (the 2006 Federman Action). On September 15, 2006, a purported derivative action was filed in the Federal Court by Bert Vladimir and Irving Rosenzweig against certain current or former directors of the Company (the 2006 Vladimir Action). By order dated October 26, 2006, the Federal Court ordered the 2006 Federman Action and the 2006 Vladimir Action consolidated. Under the order, the actions are now captioned CA, Inc. Shareholders Derivative Litigation Employee Option Action . On January 31, 2007, plaintiffs filed a consolidated amended complaint naming as defendants the following current or former directors of the Company: Messrs. Artzt, Cron, D Amato, de Vogel, Fernandes, Goldstein, Grasso, Kumar, La Blanc, Lofgren, Lorsch, McCracken, Pieper, Ranieri, Schuetze, Swainson, Wang and Zambonini and Ms. Unger. The Company is named as a nominal defendant. The complaint alleges purported claims against the individual defendants for breach of fiduciary duty and for violations of Section 14(a) of the Exchange Act for alleged false and material misstatements made in the Company s proxy statements issued from 1998 through 2005. The premises for these purported claims concern the disclosures made by the Company in its Annual Report on Form 10-K for the fiscal year ended March 31, 2006 concerning the Company s restatement of prior fiscal periods to reflect additional (a) non-cash, stock-based compensation expense relating to employee stock option grants prior to the Company s fiscal year 2002, (b) subscription revenue relating to the early renewal of certain license agreements, and (c) sales commission expense that should have been recorded in the third quarter of the Company s fiscal year 2006. According to the complaint, certain of the individual defendants actions allegedly were in violation of the spirit, if not the letter of the DPA. The complaint seeks an unspecified amount of compensatory and punitive damages, equitable relief including an order rescinding certain stock option awards, an award of plaintiffs costs and expenses, including reasonable attorneys fees, and other unspecified damages allegedly sustained by the Company. On March 30, 2007, the Company and the individual director-defendants separately moved to dismiss the complaint. In the opinion of management, the resolution of this lawsuit is not expected to have a material adverse effect on the Company s financial position, results of operations, or cash flow.

On September 13, 2006, a purported derivative action was filed in the Delaware Chancery Court by Muriel Kaufman asserting purported derivative claims against Messrs. Kumar, Wang, Zar, Silverstein, Woghin, Richards, Artzt, Cron, D Amato, La Blanc, Ranieri, Lorsch, Schuetze, Vieux, De Vogel and Grasso and Ms. Strum Kenny. The Company is named as a nominal defendant. The complaint alleges purported claims against the individual defendants for breach of fiduciary duty, corporate waste and contribution and indemnification, in connection with the accounting fraud and obstruction of justice that led to the criminal prosecution of certain former officials of the Company and to the DPA (see The Government Investigation above) and in connection with the settlement of certain class action and derivative lawsuits (see Stockholder Class Action and Derivative Lawsuits Filed Prior to 2004 above). The complaint seeks an unspecified amount of compensatory damages, an accounting from each individual defendant, an award of plaintiff s costs and expenses, including reasonable attorneys fees, and other unspecified damages allegedly sustained by the Company. On December 19, 2006, the Special Litigation Committee filed a motion to dismiss or, in the alternative, to stay the action in favor of the consolidated derivative action originally filed in the Federal Court in June 2004 (see Derivative Actions Filed in 2004 above). The Special Litigation Committee has announced its conclusions, determinations, recommendations and actions with respect to this litigation (see Derivative Actions Filed in 2004 above). In the opinion of management, the resolution of this lawsuit is not expected to have a material adverse effect on the Company s financial position, results of operations, or cash flow.

Texas Litigation

On August 9, 2004, a petition was filed by Sam Wyly and Ranger Governance, Ltd. against the Company in the District Court of Dallas County, Texas (the Ranger Governance Litigation), seeking to obtain a declaratory judgment that plaintiffs did not breach two separation agreements they entered into with the Company in 2002 (the 2002 Agreements). Plaintiffs seek to obtain this declaratory judgment in order to file a derivative suit on behalf of the Company (see Derivative Actions Filed in 2004 above). On September 3, 2004, the Company filed an answer to the petition and on September 10, 2004, the Company filed a notice of removal seeking to remove the action to federal court. On February 18, 2005, Mr. Wyly filed a separate lawsuit in the United States District Court for the Northern District of Texas (the Texas Federal Court) alleging that he is entitled to attorneys fees in connection with the original litigation filed in Texas. The two actions have been consolidated. On March 31, 2005, the plaintiffs amended their complaint to allege a claim that they were defrauded into entering the 2002 Agreements and to seek rescission of those agreements and damages. The amended complaint in the Ranger Governance Litigation seeks rescission of the 2002 Agreements, unspecified compensatory, consequential and exemplary damages and a declaratory judgment that the 2002 Agreements are null and void and that plaintiffs did not breach the 2002 Agreements. On May 11, 2005, the Company moved to dismiss the Texas litigation. On July 21, 2005, the plaintiffs filed a motion for summary judgment. On July 22, 2005, the Texas Federal Court dismissed the latter two motions without prejudice to refiling the motions later in the action. On September 1, 2005, the Texas Federal Court granted the Company s motion to transfer the action to the Federal Court. Since the transfer, there have been no significant activities or developments.

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Other Civil Actions

On September 21, 2004, a complaint to compel production of the Company s books and records, including files that have been produced by the Company to the USAO and SEC in the course of their joint investigation of the Company s accounting practices (see The Government Investigation), was filed by a purported stockholder of the Company in Delaware Chancery Court pursuant to Section 220 of the Delaware General Corporation Law. The complaint concerns the inspection of documents related to Mr. Kumar s compensation, the independence of the Board of Directors and ability of the Board of Directors to sue for return of that compensation. The Company filed its answer to this complaint on October 15, 2004 and there have been no developments since that time.

The Company, various subsidiaries, and certain current and former officers have been named as defendants in various other lawsuits and claims arising in the normal course of business. The Company believes that it has meritorious defenses in connection with such lawsuits and claims, and intends to vigorously contest each of them. In the opinion of the Company s management, the results of these other lawsuits and claims, either individually or in the aggregate, are not expected to have a material adverse effect on the Company s financial position, results of operations, or cash flow.

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BOARD COMMITTEES AND MEETINGS

The Board of Directors has established three principal committees the Audit and Compliance Committee, the Compensation and Human Resource Committee and the Corporate Governance Committee to carry out certain responsibilities and to assist the Board in meeting its fiduciary obligations. These committees operate under written charters that have been adopted by the respective committees and by the Board, and all the members of these committees are independent under both the Principles and NYSE requirements. Additionally, the Board of Directors has established a Strategy Committee to further assist the Board. The charters of these committees can be reviewed on our website at investor.ca.com and are also available free of charge in print to any stockholder who requests them in the same manner as for the Principles or the Code of Conduct described below. The current members of the committees are as follows:

Independent Directors	Audit and Compliance	Compensation and Human Resource	Corporate Governance	Strategy
R. J. Bromark	X			
A. M. D Amato	X		X	
G. J. Fernandes		X		X (Chair)
R. E. La Blanc	X		X	
C. B. Lofgren				X
J. W. Lorsch		X	X (Chair)	
W. E. McCracken[(1)]		X		X
L. S. Ranieri		X (Chair)		X
W. P. Schuetze	X (Chair)			
L. S. Unger	X		X	
R. Zambonini[(1)]				X
Employee Director				
J. Swainson				X

(1) Mr. McCracken and Mr. Zambonini are members of the Special Litigation Committee, described above.

Further information concerning the principal responsibilities and meetings of these committees appears below.

The general purpose of the *Audit and Compliance Committee* is to assist the Board in fulfilling its oversight responsibilities with respect to (1) the integrity of our financial statements and internal controls; (2) the qualifications and independence of our independent registered public accountants (including the engagement of the independent registered public accountants); (3) the performance of our internal audit function and independent registered public accountants; and (4) our compliance with legal and regulatory requirements, including those relating to accounting and financial reporting, and ethical obligations. During fiscal year 2007, the Committee met fourteen times. The Board has determined that Messrs. Bromark and Schuetze each qualify as Audit Committee Financial Experts , that Messrs. D Amato and La Blanc and Ms. Unger are financially literate and that all members of the Committee are independent under applicable SEC and NYSE rules. Further information on the responsibilities of the Committee is set forth in the Audit and Compliance Committee charter.

