COMPUTER ASSOCIATES INTERNATIONAL INC
Form 10-K/A
October 19, 2005

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

**FORM 10-K/A**

(Mark One)

þ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
**For the fiscal year ended March 31, 2005**
**OR**

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**Commission file number 1-9247**
**Computer Associates International, Inc.**
(Exact name of registrant as specified in its charter)

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

**(631) 342-6000**
(Registrant s telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

| (Title of each class) | (Name of each exchange on which registered) |
|---|---|
| Common stock, par value $0.10 per share | New York Stock Exchange |
| Series One Junior Participating Preferred Stock, Class A | New York Stock Exchange |

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: þ Yes ¨ No.

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

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Act): þ Yes ¨ No.

The aggregate market value of the common stock held by non-affiliates of the Registrant as of September 30, 2004 was $12,116,303,868 based on the closing price of $26.30 on the New York Stock Exchange on that date.

The number of shares of common stock outstanding at June 24, 2005:

586,821,131 shares of common stock, par value $0.10 per share.

Documents Incorporated by Reference:

Part III Portions of the Proxy Statement to be issued in conjunction with the Registrant s Annual Stockholders Meeting.

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

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

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

## EXPLANATORY NOTE

In our previously filed Form 10-K for the fiscal year ended March 31, 2005 (Original 2005 Form 10-K), we restated the consolidated financial statements for the fiscal years ended March 31, 2004 and 2003 that were previously reported in our Annual Reports on Form 10-K for fiscal years 2004 and 2003, and we restated the consolidated condensed financial statements for the first three quarters of fiscal year 2005 and 2004 that were previously reported in our quarterly reports on Form 10-Q, and the consolidated financial statements for the fourth quarter of fiscal year 2004 that were reported in our Annual Report on Form 10-K, as filed with the Securities and Exchange Commission (SEC).

In this Form 10-K/A, we are further restating the financial statements for each of the periods presented to reflect the modified retrospective adoption of Statement of Financial Accounting Standards (SFAS) No. 123 (revised 2004), Share-Based Payment (SFAS No. 123(R)) and to incorporate adjustments to restate revenue associated with an accounting error determined as a result of the Company s review of its revenue recognition policies. Refer to paragraph b of Note 12, Restatements to the Consolidated Financial Statements for additional information. We have also included under Item 6, Selected Financial Data, restated financial information for the fiscal years ended March 31, 2005 through 2001, and, under Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations Selected Quarterly Information, restated quarterly financial information for the fiscal years ended March 31, 2005 and 2004. Overall, this Form 10-K/A has not modified or updated other disclosures presented in the Original 2005 Form 10-K, except as required to reflect the items amended in the Form 10-K/A as described above.

This Form 10-K/A is not superseding or restating financial statements contained in the Company s quarterly report on Form 10-Q for the quarter ended June 30, 2005 or any current report on Form 8-K filed subsequent to March 31, 2005. However, the financial statements for the first quarter of the 2005 fiscal year, which are also contained in the Form 10-Q for the quarter ended June 30, 2005 for comparison purposes, have been restated in the Amended Form 10-K/A (though not in the Form 10-Q for the quarter ended June 30, 2005). Accordingly, the information in the Form 10-Q for the quarter ended June 30, 2005 should be considered in light of the information in the Amended Form 10-K/A.

As previously announced in a Current Report on Form 8-K filed with the SEC on May 26, 2005, we identified certain transactions that we entered into in fiscal years 1998 through 2001 that were accounted for improperly. In a few instances, these transactions involved contemporaneous purchases and sales (or investments and licenses) of software products and services with the same or related third parties. These transactions appear not to have been negotiated on an arm s-length basis and to have no valid commercial purpose. In several other cases, the terms of certain license agreements were altered by side agreements that would have prevented the full recognition of related revenue until some future period. While we entered into all of these transactions in fiscal years 1998 through 2001, the accounting treatment for these transactions required the initial deferral of revenue, and subsequent recognition of revenue in the period the contract became fixed and determinable, and therefore has also affected the financial statements for each of the subsequent fiscal years, including fiscal year 2005. These restatements are being made to eliminate the impact of these prior-period errors on subsequent periods. Additionally, as previously disclosed in our quarterly report on Form 10-Q for the quarter ended June 30, 2004, during the first quarter of fiscal year 2005, the Company recognized $13 million of revenue relating to certain prior business model contracts which had reduced revenue in prior fiscal periods. Since we are restating current and prior fiscal periods to correct prior period errors, we have determined that the $13 million of revenue recognized in the first quarter of fiscal 2005 should be reported in the applicable periods to which it related. Accordingly, an adjustment is also being made to reduce revenue in the first quarter of fiscal 2005 by $13 million and to increase revenue by $6 million in fiscal 2004, $4 million in fiscal 2003, and $3 million in fiscal 2002. The effects of these restatements are reflected in the financial statements and other financial data, including quarterly data, included in this Form 10-K/A. The restatements have no impact on cash flows provided by continuing operating activities. Refer to paragraph a of Note 12, Restatements, to the Consolidated Financial Statements for additional information.

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Additionally, as more fully set forth under Item 6, Selected Financial Data, the Company previously restated financial information for the fiscal years ended March 31, 2001 and March 31, 2000 due to other accounting irregularities relating to revenue recognition. This prior restatement was set forth in a Current Report on Form 8-K filed with the SEC on April 26, 2004 and an amended current report on Form 8-K/A filed with the SEC on September 22, 2004. The effects of prior restatements are reflected in the selected financial data for the fiscal year ended March 31, 2001 set forth under Item 6, Selected Financial Data.

