

Q. How much of your business is generated from the US public sector?

A. See Part I, Item 1. Business, (c) Narrative Description of the Business, Customers, within our fiscal year 2012 10K.

“Approximately 9% of our total revenue backlog at March 31, 2012, is associated with multi-year contracts signed with the U.S. federal government and other U.S. state and local government agencies which are generally subject to any or all of the following: annual fiscal funding approval, renegotiation or termination at the discretion of the government.”

Q. Does any customer account for more than 10% of revenue?

A. See Part I, Item 1. Business, (c) Narrative Description of the Business, Customers, within our fiscal year 2012 10K.

“No single customer accounted for 10% or more of our total revenue for fiscal 2012, 2011 or 2010.”

Q. How much of your revenue is generated from Europe?

A. See Note 18 – Segment and Geographic Information within our fiscal year 2012 10K.

Europe revenues were \$1,182 million in fiscal year 2012 or roughly 25% of total revenue.

<i>(in millions)</i>	<u>United States</u>	<u>Europe</u>	<u>Other</u>	<u>Eliminations</u>	<u>Total</u>
<u>Year Ended March 31, 2012</u>					
Revenue					
To unaffiliated customers	\$ 2,812	\$ 1,182	\$ 820	\$ -	\$ 4,814
Between geographic areas ⁽¹⁾	472	-	-	(472)	-
Total revenue	\$ <u>3,284</u>	\$ <u>1,182</u>	\$ <u>820</u>	\$ <u>(472)</u>	\$ <u>4,814</u>

(1) Represents royalties from foreign subsidiaries determined as a percentage of certain amounts invoiced to customer.

Q. How much of your business is generated from financial services?

A. See disclosure within Part I, Item 1A. Risk Factors, entitled “General economic conditions and credit constraints, or unfavorable economic conditions in a particular region, business or industry sector, may lead our customers to delay or forgo technology investments and could have other impacts, any of which could materially adversely affect our business, financial condition, operating results and cash flow.”, within our fiscal year 2012 10K.

Disclosure states “Approximately one third of our revenue is derived from arrangements with financial institutions (i.e., banking, brokerage and insurance companies). The majority of these arrangements are for the renewal of mainframe capacity and maintenance associated with transactions processed by our financial institution customers.”

Q. Why does your EPS not equal net income dividend by diluted shares outstanding?

A. See Note 1 – Significant Accounting Policies, (i) Net Income Per Common Share, and Note 14 – Income from Continuing Operations Per Common Share within our fiscal 2012 10K, which outlines the impact from participating securities.

“Unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and are included in the computation of net income per share under the two-class method. Under the two-class method, net income is reduced by the amount of dividends declared in the period for each class of common stock and participating securities. The remaining undistributed income is then allocated to common stock and participating securities as if all of the net income for the period had been distributed. Basic net income per common share excludes dilution and is calculated by dividing net income allocable to common shares by the weighted average number of common shares outstanding for the period. Diluted net income per common share is calculated by dividing net income allocable to common shares by the weighted average number of common shares outstanding at the balance sheet date, as adjusted for the potential dilutive effect of non-participating share-based awards and convertible notes. See Note 14, “Income from Continuing Operations Per Common Share,” for additional information.”

	Year Ended March 31, 2012 <i>(in millions, except per share amounts)</i>
Basic income from continuing operations per common share:	
Income from continuing operations	\$ 938
Less: Income from continuing operations allocable to participating securities	<u>(11)</u>
Income from continuing operations allocable to common shares	\$ <u>927</u>
Weighted average common shares outstanding	486
Basic income from continuing operations allocable per common share	\$ 1.91
Diluted income from continuing operations per common share:	
Income from continuing operations	\$ 938
Less: Income from continuing operations allocable to participating securities	<u>(11)</u>
Income from continuing operations allocable to common shares	\$ <u>927</u>
Weighted average shares outstanding and common share equivalents:	
Weighted average common shares outstanding	486
Weighted average effect of share-based payment awards	<u>1</u>
Denominator in calculation of diluted income per share	<u>487</u>
Diluted income from continuing operations per common share	\$ 1.90

