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

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**FORM 10-K**

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(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the fiscal year ended June 30, 2008

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission File Number 001-31400

**CACI International Inc**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction of incorporation or organization)

**54-1345888**  
(I.R.S. Employer Identification No.)

**1100 North Glebe Road, Arlington, VA 22201**  
(Address of principal executive offices)

**(703) 841-7800**  
(Registrant's telephone number, including area code)

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Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒.

Indicate by check mark whether the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒.

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

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

The aggregate market value of common shares held by non-affiliates of the registrant on December 31, 2007 was \$1,306,061,824, based upon the closing price of the registrant's common shares as quoted on the New York Stock Exchange composite tape on such date.

As of August 22, 2008, the registrant had 30,266,202 shares of common stock issued and outstanding.

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**DOCUMENTS INCORPORATED BY REFERENCE**

Part III incorporates by reference certain information from the registrant's proxy statement for its 2008 annual meeting of stockholders. With the exception of the sections of the 2008 proxy statement specifically incorporated herein by reference, the 2008 proxy statement is not deemed to be filed as part of this Annual Report on Form 10-K.

Unless the context indicates otherwise, the terms "we", "our", "the Company" and "CACI" as used in Parts I and II include CACI International Inc and its subsidiaries and joint ventures that are more than 50 percent owned or otherwise controlled by it. The term "the registrant", as used in Parts I and II refers to CACI International Inc only.

**INFORMATION RELATING TO FORWARD-LOOKING STATEMENTS**

Certain information included or incorporated by reference in this document and in press releases, written statements or other documents filed with the U.S. Securities and Exchange Commission (SEC), or in the Company's communications and discussions through webcasts, telephone calls and conference calls, may not address historical facts and, therefore, could be interpreted to be "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995 and other federal securities laws. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including projections of financial performance; statements of plans, strategies and objectives of management for future operations; any statement concerning developments, performance or industry rankings relating to products or services; any statements regarding future economic conditions or performance; any statements of assumptions underlying any of the foregoing; and any other statements that address activities, events or developments that CACI intends, expects, projects, believes or anticipates will or may occur in the future. Forward-looking statements may be characterized by terminology such as "believe," "anticipate," "expect," "should," "intend," "plan," "will," "estimates," "projects," "strategy" and similar expressions. These statements are based on assumptions and assessments made by the Company's management in light of its experience and its perception of historical trends, current conditions, expected future developments and other factors it believes to be appropriate. These forward-looking statements are subject to a number of risks and uncertainties that include but are not limited to the factors set forth under Item 1A, Risk Factors in this Annual Report on Form 10-K.

Any such forward-looking statements are not guarantees of future performance, and actual results, developments and business decisions may differ materially from those envisaged by such forward-looking statements. The forward-looking statements included herein speak only as of the date of this Annual Report on Form 10-K. The Company disclaims any duty to update such forward-looking statements, all of which are expressly qualified by the foregoing.

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**PART I**

**Item 1. Business**

***Background***

CACI International Inc was organized as a Delaware corporation under the name “CACI WORLDWIDE, INC.” on October 8, 1985. By a merger on June 2, 1986, the registrant became the parent of CACI, Inc., a Delaware corporation, and CACI N.V., a Netherlands corporation. Effective April 16, 2001, CACI, Inc. was merged into its wholly-owned subsidiary, CACI, INC.-FEDERAL, such that the registrant is now the corporate parent of CACI, INC.-FEDERAL, a Delaware corporation, and CACI N.V., a Netherlands corporation. The registrant is a holding company and its operations are conducted through subsidiaries, which are located in the U.S. and Europe, and a joint venture which is controlled by the registrant.

Our telephone number is (703) 841-7800 and our Internet page can be accessed at [www.caci.com](http://www.caci.com). We make our web site content available for information purposes only. It should not be relied upon for investment purposes, nor is it incorporated by reference into this Annual Report on Form 10-K.

Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act are made available free of charge on our Internet website at [www.caci.com](http://www.caci.com) as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Documents filed by us with the SEC can also be viewed at [www.sec.gov](http://www.sec.gov).

***Overview***

CACI founded its business in 1962 in simulation technology, and has strategically diversified primarily within the information technology (IT) and communications industries. With revenue for the year ended June 30, 2008 (FY2008) of \$2.4 billion, we serve clients in the government and commercial markets, primarily throughout North America and internationally on behalf of U.S. customers, as well as in the United Kingdom. We deliver professional services and information technology solutions to our clients. Through our service offerings, we provide comprehensive and practical solutions by adapting emerging technologies and continually evolving legacy strengths. As a result of our broad capabilities, many of our client relationships have existed for ten years or more.

Our high quality service has enabled us to gain repeat business and sustain long-term client relationships and also to compete effectively for new clients and new contracts. We seek competitive business opportunities and have designed our operations to support major programs through centralized business development and business alliances. We have structured our business development organization to respond to the competitive marketplace, particularly within the federal government, and support that activity with full-time marketing, sales, communications, and proposal development specialists.

Our primary customers are agencies of the U.S. government. The demand for our services, in large measure, is created by the increasingly complex network, systems and information environments in which governments and businesses operate, and by the need to stay current with emerging technology while increasing productivity and, ultimately, improving performance.

At June 30, 2008, CACI had approximately 12,000 employees.

***Domestic Operations***

Our domestic operations are conducted through a number of subsidiaries and a joint venture which we control, and account for 100 percent of our U.S. government revenue and 8.9 percent of our commercial revenue.

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Some of the contracts performed by our domestic operations involve assignment of employees to international locations and at June 30, 2008, approximately 570 employees were on assignment in international locations. We provide professional services and information technology solutions to our domestic clients through all of our major service offerings:

- Enterprise IT and network services—We support our clients’ critical networked operational missions by providing tailored end-to-end enterprise information technology services for the design, establishment, management, security and operations of client infrastructure. Our operational, analytic, consultancy and transformational services effectively use industry best practices and standards to enable and optimize the full life cycle of the networked environment, improve customer service, improve efficiency, and reduce total cost and complexity of large, geographically dispersed operations.
- Data, information and knowledge management services—We deliver a full spectrum of solutions and services that automate the knowledge management life cycle from data capture through information analysis and understanding. We provide commercially-based products, custom solutions development, and operations and maintenance services that facilitate information sharing. Our information technology solutions are complemented by a suite of analytical expertise support offerings for our U.S. government Intelligence Community, Department of Defense (DoD), Department of Justice (DoJ), and Homeland Security customers.
- Business system solutions—We provide solutions that address the full spectrum of requirements in the financial, procurement, human resources, supply chain and other business domains. Our solutions employ an integrated cross-functional approach to maximize investments in existing systems, while leveraging the potential of advanced technologies to implement new, high payback solutions. Our offerings include services, consulting and software development/integration that support the full life cycle of commercial technology implementation from blueprint through application sustainment.
- Logistics and material readiness services—We offer a full suite of solutions and service offerings that plan for, implement, and control the efficient and effective flow and storage of goods, services, and information in support of U.S. government agencies. We develop and manage logistics information systems, specialized simulation and modeling toolsets, and provide logistics engineering services. Our operational capabilities span the supply chain, including advance logistics planning, demand forecasting, total asset visibility (including the use of Radio Frequency Identification technology), and life cycle support for weapons systems. Our logistics services are a critical enabler in support of defense readiness and combat sustainability objectives.
- C4ISR integration services—We provide rapid response services in support of military missions in a coordinated and controlled operational setting. We support the military efforts to ensure delivery and sustainment of integrated, enterprise wide, Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR) programs. We integrate sensors, mission applications, and systems that connect with DoD data networks.
- Information assurance, information operations and cyber security services—Our solutions and services support the full life cycle of preparing for, protecting against, detecting, reacting to and actively responding to the full range of cyber threats. We achieve this through comprehensive and consistently managed risk-based, cost-effective controls and measures to protect information operated by the U.S. government. We proactively support the operational use and availability/reliability of information.
- Integrated security and intelligence solutions—The United States, its partners and its allies around the world face state, non-state, and transnational adversaries that do not recognize political boundaries; do not recognize international law; and will seek, through asymmetric and irregular means, ways to strike at seams in our national security. We assist clients in developing integrated solutions that close gaps between security, intelligence, and law enforcement in order to address complex threats to our national security.

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- Program management and system engineering and technical assistance (SETA) services—We support U.S. government Program Executive Offices and Program Management Offices via subject matter experts and comprehensive technical management processes that optimize program resources. This includes translating operational requirements into configured systems, integrating technical inputs, characterizing and managing risk, transitioning technology into program efforts, and verifying that designs meet operational needs, through the application of internationally recognized and accepted standards. Additionally, we provide SETA and advisory and assistance services that include contract and acquisition management, operations support, architecture and system engineering services, project and portfolio management, strategy and policy support, and complex trade analyses.

In fashioning solutions utilizing the technologies of each of these service offerings, we make extensive use of our wide array of modeling and simulation products and services, thereby enabling clients to visualize the impact of proposed changes or new technologies before implementation. Our simulation offerings address client needs in the areas of military training and war-gaming, logistics, manufacturing, wide area networks, including satellites and land lines, local area networks, the study of business processes, and the design of distributed computer systems architecture.

### ***International Operations***

Our international operations are conducted primarily through our operating subsidiary in Europe, CACI Limited, and account for all revenue generated from international clients and 91.1 percent of our commercial revenue. CACI Limited is headquartered in London, England, and operates primarily in support of our data, information and knowledge management services, business systems solutions and enterprise IT and network services lines of business.

Our international service offerings focus primarily on planning, designing, implementing and managing solutions that resolve specific technical or business needs for commercial and government clients in the telecommunications, education, financial services, healthcare services and transportation sectors. Our international operations also concentrate on combining data and technology in software products and services that provide strategic information on customers, buying patterns and market trends for clients who are engaged in retail sales of consumer products, direct marketing campaigns, franchise or branch site location projects, and similar endeavors.

### ***Competition***

We operate in a highly competitive industry that includes many firms, some of which are larger in size and have greater financial resources than we do. We obtain much of our business on the basis of proposals submitted in response to requests from potential and current customers, who may also receive proposals from other firms. Additionally, we face indirect competition from certain government agencies that perform services for themselves similar to those marketed by us. We know of no single competitor that is dominant in our fields of technology. We have a relatively small share of the available worldwide market for our products and services and intend to achieve growth and increasing market share in part by organic growth, and in part through strategic acquisitions.

### ***Strengths and Strategy***

We offer substantially our entire range of professional services, information technology solutions, and proprietary products to defense intelligence and civilian agencies of the U.S. government. In order to do so, we must maintain expert knowledge of agency policies and operations. Our work for U.S. government agencies may combine a wide range of skills drawn from our major service offerings. We occasionally contract through both our domestic and international operations to supply services and/or products to governments of other nations.

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Although we are a supplier of proprietary computer-based technology products and marketing systems products, we are not primarily focused on being a software product developer-distributor (see discussion following under “Patents, Trademarks, Trade Secrets and Licenses”).

Our commercial client base consists primarily of large corporations in the United Kingdom (U.K.). This market is the primary target of our proprietary marketing systems software and database products.

Decisions regarding contract awards by both our government and commercial clients typically are based on assessment of the quality of past performance, responsiveness to proposal requirements, price, and other factors.