## PART I

### Item 1. Business.

### (a) General Development of Business

*Overview*

Computer Associates is one of the world s largest providers of management software. We design, market, and license computer software products that allow businesses to run, manage, and automate critical aspects of their information technology (IT) environments.

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

We have a broad portfolio of software products that span the areas of infrastructure management, security management, storage management, application life cycle management, data management and application development, and portal and business intelligence. We are considered an Independent Software Vendor (ISV). ISVs develop and license software products that can increase the efficiency of computer hardware platforms or operating systems sold by other vendors. Our products are heterogeneous they manage both the mainframe and distributed environments and are designed to operate with all major business computer hardware platforms, operating systems, and products marketed by other hardware and software companies.

Our software products include those that we have sold for many years and newer products designed to address our customers evolving business needs. Our products are specifically designed to work well with our other software products. Because the time, effort, and cost to make different software products work together is high, customers place greater value on software products that work well with one another.

We have a large and broad base of customers and estimate that 99% of the Fortune 500 companies currently use our products. When customers enter into a software license agreement with us, they often pay for the right to use our software for a specified period of time. Upon the expiration of the term of the agreement, the customer often must either renew the license agreement or pay usage and maintenance fees, if applicable, for the right to continue to use our software and receive support. We experienced contract renewal rates of approximately 90% in fiscal year 2005. We believe that the existing relationships with our customers provide us the opportunity to cross-sell new software products to them.

*Business Developments*

We occasionally acquire new software technology to complement our existing core software products. We also have, and intend to continue to, divest products that no longer fit with our core business strategy.

In August 2005, we acquired the common stock of Niku Corporation (Niku), a leading provider of information technology management and governance solutions, in an all cash transaction valued at approximately $350 million, or approximately $280 million net of cash acquired. Niku s primary software product, Clarity IT-MG, is an integrated suite that spans the full IT life cycle, from investment selection, to execution and delivery of initiatives, to results assessment. In January 2005, we announced we had signed an arrangement to resell, service, and support Niku s Clarity software. We anticipate integrating Clarity IT-MG with our Business Service Optimization (BSO) unit.

In June 2005, we acquired the common stock of Concord Communications, Inc. (Concord), a leading provider of network service management software solutions, in an all cash transaction valued at approximately $337 million. We also assumed approximately $20 million in net debt from Concord for a total purchase price of approximately $357 million, excluding acquisition costs. Concord was a provider of infrastructure software principally in the areas of network health, performance, and fault management. We plan to make Concord s eHealth and Spectrum software available as independent products and as integrated components of our Unicenter product portfolio.

In November 2004, we acquired the common stock of Netegrity, Inc, (Netegrity) in a cash transaction of approximately $439 million, or approximately $340 million net of the cash and marketable securities on Netegrity s balance sheet. In

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addition, we converted employee stock options to acquire the common stock of Netegrity to employee stock options to acquire our shares at a cost of approximately $11 million and incurred acquisition costs of approximately $5 million, for an aggregate purchase price of approximately $455 million. Netegrity was a provider of business security software, principally in the areas of identity and access management, and we have made Netegrity s identity and access management solutions available both as independent products and as integrated components of our *e*Trust Identity and Access Management Suite.

In August 2004, we acquired Pest Patrol, Inc. (Pest Patrol), a privately held provider of anti-spyware and security solutions for approximately $40 million. The products acquired in this transaction were integrated into our *e*Trust Threat Management software product portfolio. This portfolio protects organizations from diverse Internet dangers such as viruses, spam, and inappropriate use of the Web by employees.

In March 2004, we sold our approximate 90% interest in ACCPAC International, Inc. (ACCPAC) to The Sage Group, plc. (Sage). Our net proceeds totaled $104 million for all of our outstanding equity interests of ACCPAC, including options and change of control payments for certain ACCPAC officers and managers. We received approximately $90 million of the net proceeds in fiscal year 2004 and the remainder in fiscal year 2005. ACCPAC specializes in accounting, customer relationship management, human resources, warehouse management, manufacturing, electronic data interchange, and point-of-sale software for small and medium-sized businesses. As a result of the sale, we realized a gain, net of taxes, of approximately $60 million in fiscal year 2004. In the second quarter of fiscal year 2005, we recorded an adjustment to the gain of $2 million, net of tax, that reduced the net gain to $58 million. Approximately 600 of our employees were transferred to Sage. The sale completed our multi-year effort to exit the business applications market. Pursuant to Statement of Financial Accounting Standards (SFAS) No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, the assets, liabilities, results of operations, and cash flow of ACCPAC have been classified as a discontinued operation for all periods presented prior to the sale of ACCPAC in March 2004.

**(b) Financial Information About Segments**

Our global business is principally in a single industry segment the design, development, marketing, licensing, and support of software products that can operate on a wide range of hardware platforms and operating systems.

Refer to Note 4, Segment and Geographic Information of the Consolidated Financial Statements for financial data pertaining to our segment and geographic operations.

**(c) Narrative Description of Business**

*Products*

In many cases, customers work with several vendors that provide different hardware platforms and operating systems. Our software products are designed to work with almost every commercially available computer hardware platform and with almost every common software operating system. Our software products address our customers IT requirements in the following areas: infrastructure management, security management, storage management, application life cycle management, data management and application development, and portal and business intelligence. Our products are supported by a software layer we call CA Common Services so that they can work alone or together with other vendors software products.