The general purpose of the *Compensation and Human Resource Committee* is to assist the Board in fulfilling its responsibilities with respect to executive compensation and human resources matters, including (1) reviewing and approving corporate goals and objectives relevant to the compensation of the Chief Executive Officer; in coordination with the Corporate Governance Committee, evaluating his or her performance in light of those goals and objectives; and determining and approving his or her compensation, including determinations regarding equity-based and other incentive compensation awards, based upon such evaluation and (2) overseeing the evaluation of senior officers other than the Chief Executive Officer in connection with its oversight of management development and succession planning, and otherwise, as deemed appropriate, determining the compensation of such other senior officers, including determinations regarding

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equity-based and other incentive compensation awards. During fiscal year 2007, the Committee met eleven times and acted by unanimous written consent on two occasions. Further information concerning the Committee s responsibilities is set forth in the Compensation and Human Resource Committee charter.

The general purpose of the *Corporate Governance Committee* is to assist the Board in fulfilling its responsibilities with respect to our governance, including making recommendations to the Board concerning (1) the size and composition of the Board, the qualifications and independence of the directors and the recruitment and selection of individuals to stand for election as directors; (2) the organization and operation of the Board, including the nature, size and composition of committees of the Board, the designation of committee chairs, the designation of a Lead Independent Director, Chairman of the Board or similar position and the distribution of information to the Board and its committees; and (3) the compensation of non-employee directors. During fiscal year 2007, the Committee met five times. The Committee will consider candidates recommended by stockholders for election as directors; see Nominating Procedures and Advance Notice Procedures for 2008 Annual Meeting below for more information. Further information concerning the Committee s responsibilities is set forth in the Corporate Governance Committee charter.

The general purpose of the *Strategy Committee* is to provide input to management in their development of our corporate strategy and to provide recommendations to the Board with respect to its review and approval of the corporate strategy. During fiscal year 2007, the Committee met two times. Further information concerning the Committee s responsibilities is set forth in the Strategy Committee charter.

During the fiscal year ended March 31, 2007, the Board of Directors held seventeen meetings and acted by unanimous written consent on two occasions. The independent directors meet at virtually all meetings in executive session without any non-independent director present. The Chairman of the Board, who is an independent director, presides at these executive sessions. Each director attended, in the aggregate, more than 75% of the Board meetings and meetings of the Board committees on which he or she served.

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NOMINATING PROCEDURES

The Corporate Governance Committee will consider director candidates recommended by stockholders. In considering candidates submitted by stockholders, the Committee will take into consideration the factors specified in the Principles attached to this Proxy Statement as Exhibit A, as well as the current needs of the Board and the qualifications of the candidate. The Committee may also take into consideration the number of shares held by the recommending stockholder and the length of time that such shares have been held. To recommend a candidate for consideration by the Committee, a stockholder must submit the recommendation in writing, including the following information:

- the name of the stockholder and evidence of the stockholder s ownership of Common Stock, including the number of shares owned and the length of time of such ownership; and

- the name of the candidate, the candidate s résumé or a listing of his or her qualifications to be a director of the Company, and the person s consent to be named as a director nominee if recommended by the Committee and nominated by the Board.

Such recommendations and the information described above should be sent to the Corporate Secretary at One CA Plaza, Islandia, New York 11749.

Once a person has been identified by the Corporate Governance Committee as a potential candidate, the Committee may collect and review publicly available information regarding the person to assess whether the person should be considered further; request additional information from the candidate and/or the proposing stockholder; contact references or other persons to assess the candidate; and/or conduct one or more interviews with the candidate. The Committee may consider such information in light of information regarding any other candidates that the Committee may be evaluating at that time. The evaluation process generally does not vary based on whether or not a candidate is recommended by a stockholder; however, as stated above, the Committee may take into consideration the number of shares held by the recommending stockholder and the length of time that such shares have been held.

In addition to recommending director candidates to the Corporate Governance Committee, stockholders may also nominate candidates for election to the Board at the annual stockholder meeting. Such nominations must be received by the Corporate Secretary not less than 90 days nor more than 120 days prior to the anniversary date of our most recent annual meeting of stockholders and must provide certain information specified in our By-laws. See Advance Notice Procedures for 2008 Annual Meeting below for more information.

In addition to stockholder recommendations, the Corporate Governance Committee may receive suggestions as to nominees from our directors, officers or other sources, which may be either unsolicited or in response to requests from the Committee for such suggestions. In addition, the Committee may engage search firms to assist it in identifying director candidates.

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COMMUNICATIONS WITH DIRECTORS

The Board of Directors is interested in receiving communications from stockholders and other interested parties, which would include customers, suppliers and employees. Such parties may contact any member (or members) of the Board or any committee, the non-employee directors as a group, or the Chair of any committee, by mail or electronically. In addition, the Audit and Compliance Committee of the Board of Directors is interested in receiving communications from employees and other interested parties, which would include stockholders, customers, suppliers and employees, on issues regarding accounting, internal accounting controls or auditing matters. Any such correspondence should be addressed to the appropriate person or persons, either by name or title, and sent by regular mail to the office of the Chief Compliance Officer at One CA Plaza, Islandia, New York 11749, or by e-mail to **directors@ca.com**.

The Board has determined that the following types of communications are not related to the duties and responsibilities of the Board and its committees and are, therefore, not appropriate: spam and similar junk mail and mass mailings; product complaints, product inquiries and new product suggestions; résumés and other job inquiries; surveys; business solicitations or advertisements; and any communication that is unduly hostile, threatening, illegal or similarly unsuitable. Each communication received as described above will be forwarded to the applicable directors, unless the Chief Compliance Officer determines said communication is not appropriate. Regardless, certain of these communications will be forwarded to others in the Company for review and action, when appropriate, or to the directors upon request.

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CORPORATE GOVERNANCE

We have undertaken several corporate governance initiatives in recent years, including during fiscal year 2007. Directly and through the Corporate Governance Committee, the Board periodically reviews corporate governance developments. In connection with our 2006 Annual Meeting of Stockholders, we received a stockholder proposal relating to stockholder rights plans. This proposal did not receive a majority of stockholder support. However, with a view to best practices in stockholder rights plans, in October 2006, we adopted a Stockholder Protection Rights Agreement (the Rights Plan) which contains a number of features adopted in response to recommendations by stockholders, including:

- setting the threshold for triggering exercise of the Rights Plan at 20 percent of the outstanding shares;
- a fixed term for the Rights Plan of only three years instead of ten; and
- a provision requiring a committee of independent directors to assess annually whether the Rights Plan remains in the best interests of our stockholders.

The Rights Plan also includes a provision that states that the Rights Plan will not be triggered by a Qualifying Offer if holders of at least 10 percent of the outstanding Common Stock request that a special meeting of stockholders be convened for the purpose of exempting such offer from the Rights Plan, and thereafter the stockholders vote at such meeting to exempt such Qualifying Offer from the Rights Plan. We also announced that the Rights Plan would be submitted to stockholders for a vote at the 2007 Annual Meeting of Stockholders. The Rights Plan is being so submitted and information regarding it can be found under the heading Proposal 2 Ratification of Stockholder Protection Rights Agreement below.

In February 2007, we also amended our By-laws to implement a majority voting standard for uncontested elections of directors. The new standard is in place for the 2007 Annual Meeting of Stockholders and provides that a director nominee will be elected only if the number of votes cast for exceeds the number of votes against his or her election. Previously, directors were elected under a plurality voting standard, which mandated that nominees receiving the most votes would be elected regardless of whether those votes constituted a majority of the shares voted at the meeting. The plurality voting standard will be retained only in the case of contested elections. Under a corresponding change to the Principles, if a director does not receive a majority of the votes cast at an annual meeting, generally the Board of Directors will have 90 days from the certification of the vote to accept or reject the individual s irrevocable resignation that all incumbent directors are required to submit before the mailing of the proxy statement for the annual meeting.

We also periodically consider and review the Principles. In April 2007, we adopted amendments to the Principles relating to the guidelines for director independence and related matters. The Principles are attached to this Proxy Statement as Exhibit A and can be found, together with other corporate governance information, on our website at investor.ca.com. For additional information, see the Corporate Governance Committee Report below. The Board also evaluates the principal committee charters from time to time, as appropriate. In early fiscal year 2008, the Board reviewed and approved amendments to all of the principal committee charters.

We maintain a Business Practices Standard of Excellence: Our Code of Conduct (the Code of Conduct), which is applicable to all employees and directors, and is available on our website at investor.ca.com. Any amendment or waiver to the Code of Conduct that applies to our directors or executive officers will be posted on our website or contained in a report filed with the SEC on Form 8-K.