We have the capability to combine comprehensive knowledge of client challenges with significant expertise in the design, integration, development and implementation of advanced information technology and communications solutions. This capability provides us with opportunities either to compete directly for, or to support other bidders in competition for, multi-million dollar and multi-year award contracts from the U.S. government.

We have strategic business relationships with a number of companies associated with the information technology industry. These strategic partners have business objectives compatible with ours, and offer products and services that complement ours. We intend to continue development of these kinds of relationships wherever they support our growth objectives.

Our marketing and new business development is conducted by virtually all of our officers and managers including the Chief Executive Officer, executive officers, vice presidents, and division managers. We employ marketing professionals who identify and qualify major contract opportunities, primarily in the federal government market. Our proprietary software and marketing systems are sold primarily by full time sales people. We also have established agreements for the resale of certain third party software and data products.

Much of our business is won through submission of formal competitive bids. Commercial bids are frequently negotiated as to terms and conditions for schedule, specifications, delivery and payment. With respect to bids for government work, however, in most cases the client specifies the terms and conditions and form of contract. In situations where the client-imposed contract type and/or terms appear to expose us to inappropriate risk, we may seek alternate arrangements or opt not to bid for the work. Essentially all contracts with the U.S. government, and many contracts with other government entities, permit the government client to terminate the contract at any time for the convenience of the government or for default by the contractor. Although we operate under the risk that such terminations may occur and have a material impact on operations, throughout our 46 years in business such terminations have been rare and, generally, have not materially affected operations. As with other government contractors, our business is subject to government client funding decisions and actions that are beyond our control. Our contracts and subcontracts are composed of a wide range of contract types, including firm fixed-price, cost reimbursement, time-and-materials, indefinite delivery/indefinite quantity (IDIQ) and government wide acquisition contracts (known as GWACS) such as General Services Administration (GSA) schedule contracts. By company policy, fixed-price contracts require the approval of at least two of our senior officers.

At any one time, we may have several thousand separate active contracts and/or task orders. In FY2008, the ten top revenue-producing contracts accounted for approximately 35 percent of our revenue, or \$846.3 million; however, no single contract accounted for more than 10 percent of our total revenue.

In FY2008, 95.0 percent of our revenue came from U.S. government prime contracts or subcontracts. Of our total revenue, 74.7 percent came from DoD contracts, and 20.3 percent from other civilian agency government clients. The remaining 5.0 percent of revenue came from commercial business, both domestic and international, and state and local contracts.

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Although we are continuously working to diversify our client base, we will continue to aggressively seek additional work from the DoD. In FY2008, DoD revenue grew by 29.7 percent, or \$413.8 million. The acquisitions during the year ended June 30, 2007 (FY2007), of Institute for Quality Management, Inc. (IQM) in May 2007 and the Wexford Group International, Inc. (WGI) in June 2007, and the FY2008 acquisitions of Athena Innovative Solutions, Inc. (AIS) in October 2007 and Dragon Development Corporation (DDC) in November 2007 accounted for 40.7 percent of the revenue growth within DoD. Organic growth accounted for the remaining 59.3 percent of the DoD revenue growth.

### *Industry Trends*

The federal government is the largest consumer of information technology services and solutions in the United States. We believe that the following trends will impact the federal government's future spending on the types of services we provide:

- Increased Congressional oversight—Oversight at the Congressional level and audit scrutiny at the agency level is increasing due to a number of factors, including the existence of high profile cases involving alleged and proven contract abuses and an increased use of contractors to provide governmental support services. These factors introduce delays in procurement and contract awards.
- Contract award protests—We continue to experience a high number of protests of contracts and task orders awarded to us, especially those involving large multiple award, IDIQ contracts. In some cases it may be deemed more prudent and beneficial to award more contracts than to go through the longer and more arduous process of justifying the initial award. This process causes delays in getting contracts and task orders awarded, affecting our revenue.
- Election year dynamics—With presidential and Congressional elections being held later this calendar year, it is likely that there will be political appointees, as well as others closely aligned to the current administration, who will be leaving government early as their potential job prospects in a new administration will likely diminish. Vacancies in key positions can have the impact of slowing the decision process around procurements and contract awards.
- Best value versus best price—Performance-based contracting, in which a contractor's fee payment is tied to its level of performance, is a technique for structuring all aspects of a contract around the purpose and outcome desired as opposed to the process by which the work is to be performed. While this is not a new contracting strategy, nor is it a mandate, agencies are now assigned a target achievement goal to write performance-based techniques into 40 percent of the total eligible service contracts worth more than \$25,000. This practice is intended to shift risk from the government to the contractor.
- Small business participation expectations—According to the Small Business Administration, small business preferences accounted for 22.8 percent of all prime contract dollars awarded during government fiscal year 2006. Legislation is being considered that would raise the current goal of 23 percent to a 25 percent goal for small business set asides. Increased small business preferences will make it more difficult for larger companies to compete for the remaining prime contract dollars.
- Supplemental funding and the continuing cost of asymmetric warfare—Once the level of involvement in Iraq and Afghanistan begins to wind down, the military role will likely evolve toward less dependence on major combat operations and an increased use of precision strikes. Intelligence gathering, processing and analysis will become even more important to the mission of the commanders in the field. Future administrations may choose to pay for these activities through annual appropriations instead of supplemental funding. Going forward, a substantial portion of the military budget will be needed to re-set and modernize equipment and infrastructure. This will likely fuel a continuing demand for logistics services and network enabled mission capabilities that will provide an increasing level of performance efficiency while also introducing elements of cost-effectiveness as should be realized with highly scalable solutions and services.



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- Strategic alliances—The current strategic environment dictates the need for more inter-company dependencies in the form of alliances and partnerships. Alliances with large and small companies who have agency mission knowledge and/or established credentials related to specific commercial-off-the-shelf (COTS) solutions are critical to winning large contracts as a prime contractor. Proficiencies through alliances with software application suppliers are increasingly important as the government adopts more solutions.
- Strategic sourcing—This is an Office of Management and Budget (OMB) directive to make business decisions about acquiring commodities and services more effectively and efficiently. In many cases, these strategies are designed to drive specific services to commodity status in order to leverage the government's purchasing power. Many of the multiple-award, IDIQ contracts that typify today's market are derived from strategic sourcing initiatives that aggregate requirements and provide many options for users over extended performance periods.

### ***Recent Significant Acquisitions***

During the past three fiscal years, we completed a total of twelve acquisitions, seven in the U.S. and five in the U.K. including:

- The March 2006 acquisition of substantially all of the assets of Information Systems Support, Inc. (ISS) for \$145.8 million. ISS specializes in providing information technology, communications and logistics services to U.S. government clients including the Army, Navy, Air Force, the Social Security Administration, the General Services Administration, and the Departments of Justice and Transportation.
- The May 2006 acquisition of all of the outstanding stock of AlphaInsight, Inc. (AI) for \$67.6 million. AI provides primarily software and systems engineering, network engineering and management, and information assurance and security assurance to various federal agencies, including the Departments of State, Justice and Homeland Security.
- The May 2007 acquisition of all of the outstanding stock of IQM for \$40.5 million. IQM provides management consulting and operational support services to the intelligence community and homeland security markets.
- The June 2007 acquisition of all the outstanding stock of WGI for \$115.0 million. WGI provides management and technical consulting services in the areas of acquisition management, strategic communications, the application of technology to improve operations, and the enhancement of an enterprise's management, organization, and performance. The acquisition of WGI gives us the opportunity to provide Army Special Operations services (i.e. counterterrorism training) and provides us with entry into a high barrier area of DoD business. Major clients include Departments of the Army, Navy, and Air Force as well as Department of Information Systems Agency (DISA) and the Deployment Health Support Directorate.
- The October 2007 acquisition of all of the outstanding stock of Athena Holding Corporation, a holding company which owned 100 percent of the outstanding shares of AIS, for \$200.0 million. AIS and its wholly owned subsidiaries provide specialized professional services and solutions to United States intelligence organizations.
- The November 2007 acquisition of all of the outstanding stock of DDC for \$41.0 million. DDC provides professional, technical, and engineering services to United States intelligence organizations.

Over the past several years, the U.S. government has organized the armed services so that military personnel focus on combat and war-fighter roles, while many non-combatant roles are filled by personnel provided by contractors. The acquisitions we completed, including those as described above, have positioned us to respond to certain aspects of this transformation of DoD, and deliver contract personnel to fill some of these non-combatant roles including logistics, intelligence gathering and analysis, organizational realignment and training.

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### *Seasonal Nature of Business*

Our business in general is not seasonal, although the summer and holiday seasons affect our revenue because of the impact of holidays and vacations on our labor and on product and service sales by our international operations. Variations in our business also may occur at the expiration of major contracts until such contracts are renewed or new business obtained.

The U.S. government's fiscal year ends on September 30 of each year. It is not uncommon for government agencies to award extra tasks or complete other contract actions in the weeks before the end of a fiscal year in order to avoid the loss of unexpended funds. Moreover, in years when the U.S. government does not complete the budget process for the next fiscal year before the end of September, government operations whose appropriations legislation has not been signed into law are funded under a continuing resolution that authorizes them to continue to operate, but traditionally does not authorize new spending initiatives. When much of the U.S. government operates under a continuing resolution, as occurred during the federal fiscal year ended September 30, 2007, delays can occur in procurement of products and services, and such delays can affect our revenue and profit during the period of delay.

### *CACI Employment and Benefits*

Our employees are our most valuable resource. We are in continuing competition for highly skilled professionals in virtually all of our business areas. The success and growth of our business is significantly correlated with our ability to recruit, train, promote and retain high quality people at all levels of the organization.

For these reasons, we endeavor to maintain competitive salary structures, incentive compensation programs, fringe benefits, opportunities for growth, and individual recognition and award programs. Fringe benefits are generally consistent across our subsidiaries, and include paid vacations and holidays; medical, dental, disability and life insurance; tuition reimbursement for job-related education and training; and other benefits under various retirement savings and stock purchase plans.

We have published policies that set high standards for the conduct of our business. We require all of our employees, independent contractors working on client engagements, officers, and directors annually to execute and affirm to the code of ethics applicable to their activities. In addition, we require annual ethics and compliance training for all of our employees to provide them with the knowledge necessary to maintain our high standards of ethics and compliance.

Approximately 80 of our employees, all of whom are located at Fort Bliss, Texas, are represented by the International Union of Operating Engineers. We are currently negotiating a collective bargaining agreement that will cover these employees. At this time, we cannot predict when negotiations on this contract will be concluded. To date, we have not experienced any work stoppages or strikes, and we believe that our relationship with the union and our employees is good.

### *Patents, Trademarks, Trade Secrets and Licenses*

We own seven patents in the United States. While we believe our patents are valid, we do not consider that our business is dependent on patent protection in any material way. We claim copyright, trademark and other proprietary rights in a variety of intellectual property, including each of our proprietary computer software and data products and the related documentation. We presently own 24 registered trademarks and service marks in the U.S. and 34 registered trademarks and service marks in other countries, primarily the U.K. All of our registered trademarks and service marks may be renewed indefinitely. In addition, we assert copyrights in essentially all of our electronic and hard copy publications, our proprietary software and data products and in software produced at the expense of the U.S. government, which rights can be maintained for up to 75 years.

