

CA, INC.
Form 8-K
April 06, 2010

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

**FORM 8-K
CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report: April 6, 2010

(Date of earliest event reported)

CA, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

1-9247

(Commission File Number)

13-2857434

(IRS Employer Identification No.)

**One CA Plaza
Islandia, New York**

(Address of principal executive offices)

11749

(Zip Code)

(800) 225-5224

(Registrant's telephone number, including area code)

Not applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.05 Costs Associated with Exit or Disposal Activities

On April 6, 2010 CA, Inc. (the Company) announced its Fiscal 2010 Restructuring Plan (the Fiscal 2010 Restructuring Plan), which was approved on March 31, 2010. The Fiscal 2010 Restructuring Plan comprises a workforce reduction of approximately 1,000 positions and additional global facilities consolidations. These actions are intended to better align the Company's cost structure with the skills and resources required to more effectively pursue opportunities in the marketplace and execute the Company's long-term growth strategy. Actions under the Fiscal 2010 Restructuring Plan are expected to be substantially completed by the end of the second quarter of fiscal 2011. Under the Fiscal 2010 Restructuring Plan, the Company expects to incur a pre-tax restructuring charge of approximately \$50 million (including severance costs of approximately \$47 million and global facilities consolidation costs of approximately \$3 million).

The expenses of the Fiscal 2010 Restructuring Plan will be included in both GAAP and non-GAAP fourth quarter and full fiscal year 2010 results. The cash expenditures resulting from the charge are expected to be approximately \$50 million, the majority of which are expected to be incurred by the Company during fiscal 2011.

The charge includes previously disclosed expected fourth quarter fiscal 2010 expenses of \$20 - \$25 million related to real estate and other costs. Including the impact of the full charge, the Company expects that its full year GAAP and non-GAAP diluted earnings per share will be at the low end of its previously issued guidance, which was as follows:

GAAP diluted earnings per share growth in constant currency in a range of 18 percent to 26 percent. At exchange rates at December 31, 2009, this translates to reported diluted earnings per share of \$1.46 to \$1.57; and

Non-GAAP diluted earnings per share growth in constant currency in a range of 7 percent to 15 percent. At exchange rates at December 31, 2009, this translates to reported non-GAAP diluted earnings per share of \$1.60 to \$1.71.

A reconciliation of projected GAAP and non-GAAP diluted earnings per share is included as Exhibit 99.1 to this Form 8-K and is incorporated herein by reference.

Non-GAAP Financial Measures

This report and the accompanying table includes certain financial measures that exclude the impact of certain items and therefore have not been calculated in accordance with U.S. generally accepted accounting principles (GAAP). Non-GAAP metrics exclude the following items: non-cash amortization of purchased software and other intangibles, charges for in-process research and development costs, restructuring and other charges (other than the Fiscal 2010 Restructuring Plan) and include the gains and losses since inception of hedges that mature within the quarter, but exclude gains and losses of hedges that do not mature within the quarter. Non-GAAP income also excludes the interest on convertible bonds. The effective tax rate on GAAP and non-GAAP income from operations is the Company's provision for income taxes expressed as a percentage of pre-tax GAAP and non-GAAP income from operations, respectively. Such tax rates are determined based on an estimated effective full year tax rate, with the effective tax rate for GAAP generally including the impact of discrete items in the period such items arise and the effective tax rate for non-GAAP income generally allocating the impact of discrete items pro rata to the fiscal year's remaining reporting periods. We present constant currency information to provide a framework for assessing how our underlying businesses performed excluding the effect of foreign currency rate fluctuations. To present this information, current and comparative prior period results for entities reporting in currencies other than US dollars are converted into US dollars at the exchange rate in effect on March 31, 2009, which was the last day of our prior fiscal year. Constant currency excludes the impacts from the Company's hedging program. These non-GAAP financial measures may be different from non-GAAP financial measures used by other

companies. Non-GAAP financial measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. By excluding these items, non-GAAP financial measures facilitate management's internal comparisons to the Company's historical operating results to competitors' operating results and to estimates made by securities analysts. Management uses these non-GAAP financial measures internally to evaluate its performance. The Company believes these non-GAAP financial measures are useful to investors in allowing for greater transparency of supplemental information used by management in its financial and operational decision-making. In addition, the Company has historically reported similar non-GAAP financial measures to its investors and believes that the inclusion of comparative numbers provides consistency in its financial reporting. Investors are encouraged to review the reconciliation of the non-GAAP financial measures used in this report to their most directly comparable GAAP financial measures, which are attached to this report.

Cautionary Statement Regarding Forward-Looking Statements

We have assessed and will continue to assess the impact on our business of the general economic downturn and the related impact on the financial services sector in particular. Approximately one third of our revenue comes from arrangements with financial institutions (i.e., banking, brokerage and insurance companies). The majority of these arrangements are for the renewal of mainframe capacity and maintenance associated with transactions processed by such financial institutions. While we cannot predict what impact there may be on our business from further consolidation of the financial industry sector, or the impact from the economy in general on our business, to date the impact has not been material to our balance sheet, results of operations or cash flows. The vast majority of our subscription and maintenance revenue in any particular reporting period comes from contracts signed in prior periods, generally pursuant to contracts ranging in duration from three to five years.

Certain statements in this communication (such as statements containing the words believes, plans, anticipates, expects, estimates and similar expressions) constitute forward-looking statements that are based upon the beliefs of, and assumptions made by, the Company's management, as well as information currently available to management. These forward-looking statements reflect the Company's current views with respect to future events and are subject to certain risks, uncertainties, and assumptions. A number of important factors could cause actual results or events to differ materially from those indicated by such forward-looking statements, including: global economic factors or political events beyond the Company's control; general economic conditions, including concerns regarding a global recession and credit constraints, or unfavorable economic conditions in a particular region, industry or business sector; impact of revenue recognition accounting policies on operating results; failure to expand channel partner programs; ability to adequately manage and evolve financial reporting and managerial systems and processes; ability to successfully integrate acquired companies and products into existing businesses; competition in product and service offerings and pricing; ability to retain and attract qualified key personnel; rapid technological and market changes; dependence on third party operating systems and software; use of software from open source code sources; discovery of errors in the Company's software and potential product liability claims; significant amounts of debt and possible future credit rating changes; the failure to protect the Company's intellectual property rights and source code; the timing of orders from customers and channel partners; reliance upon large transactions with customers; sales to government customers; breaches of the Company's software products and the Company's and customers' data centers and IT environments; lack of market growth in key product areas; use of third party microcode; third party claims of intellectual property infringement or royalty payments; fluctuations in foreign currencies; failure to successfully execute restructuring plans and related sales model changes; successful outsourcing of various functions to third parties; potential tax liabilities; and these factors and the other factors described more fully in the Company's filings with the Securities and Exchange Commission. The Company assumes no obligation to update the information in this

communication, except as otherwise required by law. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit	Description
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99.1	Reconciliation of CA, Inc.'s projected GAAP and non-GAAP diluted earnings per share for fiscal 2010.
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CA, INC.

Date: April 6, 2010

By: /s/ Nancy E. Cooper
Nancy E. Cooper
Executive Vice President and Chief
Financial Officer

Exhibit Index

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