Each of the Principles and the Code of Conduct is available free of charge in print to any stockholder who requests a copy by writing to Kenneth V. Handal, our Executive Vice President, Global Risk & Compliance, and Corporate Secretary, at our world headquarters, One CA Plaza, Islandia, New York 11749.

COMPENSATION OF DIRECTORS

Only our non-employee directors receive compensation for their services as directors. Their compensation is based on a director service year that lasts from annual meeting to annual meeting. In May 2003, upon the recommendation of the Corporate Governance Committee, the Board of Directors approved and adopted the 2003 Compensation Plan for Non-Employee Directors (the 2003 Directors Plan), which was then approved by stockholders at the Annual Meeting held in August 2003. The 2003 Directors Plan replaced a prior director compensation plan, the 2002 Compensation Plan for Non-Employee Directors (the 2002 Directors Plan). Under the 2003 Directors Plan, each non-employee director receives an annual fee that is fixed by the Board and paid in the form of deferred stock units, except that up to 50% of such fee may be paid in cash, if elected by the director in advance. Following termination of service, a director receives shares of Common Stock in an amount equal to the number of deferred stock units in his/her deferred compensation account. The 2003 Directors Plan also allows the Board of Directors to authorize the payment of additional fees to any eligible director that chairs a committee of the Board of Directors or to an eligible director serving as the lead director or Chairman of the Board. Currently, all of our non-employee directors receive compensation pursuant to the 2003 Directors Plan. Set forth below is a summary of the considerations leading to the adoption of the 2003 Directors Plan and subsequent compensation decisions made under the 2003 Directors Plan.

In late 2002, the Corporate Governance Committee undertook a review of director compensation to assure that the compensation provided to our directors was appropriate in type and amount. In particular, the Corporate Governance Committee noted that under the 2002 Directors Plan, a significant portion of director compensation was in the form of stock options. Specifically, under the 2002 Directors Plan, each director received an annual grant of an option to purchase 6,750 shares of Common Stock; using the Black-Scholes option pricing model, the option granted in 2002 had a value of approximately $49,000 at the date of grant. In view of various factors, including studies indicating that stock options may not provide the best means of aligning the interests of directors with those of stockholders and that other forms of equity compensation may provide more appropriate incentives to directors the Corporate Governance Committee determined that stock options should be eliminated as a form of director compensation.

As part of this review, the Corporate Governance Committee retained Towers Perrin, a compensation consulting firm, to survey the compensation provided to directors by other companies of comparable size and in similar businesses. The Corporate Governance Committee reviewed the survey prepared by Towers Perrin and considered the increased responsibilities being borne by the Board and its Committees under our Corporate Governance Principles (adopted in mid-2002), as well as under the extensive legislation and regulations that became effective at and subsequent to the time the 2002 Directors Plan was approved.

As a result of the foregoing reviews, the Corporate Governance Committee determined that a total annual compensation package equivalent to $150,000, of which at least 50% must be paid in the form of deferred stock units (and, upon a director s termination of service, in shares of Common Stock), would be appropriate in type and amount, as well as commensurate with the increased responsibilities of the Board and its Committees. Further, the Corporate Governance Committee noted at that time that this amount falls at or near the average compensation provided by comparable companies.

In August 2005, upon the recommendation of the Corporate Governance Committee, the Board approved an increase in the annual director fees payable under the 2003 Directors Plan to $175,000. The Corporate Governance Committee made this recommendation after reviewing materials provided by Towers Perrin, who was retained by the Committee to prepare a report regarding the compensation of directors at a number of peer companies, including software companies. The Corporate Governance Committee also considered the extraordinary amount of time required of our directors. These factors, considered by the Corporate Governance Committee, were reported to the Board and formed the basis for the Board s approval of the increased fees.

In addition, upon the recommendation of the Corporate Governance Committee, the Board approved additional annual fees to be paid under the 2003 Directors Plan to the Chairman of the Audit and Compliance Committee in the amount of $25,000 and to the non-employee Chairmen of all other committees of the Board of Directors in the amount of $10,000. The Corporate Governance Committee and the Board considered the additional time needed to perform the functions of a Committee chair, particularly with respect to the Chairman of the Audit and Compliance Committee, in making this determination.

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In February 2007, upon the recommendation of the Corporate Governance Committee, the Board (with Mr. Ranieri abstaining) approved the payment under the 2003 Directors Plan of an annual fee of $50,000 to the non-executive Chairman of the Board. In arriving at this decision, the Corporate Governance Committee noted that the non-executive Chairman of the Board received no additional compensation for serving in this role. Additionally, the Corporate Governance Committee noted the amount of time and effort required of this role. The Corporate Governance Committee also considered materials provided by Towers Perrin, who provided information about the compensation of other companies non-executive chairmen of the board.

While the Corporate Governance Committee noted the continued extraordinary service and level of activity of Board and Committee members during fiscal year 2007, because of the increase in fees during fiscal year 2006, the Committee did not recommend any modification of director fees during fiscal year 2007.

In addition to director fees, to further our support for charities, non-employee directors are able to participate in our Matching Gifts Program. Under this program, we will match, on a one-for-one basis, contributions by a director to a charity approved by us. During fiscal year 2007, the amount that we matched per director was capped at an aggregate amount of $25,000.

We also provide directors with, and pay premiums for, director and officer liability insurance and reimburse directors for reasonable travel expenses incurred in connection with Company business.

The following table includes information concerning compensation paid to our non-employee directors for the fiscal year ended March 31, 2007.

Director Compensation Table

Director	Fees Earned or Paid in Cash ($)(1)	Stock Awards ($)(1)(2)	Option Awards ($)(3)	All Other Compensation ($)(4)(5)(6)	Total ($)
R. Bromark(7)	0	0	0	0	0
K. Cron	0	70,000	0	0	70,000
A. D Amato	87,500	87,500	0	25,000	200,000
G. Fernandes	0	185,000	0	0	185,000
R. La Blanc	0	175,000	0	0	175,000
C. Lofgren	0	175,000	0	0	175,000
J. Lorsch	0	185,000	0	0	185,000
W. McCracken	87,500	87,500	0	25,000	200,000
L. Ranieri(8)	95,069	95,069	0	0	190,138
W. Schuetze	100,000	100,000	0	0	200,000
L. Unger	87,500	87,500	0	4,668	179,668
R. Zambonini	87,500	87,500	0	0	175,000

(1) As noted above, 100% of directors fees are paid in deferred stock units, except that up to 50% of such fees may be paid in cash, if elected by the director in advance. The amounts in the Fees Earned or Paid in Cash column

represent the amounts paid to directors who elected to receive a portion of their director fees in cash. In fiscal year 2007, Messrs. D Amato, McCracken, Ranieri, Schuetze and Zambonini and Ms. Unger elected to receive 50% of their director fees in cash; and Messrs. Cron, Fernandes, La Blanc, Lofgren and Lorsch received 100% of their director fees in deferred stock units.

(2) As required by SEC rules adopted in December 2006, this column includes amounts we expensed during fiscal year 2007 under FAS 123(R) for all deferred stock units granted in fiscal year 2007. The compensation cost for deferred stock units is calculated by multiplying the number of deferred stock units by the fair market value of the Common Stock on the date the deferred stock units are credited to the directors accounts. Because there is no additional service period and no risk of forfeiture, the compensation cost is expensed in total when the deferred stock units are credited. Accordingly, all deferred stock units granted in prior years were fully expensed in the years granted. The amounts reflected

in this column also represent the grant date fair value of the deferred stock units granted to directors in fiscal year 2007. As of March 31, 2007, the following deferred stock units had been credited to each director s account:

Director	Aggregate Number of Deferred Stock Units	Market Value of Deferred Stock Units as of March 31, 2007 ($)*
K. Cron	0	0
A. D Amato	18,993	492,109
G. Fernandes	23,200	601,112
R. La Blanc	26,387	683,687
C. Lofgren	10,049	260,370
J. Lorsch	27,037	700,529
W. McCracken	7,241	187,614
L. Ranieri	13,339	345,613
W. Schuetze	21,507	557,246
L. Unger	8,360	216,608
R. Zambonini	6,688	173,286

* Based on the closing price of the Common Stock on March 30, 2007 of $25.91.

Mr. Cron s term as a director expired at the 2006 Annual Meeting of Stockholders held on September 18, 2006. Consequently, pursuant to the 2003 Directors Plan, 16,600 shares of Common Stock held in his deferred stock compensation account were issued to him in January 2007, together with cash in lieu of fractional shares.