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Because most of our business involves providing services to government entities, our operations generally are not substantially dependent upon obtaining and/or maintaining copyright or trademark protections, although our operations make use of such protections and benefit from them as discriminators in competition. We are also a party to agreements that give us the right to distribute computer software, data and other products owned by other companies, and to receive income from such distribution. As a systems integrator, it is important that we maintain access to software, data and products supplied by such third parties, but we generally have experienced little difficulty in doing so. The durations of such agreements vary according to the terms of the agreements themselves.

We maintain a number of trade secrets that contribute to our success and competitive distinction and endeavor to accord such trade secrets protection adequate to ensure their continuing availability to us. From time to time, we are required to assert our rights against former employees or other third parties who attempt to misappropriate our trade secrets and confidential information for their own personal or professional gain. We take such matters seriously and pursue claims against such individuals to the extent necessary to adequately protect our rights. While retaining protection of our trade secrets and vital confidential information is important, we are not materially dependent on maintenance of a specific trade secret.

### ***Backlog***

Our backlog as of June 30, 2008, which consists primarily of contracts with the U.S. government, was \$7.0 billion, of which \$1.4 billion was for funded orders. Total backlog as of June 30, 2007 was \$6.4 billion. We presently anticipate, based on current revenue projections, that the majority of the funded backlog as of June 30, 2008 will result in revenue during the fiscal year ending June 30, 2009.

Our backlog represents the aggregate contract revenue we estimate will be earned over the remaining life of our contracts. We include in estimated remaining contract value only the contract revenue we expect to earn over the remaining term of the contract, even in cases where more than one company is awarded work under a given contract. Funded backlog is based upon amounts appropriated by a customer for payment for goods and services and as the U.S. government operates under annual appropriations, agencies of the U.S. government generally fund contracts on an incremental basis. As a result, the majority of our estimated remaining contract value is not funded backlog. The estimates used to compile remaining contract value are based on our experience under contracts, and we believe the estimates are reasonable. However, there can be no assurance that existing contracts will result in earned revenues in any future period or at all.

### ***Business Segments, Foreign Operations, and Major Customer***

Additional business segment, foreign operations and major customer information is provided in our Consolidated Financial Statements contained in this Report. In particular, see note 16, Business Segment, Customer and Geographic Information, in the Notes to Consolidated Financial Statements contained in this Annual Report on Form 10-K.

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### Revenue by Contract Type

The following information is provided on the amounts of our revenue attributable to time-and-materials contracts, cost reimbursable contracts and firm fixed-price contracts (including proprietary software product sales), during each of the last three fiscal years:

	Year Ended June 30,					
	2008		2007		2006	
			(dollars in thousands)			
Time and materials	\$1,232,942	50.9%	\$1,021,129	52.7%	\$ 899,151	51.2%
Cost reimbursable	672,950	27.8	531,336	27.4	500,463	28.5
Firm fixed-price	514,645	21.3	385,507	19.9	355,710	20.3
Total	<u>\$2,420,537</u>	<u>100.0%</u>	<u>\$1,937,972</u>	<u>100.0%</u>	<u>\$1,755,324</u>	<u>100.0%</u>

### Item 1A. Risk Factors

*You should carefully consider the risks and uncertainties described below, together with the information included elsewhere in this Annual Report on Form 10-K and other documents we file with the SEC. The risks and uncertainties described below are those that we have identified as material, but are not the only risks and uncertainties facing us. Our business is also subject to general risks and uncertainties that affect many other companies, such as overall U.S. and non-U.S. economic and industry conditions, including a global economic slowdown, geopolitical events, changes in laws or accounting rules, fluctuations in interest and exchange rates, terrorism, international conflicts, major health concerns, natural disasters or other disruptions of expected economic and business conditions. Additional risks and uncertainties not currently known to us or that we currently believe are immaterial also may impair our business operations and liquidity.*

***We depend on contracts with the federal government for a substantial majority of our revenue, and our business could be seriously harmed if the government significantly decreased or ceased doing business with us.***

We derived 95.0 percent of our total revenue in FY2008 and 94.2 percent of our total revenue in FY2007 from federal government contracts, either as a prime contractor or a subcontractor. We derived 74.7 percent of our total revenue in FY2008 and 71.9 percent of our total revenue in FY2007 from contracts with agencies of the DoD. We expect that federal government contracts will continue to be the primary source of our revenue for the foreseeable future. If we were suspended or debarred from contracting with the federal government generally, with the General Services Administration, or any significant agency in the intelligence community or the DoD, or if our reputation or relationship with government agencies were to be impaired, or if the government otherwise ceased doing business with us or significantly decreased the amount of business it does with us, our business, prospects, financial condition and operating results could be materially and adversely affected.

***Our business could be adversely affected by the outcome of the various investigations/proceedings regarding our interrogation services work in Iraq.***

In May 2004, press accounts disclosed an internal U.S. government report, the Taguba Report, which, among other things, alleged that one of our employees was involved in the alleged mistreatment of Iraqi prisoners at the Abu Ghraib facility. Another government report, the Jones/Fay Report, alleges that three of our employees, including the employee identified in the Taguba Report, acted improperly in performing their assigned duties in Iraq. The Jones/Fay Report includes a recommendation that the information in the report regarding these employees be forwarded to the General Counsel of the U.S. Army for determination of whether each of them should be referred to the U.S. Department of Justice for prosecution and to the contracting officer for appropriate contractual action. Our investigation into these matters has not to date confirmed the allegations.

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of abuse contained in either the Taguba Report or the Jones/Fay Report. To date, no charges have been brought by the government against us or any of our employees in connection with the Abu Ghraib allegations.

The results of the investigations and proceedings regarding our interrogation services in Iraq could affect our relationships with our clients and could cause our actual results to differ materially and adversely from those anticipated.

***Our business could be adversely affected by delays caused by our competitors protesting major contract awards received by us, resulting in the delay of the initiation of work.***

It can take many months to resolve protests by one or more of our competitors of contract awards we receive. The resulting delay in the start up and funding of the work under these contracts may cause our actual results to differ materially and adversely from those anticipated.

***Our business could be adversely affected by changes in budgetary priorities of the federal government.***

Because we derive a substantial majority of our revenue from contracts with the federal government, we believe that the success and development of our business will continue to depend on our successful participation in federal government contract programs. Changes in federal government budgetary priorities could directly affect our financial performance. A significant decline in government expenditures, a shift of expenditures away from programs that we support or a change in federal government contracting policies could cause federal government agencies to reduce their purchases under contracts, to exercise their right to terminate contracts at any time without penalty or not to exercise options to renew contracts. Any such actions could cause our actual results to differ materially and adversely from those anticipated. Among the factors that could seriously affect our federal government contracting business are:

- the continuing demand and priority of funding for combat operations in Iraq and Afghanistan, which may reduce the demand for our services on contracts supporting some operations and maintenance activities in the DoD;
- the funding of some or all civilian agencies through a continuing resolution instead of a budget appropriation, which may cause our customers within those agencies to defer or reduce work under our current contracts;
- budgetary priorities limiting or delaying federal government spending generally, or specific departments or agencies in particular, and changes in fiscal policies or available funding;
- an increase in set-asides for small businesses, which could result in our inability to compete directly for prime contracts; and
- curtailment of the federal government's use of information technology or professional services.

***Our federal government contracts may be terminated by the government at any time and may contain other provisions permitting the government not to continue with contract performance, and if lost contracts are not replaced, our operating results may differ materially and adversely from those anticipated.***

We derive substantially all of our revenue from federal government contracts that typically span one or more base years and one or more option years. The option periods typically cover more than half of the contract's potential duration. Federal government agencies generally have the right not to exercise these option periods. In addition, our contracts typically also contain provisions permitting a government client to terminate the contract for its convenience. A decision not to exercise option periods or to terminate contracts could result in significant revenue shortfalls from those anticipated.

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### ***Federal government contracts contain numerous provisions that are unfavorable to us.***

Federal government contracts contain provisions and are subject to laws and regulations that give the government rights and remedies, some of which are not typically found in commercial contracts, including allowing the government to:

- cancel multi-year contracts and related orders if funds for contract performance for any subsequent year become unavailable;
- claim rights in systems and software developed by us;
- suspend or debar us from doing business with the federal government or with a governmental agency;
- impose fines and penalties and subject us to criminal prosecution; and
- control or prohibit the export of our data and technology.

If the government terminates a contract for convenience, we may recover only our incurred or committed costs, settlement expenses and profit on work completed prior to the termination. If the government terminates a contract for default, we may be unable to recover even those amounts, and instead may be liable for excess costs incurred by the government in procuring undelivered items and services from another source. Depending on the value of a contract, such termination could cause our actual results to differ materially and adversely from those anticipated. Certain contracts also contain organizational conflict of interest (OCI) clauses that limit our ability to compete for or perform certain other contracts. OCIs arise any time we engage in activities that (i) make us unable or potentially unable to render impartial assistance or advice to the government; (ii) impair or might impair our objectivity in performing contract work; or (iii) provide us with an unfair competitive advantage. For example when we work on the design of a particular system, we may be precluded from competing for the contract to install that system. Depending upon the value of the matters affected, an OCI issue that precludes our participation in or performance of a program or contract could cause our actual results to differ materially and adversely from those anticipated.

As is common with government contractors, we have experienced and continue to experience occasional performance issues under certain of our contracts. Depending upon the value of the matters affected, a performance problem that impacts our performance of a program or contract could cause our actual results to differ materially and adversely from those anticipated.

### ***If we fail to establish and maintain important relationships with government entities and agencies, our ability to successfully bid for new business may be adversely affected.***

To facilitate our ability to prepare bids for new business, we rely in part on establishing and maintaining relationships with officials of various government entities and agencies. These relationships enable us to provide informal input and advice to government entities and agencies prior to the development of a formal bid. We may be unable to successfully maintain our relationships with government entities and agencies, and any failure to do so may adversely affect our ability to bid successfully for new business and could cause our actual results to differ materially and adversely from those anticipated.

### ***We derive significant revenue from contracts and task orders awarded through a competitive bidding process. If we are unable to consistently win new awards over any extended period, our business and prospects will be adversely affected.***

Substantially all of our contracts and task orders with the federal government are awarded through a competitive bidding process. We expect that much of the business that we will seek in the foreseeable future will continue to be awarded through competitive bidding. Budgetary pressures and changes in the procurement process have caused many government clients to increasingly purchase goods and services through IDIQ contracts, GSA schedule contracts and other government-wide acquisition contracts. These contracts, some of

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which are awarded to multiple contractors, have increased competition and pricing pressure, requiring that we make sustained post-award efforts to realize revenue under each such contract. In addition, in consideration of the practice of agencies awarding work under such contracts that is arguably outside their intended scope, both the GSA and the DoD have initiated programs aimed to ensure that all work fits properly within the scope of the contract under which it is awarded. The net effect of such programs may reduce the number of bidding opportunities available to us. Moreover, even if we are highly qualified to work on a particular new contract, we might not be awarded business because of the federal government's policy and practice of maintaining a diverse contracting base.

This competitive bidding process presents a number of risks, including the following:

- we bid on programs before the completion of their design, which may result in unforeseen technological difficulties and cost overruns;
- we expend substantial cost and managerial time and effort to prepare bids and proposals for contracts that we may not win;
- we may be unable to estimate accurately the resources and cost structure that will be required to service any contract we win; and
- we may encounter expense and delay if our competitors protest or challenge awards of contracts to us in competitive bidding, and any such protest or challenge could result in the resubmission of bids on modified specifications, or in the termination, reduction or modification of the awarded contract.