CA Common Services is the common infrastructure that allows many of our software products to work together with those from other companies. CA Common Services also help enable integration of user interface, processes, and management information across our product lines, which we believe improves efficiency.

Our Product Areas:

Unicenter for Infrastructure Management Our Unicenter products are designed to improve the efficiency and responsiveness of our customers computing operations. These products identify and help resolve problems within a customer s IT infrastructure. These products also automate time-consuming tasks such as software installation, tracking computing assets, and managing customers databases. We offer Unicenter products across the following three major solution areas:

Operations Management These products focus on the availability, health, and performance of the entire computing system, from mainframe computers to handheld devices. Products include Unicenter Network and Systems Management, Unicenter NetMaster, Unicenter AutoSys Job Management, Unicenter CA-7 Job

Management, and Unicenter Database Management.

<u>Service Management</u> These products manage and measure service levels to help ensure that the IT infrastructure continuously meets business demands. Products include Unicenter ServicePlus Service Desk, and Unicenter Service Level Management.

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Resource Management These products are designed to enable organizations to discover, track, collect, maintain, and manage their IT resources. Products include Unicenter Argis Portfolio Asset Management, Unicenter Asset Management, and Unicenter Software Delivery.

*e*Trust for Security Management Our *e*Trust solutions simplify security management by providing an innovative, comprehensive approach to security. The products protect information assets and resources; provide appropriate system and information access to employees, customers, and partners; and centrally manage security-related administration. We offer *e*Trust products in the following three categories:

Identity and Access Management *e*Trust Identity and Access Management Suite empowers IT organizations to manage growing internal and external user populations; secure an increasingly complex array of resources and services; and comply with critical regulatory mandates. Solutions include *e*Trust Access Control, *e*Trust Admin, *e*Trust CA-ACF2 Security, *e*Trust CA-Top Secret Security, *e*Trust Directory, *e*Trust Identity Minder, *e*Trust Single Sign-On, and *e*Trust Site Minder.

Threat Management These products are designed to help customers identify and eliminate internal and external threats such as harmful computer viruses; unauthorized access into computing systems; and security weaknesses associated with operating systems, databases, networks, and passwords. Solutions include *e*Trust Antivirus, *e*Trust EZ Armor, *e*Trust Intrusion Detection, *e*Trust PestPatrol Anti-Spyware, and *e*Trust Secure Content Manager.

Security Information Management These solutions help to integrate and prioritize security event information created by CA and third-party security products and enable customers to increase operational efficiencies, help ensure business continuity, adhere to regulatory compliance, and mitigate risks. Solutions include *e*Trust Network Forensics, *e*Trust 20/20, *e*Trust Security Command Center, and *e*Trust Vulnerability Manager.

BrightStor for Storage Management These products are designed to enable companies to centrally manage enterprise storage, while helping to ensure continuous availability and integrity of data. This increases storage efficiency and mitigates risk of data loss.

BrightStor solutions help control escalating costs, increase the effectiveness of storage resources, and support business continuity and regulatory compliance. Solutions include BrightStor ARCserve Backup, BrightStor Enterprise Backup, BrightStor ARCserve Backup for Laptops & Desktops, BrightStor SAN Designer, BrightStor SAN Manager, BrightStor Storage Resource Manager, BrightStor CA-Vantage Storage Resource Manager, and BrightStor CA-1 Tape Management.

AllFusion for Application Life Cycle Management These products are designed to automate the life cycles of systems and applications, from design and development to deployment and maintenance. These products integrate with existing environments and infrastructures, and provide management of the software development process for any platform, from the mainframe to the Web. Products include AllFusion ERwin Data Modeler for application and data design, AllFusion Harvest Change Manager for distributed platforms, AllFusion Endevor Change Manager for mainframe platforms, and AllFusion Gen for application generation.

Advantage for Data Management and Application Development These products are designed to help customers store and manage large amounts of data; and automate, standardize, and improve the processes they use to build and maintain vital company information. Products include Advantage EDBC, Advantage CA-Datacom, Advantage Ingres, and Advantage CA-IDMS Database.

CleverPath for Portal and Business Intelligence These solutions enable businesses to centralize information access; refine, analyze, and sort data; create and distribute informative reports; and develop executive dashboards that mirror their business processes. Products include CleverPath Portal, CleverPath Aion Business Rules Expert, and CleverPath Dashboard Option.

*Fiscal Year 2006 Business Unit Alignment*

As announced in April 2005, our product development will be aligned by software business unit. The business unit structure is designed to increase our accountability to business and customer needs and to be more responsive to the changing dynamics of the management software marketplace. Our business units will consist of Enterprise Systems

Management, Security Management, Storage Management, Business Service Optimization (BSO), and the CA Products Group which will encompass solutions from a number of CA brands that fall outside of our core areas of systems and security management.

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*Business Model*

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

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

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

Some customers prefer to choose cost certainty and sign longer-term agreements. Under our flexible licensing terms, customers can license our software products under multi-year licenses, and most customers choose terms of one to three years, although longer terms are sometimes selected. We provide our customers with the option to change their product mix after an initial period of time to mitigate their risks. We also help customers reduce uncertainty by providing a standard pricing schedule based on simple usage tiers.

We also offer software licenses to customers based on the value created from our customers business processes by linking our pricing structure to the growth of our customers businesses. For example, an airline company may choose to license our software based on the number of passenger miles flown during a defined period. Although this practice is not widely utilized by our customers, we believe this metric-based approach is unique in the software industry and can provide us with a competitive advantage.