(3) Under prior director compensation arrangements, directors received a portion of their fees in options to purchase Common Stock. No options were granted to directors during fiscal year 2007 and we did not expense any amounts during fiscal year 2007 under FAS 123(R) for stock option awards. As of March 31, 2007, the following options were outstanding for each director:

Director	Number of Securities Underlying Unexercised Options	Option Exercise Price ($)	Option Expiration Date
A. D Amato	6,750	51.44	8/26/2009
	6,750	32.38	8/31/2010
	6,750	11.04	8/28/2012
G. Fernandes	1,125	23.37	6/18/2013
R. La Blanc	6,750	11.04	8/28/2012
C. Lofgren	0	0	0
J. Lorsch	6,750	11.04	8/28/2012
W. McCracken	0	0	0
L. Ranieri	6,750	11.04	8/28/2012

W. Schuetze	6,750	11.04	8/28/2012
L. Unger	0	0	0
R. Zambonini	0	0	0

The options granted to directors were granted as of the day of the annual meeting of stockholders, with an exercise price equal to the closing price of the Common Stock on that date and vested on the day before the next succeeding annual meeting date. Accordingly, all options listed have vested.

(4) This column includes contributions we made under our Matching Gifts Program in fiscal year 2007. Under our current Matching Gifts Program, we match up to $25,000 of director charitable contributions made in each fiscal year by each director. Due to processing delays, director contributions made under prior

Matching Gifts Programs in prior fiscal years were matched in fiscal year 2007 ($30,000, $26,000, $10,000 and $2,000 for Messrs. Fernandes, Lorsch and Ranieri and Ms. Unger, respectively).

(5) The dollar value of dividends and dividend equivalents paid in fiscal year 2007 on outstanding deferred stock units held by directors is set forth below. This amount is not included in the All Other Compensation column because it is not required to be expensed under FAS 123(R), but we show it for informational purposes:

Director	**Dividends Paid in Cash ($)**	**Dividends Paid in Deferred Stock Units ($)***
K. Cron	1,319.30	497.20
A. D Amato	1,410.36	1,255.85
G. Fernandes	2,882.81	52.10
R. La Blanc	2,820.72	663.52
C. Lofgren	872.92	0
J. Lorsch	2,882.81	663.52
W. McCracken	791.07	0
L. Ranieri	836.37	889.88
W. Schuetze	2,354.97	663.52
L. Unger	970.17	0
R. Zambonini	702.71	0

* Based on the closing price of the Common Stock on the date paid.

(6) We provide directors with, and pay premiums for, director and officer liability insurance and reimburse directors for reasonable travel expenses incurred in connection with Company business, the values of which are not included in this table.

(7) Mr. Bromark was elected to the Board of Directors on April 26, 2007.

(8) Includes $5,138.89 paid to Mr. Ranieri as non-executive Chairman of the Board beginning in February 2007, of which 50% was paid in cash and 50% was paid in deferred stock units.

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CORPORATE GOVERNANCE COMMITTEE REPORT

As noted above, the general purpose of the Corporate Governance Committee is to make recommendations to the Board concerning (1) the size and composition of the Board, the qualifications and independence of the directors and the recruitment and selection of individuals to stand for election as directors; (2) the organization and operation of the Board, including the nature, size and composition of committees of the Board, the designation of committee chairs, the designation of a Lead Independent Director, Chairman of the Board or similar position and the distribution of information to the Board and its committees; and (3) the compensation of non-employee directors. Additionally, the Committee, in coordination with the Compensation and Human Resource Committee, is responsible for evaluating the performance of the Chief Executive Officer and for overseeing management development and succession planning.

During fiscal year 2007, the Committee reviewed the Principles. After such review, the Committee recommended and in April 2007 the Board approved amendments to the Principles. Additionally, the Committee participated in a joint review of the Chief Executive Officer with the Compensation and Human Resource Committee of the Board. The Committee thereafter led a follow-up review of the Chief Executive Officer. The Committee also is in the process of leading the self-assessment of the Board.

The Committee considers and makes recommendations to the Board concerning the appropriate size and needs of the Board, taking into account the Board s ability to function effectively and with appropriate diversity and expertise. The Committee is continuously considering potential candidates to serve as directors. As a result of an extensive search process conducted throughout fiscal year 2007, in April 2007 the Committee recommended and the Board approved the election of Raymond J. Bromark, a retired partner of PricewaterhouseCoopers LLP and 39 year veteran of that firm, as an independent member of the Board. The Board, upon the recommendation of the Committee, also assigned Mr. Bromark to the Audit and Compliance Committee and determined that Mr. Bromark is an audit committee financial expert .

The Committee considers candidates from throughout the CA community and the Committee will consider candidates recommended by stockholders for election as directors; see Nominating Procedures above and Advance Notice Procedures for 2008 Annual Meeting below for more information.

During fiscal year 2007, the Company also adopted several additional governance enhancements. With a view to best practices in stockholder rights plans, in October 2006, the Board approved the adoption of a Rights Plan which includes a number of features adopted in response to stockholder recommendations. The Rights Plan is being submitted to stockholders for a vote at the 2007 Annual Meeting of Stockholders and information regarding it can be found under the heading Proposal 2 Ratification of Stockholder Protection Rights Agreement below. Additionally, in February 2007, the Company amended its By-laws to implement a majority voting standard for uncontested elections of directors. The new standard is in place for the 2007 Annual Meeting of Stockholders and provides that a director nominee will be elected only if the number of votes cast for exceeds the number of votes against his or her election. Under a corresponding change to the Principles, if a director does not receive a majority of the votes cast at an annual meeting, generally the Board of Directors will have 90 days from the certification of the vote to accept or reject the individual s irrevocable resignation that all incumbent directors are required to submit before the mailing of the proxy statement for the annual meeting. Finally, early in fiscal year 2008, the Committee recommended and the Board adopted a Related Person Transactions Policy to govern the process by which the Company will evaluate and approve or ratify Related Person Transactions, as defined in SEC rules. (For additional information, please see the information under the heading Related Person Transactions above.)

In fiscal year 2006, in light of the quality and quantity of the work of the Board and its committees, the Committee recommended, and the Board approved, a modification to the compensation arrangements for the non-employee directors, effective August 24, 2005. The modified arrangement provides that the annual fee to be paid to each non-employee director under the 2003 Compensation Plan for Non-Employee Directors is $175,000, compared to $150,000 previously. In addition, the Chairman of the Audit and Compliance Committee receives $25,000 and the non-employee Chairmen of all other committees of the Board of Directors each receive $10,000. During fiscal year 2007, the Board and its committees continued to meet an extraordinary number of times. The Board of Directors met seventeen times, the Audit and Compliance

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Committee met fourteen times, the Compensation and Human Resource Committee met eleven times, the Corporate Governance Committee met five times and the Strategy Committee met two times. Despite this level of activity, because of the raise in fees during fiscal year 2006, the Committee did not recommend any modification of director fees during fiscal year 2007. However, during fiscal year 2007, the Committee noted that the non-executive Chairman of the Board received no additional compensation for serving in this role. The Committee also noted the amount of time and effort required to be devoted to this role. Accordingly, in February 2007, upon the recommendation of the Committee, the Board approved an additional fee of $50,000 per year to be paid to the non-executive Chairman. (For additional information on director compensation, please see the information under the heading Compensation of Directors above.)

In addition to this Report, important information regarding the Company s corporate governance can be found under the headings Corporate Governance , Board Committees and Meetings , Nominating Procedures , Communications wi Directors and Compensation of Directors above.

SUBMITTED BY THE CORPORATE
GOVERNANCE COMMITTEE

Jay W. Lorsch, Chairman
Alfonse M. D Amato
Robert E. La Blanc
Laura S. Unger

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COMPENSATION AND HUMAN RESOURCE COMMITTEE PROCESSES AND PROCEDURES FOR DETERMINATION OF EXECUTIVE COMPENSATION

The Compensation and Human Resource Committee of the Board of Directors (the Compensation Committee) is made up entirely of independent directors. The Compensation Committee s responsibilities include overseeing our compensation plans and policies, establishing the performance measures under our annual and long-term incentive programs that cover executive officers, approving executive officer compensation and authorizing awards under our equity-based plans, in consultation with the Chief Executive Officer and executive management, when appropriate.

Although the Compensation Committee has delegated its authority to the Chief Executive Officer with respect to equity grants and compensation matters for certain employees, the Compensation Committee has not delegated such authority with respect to the compensation matters of our key executive officers and reporting persons under the Exchange Act, including the Named Executive Officers.