Q. What is in your subscription and maintenance revenue?

A. See Note 1 – Significant Accounting Policies, (f) Revenue Recognition, within our fiscal year 2012 10K.

“Subscription and Maintenance Revenue: Software licenses that include the right to receive unspecified future software products are considered subscription arrangements under GAAP and are recognized ratably over the term of the license agreement. Subscription and maintenance revenue is the amount of

revenue recognized ratably during the reporting period from either: (i) subscription license agreements that were in effect during the period, which generally include maintenance that is bundled with and not separately identifiable from software usage fees or product sales; (ii) maintenance agreements associated with providing customer technical support and access to software fixes and upgrades which are separately identifiable from software usage fees or product sales; or (iii) software license agreements bundled with maintenance for which vendor specific objective evidence (VSOE) has not been established for maintenance. Revenue for these arrangements is recognized ratably over the term of the subscription or maintenance term.”

Q. What is in your software fees and other (SFO) line?

A. See Note 1 – Significant Accounting Policies, (f) Revenue Recognition, within our fiscal year 2012 10K.

“Software Fees and Other: Software fees and other revenue primarily consists of revenue from the sale of perpetual software licenses that do not include the right to unspecified software products, on a stand-alone basis or in a bundled arrangement where VSOE exists for any undelivered elements. For bundled arrangements that include either maintenance or both maintenance and professional services, the Company uses the residual method to determine the amount of license revenue to be recognized. Under the residual method, consideration is allocated to undelivered elements based upon VSOE of those elements, with the residual of the arrangement fee allocated to and recognized as license revenue. The Company determines VSOE of maintenance, depending on the product, from either contractually stated renewal rates or the bell-shaped curve method. In the event that agreements with the Company’s customers are executed in close proximity of the other license agreements with the same customer, the Company evaluates whether the separate arrangements are linked, and, if so, the agreements are considered a single multi-element arrangement for which revenue is recognized ratably as subscription and maintenance revenue or, in the case of a linked professional services arrangement, as professional services revenue, in the Consolidated Statements of Operations.”

Q. How does CA calculate its bookings?

A. See Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations, Performance Indicators, for the bookings definition within our fiscal year 2012 10K.

“Total Bookings — Total bookings or sales includes the incremental value of all subscription, maintenance and professional services contracts and software fees and other contracts entered into during the reporting period and is generally reflective of the amount of products and services during the period that our customers have agreed to purchase from us. Revenue for bookings attributed to sales of software products for which license fee revenue is recognized on an up-front basis is reflected in “Software fees and other” in our Consolidated Statements of Operations. As our business strategy has evolved, our management looks within bookings at total new product and capacity sales, which we define as sales of products or mainframe capacity that are new or in addition to products or mainframe capacity previously contracted for by a customer. The amount of new product and capacity sales for a period, as currently tracked by us, requires estimation by management and has not been historically reported. Within a given period, the amount of new product and capacity sales may not be material to the change in our total bookings or revenue compared with prior periods. New product and capacity sales can be reflected as subscription and maintenance bookings in the period (for which revenue would be recognized ratably over the term of the contract) or in software fees and other bookings (which are recognized as software fees and other revenue in the current period).”

Q. What are the sources of cash available to the company in the United States?

A. See archived audio from Richard Beckert’s presentation at the CSFB conference on 11/27/12.

There are primarily two sources of cash available for use in the United States. The first is the free cash flow generated by the company's US business. The second is royalties, net of other intercompany payments.

- The percent of free cash flow generated in the US varies over time depending upon the strength of the US business relative to the strength of its international operations. The company has disclosed that approximately 50% of its free cash flow was US based in FY 12.
- In addition, because CA's intellectual property is owned in the US, the international subsidiaries annually remit substantial royalties to the US for the right to license its technology. The amount of the royalty will vary by country, as a function of individual country performance. It should be noted that such royalties are partially offset by intercompany amounts the US pays to its international subsidiaries, including to fund international based research and development.