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

*Sales and Marketing*

We distribute, market, and support our software products through our own sales force and through a network of independent, value-added resellers (VARs), original equipment manufacturers (OEMs), distributors, and dealers. Facilities managers, including CSC, EDS, and IBM, often deliver IT services using our software products to companies that prefer to outsource their IT operations.

In addition, our professional services organization offers our customers a single point of contact for all of their installation, integration, and ongoing maintenance needs. Our Customer Advocates maintain customer relationships, identify possible areas for additional education or services, and help ensure that our customers maximize the benefits of their licensed software. We have Sales Specialists (sales persons who focus on a single product area, such as storage management or security management) and Account Directors (individuals responsible for overall account management of specific customers) to enhance the sales and customer satisfaction process.

Our sales organization operates on a worldwide basis. Each geographic territory offers all or most of our software products. As of March 31, 2005, we had approximately 5,100 sales and sales support personnel, including our solution-focused Sales Specialists, Account Directors, and Customer Advocates.

We operate through branches and subsidiaries located in 47 countries outside the United States. Each of these organizations has a sales team that offers all or most of our software products in its territory. Approximately 49% of our revenue in fiscal year 2005 was derived from operations outside the United States.

We actively encourage VARs to market our software products. VARs often combine our software products with specialized consulting services. A VAR services a particular market or sector and provides enhanced user-specific solutions.

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*Quality*

We strive for consistently high product quality. Our goal is to continue to improve our processes to increase efficiency, speed time-to-market, and enhance customer satisfaction. Our overall commitment to quality helps us deliver software solutions and provide professional services to meet customers needs.

We achieved global ISO 9001:2000 certification in March 2003. This certification is recognized globally as the highest standard of quality a company can achieve within the ISO 9000 series of standards.

We also compensate many of our senior and management-level employees based upon improvements in customer satisfaction, as measured by independent customer satisfaction surveys.

And, we support our customers through the following means:

CA Technical Support We have highly skilled customer response specialists who provide quality assistance online or over the phone, 24 hours a day, 365 days a year.

CA CustomerConnect Customers can order and download software products, update their account information, and obtain support or assistance at any time through our website, **ca.com/customerconnect.** We have approximately 68,000 registered users on CustomerConnect. As part of CustomerConnect, we offer SupportConnect, which provides web-based problem diagnosis, program fixes, access to our customer support databases, and other sources of information.

CA Technology Services The CA Technology Services organization offers customers a single point of contact for a broad range of post-sales services, from education and training to consulting and implementation. Our post-sales service engagements focus on our software products, helping us to ensure that our customers receive the highest level of satisfaction.

CA Education Our education programs are designed to help our customers gain better value from our software. These programs are available at customer sites, CA Learning Centers, and through computer or web-based programs.

*Product Development*

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

We have several programs designed to involve customers throughout our software product development process. The Development Buddy Program gives customers direct access to our development resources and provides us with feedback to help produce new software products. Our beta software program involves delivery of new software products to selected customers for testing before we make the products generally available. Our Product Advisory Council of experienced IT professionals acts as an independent adviser for software design and development. We also work with approximately 250 recognized worldwide user groups, comprised of licensed customers, who actively communicate with each other and with us about our software products. Each of these programs provides us with valuable information that we use to develop and enhance our software products.

We also pursue next-generation technologies that we believe our customers need to enhance their businesses. Our research and development efforts, across all of our product areas, include emerging technologies such as:

Linux We continue to support all widespread enterprise software product technology platforms available to our customers, including the Linux operating system. Linux is an operating system developed by volunteers on the Internet and distributed freely in electronic form. We offer Linux-based software across all of our solution areas for distributed (desktop or server environment) and mainframe computing systems.

Wireless We have extended as well as developed new software solutions to help customers manage, secure, and provide information access throughout a wireless environment. Our products are designed to help customers integrate enterprise management capabilities, secure wireless networks, increase performance and productivity, and improve service levels.

Web services Web services allow communication over the Internet regardless of the operating system or programming language. Our software products are designed to help customers manage, secure, and integrate Web services into their computing systems.

In the United States, product development is primarily performed at our facilities in San Diego, California; Lisle, Illinois; Leawood, Kansas; Framingham, Massachusetts; Waltham, Massachusetts; Mount Laurel, New Jersey; Princeton, New Jersey; Islandia, New York; Pittsburgh, Pennsylvania; Plano, Texas; and Herndon, Virginia. Internationally, we also perform product development in Australia, China, France, Germany, India, Israel, Japan, and the United Kingdom. For fiscal years ended March 31, 2005, 2004 and 2003, the costs of product development and enhancements charged to operations were $704 million, $693 million, and $688 million, respectively. In fiscal years 2005, 2004 and 2003, we capitalized costs of $70 million, $44 million, and $40 million, respectively, for internally developed software. The increase in capitalized costs for fiscal year 2005 as compared with fiscal year 2004 was principally related to an increase in the quality assurance portion of the development cycle for certain of our products that had reached technological feasibility.

Some of our software products have been acquired from other companies and individuals. We continually seek to complement and improve our software portfolio through acquisitions and strategic partnerships. The purchase price of acquired software products (purchased software) is capitalized and amortized over the estimated useful life of such products over a period not exceeding seven years.