The Compensation Committee s chairman reports on Compensation Committee actions and recommendations at Board meetings. The Compensation Committee s charter reflects these responsibilities and reporting relationships, and the Board and Compensation Committee periodically review and revise the charter. The Compensation Committee is also charged with oversight of management development and succession issues, along with the Corporate Governance Committee, on behalf of the Board.

Processes and Procedures for the Consideration and Determination of Executive Compensation

As described in additional detail below under Compensation Discussion and Analysis , the Compensation Committee makes the final determinations about the amount and form of the executive officers base pay, incentive and equity compensation. In making these determinations, the Compensation Committee considers input from a number of sources.

In fiscal year 2007, in addition to working with our internal human resource, finance and legal personnel, as well as external counsel to the Compensation Committee, the Compensation Committee retained the services of an outside consultant, Towers Perrin, to assist in the Compensation Committee s review of management compensation levels and programs. After considering and interviewing three independent compensation consulting firms, it determined to remain with Towers Perrin, the firm that has been advising the Compensation Committee since 2001, based on their experience, expertise and familiarity with the Company. Towers Perrin helped the Compensation Committee design the current compensation program for executives, which it has been following since fiscal year 2006 and which is described in more detail below under Compensation Discussion and Analysis . Towers Perrin continues to advise the Compensation Committee on the program, including with regard to performance measures and targets set from year to year for the executives.

The Compensation Committee also considers the views and insights of management, including executive officers, in making compensation decisions for Named Executive Officers and others, while ensuring that each Named Executive Officer does not provide input into his or her own specific compensation. Since the input of executive officers with respect to the business environment and competitive status in various business areas is an essential component of the Compensation Committee s process, the input of executive officers is critical.

In particular, in fiscal year 2007, our President and Chief Executive Officer (the CEO) and our Executive Vice President of Worldwide Human Resources (the EVP-HR) made recommendations to the Compensation Committee with regard to base pay levels and individual compensation targets for each executive officer (*i.e.*, annual incentive target and long-term incentive plan (LTIP) target amounts), based on each executive s experience, strategic importance of role, knowledge and performance. The CEO separately discussed with, and made recommendations to, the Compensation Committee regarding the compensation of the EVP-HR and the EVP-HR discussed with the Compensation Committee the CEO s compensation.

As described below, these recommendations of the CEO and EVP-HR were reviewed and compared to competitive market data based on information available in publicly-available proxy statements for a select peer

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group, as well as survey data of companies in the computer and software industries, before the Compensation Committee made its decisions.

In addition, the performance metrics and targets that were approved by the Compensation Committee for the annual and long-term incentive components of the fiscal year 2007 compensation program were based on recommendations made to the Compensation Committee by the CEO and the then Interim Chief Financial Officer. These recommendations were consistent with and based on the corporate targets and goals set for fiscal year 2007 at that time. As described below, the Compensation Committee adjusted certain of these targets during the course of the performance period.

In addition to approving the base salary and target amounts, the Compensation Committee also determines the form in which the compensation will be paid *e.g.*, cash and equity (and for equity, stock options, restricted stock (or restricted stock units) and performance shares). Starting with fiscal year 2006, the Compensation Committee approved a diverse and strategic compensation program which the Compensation Committee believes (i) incorporates a well-balanced mix of short-term and long-term incentives and cash and non-cash components, (ii) links pay to the achievement of goals that are tied to our performance and (iii) helps achieve the objectives described in Compensation Discussion and Analysis below with respect to compensation. As detailed below, this compensation program was also followed in fiscal year 2007.

COMPENSATION AND HUMAN RESOURCE COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Compensation Committee has reviewed and discussed with management the following Compensation Discussion and Analysis section of this Proxy Statement. Based on its review and discussions with management, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

SUBMITTED BY THE COMPENSATION AND
HUMAN RESOURCE COMMITTEE

Lewis S. Ranieri, Chair
Gary J. Fernandes
Jay W. Lorsch
William E. McCracken

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COMPENSATION DISCUSSION AND ANALYSIS

Philosophy/Objectives of Executive Compensation

Our objective is to attract, retain and motivate executives to enhance profitability and maximize stockholder value in the evolving software marketplace. Our fundamental philosophy is to:

- link closely our executives compensation with the achievement of annual and long-term goals at the Company, business unit and individual levels of performance;
- motivate our management by tying their pay to performance measures that are tied to strategic, operational, financial and business objectives that we believe will enhance long-term stockholder value; and
- include a significant equity component in our compensation plan which aligns the interests of employees with those of stockholders.

The Compensation Committee believes that this approach will:

- attract and retain talented senior executives whose efforts and judgments are vital to the continued success of the Company; and
- recognize executives efforts and performance during each fiscal year and over the longer term.

Determination of Fiscal Year 2007 Compensation

Elements of Compensation

Aggregate compensation approved by the Compensation Committee at the beginning of fiscal year 2007 was generally targeted to be between the 50th and 75th percentile of compensation of a select computer software and services industry group if predetermined performance objectives were attained at the target level. The elements of compensation used were base salary, annual incentive and long-term incentive compensation. Executives were also eligible to participate in certain broad-based plans and receive certain perquisites as described below.

As described above under Compensation and Human Resource Committee Processes and Procedures for Determination of Executive Compensation , the recommendations regarding aggregate compensation including base salary amounts and annual and long-term target levels were made by the CEO and EVP-HR for senior executives. These recommendations were then reviewed by the Compensation Committee with the assistance of Towers Perrin and compared to competitive market data for the CEO and five most highly compensated executives of certain peer companies based on, among other things, compensation information disclosed in publicly filed documents. The peer companies used were Adobe Systems, BMC Software, Citrix Systems, Compuware Corporation, Dell, Hewlett-Packard, IBM, Intuit, Mercury Computer, Microsoft, Novell, Parametric Technology, Symantec and Unisys.

In addition, the Compensation Committee, with Towers Perrin s assistance, compared the pay of our senior executives with the pay of executives in similar roles elsewhere in the industry. The Compensation Committee also considered a second survey of market-based data. These surveys were generally based on pay practices in industries with which we compete for executive talent principally the computer and software industries.

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The following reflects the Compensation Committee s decisions with respect to the weight given to each of the elements of aggregate compensation if targets were met for the Named Executive Officers for fiscal year 2007:

Executive	Base Salary	Targeted Annual Incentive	Targeted Long-Term Incentives	Targeted Aggregate Compensation
John Swainson (President and Chief Executive Officer)	14%	17%	69%	100%
Nancy Cooper (Executive Vice President and Chief Financial Officer)	20%	20%	60%	100%
Robert Davis (Former Chief Financial Officer)	100%*	N/A	N/A	100%
Robert Cirabisi (Interim Chief Financial Officer; Senior Vice President and Corporate Controller)	36%	27%	37%	100%
Michael Christenson (Executive Vice President and Chief Operating Officer)	17%	17%	66%	100%
Russell Artzt (Executive Vice President, Products**)	19%	18%	63%	100%
Kenneth Handal (Executive Vice President, Global Risk & Compliance, and Corporate Secretary)	16%	19%	65%	100%

* Since Mr. Davis employment was terminated shortly after the start of fiscal year 2007, he was not eligible to receive any annual or long-term incentives.

** Mr. Artzt held this position during fiscal year 2007. In June 2007, he was elected to the position of Vice Chairman and Founder.

Each of these elements, as well as their general purpose and the factors used by the Compensation Committee in its deliberation are described below.

Base Salaries. Base salaries are intended to attract and retain talented, high-performing executives. Salaries are determined by evaluating the following:

(i) responsibilities of the position;

(ii) the experience, performance and potential of the individual; and

(iii) periodic reference to the competitive marketplace, as described above.

Annual Incentive. The annual incentive program rewards executives for achieving annual financial, operational, strategic and customer satisfaction objectives. For fiscal year 2007, the annual incentive provided rewards for achieving key corporate measures related to profitability. More details about the fiscal year 2007 annual incentive program, including results and payouts, are provided below under Performance Targets and Actual Results for Fiscal Year 2007 .

Long-Term Incentive Plan (LTIP). Generally, the LTIP constitutes the largest component of each executive s compensation in order to promote behavior that aligns the interests of executives with the long-term performance of the Company and interests of stockholders. This alignment is further enhanced by our share ownership guidelines described below.