If we are unable to win particular contracts, we may be foreclosed from providing to clients services that are purchased under those contracts for a number of years. If we are unable to consistently win new contract awards over any extended period, our business and prospects will be adversely affected and that could cause our actual results to differ materially and adversely from those anticipated. In addition, upon the expiration of a contract, if the client requires further services of the type provided by the contract, there is frequently a competitive rebidding process. There can be no assurance that we will win any particular bid, or that we will be able to replace business lost upon expiration or completion of a contract, and the termination or non-renewal of any of our significant contracts could cause our actual results to differ materially and adversely from those anticipated.

***Our business may suffer if we or our employees are unable to obtain the security clearances or other qualifications we and they need to perform services for our clients.***

Many of our federal government contracts require us to have security clearances and employ personnel with specified levels of education, work experience and security clearances. Depending on the level of clearance, security clearances can be difficult and time-consuming to obtain. If we or our employees lose or are unable to obtain necessary security clearances, we may not be able to win new business and our existing clients could terminate their contracts with us or decide not to renew them. To the extent we cannot obtain or maintain the required security clearances for our employees working on a particular contract, we may not derive the revenue anticipated from the contract, which could cause our results to differ materially and adversely from those anticipated.

***We must comply with a variety of laws and regulations, and our failure to comply could cause our actual results to differ materially from those anticipated.***

We must observe laws and regulations relating to the formation, administration and performance of federal government contracts which affect how we do business with our clients and may impose added costs on our business. For example, the Federal Acquisition Regulation and the industrial security regulations of the DoD and related laws include provisions that:

- allow our federal government clients to terminate or not renew our contracts if we come under foreign ownership, control or influence;



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- require us to divest work if an OCI related to such work cannot be mitigated to the government's satisfaction;
- require us to disclose and certify cost and pricing data in connection with contract negotiations; and
- require us to prevent unauthorized access to classified information.

Our failure to comply with these or other laws and regulations could result in contract termination, loss of security clearances, suspension or debarment from contracting with the federal government, civil fines and damages and criminal prosecution and penalties, any of which could cause our actual results to differ materially and adversely from those anticipated.

***The federal government may reform its procurement or other practices in a manner adverse to us.***

The federal government may reform its procurement practices or adopt new contracting rules and regulations, such as cost accounting standards. It could also adopt new contracting methods relating to GSA contracts or other government-wide contracts, or adopt new socio-economic requirements. These changes could impair our ability to obtain new contracts or win re-competed contracts. Any new contracting methods could be costly or administratively difficult for us to satisfy and, as a result, could cause actual results to differ materially and adversely from those anticipated.

***Restrictions on or other changes to the federal government's use of service contracts may harm our operating results.***

We derive a significant amount of revenue from service contracts with the federal government. The government may face restrictions from new legislation, regulations or government union pressures, on the nature and amount of services the government may obtain from private contractors. Any reduction in the government's use of private contractors to provide federal services could cause our actual results to differ materially and adversely from those anticipated.

***Our contracts and administrative processes and systems are subject to audits and cost adjustments by the federal government, which could reduce our revenue, disrupt our business or otherwise adversely affect our results of operations.***

Federal government agencies, including the Defense Contract Audit Agency (DCAA), routinely audit and investigate government contracts and government contractors' administrative processes and systems. These agencies review our performance on contracts, pricing practices, cost structure and compliance with applicable laws, regulations and standards. They also review our compliance with government regulations and policies and the adequacy of our internal control systems and policies, including our purchasing, accounting, estimating, compensation and management information processes and systems. Any costs found to be improperly allocated to a specific contract will not be reimbursed, and any such costs already reimbursed must be refunded and certain penalties may be imposed. Moreover, if any of the administrative processes and systems is found not to comply with requirements, we may be subjected to increased government scrutiny and approval that could delay or otherwise adversely affect our ability to compete for or perform contracts. Therefore, an unfavorable outcome of an audit by the DCAA or another government agency could cause actual results to differ materially and adversely from those anticipated. If a government investigation uncovers improper or illegal activities, we may be subject to civil and criminal penalties and administrative sanctions, including termination of contracts, forfeitures of profits, suspension of payments, fines and suspension or debarment from doing business with the federal government. In addition, we could suffer serious reputational harm if allegations of impropriety were made against us. Each of these results could cause actual results to differ materially and adversely from those anticipated. DCAA audits for costs incurred on work performed after June 30, 2002 have not yet been completed. In addition, DCAA audits for costs incurred by our recent acquisitions for certain periods prior to acquisition have not yet been completed. We do not know the outcome of any existing or future audits and, if any future audit adjustments exceed our estimates, our profitability could be adversely affected.



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### ***Failure to maintain strong relationships with other contractors could result in a decline in our revenue.***

We derive substantial revenue from contracts in which we act as a subcontractor or from teaming arrangements in which we and other contractors bid on particular contracts or programs. As a subcontractor or teammate, we often lack control over fulfillment of a contract, and poor performance on the contract could impact our customer relationship, even when we perform as required. We expect to continue to depend on relationships with other contractors for a portion of our revenue in the foreseeable future. Moreover, our revenue and operating results could differ materially and adversely from those anticipated if any prime contractor or teammate chose to offer directly to the client services of the type that we provide or if they team with other companies to provide those services.

### ***We may not receive the full amounts authorized under the contracts included in our backlog, which could reduce our revenue in future periods below the levels anticipated.***

Our backlog consists of funded backlog, which is based on amounts actually committed by a client for payment of goods and services, and unfunded backlog, which is based upon management's estimate of the future potential of our existing contracts and task orders, including options, to generate revenue. Our backlog may not result in actual revenue in any particular period, or at all, which could cause our actual results to differ materially and adversely from those anticipated.

The maximum contract value specified under a government contract or task order awarded to us is not necessarily indicative of the revenue that we will realize under that contract. For example, we derive a substantial portion of our revenue from government contracts in which we are not the sole provider, meaning that the government could turn to other companies to fulfill the contract. We also derive revenues from IDIQ contracts, which do not require the government to purchase a pre-determined amount of goods or services under the contract. Action by the government to obtain support from other contractors or failure of the government to order the quantity of work anticipated could cause our actual results to differ materially and adversely from those anticipated.

### ***Without additional Congressional appropriations, some of the contracts included in our backlog will remain unfunded, which could significantly harm our prospects.***

Although many of our federal government contracts require performance over a period of years, Congress often appropriates funds for these contracts for only one year at a time. As a result, our contracts typically are only partially funded at any point during their term, and all or some of the work intended to be performed under the contracts will remain unfunded pending subsequent Congressional appropriations and the obligation of additional funds to the contract by the procuring agency. Nevertheless, we estimate our share of the contract values, including values based on the assumed exercise of options relating to these contracts, in calculating the amount of our backlog. Because we may not receive the full amount we expect under a contract, our estimate of our backlog may be inaccurate and we may post results that differ materially and adversely from those anticipated.

### ***Employee misconduct, including security breaches, could result in the loss of clients and our suspension or debarment from contracting with the federal government.***

We may be unable to prevent our employees from engaging in misconduct, fraud or other improper activities that could adversely affect our business and reputation. Misconduct could include the failure to comply with federal government procurement regulations, regulations regarding the protection of classified information and legislation regarding the pricing of labor and other costs in government contracts. Many of the systems we develop involve managing and protecting information involved in national security and other sensitive government functions. A security breach in one of these systems could prevent us from having access to such critically sensitive systems. Other examples of employee misconduct could include time card fraud and

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violations of the Anti-Kickback Act. The precautions we take to prevent and detect this activity may not be effective, and we could face unknown risks or losses. As a result of employee misconduct, we could face fines and penalties, loss of security clearance and suspension or debarment from contracting with the federal government, which could cause our actual results to differ materially and adversely from those anticipated.

***Our failure to attract and retain qualified employees, including our senior management team, could adversely affect our business.***

Our continued success depends to a substantial degree on our ability to recruit and retain the technically skilled personnel we need to serve our clients effectively. Our business involves the development of tailored solutions for our clients, a process that relies heavily upon the expertise and services of our employees. Accordingly, our employees are our most valuable resource. Competition for skilled personnel in the information technology services industry is intense, and technology service companies often experience high attrition among their skilled employees. There is a shortage of people capable of filling these positions and they are likely to remain a limited resource for the foreseeable future. Recruiting and training these personnel require substantial resources. Our failure to attract and retain technical personnel could increase our costs of performing our contractual obligations, reduce our ability to efficiently satisfy our clients' needs, limit our ability to win new business and cause our actual results to differ materially and adversely from those anticipated.

In addition to attracting and retaining qualified technical personnel, we believe that our success will depend on the continued employment of our senior management team and its ability to generate new business and execute projects successfully. Our senior management team is very important to our business because personal reputations and individual business relationships are a critical element of obtaining and maintaining client engagements in our industry, particularly with agencies performing classified operations. The loss of any of our senior executives could cause us to lose client relationships or new business opportunities, which could cause actual results to differ materially and adversely from those anticipated.

***Our markets are highly competitive, and many of the companies we compete against have substantially greater resources.***

The markets in which we operate include a large number of participants and are highly competitive. Many of our competitors may compete more effectively than we can because they are larger, better financed and better known companies than we are. In order to stay competitive in our industry, we must also keep pace with changing technologies and client preferences. If we are unable to differentiate our services from those of our competitors, our revenue may decline. In addition, our competitors have established relationships among themselves or with third parties to increase their ability to address client needs. As a result, new competitors or alliances among competitors may emerge and compete more effectively than we can. There is also a significant industry trend towards consolidation, which may result in the emergence of companies who are better able to compete against us. The results of these competitive pressures could cause our actual results to differ materially and adversely from those anticipated.

***Our quarterly revenue and operating results could be volatile.***

Our quarterly revenue and operating results may fluctuate significantly and unpredictably in the future. In particular, if the federal government does not adopt, or delays adoption of, a budget for each fiscal year beginning on October 1, or fails to pass a continuing resolution, federal agencies may be forced to suspend our contracts and delay the award of new and follow-on contracts and orders due to a lack of funding. Further, the rate at which the federal government procures technology may be negatively affected following changes in presidential administrations and senior government officials. Therefore, period-to-period comparisons of our operating results may not be a good indication of our future performance.

Our quarterly operating results may not meet the expectations of securities analysts or investors, which in turn may have an adverse effect on the market price of our common stock.

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***We may lose money or generate less than anticipated profits if we do not accurately estimate the cost of an engagement which is conducted on a fixed-price basis.***

We perform a portion of our engagements on a variety of fixed-price contract vehicles. We derived 21.3 percent of our total revenue in FY2008 and 19.9 percent of our total revenue in FY2007 from fixed-price contracts. Fixed-price contracts require us to price our contracts by predicting our expenditures in advance. In addition, some of our engagements obligate us to provide ongoing maintenance and other supporting or ancillary services on a fixed-price basis or with limitations on our ability to increase prices. Many of our engagements are also on a time-and-materials (T&M) basis. While these types of contracts are generally subject to less uncertainty than fixed-price contracts, to the extent that our actual labor costs are higher than the contract rates, our actual results could differ materially and adversely from those anticipated.