*Proprietary Rights*

Certain aspects of our products and technology are proprietary. We rely on U.S. and foreign intellectual property laws, including patent, copyright, trademark, and trade secret laws to protect our proprietary rights. As of March 31, 2005, we have received approximately 300 patents worldwide and approximately 1,700 patent applications are pending worldwide for our software technology. However, the extent and duration of protection given to different types of intellectual property rights vary under different countries legal systems. Generally, our U.S. and foreign patents expire at various times over the next twenty years. While the duration of our patents varies, we believe that the duration of our patents is adequate. The expiration of any of our patents will not have a material adverse effect on our business. In some countries, full-scale intellectual property protection for our products and technology may be unavailable, and/or the laws of other jurisdictions may not protect our proprietary technology rights to the same extent as the laws of the United States. We also maintain contractual restrictions in our agreements with customers, employees, and others to protect our intellectual property rights. In addition, we occasionally license software and technology from third parties, including some competitors, and incorporate them into our own software products.

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

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

*Competition*

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

We compete with many established companies in the markets we serve. Some of these companies have substantially greater financial, marketing, and technological resources, larger distribution capabilities, earlier access to customers, and greater opportunity to address customers various information technology requirements than us. These factors may provide our competitors with an advantage in penetrating markets with their products. We also compete with many smaller, less established companies that may be able to focus more effectively on specific product areas or markets. We believe, however, that the breadth and quality of our product offerings as well as our products hardware independence provide us with a competitive advantage in the marketplace. We compete with many software providers across our product areas. However, because of the breadth of our product offerings, an individual competitor does not generally compete with us across all of our product areas. Some of our key competitors include BMC, EMC, HP, IBM, McAfee, and Symantec.

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*Risks*

Current and potential stockholders should consider carefully the risk factors described in Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations. Any of these factors, or others, many of which are beyond our control, could negatively affect our future business, financial condition, operating results, and cash flow.

*Customers*

No individual customer accounted for a material portion of our revenue during any of the past three fiscal years, or a material portion of deferred subscription revenue reported in the balance sheet at the end of any period in the past three fiscal years. At March 31, 2005, six customers accounted for approximately 60% of our outstanding prior business model net receivables, including one customer with a license arrangement that extends through fiscal year 2012 and a net unbilled receivable of approximately $390 million. The majority of our software products are used with relatively expensive computer hardware. As a result, most of our revenue is generated from customers who have the ability to make substantial commitments to software and hardware implementations. Our software products are used in a broad range of industries, businesses, and applications. Our customers include manufacturers, technology companies, retailers, banks, insurance companies, other financial services providers, educational institutions, health care institutions, and governmental agencies.

*Employees*

The table below sets forth the approximate number of employees by location and department as of March 31, 2005:

| **Location** | **Employees as of March 31, 2005** |
|---|---|
| Corporate headquarters | 2,200 |
| Other U.S. offices | 5,600 |
| International offices | 7,500 |
| Total | 15,300 |

| **Department** | **Employees as of March 31, 2005** |
|---|---|
| Product development | 5,300 |
| Sales and support | 5,100 |
| Professional services | 1,300 |
| Information technology support, finance, and administration | 3,600 |
| Total | 15,300 |

As of March 31, 2005 and 2004, we had approximately 15,300 employees. In connection with the September 2004 restructuring, we reduced our workforce by approximately 750 positions worldwide. The decrease in the number of employees due to the restructuring was offset by an increase of approximately 400 employees as a result of our acquisition of Netegrity and an increase of approximately 350 employees primarily as a result of our product development efforts in India. We believe our employee relations are satisfactory.

**(d) Financial Information About Geographic Areas**

Refer to Note 4, Segment and Geographic Information of the Consolidated Financial Statements for financial data pertaining to our segment and geographic operations.

**(e) Available Information**

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

Our website also contains information about our initiatives in corporate governance, including: our corporate governance principles; information concerning our Board of Directors including e-mail communication with them; the CA Code of Ethics (applicable to all of our employees, including our Chief Executive Officer, Chief Financial Officer, Principal Accounting Officer, and our directors); our Instructions for Calling the CA Compliance and Ethics Helpline; information concerning our Board Committees including the charters of the Audit and Compliance Committee, the Compensation and Human Resources Committee, the Corporate Governance Committee, and the Corporate Operations Committee; information on the Deferred Prosecution Agreement (DPA) we entered into in September 2004 as part of our settlement to resolve government investigations into past accounting practices including our progress under governance initiatives required under the DPA; and transactions in CA securities by

Directors and Executive Officers. These documents can also be obtained in print by writing to our Executive Vice President, General Counsel, and Corporate Secretary, Kenneth V. Handal, at the Company s world headquarters in Islandia at the address listed on the cover of this Form 10-K/A. Refer to the Corporate Governance section in the Investors section of our website for details.

**Item 2. Properties.**

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

As of March 31, 2005, we leased 82 facilities throughout the United States and 147 facilities outside the United States. Expiration dates on significant lease obligations extend to 2023.

We own an approximately 850,000-square-foot corporate headquarters in Islandia, New York, as well as various facilities throughout the United States ranging from 15,000 to 235,000 square feet. We own one facility in Germany totaling approximately 100,000 square feet, one facility in Italy with approximately 140,000 square feet, and an approximately 215,000-square-foot European headquarters in the United Kingdom.

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

**Item 3. Legal Proceedings.**

Refer to Note 7, Commitments and Contingencies of the Consolidated Financial Statements for information regarding legal proceedings.

**Item 4. Submission of Matters to a Vote of Security Holders.**

None.