Equity also constitutes a significant component of total compensation because we have modest retirement arrangements and do not provide traditional pension or defined benefit plans for our executives. Rather, we believe that equity-based compensation serves as a vehicle for long-term wealth accumulation that is performance-based.

As described below, the Compensation Committee believes that three components of the LTIP work together in three-year overlapping cycles to promote strong corporate performance and executive retention

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through equity ownership and long-term wealth creation. The value of these equity awards is ultimately influenced by the achievement of pre-established goals and our share price.

This LTIP design was first implement in fiscal year 2006. For fiscal year 2007, the LTIP components were:

(i) *stock option grants*, made during the early part of the fiscal year and vesting over three years. Stock options reward management for share price appreciation and, in this case, also promote retention of the executives;

(ii) *one-year performance shares*, granted after the end of the fiscal year based on the achievement of one-year performance goals and vesting one-third at grant and one-third on each of the next two anniversaries of the grant date. This element of the LTIP was intended to reward growth in revenue and adjusted cash flow from operations, recognizing the importance of operating performance to our business. As the award was made in restricted shares, two-thirds of which is earned only if the executive remains employed through the vesting date, the grant also promotes retention; and

(iii) *three-year performance shares*, tied to a three-year performance cycle ending with fiscal year 2009 paid in unrestricted shares of Common Stock at the end of the performance cycle. This element rewards management for effective long-term use of capital and income growth.

The allocation of these LTIP elements based on achievement of target levels is shown below.

	Allocation of LTIP Components (at Target) Fiscal Year 2007		
	Stock Options	**One-Year Performance Shares**	**Three-Year Performance Shares**
Named Executive Officers (except R. Cirabisi) and other Executive Vice Presidents	33%	33%	34%
Robert Cirabisi and other Senior Vice Presidents	30%	70%	0%

Once the Compensation Committee approved the aggregate LTIP dollar target amount for fiscal year 2007, it was split into individual dollar target amounts for each equity component as described below.

Accordingly, in fiscal year 2007, for an LTIP target value of $1,000,000, an Executive Vice President received options valued at $330,000 and one-year and three-year performance share targets with a value of $330,000 and $340,000, respectively (*i.e.*, assuming performance was achieved at target). The number of shares covered by each of these awards was determined as follows. For options, the number was based on the fair value of the options on the day preceding the date of approval of the grant and the exercise price was equal to the closing price of the Common Stock on the date of approval. The number of target shares approved with respect to the other two components of the LTIP, was generally determined by dividing the individual dollar target amounts for each component by the closing price of the Common Stock on the day preceding the Company s approval of such targets. Therefore, by applying the example above, if the closing price of the Common Stock on the day before the targets were approved was $25.00, the target number of shares for the one-year and three-year performance components would be 13,200 and 13,600, respectively. After the applicable performance period, the number of shares granted would be determined based on the achievement of the pre-established goals.

Our Senior Vice Presidents do not participate in the component of LTIP that spans a three-year performance cycle because the Compensation Committee believes that the Executive Vice Presidents have more accountability and principal responsibility for long-term strategy and decision making, where the Senior Vice Presidents are primarily focused on shorter-term performance. Even though Senior Vice Presidents do not participate in the three-year performance share component, their compensation remains tied to our long-term performance through the stock options and restricted stock awards granted under the LTIP.

Perquisites and Other Arrangements. The Named Executive Officers are eligible to participate in our 401(k) plan, a broad-based, tax-qualified retirement plan. Under this plan, we match up to 50% of the first 5% of an employee s contribution (a maximum match of 21/2% of an employee s compensation). In addition, the

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Named Executive Officers participate in two supplemental plans that were created for the purposes of benefiting participants in our tax-qualified 401(k) plan who are unable to receive a full allocation of employer contributions due to compensation limitations imposed under the applicable tax rules. The Named Executive Officers participate in all of these plans under the same terms and conditions as other eligible employees of the Company.

The Named Executive Officers are also eligible to participate in our benefit programs on the same terms and conditions as those made available to other U.S. full-time employees. Basic health benefits, life insurance, disability benefits and similar programs are provided. Under these plans, higher paid employees are required to pay a higher proportion of the total premiums. In addition, as described below under Compensation and Other Information Concerning Executive Officers Summary Compensation Table , we also pay for annual physical examinations for certain of our executive officers, including the Named Executive Officers.

Certain Named Executive Officers also have employment agreements and deferred compensation arrangements with the Company and some participate in our Change in Control Severance Policy. These agreements and arrangements provide for certain benefits upon a termination of employment, including in the event of a change in control. See discussion below in this Compensation Discussion and Analysis under Employment Agreements; Deferred Compensation Arrangements; and Change in Control Arrangements .

Performance Targets and Actual Results for Fiscal Year 2007

The following discussion and analysis contains statements regarding individual and Company performance targets and goals. These targets and goals are disclosed in the limited context of our compensation programs and should not be understood to be statements of management s expectations or estimates of results or other guidance. The Company specifically cautions investors not to apply these statements to other contexts.

Base Salary. Base salaries for our Named Executive Officers were paid out in the amounts approved by the Compensation Committee, as reflected in the Summary Compensation Table below.

Performance-based Compensation Annual and Long-Term Incentives.

Among the performance measures approved by the Compensation Committee at the beginning of fiscal year 2007 were adjusted net income, adjusted cash flow from operations and revenue. With regard to adjusted net income and revenue, the Compensation Committee approved both growth metrics and the resulting target values. After the Company s restatement of fiscal year 2006 year-end earnings, management requested that the Compensation Committee retain the previously established target values and not apply the growth factors to the restated prior year-end results. The restatement had the impact of increasing the base net income and revenue numbers for fiscal year 2006. Applying the percentage growth rate target previously set by the Compensation Committee to the revised base numbers would have increased the target amounts for fiscal year 2007 to a level impossible to achieve, undermining the incentive and retention value of the compensation program. Management requested that the Compensation Committee retain the same targeted adjusted net income and revenue amounts initially set based on the pre-restatement numbers. Under these circumstances, the Compensation Committee decided to retain the same adjusted net income and revenue target amounts as calculated prior to the restatement, noting that they had discretion to reduce any payouts when making their determinations after the performance period.

During fiscal year 2007, it also became apparent that the adjusted cash flow from operations target would not be achieved and management requested that the Compensation Committee reconsider this metric. After the Second Quarter, we lowered the forecast for cash flow from operations from our previous guidance due primarily to lower than expected growth in bookings for the year and to payments related to the fiscal year 2007 restructuring plans. Consistent with a reduction in our forecast for cash flow from operations, the Compensation Committee decided to reduce the year-end target numbers for the adjusted cash flow from operations metric, subject to also reducing the potential payouts by half if the revised targets were achieved. In addition, the amount to be paid under this metric was capped at 150% of target for the last two quarters of the fiscal year therefore, the maximum payout that an executive could receive for this metric was 75% of their

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individual target amount. The Compensation Committee believed that this alteration was necessary to retain some incentive value for these awards at a time when management viewed employee retention as critical.

Annual Incentive Program. Early in fiscal year 2007, the Compensation Committee approved management s proposed performance measures that were based 90% on financial measures for Executive Vice Presidents and 50% for Senior Vice Presidents. All of the Named Executive Officers are Executive Vice Presidents, except for Mr. Cirabisi who served as the interim Chief Financial Officer during fiscal year 2007 and is currently a Senior Vice President and the Corporate Controller. Senior Vice Presidents had a portion of their annual incentive based on an assessment of individual performance. In each case, 10% of an executive s annual incentive was also tied to the achievement of certain pre-established customer satisfaction targets which were monitored by an independent third party and intended to measure the likelihood of current customers recommending the Company to others.

The categories of performance measures (and corresponding weight and possible payout ranges) for the fiscal year 2007 annual incentive were as follows:

	Performance Measures for Annual Incentive Program (and Payout Ranges)			
	Adjusted Cash Flow from Operations*	**Adjusted Net Income***	**Customer Satisfaction**	**Individual Performance**
Named Executive Officers (except R. Cirabisi) and other Executive Vice Presidents	30% (payout could range from 0%-150% of target)	60% (payout could range from 0%-200% of target)	10% (payout could range from 0%-150% of target)	0%
Robert Cirabisi (and other Senior Vice Presidents)	25% (payout could range from 0%-150% of target)	25% (payout could range from 0%-150% of target)	10% (payout could range from 0%-150% of target)	40%

* See discussion above about adjustments and corresponding payouts.