When making proposals for engagements on a fixed-price basis, we rely on our estimates of costs and timing for completing the projects. These estimates reflect our best judgment regarding our capability to complete the task efficiently. Any increased or unexpected costs or unanticipated delays in connection with the performance of fixed-price contracts, including delays caused by factors outside our control, could make these contracts less profitable or unprofitable. From time to time, unexpected costs and unanticipated delays have caused us to incur losses on fixed-price contracts, primarily in connection with state government clients. On rare occasions, these losses have been significant. In the event that we encounter such problems in the future, our actual results could differ materially and adversely from those anticipated.

***Our earnings and margins may vary based on the mix of our contracts and programs.***

At June 30, 2008, our backlog included cost reimbursement, T&M and fixed-price contracts. Cost reimbursement and T&M contracts generally have lower profit margins than fixed-price contracts. Our earnings and margins may vary materially and adversely depending on the types of long-term government contracts undertaken, the costs incurred in their performance, the achievement of other performance objectives and the stage of performance at which the right to receive fees, particularly under incentive and award fee contracts, is finally determined.

***Systems failures may disrupt our business and have an adverse effect on our results of operations.***

Any systems failures, including network, software or hardware failures, whether caused by us, a third party service provider, unauthorized intruders and hackers, computer viruses, natural disasters, power shortages or terrorist attacks, could cause loss of data or interruptions or delays in our business or that of our clients. In addition, the failure or disruption of our mail, communications or utilities could cause us to interrupt or suspend our operations or otherwise harm our business. Our property and business interruption insurance may be inadequate to compensate us for all losses that may occur as a result of any system or operational failure or disruption and, as a result, our actual results could differ materially and adversely from those anticipated.

The systems and networks that we maintain for our clients, although highly redundant in their design, could also fail. If a system or network we maintain were to fail or experience service interruptions, we might experience loss of revenue or face claims for damages or contract termination. Our errors and omissions liability insurance may be inadequate to compensate us for all the damages that we might incur and, as a result, our actual results could differ materially and adversely from those anticipated.

***We may have difficulty identifying and executing acquisitions on favorable terms and therefore may grow at slower than anticipated rates.***

One of our key growth strategies has been to selectively pursue acquisitions. Through acquisitions, we have expanded our base of federal government clients, increased the range of solutions we offer to our clients and deepened our penetration of existing markets and clients. We may encounter difficulty identifying and executing

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suitable acquisitions. To the extent that management is involved in identifying acquisition opportunities or integrating new acquisitions into our business, our management may be diverted from operating our core business. Without acquisitions, we may not grow as rapidly as the market expects, which could cause our actual results to differ materially and adversely from those anticipated. We may encounter other risks in executing our acquisition strategy, including:

- increased competition for acquisitions may increase the costs of our acquisitions;
- our failure to discover material liabilities during the due diligence process, including the failure of prior owners of any acquired businesses or their employees to comply with applicable laws or regulations, such as the Federal Acquisition Regulation and health, safety and environmental laws, or their failure to fulfill their contractual obligations to the federal government or other customers; and
- acquisition financing may not be available on reasonable terms or at all.

Each of these types of risks could cause our actual results to differ materially and adversely from those anticipated.

***We may have difficulty integrating the operations of any companies we acquire, which could cause actual results to differ materially and adversely from those anticipated.***

The success of our acquisition strategy will depend upon our ability to continue to successfully integrate any businesses we may acquire in the future. The integration of these businesses into our operations may result in unforeseen operating difficulties, absorb significant management attention and require significant financial resources that would otherwise be available for the ongoing development of our business. These integration difficulties include the integration of personnel with disparate business backgrounds, the transition to new information systems, coordination of geographically dispersed organizations, loss of key employees of acquired companies, and reconciliation of different corporate cultures. For these or other reasons, we may be unable to retain key clients of acquired companies. Moreover, any acquired business may fail to generate the revenue or net income we expected or produce the efficiencies or cost-savings we anticipated. Any of these outcomes could cause our actual results to differ materially and adversely from those anticipated.

***If our subcontractors fail to perform their contractual obligations, our performance as a prime contractor and our ability to obtain future business could be materially and adversely impacted and our actual results could differ materially and adversely from those anticipated.***

Our performance of government contracts may involve the issuance of subcontracts to other companies upon which we rely to perform all or a portion of the work we are obligated to deliver to our clients. A failure by one or more of our subcontractors to satisfactorily deliver on a timely basis the agreed-upon supplies and/or perform the agreed-upon services may materially and adversely impact our ability to perform our obligations as a prime contractor.

A subcontractor's performance deficiency could result in the government terminating our contract for default. A default termination could expose us to liability for excess costs of repurchase by the government and have a material adverse effect on our ability to compete for future contracts and task orders. Depending upon the level of problem experienced, such problems with subcontractors could cause our actual results to differ materially and adversely from those anticipated.

***Our business may be adversely affected if we cannot collect our receivables.***

We depend on the collection of our receivables to generate cash flow, provide working capital, pay debt and continue our business operations. If the federal government, any of our other clients or any prime contractor for whom we are a subcontractor fails to pay or delays the payment of their outstanding invoices for any reason, our

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business and financial condition may be materially and adversely affected. The government may fail to pay outstanding invoices for a number of reasons, including lack of appropriated funds or lack of an approved budget. Some prime contractors for whom we are a subcontractor have significantly less financial resources than we do, which may increase the risk that we may not be paid in full or payment may be delayed. If we experience difficulties collecting receivables it could cause our actual results to differ materially and adversely from those anticipated.

***We have substantial investments in recorded goodwill as a result of prior acquisitions, and changes in future business conditions could cause these investments to become impaired, requiring substantial write-downs that would reduce our operating income.***

Goodwill accounts for \$1.1 billion of our recorded total assets. We evaluate the recoverability of recorded goodwill amounts annually, or when evidence of potential impairment exists. The annual impairment test is based on several factors requiring judgment. Principally, a decrease in expected reporting unit cash flows or changes in market conditions may indicate potential impairment of recorded goodwill. If there is an impairment, we would be required to write down the recorded amount of goodwill, which would be reflected as a charge against operating income.

***Our operations involve several risks and hazards, including potential dangers to our employees and to third parties that are inherent in aspects of our federal business (i.e. counterterrorism training services). If these risks and hazards are not adequately insured, it could adversely affect our operating results.***

Our federal business includes the maintenance of global networks and the provision of special operations services (i.e. counterterrorism training) that require us to dispatch employees to various countries around the world. These countries may be experiencing political upheaval or unrest, and in some cases war or terrorism. It is possible that certain of our employees or executives will suffer injury or bodily harm, or be killed or kidnapped in the course of these deployments. We could also encounter unexpected costs for reasons beyond our control in connection with the repatriation of our employees or executives. Any of these types of accidents or other incidents could involve significant potential claims of employees, executives and/or third parties who are injured or killed or who may have wrongful death or similar claims against us.

We maintain insurance policies that mitigate against risk and potential liabilities related to our operations. This insurance is maintained in amounts that we believe are reasonable. However, our insurance coverage may not be adequate to cover those claims or liabilities, and we may be forced to bear significant costs from an accident or incident. Substantial claims in excess of our related insurance coverage could cause our actual results to differ materially and adversely from those anticipated.

***Our failure to adequately protect our confidential information and proprietary rights may harm our competitive position.***

Our success depends, in part, upon our ability to protect our proprietary information and other intellectual property. Although our employees are subject to confidentiality obligations, this protection may be inadequate to deter misappropriation of our confidential information. In addition, we may be unable to detect unauthorized use of our intellectual property in order to take appropriate steps to enforce our rights. If we are unable to prevent third parties from infringing or misappropriating our copyrights, trademarks or other proprietary information, our competitive position could be harmed and our actual results could differ materially and adversely from those anticipated.

***We face additional risks which could harm our business because we have international operations.***

We conduct the majority of our international operations in the United Kingdom. Our U.K.-based operations comprised 3.8 percent of our revenue in FY2008 and 4.2 percent of our revenue in FY2007. Our U.K.-based

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operations are subject to risks associated with operating in a foreign country. These risks include fluctuations in the value of the British pound, longer payment cycles, changes in foreign tax laws and regulations and unexpected legislative, regulatory, economic or political changes.

Our U.K.-based operations are also subject to risks associated with operating a commercial as opposed to a government contracting business, including the effects of general economic conditions in the United Kingdom on the telecommunications, computer software and computer services sectors and the impact of more concentrated and intense competition for the reduced volume of work available in those sectors. Our revenue from this business grew during FY2008 over revenue from such business in FY2007 primarily as a result of three acquisitions and the strength of the British pound. While we are marketing our services to clients in industries that are new to us, our efforts in that regard may be unsuccessful. Other factors that may adversely affect our international operations are difficulties relating to managing our business internationally, multiple tax structures and adverse changes in foreign exchange rates. Any of these factors could cause our actual results to differ materially and adversely from those anticipated.

***Our senior secured credit facility (the 2004 Credit Facility) imposes certain restrictions on our ability to take certain actions which may have an impact on our business, operating results and financial conditions.***

The 2004 Credit Facility imposes certain operating and financial restrictions on us and requires us to meet certain financial tests. These restrictions may significantly limit or prohibit us from engaging in certain transactions, including the following:

- incurring or guaranteeing additional debt;
- paying dividends or other distributions to our stockholders or redeeming, repurchasing or retiring our capital stock in excess of specific limits;
- making certain investments, loans and advances;
- making capital expenditures above specified levels;
- exceeding specific levels of liens on our assets;
- issuing or selling equity in our subsidiaries;
- transforming or selling certain assets currently held by us, including sale and lease-back transactions;
- modifying certain agreements, including those related to indebtedness; and
- engaging in certain mergers, consolidations or acquisitions.

The failure to comply with any of these covenants would cause a default under the 2004 Credit Facility. A default, if not waived, could cause our debt to become immediately due and payable. In such situations, we may not be able to repay our debt or borrow sufficient funds to refinance it, and even if new financing is available, it may not contain terms that are acceptable to us.

***Despite our substantial debt, we may incur additional indebtedness.***

The 2004 Credit Facility consists of a \$200 million revolving credit facility and a \$350 million term loan. In addition, we have \$300 million outstanding under our convertible senior subordinated notes due 2014 (the Notes). We are able to incur additional debt in the future and have flexibility under the 2004 Credit Facility to increase the revolving credit facility to \$300 million. If new debt is added to our current debt levels, the risks related to our ability to service that debt could increase.

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### ***Servicing our debt requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay our substantial debt.***

Our ability to make scheduled payments of the principal of, to pay interest on, or to refinance our indebtedness depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not continue to generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in default on our debt obligations.

### ***A change in control or fundamental change may adversely affect us.***

The 2004 Credit Facility provides that certain change in control events with respect to us will constitute a default. A fundamental change, as defined under the Notes, will constitute a change of control under the 2004 Credit Facility, and therefore will constitute a default under such facility. If investors in the Notes exercise the repurchase right for a fundamental change, it may cause a default under the 2004 Credit Facility, even if the fundamental change itself does not cause a default on the 2004 Credit Facility, due to the financial effect of such a repurchase on us. Furthermore, the fundamental change provisions, including the provisions requiring the increase to the conversion rate for conversions in connection with certain fundamental changes, may in certain circumstances make more difficult or discourage a takeover of our company and the removal of incumbent management.