**Executive Officers of the Registrant.**

The name, age, present position, and business experience of our executive officers as of June 24, 2005, are listed below:

| Name | Age | Position |
|---|---|---|
| John A. Swainson | 51 | President, Chief Executive Officer, and Director |
| Jeff Clarke | 43 | Chief Operating Officer |
| Russell M. Artzt | 58 | Executive Vice President and Director |
| Mark J. Barrenechea | 40 | Executive Vice President Technology Strategy |
| Michael J. Christenson | 46 | Executive Vice President Strategy and Business Development |
| Gregory W. Corgan | 51 | Executive Vice President Worldwide Sales |
| Robert W. Davis | 46 | Executive Vice President and Chief Financial Officer |
| Donald Friedman | 59 | Executive Vice President and Chief Marketing Officer |
| Kenneth V. Handal | 56 | Executive Vice President, General Counsel and Corporate Secretary |
| Gary Quinn | 44 | Executive Vice President Partner Advocacy |
| Robert G. Cirabisi | 41 | Senior Vice President and Chief Accounting Officer |
| Patrick J. Gnazzo | 58 | Senior Vice President, Business Practices, and Chief Compliance Officer |
| Yogesh Gupta | 44 | Senior Vice President and Chief Technology Officer |
| Una O Neill | 35 | Senior Vice President Technology Services |
| Douglas E. Robinson | 49 | Senior Vice President and Corporate Controller |
| Mary Stravinskas | 44 | Senior Vice President and Treasurer |

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

Mr. Clarke was named Chief Operating Officer of the Company in April 2004. Earlier in April 2004, he was named Executive Vice President and Chief Financial Officer and he continued to serve as Chief Financial Officer until February 2005. From 2002 through November 2003, he was Executive Vice President, Global Operations at HP, where he was responsible for the supply chain and procurement operations. He joined Compaq Computer Corporation in 1998 and held several positions, including Chief Financial Officer of Compaq from 2001 until the time of Compaq s merger with HP in 2002.

Mr. Artzt has been with the Company since June 1976 and an Executive Vice President since April 1987. He was named Executive Vice President of Products in 2004. From April 2002 to 2004, Mr. Artzt was Executive Vice President *e*Trust Solutions and from 1987 to March 2002, he was Executive Vice President Research and Development. Previously Mr. Artzt served as Senior Development Officer. Mr. Artzt was a Director of the Company from November 1980 until the annual meeting of stockholders in August 2005, when he did not stand for re-election.

Mr. Barrenechea joined the Company in June 2003 as Senior Vice President of Product Development and was named Executive Vice President Product Development in June 2004. Prior to joining the Company, Mr. Barrenechea served in a variety of positions at Oracle Corporation, including Senior Vice President, Applications Development, and as a member of the Executive Management Committee.

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

Mr. Corgan was appointed Executive Vice President of Worldwide Sales of the Company in April 2004. Mr. Corgan joined the Company in 2003 as Senior Vice President of North American Sales. Prior to joining the Company, from June 2001 to November 2002, Mr. Corgan was Senior Vice President for Worldwide Operations at Terraspring, Inc., an infrastructure software company, and from February 2000 to February 2001, he was Chief Executive Officer of OneChem Ltd., a provider of Web-based application software and connectivity services for the chemical industry. Previously, Mr. Corgan was with IBM for 24 years, where he held numerous management positions in software sales, marketing, and technical support.

Mr. Davis joined the Company in February 2005 as Executive Vice President and Chief Financial Officer. In this role, he is responsible for all of the Company s financial functions for its business units worldwide. This includes the controller role, planning, treasury, tax, risk management, procurement, and facilities. Prior to joining the Company, Mr. Davis was with Dell Inc. since 1996. From 2001 to February 2005, Mr. Davis was Vice President for Corporate Finance and from November 2002 to February 2005, he was Chief Accounting Officer. In this position, Mr. Davis helped develop and implement Dell s growth plan and enhanced its forecasting and reporting systems. From 1999 to 2001, he served as Vice President of Worldwide Corporate Planning at Dell. Prior to joining Dell, Mr. Davis was Assistant Corporate Controller at MCI Communications Corporation. Mr. Davis began his career at Price Waterhouse.

Mr. Friedman joined the Company in April 2005 as Executive Vice President and Chief Marketing Officer. From 2002 to April 2005, he provided management and marketing consulting services to technology companies on re-branding, marketing, business development and channel development. From 2000 to 2001, he was Chief Executive Officer and President of Sheldahl. In addition, he spent three decades at IBM and served in a variety of management and marketing roles, including Vice President of Marketing and Strategy for IBM s Server Group.

Mr. Handal was named Executive Vice President and General Counsel in July 2004. He was named Corporate Secretary in April 2005. From 1996 to July 2004, Mr. Handal served as Associate General Counsel for the Altria family of companies, which includes Kraft Foods and Philip Morris. His responsibilities included serving as in-house compliance and ethics counsel, as well as overseeing critical aspects of Altria litigation. Prior to joining Altria, Mr. Handal was a partner in the law firm of Arnold & Porter LLP. He was also an Assistant United States Attorney for the Southern District of New York.

Mr. Quinn has been an Executive Vice President of Partner Advocacy since April 2004. He was an Executive Vice President of Sales for EMEA, Latin America, and the North American Channel business from April 2001 to April 2004. He was an Executive Vice President Global Information and Administrative Services from April 1998 to April 2001 and was Senior Vice President Global Information Services from April 1996 to April 1998. Prior to

April 1996, he served in various management positions within the marketing and technical organizations. He joined the Company in December 1985.