The Compensation Committee always retains discretion to reduce the amount of any payout for any reason. With regard to the Compensation Committee s past practices in exercising such discretion, the Compensation Committee did not pay any fiscal year 2006 annual incentive to its CEO and many other senior executives due to the Company s overall performance in that fiscal year.

The Compensation Committee approved the following definitions for the performance measures identified above:

Adjusted Cash Flow from Operations was defined as our cash flow from operations, as reported in the financial statements, plus or minus any related adjustments reported in our fourth quarter earnings press release for fiscal year 2007, plus any add-back of interest paid resulting from additional debt associated with the share repurchase conducted by the Company during fiscal year 2007.

Adjusted Net Income was defined as our income (loss) before income taxes (on a tax-effected basis), as reported in our fourth quarter earnings press release for fiscal year 2007, plus add-backs for the following items (on a tax-effected basis):

purchased software amortization, intangibles amortization, acquisition in-process research and development, restructuring and other, goodwill impairment, stockholder litigation, and former employee litigation expenses, as reported in the fourth quarter earnings press release for fiscal year 2007; and

any interest expense resulting from additional debt associated with the share repurchase conducted by the Company during fiscal year 2007.

The payouts for the annual incentive program using the revised year-end performance targets were:

Performance Measure	Threshold Amount**	Target Amount*	Maximum Amounts**	Actual Results for Fiscal 2007	Actual Payout (as % of Target Amount)
Adjusted Cash Flow from Operations (ACFFO)	$ 900,000,000	$950,000,000	$ 1,050,000,000	$ 1,182,000,000	75%
Adjusted Net Income	$ 471,000,000	$490,000,000	$ 542,000,000	$ 511,000,000	140%
Customer Satisfaction	6.54	At least .22 point increase from 2006	6.92	6.74	50%***

* This column represents the objective for payout at 100% of an executive s target (or 50% for ACFFO, as described above).

** If the Company achieved results that were below the specified threshold amounts, no payout would be made with respect to that performance measure. If results achieved were at or above the maximum amounts, the executives could receive a payout of up to 150% or 200%, as applicable, of their individual target amounts.

*** For Senior Vice Presidents, the payout was 90% for customer satisfaction measure.

In accordance with the DPA, executive compensation has been tied to the achievement of ethical standards. A failure to complete annual Company-wide ethics training results in a mandatory 10% reduction of an executive s annual incentive amount. In addition, the Compensation Committee reserved discretion to reduce or eliminate an executive s annual incentive for any reason. In exercising this discretion, the Compensation Committee considered each executive s contribution to the establishment and maintenance of high ethical and compliance standards throughout his or her organization and, in general, throughout the Company. In this regard, the Compensation Committee also received a report of a designated management committee, chaired by our Chief Compliance Officer, which assured the Compensation Committee that it knew of no ethical or other misconduct. No reductions were made to any executive s annual incentive for ethical or other reasons.

In meetings held in May 2007, the Compensation Committee decided to pay out the annual incentives based on the achievement of the previously-established targets without any reductions. The annual incentive amounts paid to the Named Executive Officers are reflected in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table.

Long-Term Incentives.

Stock Options. As set forth in the Grants of Plan-Based Awards table below and as described above, early in fiscal year 2007, the Compensation Committee approved the grant of stock options under the fiscal year 2007 LTIP to the Named Executive Officers (and other executive officers) pursuant to the Company s 2002 Incentive Plan. These options vest in approximately equal installments over a three-year period, beginning on the first anniversary of the grant date.

The Compensation Committee s general policy regarding options is to grant options on the day it approves the grant, with an exercise price equal to the closing price of the Common Stock on that date. Other than special one-time grants, such as at the time of new hire, the Compensation Committee has generally granted options to its executive officers once a year under the LTIP and such grants were generally made at the same time the Compensation Committee approved the LTIP award targets for the fiscal year. These actions generally occur within the first ninety days of the fiscal year. Although the number of options awarded for the fiscal year 2007 LTIP was calculated and approved on June 26, 2006, the Compensation Committee did not grant the options until August 2, 2006 because of a Company-wide blackout, due to the Company s delay in filing its Annual Report on Form 10-K for fiscal year 2006 and certain other filings. (Please see discussion below in Footnote 1 of the Grants of Plan-Based Awards table for additional details about this grant.)

One-Year Performance Shares. Under the LTIP program, the award of restricted stock or restricted stock units after the one-year performance period commencing on April 1, 2006 was dependent on the achievement of specified performance targets set at the beginning of fiscal year 2007 by the Compensation Committee. The

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targets for fiscal year 2007 were (i) ACFFO (as defined above for the annual incentive program) and (ii) revenue growth, each responsible for determining one-half of the payout. Revenue was defined as our Company s reported revenue (on a constant currency basis), and was revised to include revenue from joint ventures reclassified as discontinued operations for fiscal year 2007. As described above, the target amounts for these measures were adjusted mid-year.

The payout percentages for the one-year performance shares were as follows:

Performance Measure	Threshold Amount**	Target*	Maximum Amounts**	Actual Results for FY 2007 (Under LTIP Definitions)	Actual Payout (as % of Target Amount)
Adjusted Cash Flow from Operations (50% of award)	$ 900,000,000	$ 950,000,000	$ 1,050,000,000	$ 1,182,000,000	75%
Revenue (50% of award)	$ 3,850,000,000	$ 3,900,000,000	$ 4,000,000,000	$ 3,888,000,000	91%

* This column represents the objective for payout at 100% of an executive s target (or 50% for ACFFO, as described above).

** If we achieved results that were below threshold amounts, no payout would be made with respect to that component. If results achieved were at or above the maximum amounts specified, the executives could receive a payout of up to 150% or 200% of target, as applicable.

Similar to the process described above for the annual incentive, the Compensation Committee reserved discretion to reduce or eliminate an executive s award for any reason, including ethics-related issues. In the past, the Compensation Committee exercised its discretion to pay out this component of LTIP for fiscal year 2006 at a level that was below the level achieved when applying the pre-established formula. Due to, among other things, unanticipated adjustments from acquisitions made during the year and to our overall performance in that year, the Compensation Committee thought it was appropriate to exercise that discretion and reduce the payout to a level below the formulaic outcome.

Based on the actual results for fiscal year 2007 and after consideration of any ethical, compliance and other concerns, we granted the number of restricted shares or units determined by applying the actual results to the targets previously approved by the Compensation Committee. These grants were made in fiscal year 2008 after we publicly announced our earnings for fiscal year 2007. We view these awards to be an integral part of fiscal year 2007 compensation, although they are not reported in the SEC-prescribed tables below since the grants occurred in fiscal year 2008. Accordingly, the table below reflects the total number of restricted shares granted to the Named Executive Officers under this LTIP component in May and June 2007.

Approximately the first third of the grant vested on the grant date, and the remaining two-thirds will vest in approximately equal installments on the first two anniversaries of the grant, subject to continued employment.

Restricted Stock Grants

Named Executive Officer	(Under One-Year Performance Share Component of LTIP)
John Swainson	65,557
Nancy Cooper	19,666
Robert Davis	n/a
Robert Cirabisi	9,734
Michael Christenson	32,778
Russell Artzt	32,778
Kenneth Handal	26,223

Three-Year Performance Shares. The three-year performance share targets are reflected in the Estimated Possible Payouts under Equity Incentive Plan Awards column of the Grants of Plan-Based Awards table below.

The targets for this three-year cycle are based on (i) average three-year adjusted net income growth and (ii) average three-year return on invested capital, each responsible for determining one-half of the payout under the award.

Payouts could range from 0-200% of the target for the participants in this component of LTIP. Since the performance period ends after fiscal year 2009, the results are not yet available and no payout has yet occurred. The financial objectives reflected our internal, confidential business plan at the time the awards were established. We believe that the disclosure of these objectives and targets could result in competitive harm, particularly since disclosure may provide insight to our competitors about our capital allocation strategy and cash flow and income objectives. We believe that the objectives for this component of the LTIP are challenging, but achievable. The Compensation Committee reserved discretion to reduce the amount of any award if it determines that such action is appropriate at the end of the performance period.

Average Three-year Adjusted Net Income is defined as it is for the annual incentive program, except that the calculation is based on the average of fiscal years 2007-2009. Average Three Year Return on Invested Capital is defined as the average return on invested capital for fiscal years 2007 through 2009. Return on invested capital is defined as ACFFO (as defined above) plus after-tax interest expense, the sum of which is divided by average stockholders equity and total debt, for the five preceding quarters.