### ***The conditional conversion features of the Notes, if triggered, may adversely affect our financial condition and operating results.***

In the event the conditional conversion features of the Notes are triggered, holders of the Notes will be entitled to convert the Notes at any time during specified periods at their option. If one or more holders elect to convert their notes, we would be required to settle any converted principal through the payment of cash, which could adversely affect our liquidity. In addition, even if holders do not elect to convert their notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the Notes as a current rather than long-term liability, which would result in a material reduction of our net working capital. We currently have approximately \$200 million available under our revolving credit facility, which we could use to satisfy payment obligations arising from conversions of the Notes. However, there can be no assurance that all or any portion of this facility will be available at the time any such conversion obligations arise. Our failure to pay the required cash upon conversion as required under the Notes would constitute an event of default which, if not waived, would result in the immediate acceleration of our payment obligations under all of the Notes. Any such default would also result in an event of default under the 2004 Credit Facility. In such a situation, we may not be able to repay our debt or borrow sufficient funds to refinance it, and, even if new financing is available, it may be available on terms less favorable than the terms of our existing debt and, potentially, on terms that are unacceptable to us. A material deterioration in our financial condition or operating results could inhibit our access to additional investment capital and may cause the price of our common stock to decline.

### ***The Financial Accounting Standards Board (FASB) has issued a new accounting standard applicable to the Notes. Under this new standard, we will have to report non-cash interest expense for the Notes that is significantly higher than interest expense attributable to the coupon rate on the Notes. This change will reduce our net income and could adversely affect the market price of our common stock as a result.***

In May 2008, the FASB issued FASB Staff Position No. APB 14-1, *Accounting for Convertible Debt Instruments That May Be Settled in Cash Upon Conversion (Including Partial Cash Settlement)* (FSP 14-1). This



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new standard will require us to separately account for the liability and equity (conversion option) components of the Notes, and to recognize interest expense on the Notes using an interest rate in effect for comparable debt instruments that do not contain conversion features. Under FSP 14-1, the difference between the proceeds of the debt and the value allocated to the liability component will be recorded, in additional paid-in capital, as the value of the conversion option. The amount of the conversion option thus effectively represents additional interest cost on the liability component and will be amortized over the expected life of the security. The interest rate to be used under FSP 14-1 will therefore be significantly higher than the rate on the Notes that is currently used, which is equal to the coupon rate of 2.125 percent.

FSP 14-1 is effective for our fiscal year beginning July 1, 2009 and will require retrospective application to the date the Notes were issued. Had this new standard been effective for the fiscal year ended June 30, 2008, we estimate that our interest expense would have increased by approximately \$10.5 million, and our diluted earnings per share would have decreased by approximately \$0.21 per share. The higher interest expense will reduce our net income and may cause our stock price to decline.

### Item 1B. Unresolved Staff Comments

None.

### Item 2. Properties

As of June 30, 2008, we leased office space at 111 U.S. locations containing an aggregate of approximately 2.3 million square feet located in 28 states and the District of Columbia. In three countries outside the U.S., we leased office space at six locations containing an aggregate of approximately 35,000 square feet. Our leases expire primarily within the next five years, with the exception of five leases in Northern Virginia and one lease outside of Northern Virginia, which will expire within the next six to ten years. We anticipate that most of these leases will be renewed or replaced by other leases. All of our offices are in reasonably modern and well-maintained buildings. The facilities are substantially utilized and adequate for present operations.

We maintain our corporate headquarters in approximately 118,000 square feet of space at 1100 North Glebe Road, Arlington, Virginia. See note 14, Leases, in the Notes to Consolidated Financial Statements contained in this Annual Report on Form 10-K for additional information regarding our lease commitments.

We acquired certain real estate in Dayton, Ohio in connection with the purchase of MTL Systems, Inc. in January, 2004. The real estate consists of 2.6 acres, a 7,110 square foot garage, and a 36,360 square foot two-story office building.

### Item 3. Legal Proceedings

#### *Saleh, et al.v. Titan Corp., et. al.*

Plaintiffs filed a twenty-six count class-action complaint on June 9, 2004, originally on behalf of seven named Plaintiffs and a class of similarly situated Plaintiffs, against a number of corporate Defendants and individual corporate employees. The complaint, originally filed in the United States District Court for the Southern District of California, named CACI International Inc, CACI, INC.-FEDERAL, and CACI N.V. as Defendants, along with Titan Corporation. The complaint also named CACI Premier Technology, Inc. employee Stephen A. Stefanowicz as a Defendant.

Plaintiffs alleged, inter alia, that Defendants formed a conspiracy to increase demand for interrogation services in Iraq and violated U.S. domestic and international law. Plaintiffs seek, inter alia, declaratory relief, a permanent injunction against contracting with the government, compensatory damages, treble damages and attorney's fees.



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Plaintiffs subsequently amended their complaint several times and the action was ultimately transferred to the United States District Court for the District of Columbia. In March 2006, Plaintiffs filed a third amended complaint adding several new counts, adding CACI Premier Technology, Inc. as a Defendant, dropping CACI, N.V. as a Defendant, and adding two former CACI Premier Technology employees, Timothy Dugan and Daniel Johnson, as Defendants. On June 29, 2006, the Court entered an Order granting the Defendants' motions to dismiss with respect to numerous claims, and granting the motions of the three individual Defendants to dismiss for lack of personal jurisdiction. Finally, the Court consolidated the *Saleh* and *Ibrahim* (noted below) actions for discovery purposes only.

On August 4, 2006, the CACI Defendants filed a summary judgment motion. On November 6, 2007, the Court issued its order denying CACI's motion for summary judgment. On December 6, 2007, the Court denied Plaintiffs' motion to have the action proceed as a class action. On December 17, 2007, the Court certified its November 6, 2007 Memorandum Order denying CACI's motion for summary judgment for interlocutory appeal. On January 2, 2008, CACI filed a petition with the United States Court of Appeals for the District of Columbia Circuit asking for acceptance of an interlocutory appeal of the Court's November 6, 2007 Memorandum Order. On January 4, 2008, CACI filed a Notice of Appeal to the United States Court of Appeals for the District of Columbia Circuit from the Court's November 6, 2007 Memorandum Order.

On December 17, 2007, Plaintiffs filed a fourth amended complaint. On January 4, 2008, CACI filed a motion to dismiss the fourth amended complaint.

On December 21, 2007, the Court granted Titan's motion for entry of a final judgment of the November 6, 2007 Memorandum Order as to Titan, and on January 17, 2008, Plaintiffs filed a Notice of Appeal to the United States Court of Appeals for the District of Columbia Circuit from that final judgment in favor of Titan.

CACI filed a motion with the United States Court of Appeals for the District of Columbia Circuit to pursue an interlocutory appeal of the decision denying its summary judgment motion. In February 2008, the United States District Court for the District of Columbia granted CACI's motion to have all trial court proceedings adjourned until all appeals in the action are resolved. On March 17, 2008, the United States Court of Appeals for the District of Columbia Circuit granted CACI's request for an interlocutory appeal.

On July 28, 2008, CACI submitted its brief to the United States Court of Appeals for the District of Columbia Circuit regarding its interlocutory appeal of the decision denying its summary judgment motion. CACI intends to file on or before October 31, 2008 a brief intervening in Plaintiff's appeal of the District Court's decision granting Titan's summary judgment motion.

### ***Ibrahim, et al. v. Titan Corp. et. al.***

Plaintiffs filed a nine-count complaint on July 27, 2004 in the United States District Court for the District of Columbia. Plaintiffs are five Iraqis who claim they suffered significant physical injury, emotional distress, and/or wrongful death while they or their family members were held at Abu Ghraib prison in Iraq. The lawsuit names CACI International Inc, CACI, INC.-FEDERAL, and CACI N.V. as Defendants, along with Titan Corporation.

On August 12, 2005, the United States District Court for the District of Columbia issued a Memorandum Opinion dismissing many of the claims. Subsequently, CACI Premier Technology, Inc. was substituted as a Defendant in lieu of CACI International Inc, CACI, INC.-FEDERAL and CACI N.V.

In December 2005, CACI filed a motion for summary judgment. On November 6, 2007, the Court issued its order, denying CACI's motion for summary judgment. On December 17, 2007, the Court certified its

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November 6, 2007 Memorandum Order denying CACI's motion for summary judgment for interlocutory appeal. On January 2, 2008, CACI filed a petition with the United States Court of Appeals for the District of Columbia Circuit asking for acceptance of an interlocutory appeal of the Court's November 6, 2007 Memorandum Order. On January 4, 2008, CACI filed a Notice of Appeal to the United States Court of Appeals for the District of Columbia Circuit from the Court's November 6, 2007 Memorandum Order.

On December 21, 2007, the Court granted Titan's motion for entry of a final judgment of the November 6, 2007 Memorandum Order as to Titan, and on January 17, 2008, Plaintiffs filed a Notice of Appeal to the United States Court of Appeals for the District of Columbia Circuit from the November 6, 2007 Memorandum Order.

On December 17, 2007, Plaintiffs filed a third amended complaint. On January 4, 2008, CACI filed a motion to dismiss the third amended complaint. On January 29, 2008, the Court granted Plaintiffs' motion to adjourn the deadline for responding to the motion to dismiss until thirty days after final disposition of the pending appeals.

CACI filed a motion with the United States Court of Appeals for the District of Columbia Circuit to pursue an interlocutory appeal of the decision denying its summary judgment motion. On March 17, 2008, the United States Court of Appeals for the District of Columbia Circuit granted CACI's request for an interlocutory appeal.

On July 28, 2008, CACI submitted its brief to the United States Court of Appeals for the District of Columbia Circuit regarding its interlocutory appeal of the decision denying its summary judgment motion. CACI intends to file on or before October 31, 2008 a brief intervening in Plaintiff's appeal of the District Court's decision granting Titan's summary judgment motion.

### *Al-Janabi v. L-3 Communications et. al.*

On May 5, 2008, Plaintiff filed a twenty-count complaint in the United States District Court for the Central District of California. Plaintiff is an Iraqi who claims that he suffered significant physical injury and emotional distress while held at Abu Ghraib prison in Iraq. The lawsuit names CACI International Inc, CACI Premier Technology, Inc., and former CACI employee Stephen A. Stefanowicz as Defendants, along with L-3 Communications. The complaint alleges that the Defendants conspired with U.S. military personnel to engage in illegal treatment of Iraqi detainees. The complaint does not allege any interaction between Plaintiff and any CACI employee. Plaintiff seeks, inter alia, compensatory damages, punitive damages, and attorney's fees.

On June 27, 2008, CACI filed a motion to transfer the lawsuit to the United States District Court for the Eastern District of Virginia. CACI's motion is currently pending.

### *Al-Quraishi v. L-3 Services, Inc. et. al.*

On June 30, 2008, Plaintiff filed a twenty-count complaint in the United States District Court for the District of Maryland. Plaintiff is an Iraqi who claims that he suffered significant physical injury and emotional distress while held at Abu Ghraib prison in Iraq. The lawsuit names CACI International Inc and CACI Premier Technology, Inc. as Defendants, along with L-3 Communications and Adel Nakhila, a former employee of L-3 Services. The complaint alleges that the Defendants conspired with U.S. military personnel to engage in illegal treatment of Iraqi detainees. The complaint does not allege any interaction between Plaintiff and any CACI employee. Plaintiff seeks, inter alia, compensatory damages, punitive damages, and attorney's fees. On August 11, 2008, Plaintiff moved to dismiss CACI from the action.