Mr. Cirabisi was named Senior Vice President and Chief Accounting Officer of the Company in July 2004. From April 2002 to July 2004, he served as Vice President of Investor Relations. Mr. Cirabisi joined the Company in 2000 as U.S.

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Controller. Prior to joining CA, he had over 13 years of public accounting experience, where he performed audit and business advisory services.

Mr. Gnazzo joined the Company as Senior Vice President, Business Practices and Chief Compliance Officer effective in January 2005. From February 1993 through January 2005, he was Vice President, Business Practices and Chief Compliance Officer at United Technologies Corporation where he built and led their ethics program. His responsibilities included managing more than 160 business practices officers worldwide who were responsible for the implementation of that company s ethics and compliance programs for its over 190,000 employees in over 180 countries.

Mr. Gupta has served as Senior Vice President and Chief Technology Officer of the Company since August 2000. From 1998 to August 2000, he served as Senior Vice President of the Company s eBusiness strategy. Prior to that time, he held a variety of senior management positions in development, marketing, and planning at the Company. Mr. Gupta joined the Company in 1989.

Ms. O Neill was named Senior Vice President and General Manager of CA Technology Services in April 2003. From April 2002 to April 2003, she was Senior Vice President of Worldwide Pre-Sales, where she managed the Company s worldwide pre-sales consulting organization. Prior to her global responsibilities, she was a Vice President of pre-sales consulting within Europe, the Middle East and Africa. Ms. O Neill joined the Company in 1994.

Mr. Robinson has been Senior Vice President and Corporate Controller since March 2004. Previously, Mr. Robinson served as Interim Chief Financial Officer from October 2003 through March 2004. He has also led the worldwide financial reporting function from April 2003 until October 2003. In August 2000, Mr. Robinson co-founded and was named Executive Vice President and CFO for iCan SP, a Company subsidiary specializing in service management software. He was Senior Vice President Investor Relations from 1995 to 2000 and established the Company s internal audit department in 1991. He joined the Company with the acquisition of Cullinet Software in September 1989, where he was Chief Financial Officer.

Ms. Stravinskas was elected Treasurer effective May 2001. She was named Senior Vice President in October 2003, having previously been a Vice President since 1999, and an Assistant Vice President and a manager of various functions within the finance organization. She joined the Company in February 1986.

## PART II

### Item 5. Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock is listed on the New York Stock Exchange. The following table sets forth, for the fiscal quarters indicated, the quarterly high and low closing sales prices on the New York Stock Exchange:

| | Fiscal Year 2005 | | Fiscal Year 2004 | |
|---|---|---|---|---|
| | High | Low | High | Low |
| Fourth Quarter | $ 30.82 | $ 26.42 | $ 28.83 | $ 25.27 |
| Third Quarter | $ 31.52 | $ 26.03 | $ 28.96 | $ 22.15 |
| Second Quarter | $ 27.67 | $ 22.61 | $ 27.47 | $ 22.07 |
| First Quarter | $ 29.17 | $ 25.30 | $ 24.04 | $ 13.47 |

On March 31, 2005, the closing price for our common stock on the New York Stock Exchange was $27.10. At March 31, 2005 we had approximately 16,000 stockholders of record.

We have paid semiannual cash dividends each year since July 1990, and we paid a dividend of $0.08 per share in fiscal years 2005 and 2004. As announced in April 2005, beginning in fiscal year 2006 we intend to increase our annual cash dividend to $0.16 per share, which is expected to be paid out in quarterly installments of $0.04 per share as and when declared by the Board of Directors.

*Sales of Unregistered Securities*

In March 2005, we redeemed our outstanding $660 million aggregate principal amount 5% Convertible Senior Notes (5% Notes) that were due March 15, 2007. The 5% Notes were issued in fiscal year 2002 and were eligible for redemption as of March 2005. The redemption price was equal to $1,020 per $1,000 principal amount of the 5% Notes, or 102% of the par value of the 5% Notes, plus accrued and unpaid interest to, but excluding, the redemption date. In March 2005, substantially all of the 5% Note holders converted their holdings into common stock at a conversion price of $24.34 per share and, as a result, we issued approximately 27 million shares from treasury. See Purchases of Equity Securities by the Issuer below for information concerning the issuance and exercise of a related call spread repurchase option.

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In connection with our settlement of certain civil litigation, we issued from treasury approximately 3.8 million shares of common stock in December 2004. Refer to Note 7, Commitments and Contingencies of the Consolidated Financial Statements for additional information. We did not receive any additional consideration for these shares, which were issued pursuant to the registration exemption contained in Section 3(a)(10) of the Securities Act of 1933.

*Purchases of Equity Securities by the Issuer*

The following table sets forth, for the months indicated, our purchases of common stock in the fourth quarter of fiscal year 2005.

| Period | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs |
|---|---|---|---|---|
| | (in thousands, except average price paid per share) | | | |
| January 2005 | | $ | | 19,210 |
| February 2005 | 3,513 | 26.89 | 3,513 | 15,697 |
| March 2005 | 29,106 | 25.02 | 1,991 | 13,706 |
| Total | 32,619 | | 5,504 | |

Concurrent with the issuance of our 5% Notes in 2002, we had entered into a call spread repurchase option transaction (5% Notes Call Spread). The option purchase price of the 5% Notes Call Spread was $95 million and was charged to Stockholders Equity in March 2002. Under the terms of the 5% Notes Call Spread, we could elect to receive (i) outstanding shares equivalent to the number of shares that would be issued if all of the 5% Notes were converted into shares (27 million shares) upon payment of an exercise price of $24.83 per share; or (ii) a net cash settlement, net share settlement or a combination, whereby we would receive cash or shares equal to the increase in the market value of the 27 million shares from the aggregate value at the $24.83 exercise price, subject to an upper limit of $36.60. In March 2005, we exercised the 5% Notes Call Spread to buy 27 million shares of common stock at the exercise price of $24.83 (an aggregate of $673 million).