If an executive s employment is terminated prior to the end of the performance period for this LTIP component, the executive is generally not eligible for any portion of the award. If employment is terminated due to disability or by us without cause, an executive may be eligible for a pro-rated portion of the award after the performance period, in accordance with the terms of the program. All determinations are at the Compensation Committee s discretion. In the event of death, the executive s estate would receive a pro-rated portion of the target award (based on the portion of the period completed through the date of death).

Other Important Compensation Policies Affecting Named Executive Officers

Policy on Adjustments or Recovery of Compensation. In April 2007, the Compensation Committee approved a compensation recovery policy in the event of a substantial restatement of our financial statements that is a direct result of the intentional misconduct or fraud of an executive officer or other senior executive. Under this policy, the Compensation Committee could, in its discretion, direct that we recover all or a portion of any award made to any executive officer or other senior executive who engaged in such intentional misconduct and/or fraud for any fiscal year that is negatively affected by such restatement. The amount the Compensation Committee can seek to recover is the amount by which the affected award exceeds the amounts that would have been payable to such person had the financial statements been initially filed as restated, or any greater or lesser amount (but not greater than the entire affected awards in the given period). The Compensation Committee will determine how we will recover this compensation, including by seeking repayment, reduction of any potential future payments and/or an adjustment of what otherwise might have been a future increase in compensation or a compensatory grant.

Tax Deductibility of Incentive Compensation. Section 162(m) of the Internal Revenue Code limits the deductibility of compensation in excess of $1 million paid to the CEO and to the other highest-paid executive officers unless this compensation qualifies as performance-based . For purposes of Section 162(m), compensation derived from the exercise of stock options generally qualifies as performance-based . In addition, we generally intend that incentive compensation paid in cash or in the form of restricted stock or restricted stock units or performance shares, qualify as performance-based. However, the Compensation Committee is not precluded from approving or revising annual, long-term or other compensation arrangements in a manner that does not qualify the compensation for tax deductibility under Section 162(m). As discussed above, the Compensation Committee considered the issue of tax deductibility in the adjustments made to the targets in the annual and long-term incentives and determined that the adjustments were necessary to retain some incentive value for these awards at a time when management viewed employee retention as critical to the future success of the Company.

Share Ownership Guidelines. Under our share ownership guidelines, the CEO is expected to accumulate and retain Common Stock valued at four times his base salary and other executives stock valued from three to one times their annual salary, depending on rank and responsibilities. The multiple for the Chief Operating

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Officer, Michael Christenson, is three times base salary, and the multiple for other executives who report to the CEO or the Chief Operating Officer is two times their respective salaries. This year, the Compensation Committee extended the stock ownership guidelines to apply to the Senior Vice Presidents who are expected to accumulate and retain Common Stock valued at one times their base salary. The executives are generally allowed a three-year period to accumulate these shares.

Employment Agreements; Deferred Compensation Arrangements; and Change in Control Arrangements. Although historically we did not have employment agreements with our executives, due to the high turnover in executive management and the challenges faced by the Company over the last several years, the use of employment agreements became necessary to recruit and retain executives. As a result, many of the current executive officers, including most of the Named Executive Officers, have employment agreements with the Company. Recently, we have moved towards a more standardized employment agreement, with certain variations to deal with specific circumstances. The standardized agreement generally provides for severance upon a termination without cause or a resignation for good reason (as defined in the contracts) equal to one times base salary, although this can vary depending on specific circumstances. The details of the contracts with each of our Named Executive Officers are provided below under Compensation and Other Information Concerning Executive Officers Change in Control Arrangements; Employment Agreements; Severance Arrangements; Deferred Compensation Arrangements; 401(k) Supplemental Plans .

We also maintain an Executive Deferred Compensation Plan, under which our executive officers are eligible to defer a portion of their annual incentive. In addition, at the time of hire of the CEO and Chief Financial Officer, we credited certain amounts to deferred compensation accounts for the benefit of these executives to make up for retirement and other benefits that were being left behind with their prior employers. In addition, we adopted the Change in Control Severance Policy to help recruit executives and to help maintain continuity of management in the event of a change in control. The Board has broad latitude to amend this policy and to add or remove executives as participants under the policy, as it deems appropriate. Details about these deferred compensation and change in control arrangements are provided below under Compensation and Other Information Concerning Executive Officers Change in Control Arrangements; Employment Agreements; Severance Arrangements; Deferred Compensation Arrangements; 401(k) Supplemental Plans .

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COMPENSATION AND OTHER INFORMATION CONCERNING EXECUTIVE OFFICERS

The following table includes information concerning compensation paid to or earned by our Named Executive Officers for the fiscal year ended March 31, 2007.

Summary Compensation Table

me and Principal ition	Fiscal Year	Salary ($)	Bonus ($)(2)	Stock Awards (Includes Amortization of Prior Year Stock Awards) ($)(3)	Option Awards (Includes Amortization of Prior Year Option Awards) ($)(4)	Non-Equity Incentive Plan Compensatio ($)(5)	All Other Compensation ($)(6)	Total (Includes Amortizatio of Prior Year Stock and Option Awards) ($)
n Swainson esident and Chief cutive Officer)	2007	1,000,000	0	2,598,194	3,244,409	1,393,750	250,263	8,486,616
cy Cooper ecutive Vice sident Chief Financial cer)(1)	2007	314,394	250,000	593,699	135,387	557,500	548,938	2,399,918
ert Davis rmer Chief ancial Officer)(1)	2007	173,011	0	148,412(7)	54,599(7)	0	654,340	1,030,362
ert Cirabisi erim Chief ancial Officer; ior Vice President Corporate troller)(1)	2007	337,500	25,000	301,349	140,076	256,875	22,250	1,083,050
hael Christenson ecutive Vice sident and Chief erating Officer)	2007	618,750	0	1,026,772	611,913	724,750	28,093	3,010,278
sell Artzt ecutive Vice sident, ducts)(8)	2007	750,000	0	1,889,001	2,134,018	780,500	47,250	5,600,769
neth Handal	2007	500,000	0	879,298	1,175,225	669,000	80,400	3,303,923

ecutive Vice
sident, Global
k & Compliance,
Corporate
retary)

(1) Mr. Davis employment terminated on July 31, 2006. Mr. Cirabisi served as interim Chief Financial Officer from the time Mr. Davis ceased serving as Chief Financial Officer until August 15, 2006, when Ms. Cooper s appointment as Chief Financial Officer became effective. Mr. Cirabisi continues to serve as our Corporate Controller and principal accounting officer.

(2) The $250,000 bonus for Ms. Cooper represents her sign-on bonus at the time she commenced employment, as provided in her employment agreement. Ms. Cooper is required to repay this bonus if her employment is terminated for cause or she resigns without good reason (as defined in her employment agreement) during her first year of employment. Mr. Cirabisi also received a one-time $25,000 bonus for his service as interim Chief Financial Officer.

(3) As required by SEC rules adopted in December 2006, this column includes amounts we expensed during fiscal year 2007 under FAS 123(R) for all outstanding restricted stock, restricted stock units and performance shares, including for grants made prior to fiscal year 2007. These award fair values have been determined based on the assumptions set forth in Note 10, Stock Plans , in the Notes to the Consolidated Financial Statements in our Annual Report on Form 10-K for the fiscal year ended March 31, 2007 (the Form 10-K). Additional information about the awards reflected in this column is set forth in the notes to the Grants of Plan-Based Awards and Outstanding Equity Awards at Fiscal Year-End tables below.

(4) This column represents the amount we expensed during fiscal year 2007 under FAS 123(R) for outstanding stock option awards and includes compensation cost recognized in the financial statements with respect to awards granted in previous fiscal years and in fiscal year 2007. These award fair values have been determined based on the assumptions set forth in Note 10, Stock Plans , in the Notes to the Consolidated Financial Statements in the Form 10-K. These amounts include grants of options that were

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previously disclosed as compensation in past proxy statements for those of our current Named Executive Officers who were named executive officers in those proxy statements. These amounts are also included in the Total column.

(5) The amounts in this column represent the cash bonuses described under Compensation Discussion and Analysis Determination of Fiscal Year 2007 Compensation Elements of Compensation Annual Incentive above. These annual cash bonus amounts were paid in fiscal year 2008 for performance in fiscal year 2007. We also accrued these amounts for financial reporting purposes in fiscal year 2007. The receipt of these awards may be deferred at the election of the recipient under our Executive Deferred Compensation Plan. Mr. Swainson deferred a portion of his bonus, which is described in the Nonqualified Deferred Compensation Table below.