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### ***Al Shimari v. L-3 Services, Inc. et. al.***

On June 30, 2008, Plaintiff filed a twenty-count complaint in the United States District Court for the Southern District of Ohio. Plaintiff is an Iraqi who claims that he suffered significant physical injury and emotional distress while held at Abu Ghraib prison in Iraq. The lawsuit names CACI International Inc, CACI Premier Technology, Inc. and former CACI employee Timothy Dugan as Defendants, along with L-3 Services, Inc. The complaint alleges that the Defendants conspired with U.S. military personnel to engage in illegal treatment of Iraqi detainees. The complaint does not allege any interaction between Plaintiff and any CACI employee. Plaintiff seeks, inter alia, compensatory damages, punitive damages, and attorney's fees. On August 8, 2008, the court granted CACI's motion to transfer the action to the United States District Court for the Eastern District of Virginia.

### ***Al-Ogaidi v. L-3 Services, Inc. et. al.***

On June 30, 2008, Plaintiff filed a twenty-count complaint in the United States District Court for the Western District of Washington. Plaintiff is an Iraqi who claims that he suffered significant physical injury and emotional distress while held at Abu Ghraib prison in Iraq. The lawsuit names CACI International Inc, CACI Premier Technology, Inc. and former CACI employee Daniel E. Johnson as Defendants, along with L-3 Services, Inc. The complaint alleges that the Defendants conspired with U.S. military personnel to engage in illegal treatment of Iraqi detainees. The complaint does not allege any interaction between Plaintiff and any CACI employee. Plaintiff seeks, inter alia, compensatory damages, punitive damages, and attorney's fees. On August 12, 2008, the court granted CACI's motion to transfer the action to the United States District Court for the Eastern District of Virginia.

We are vigorously defending the above-described legal proceedings, and, based on our present knowledge of the facts, believe the lawsuits are completely without merit.

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

No matter was submitted to a vote of security holders during the fourth quarter of our fiscal year ended June 30, 2008, through the solicitation of proxies or otherwise.

## PART II

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

Our common stock is listed on the New York Stock Exchange under the ticker symbol “CAI”.

The ranges of high and low sales prices of our common stock quoted on the New York Stock Exchange for each quarter during the fiscal years ended June 30, 2008 and 2007 were as follows:

Quarter	2008		2007	
	High	Low	High	Low
1st	\$52.83	\$43.32	\$59.80	\$47.26
2nd	\$55.01	\$43.15	\$62.02	\$53.64
3rd	\$46.87	\$38.89	\$57.55	\$44.40
4th	\$53.95	\$43.70	\$52.36	\$42.04

We have never paid a cash dividend. Our present policy is to retain earnings to provide funds for the operation and expansion of our business. We do not intend to pay any cash dividends at this time. The Board of Directors will determine whether to pay dividends in the future based on conditions then existing, including our earnings, financial condition and capital requirements, as well as economic and other conditions as the board may deem relevant. In addition, our ability to declare and pay dividends on our common stock is restricted by the provisions of Delaware law and covenants in our Credit Facility.

As of August 22, 2008, the number of stockholders of record of our common stock was approximately 390. The number of stockholders of record is not representative of the number of beneficial stockholders due to the fact that many shares are held by depositories, brokers, or nominees.

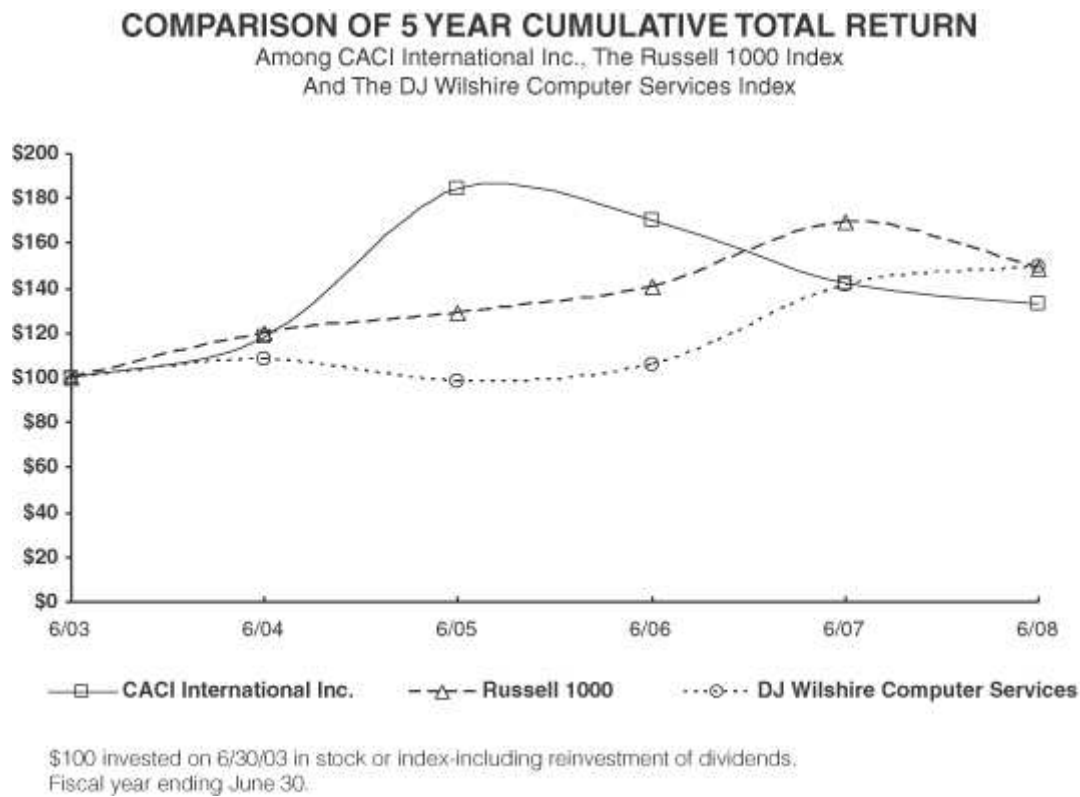
We administer an employee stock purchase plan (ESPP) under which eligible employees may purchase shares of common stock at a discount as provided by the plan. To provide the shares purchased under the plan, we either repurchase outstanding shares on the open market or issue shares previously acquired and held in treasury. Repurchased shares are acquired on a quarterly basis, generally within two weeks of the end of each quarter, and are distributed within three days thereafter to employees purchasing shares. Set forth below are equity securities purchased during the three months ended June 30, 2008 in order to satisfy our obligations under the ESPP:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased As Part of Publicly Announced Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
April 2008	22,251	\$ 46.00	557,594	192,406
May 2008	—	—	—	—
June 2008	—	—	—	—
Total	<u>22,251</u>	<u>\$ 46.00</u>	<u>557,594</u>	<u>192,406</u>

To provide shares to a participant under our director stock purchase plan whose restricted grants vested during the fiscal year, we issued 535 shares of common stock from treasury.

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The following graph compares the cumulative 5-year total return to shareholders on CACI International Inc’s common stock relative to the cumulative total returns of the Russell 1000 index and the DJ Wilshire Computer Services index. The graph assumes that the value of the investment in our common stock and in each of the indexes (including reinvestment of dividends) was \$100 on June 30, 2003 and tracks it through June 30, 2008.



	June 30,					
	2003	2004	2005	2006	2007	2008
CACI International Inc	100.00	117.90	184.14	170.06	142.42	133.44
Russell 1000	100.00	119.48	128.95	140.66	169.40	148.46
DJ Wilshire Computer Services	100.00	108.29	98.11	105.68	141.55	149.58

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

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### Item 6. Selected Financial Data

The selected financial data set forth below is derived from our audited financial statements for each of the fiscal years in the five year period ended June 30, 2008. This information should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations, and our consolidated financial statements and the notes thereto included in Part II in this Annual Report on Form 10-K.

#### Income Statement Data

	Year Ended June 30,				
	2008	2007	2006	2005	2004
	(amounts in thousands, except per share data)				
Revenue	\$ 2,420,537	\$ 1,937,972	\$ 1,755,324	\$ 1,623,062	\$ 1,145,785
Costs of revenue	2,257,708	1,792,119	1,605,044	1,480,930	1,050,698
Net income	83,323	78,532	84,840	79,725	57,714

#### Earnings per common share and common share equivalent:

##### Basic:

Weighted-average shares outstanding	30,058	30,643	30,242	29,675	29,051
Net income	\$ 2.77	\$ 2.56	\$ 2.81	\$ 2.69	\$ 1.99

##### Diluted:

Weighted-average shares and equivalent shares outstanding	30,606	31,256	31,161	30,568	29,877
Net income	\$ 2.72	\$ 2.51	\$ 2.72	\$ 2.61	\$ 1.93

#### Balance Sheet Data

	Year ended June 30,				
	2008	2007	2006	2005	2004
	(amounts in thousands)				
Total assets	\$ 1,902,653	\$ 1,791,947	\$ 1,368,090	\$ 1,206,639	\$ 1,154,304
Long-term liabilities	694,498	683,079	411,366	376,861	423,553
Working capital	312,555	413,982	238,464	284,186	208,195
Shareholders' equity	917,885	813,847	745,359	621,034	506,490

### Item 7. Management's Discussion and Analysis of Financial Condition & Results of Operations

*The following discussion and analysis of our financial condition and results of operations is provided to enhance the understanding of, and should be read together with, our consolidated financial statements and the notes to those statements that appear elsewhere in this Annual Report on Form 10-K. This discussion contains forward-looking statements that involve risks and uncertainties. Unless otherwise specifically noted, all years refer to our fiscal year which ends on June 30.*

#### Overview

We are a leading provider of professional services and information technology solutions to the U.S. government. We derived 95.0 percent of our revenues during the year ended June 30, 2008 from contracts with U.S. government agencies, including 74.7 percent from DoD customers, and 20.3 percent from U.S. federal civilian agency customers including the Department of Homeland Security. We also provide services to state and local governments and commercial customers.

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For the year ended June 30, 2008, approximately 81.9 percent of our U.S. government revenue was from contracts where we were the lead, or “prime,” contractor. Our contract base has approximately 700 active contracts and more than 2,600 active task orders. For the year ended June 30, 2008, no single task order or contract accounted for more than 10 percent of our revenues. We have a diverse mix of contract types, with 50.9 percent, 27.8 percent, and 21.3 percent of our revenues for the year ended June 30, 2008, derived from time-and-materials, cost-plus and fixed-price contracts, respectively. We generally do not pursue fixed-price software development contracts that may create financial risk.

In the near term, we face some uncertainties due to the current business environment. We continue to experience a number of protests of major contract awards. In addition, many of our federal government contracts require us to have security clearances and employ personnel with specific levels of education, work experience, and security clearances. Depending on the level of clearance, security clearances can be difficult and time-consuming to obtain and competition for skilled personnel in the information technology services industry is intense. In addition, a shift of expenditures away from programs that we support could cause federal government agencies to reduce their purchases under contracts, to exercise their right to terminate contracts at any time without penalty, or to decide not to exercise options to renew contracts. Among the factors that could affect our federal government contracting business are the continued demand and priority of funding for combat operations in Iraq and Afghanistan, an increase in set-asides for small businesses, and budgetary priorities limiting or delaying federal government spending in general.