Our corporate buyback program was originally announced in August 1990 and was subsequently amended by the Board of Directors to increase the number of shares we are authorized to purchase. As of March 31, 2005, approximately 14 million shares were available to be repurchased under our buyback program. The program has no expiration date. Since the inception of our corporate buyback program, we have purchased approximately 186 million shares. In April 2005, we announced our intention to repurchase shares valued at up to $100 million in each quarter of fiscal year 2006, for an annual share repurchase value of up to $400 million.

**Item 6. Selected Financial Data.**

The information set forth below should be read in conjunction with Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations included in this 2005 Form 10-K/A. The information provided in the following table has been adjusted to reflect the Company s adoption of SFAS No. 123(R) (refer to Note 9, Stock Plans of the Consolidated Financial Statements for additional information) and the restatements indicated below.

As previously disclosed in the Original 2005 Form 10-K, the information with respect to fiscal years 2004, 2003, 2002 and 2001 has been restated to reflect the effects of certain prior period transactions that were previously improperly reported and other items (refer to the information under the Explanatory Note immediately preceding Part I, Item 1 of the Original 2005 Form 10-K). The restated fiscal year 2001 information set forth below also reflects an earlier restatement as described below under the heading Prior Restatement of Previously Reported Selected Financial Data. Additionally, the financial statements for fiscal years 2005 through 2002 have been restated to incorporate adjustments to revenue associated with the Company s review of its revenue recognition policies. The restated financial statements from which this information is derived have been audited for fiscal years 2005, 2004, 2003 and 2001. The related financial statements for fiscal year 2002 are unaudited. See Note 12, Restatements, to the Consolidated Financial Statements for additional information.

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The information in the following table has also been adjusted to remove the historical results of ACCPAC, which has been classified as a discontinued operation for all periods presented (refer to Note 2, Acquisitions, Divestitures, and Restructuring of the Consolidated Financial Statements for information concerning the ACCPAC divestiture).

**STATEMENT OF OPERATIONS DATA**

| | Year Ended March 31, | | | | |
|---|---|---|---|---|---|
| | **2005**(1)(6) (restated) | **2004**(1)(6) (restated) | **2003**(1)(6) (restated) | **2002**(1)(6) (restated) | **2001**(1)(2)(6) (restated) |
| | (in millions, except per share amounts) | | | | |
| Revenue | $ 3,560 | $ 3,320 | $ 3,057 | $ 2,910 | $ 4,609 |
| Loss from continuing operations(3) | (2) | (81) | (340) | (1,158) | (375) |
| Basic loss from continuing operations per share(3) | $ (0.01) | $ (0.14) | $ (0.60) | $ (2.01) | $ (0.65) |
| Diluted loss from continuing operations per share(3) | $ (0.01) | $ (0.14) | $ (0.60) | $ (2.01) | $ (0.65) |
| Dividends declared per common share | 0.08 | 0.08 | 0.08 | 0.08 | 0.08 |

**BALANCE SHEET AND OTHER DATA**

| | March 31, | | | | |
|---|---|---|---|---|---|
| | **2005** (restated) | **2004**(1) (restated) | **2003**(1) (restated) | **2002**(1) (restated) | **2001**(1)(2) (restated) |
| | (in millions) | | | | |
| Cash provided by continuing operating activities | $ 1,527 | $ 1,279 | $ 1,310 | $ 1,241 | $ 1,335 |
| Working capital | 341 | 935 | 13 | 506 | 342 |
| Total assets(4) | 11,163 | 10,760 | 11,312 | 12,399 | 14,458 |
| Deferred subscription revenue(5) | 5,541 | 4,366 | 3,959 | 3,548 | 1,875 |
| Long-term debt (less current maturities) | 1,810 | 2,298 | 2,298 | 3,334 | 3,629 |
| Stockholders equity | $ 4,942 | $ 4,832 | $ 4,477 | $ 4,682 | $ 5,799 |

(1) As disclosed under the Explanatory Note immediately preceding Part I, Item I of this Form 10-K/A, the Company has restated certain financial data for the fiscal years ended March 31, 2005, 2004, 2003, 2002 and 2001.

The effects on revenue related to these restatements were: for 2005, an increase of $30 million; for 2004, an increase of $44 million; for 2003, an increase of $30 million; for 2002, an increase of $24 million; and for 2001, a decrease of $53 million. The net effects on loss from continuing operations related to these restatements were: for 2005, a decrease of $19 million; for 2004, a decrease of $27 million; for 2003, a decrease of $29 million; for 2002, a decrease of $27 million; and for 2001, an increase of $18 million. Refer to Note 12, Restatements to the Consolidated Financial Statements for additional information.

(2) As previously reported on Form 8-K filed

with the SEC on April 26, 2004, the Company restated certain financial data for the fiscal year ended March 31, 2001. The net effect on revenue related to this restatement was an increase of $558 million and the net