### ***Critical Accounting Policies***

Critical accounting policies are defined as those that are reflective of significant judgments and uncertainties, and potentially result in materially different results under different assumptions and conditions. Application of these policies is particularly important to the portrayal of our financial condition and results of operations. The following are considered our critical accounting policies:

#### *Revenue Recognition/Contract Accounting*

We generate almost all of our revenue from three different types of contractual arrangements: cost-plus-fee contracts, time-and-materials contracts, and fixed-price contracts. Revenue on cost-plus-fee contracts is recognized to the extent of allowable costs incurred plus an estimate of the applicable fees earned. We consider fixed fees under cost-plus-fee contracts to be earned in proportion to the allowable costs incurred in performance of the contract. For cost-plus-fee contracts that include performance based fee incentives, and that are subject to the provisions of Statement of Position 81-1, *Accounting for Performance of Construction-Type and Certain Production-Type Contracts* (SOP 81-1), we recognize the relevant portion of the expected fee to be awarded by the customer at the time such fee can be reasonably estimated, based on factors such as our prior award experience and communications with the customer regarding performance. For such cost-plus-fee contracts subject to the provisions of U.S. Securities and Exchange Commission Staff Accounting Bulletin No. 104, *Revenue Recognition* (SAB 104), we recognize the relevant portion of the fee upon customer approval. Revenue on time-and-material contracts is recognized to the extent of billable rates times hours delivered for services provided, to the extent of material cost for products delivered to customers, and to the extent of expenses incurred on behalf of the customers. Shipping and handling fees charged to the customers are recognized as revenue at the time products are delivered to the customers.

We have four basic categories of fixed price contracts: fixed unit price, fixed price-level of effort, fixed price-completion, and fixed price-license. Revenue on fixed unit price contracts, where specified units of output under service arrangements are delivered, is recognized as units are delivered based on the specified price per unit. Revenue on fixed unit price maintenance contracts is recognized ratably over the length of the service period. Revenue for fixed price-level of effort contracts is recognized based upon the number of units of labor actually delivered multiplied by the agreed rate for each unit of labor.

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A significant portion of our fixed price-completion contracts involve the design and development of complex client systems. For these contracts that are within the scope of SOP 81-1, revenue is recognized on the percentage of completion method using costs incurred in relation to total estimated costs. For fixed price-completion contracts that are not within the scope of SOP 81-1, revenue is generally recognized ratably over the service period. Our fixed price-license agreements and related services contracts are primarily executed in our international operations. As the agreements to deliver software require significant production, modification or customization of software, revenue is recognized using the contract accounting guidance of SOP 81-1. For agreements to deliver data under license and related services, revenue is recognized as the data is delivered and services are performed. Except for losses on contracts accounted for under SAB 104, provisions for estimated losses on uncompleted contracts are recorded in the period such losses are determined. Losses on contracts accounted for under SAB 104 are recognized as the services and materials are provided.

Our contracts may include the provision of more than one of our services. In these situations, we apply the guidance of FASB's Emerging Issues Task Force (EITF) Issue 00-21, *Revenue Arrangements with Multiple Deliverables*. Accordingly, for applicable arrangements, revenue recognition includes the proper identification of separate units of accounting and the allocation of revenue across all elements based on relative fair values, with proper consideration given to the guidance provided by other authoritative literature.

Contract accounting requires judgment relative to assessing risks, estimating contract revenues and costs, and making assumptions for schedule and technical issues. Due to the size and nature of many of our contracts, the estimation of total revenues and cost at completion is complicated and subject to many variables. Contract costs include material, labor, subcontracting costs, and other direct costs, as well as an allocation of allowable indirect costs. Assumptions have to be made regarding the length of time to complete the contract because costs also include expected increases in wages and prices for materials. For contract change orders, claims or similar items, we apply judgment in estimating the amounts and assessing the potential for realization. These amounts are only included in contract value when they can be reliably estimated and realization is considered probable. Incentives or penalties related to performance on contracts are considered in estimating sales and profit rates, and are recorded when there is sufficient information for us to assess anticipated performance. Estimates of award fees for certain contracts may also be a factor in estimating revenue and profit rates based on actual and anticipated awards.

Long-term development and production contracts make up a large portion of our business, and therefore the amounts we record in our financial statements using contract accounting methods are material. For our federal contracts, we follow U.S. government procurement and accounting standards in assessing the allowability and the allocability of costs to contracts. Due to the significance of the judgments and estimation processes, it is likely that materially different amounts could be recorded if we used different assumptions or if the underlying circumstances were to change. We closely monitor compliance with, and the consistent application of, our critical accounting policies related to contract accounting. Business operations personnel conduct periodic contract status and performance reviews. When adjustments in estimated contract revenues or costs are required, any significant changes from prior estimates are included in earnings in the current period. Also, regular and recurring evaluations of contract cost, scheduling and technical matters are performed by management personnel who are independent from the business operations personnel performing work under the contract. Costs incurred and allocated to contracts with the U.S. government are scrutinized for compliance with regulatory standards by our personnel, and are subject to audit by the DCAA.

From time to time, we may proceed with work based on client direction prior to the completion and signing of formal contract documents. We have a formal review process for approving any such work. Revenue associated with such work is recognized only when it can be reliably estimated and realization is probable. We base our estimates on previous experiences with the client, communications with the client regarding funding status, and our knowledge of available funding for the contract or program.



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### *Costs of Revenue*

Costs of revenue include all direct contract costs as well as indirect overhead costs and selling, general and administrative expenses that are allowable and allocable to contracts under federal procurement standards. Costs of revenue also include costs and expenses that are unallowable under applicable procurement standards, and thus are not allocable to contracts for billing purposes. Such costs and expenses do not directly generate revenues, but are necessary for business operations.

### *Allowance For Doubtful Accounts*

Management establishes bad debt reserves against certain billed receivables based upon the latest information available to determine whether invoices are ultimately collectible. Whenever judgment is involved in determining the estimates, there is the potential for bad debt expense and the fair value of accounts receivable to be misstated. Given that we primarily serve the U.S. government and that, in our opinion, we have sufficient controls in place to properly recognize revenue, we believe the risk to be relatively low that a misstatement of accounts receivable would have a material impact on our financial results. Accounts receivable balances are written-off when the balance is deemed uncollectible after exhausting all reasonable means of collection.

### *Goodwill Valuation*

Goodwill represents the excess of costs over fair value of assets of businesses acquired. Goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized, but instead tested for impairment at least annually in accordance with the provisions of SFAS No. 142, *Goodwill and Other Intangible Assets* (SFAS No. 142). SFAS No. 142 also requires that intangible assets with estimable useful lives be amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with SFAS No. 144, *Accounting for Impairment or Disposal of Long-Lived Assets* (SFAS No. 144).

SFAS No. 142 requires that goodwill be tested for impairment at the reporting unit level at least annually, utilizing a two-step methodology. The initial step requires us to assess whether indications of impairment exist. If indications of impairment are determined to exist, the second step of measuring impairment is performed, wherein the fair value of the relevant reporting unit is compared to the carrying value, including goodwill, of such unit. If the fair value exceeds the carrying value, no impairment loss is recognized. However, if the carrying value of the reporting unit exceeds its fair value, the goodwill of the reporting unit is impaired.

We perform our annual testing for impairment of goodwill and other intangible assets as of June 30 of each year. Based on testing performed as of June 30, 2008, there were no indications of impairment.

### *Stock-Based Compensation*

We issue stock settled stock appreciation rights (SSARs) (non-qualified stock options (NQSOs) through May 2007) and shares of restricted stock and restricted stock units (RSUs), on an annual basis to our directors and key employees under our 2006 Stock Incentive Plan. We also issue equity instruments in the form of RSUs under our Management Stock Purchase Plan and Director Stock Purchase Plan. With the exception of SSARs that were granted in June and July of 2007 to the Company's Chief Executive Officer; President, U.S. Operations; and Chief Operating Officer, U.S. Operations with a market-based vesting feature, compensation expense attributable to SSARs and NQSOs is generally computed using the Black-Scholes valuation model. SSARs containing market-based vesting features were valued with a binomial lattice model. Assumptions relating to volatility are based on an analysis of our historical volatility. Through June 30, 2007, assumptions related to the expected term of NQSOs were based on a safe-harbor approach which allowed companies to assume an expected term at the mid-point between the end of the vesting period and the final expiration of the NQSOs. Beginning with SSARs issued during the year ended June 30, 2008, the safe harbor is no longer permissible and the

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expected term of SSARs issued during the year ended June 30, 2008 was based on an analysis of our historical NQSO exercises. The expected lives of future grants of SSARs containing market-based vesting features, if any, will be based on both historical exercise trends and expected exercise rates at various stock price levels.

Under the terms of current SSAR/stock option and RSU/restricted stock agreements, grantees retiring at or after age 65 will vest in 100 percent of their awards. We recognize the expense associated with stock options, SSARs, restricted stock and RSUs granted to employees who have reached age 65 in full at the time of grant. We recognize the expense associated with stock options, SSARs, restricted stock and RSUs granted to employees nearing retirement age ratably over the period from the date of grant to the date the grantee is eligible for retirement. This treatment is referred to as the non-substantive vesting method and is applied even if the employee has remained or plans to remain an employee of the Company beyond the eligible retirement age.

### Results of Operations

The following table sets forth the relative percentages that certain items of expense and earnings bear to revenue.

#### Consolidated Statements of Operations Years ended June 30, 2008, 2007, 2006

	2008	2007	2006	2008	2007	2006	Year to Year Change			
							2007 to 2008		2006 to 2007	
		Dollars		Percentages			Dollars	Percent	Dollars	Percent
	(dollar amounts in thousands)									
Revenue	\$2,420,537	\$1,937,972	\$1,755,324	100.0%	100.0%	100.0%	\$482,565	24.9%	\$182,648	10.4%
Costs of revenue										
Direct costs	1,625,591	1,267,677	1,134,951	67.1	65.4	64.6	357,914	28.2	132,726	11.7
Indirect costs and selling expenses	584,600	485,359	436,656	24.2	25.1	24.9	99,241	20.4	48,703	11.2
Depreciation and amortization	47,517	39,083	33,437	2.0	2.0	1.9	8,434	21.6	5,646	16.9
Total costs of revenue	2,257,708	1,792,119	1,605,044	93.3	92.5	91.4	465,589	26.0	187,075	11.7
Income from operations	162,829	145,853	150,280	6.7	7.5	8.6	16,976	11.6	(4,427)	(2.9)
Interest expense, net	25,198	20,585	17,279	1.0	1.0	1.0	4,613	22.4	3,306	19.1
Net income before income taxes	137,631	125,268	133,001	5.7	6.5	7.6	12,363	9.9	(7,733)	(5.8)
Income taxes	54,308	46,736	48,161	2.3	2.4	2.8	7,572	16.2	(1,425)	(3.0)
Net income	\$ 83,323	\$ 78,532	\$ 84,840	3.4%	4.1%	4.8%	\$ 4,791	6.1%	\$ (6,308)	(7.4)%

### Revenue

For FY2008, our total revenue increased by \$482.6 million, or 24.9 percent. Approximately 13.8 percent, or \$268.1 million, of revenue growth was organic and resulted from an increase in services provided to a broad base of DoD, intelligence, and federal civilian agency customers. The remaining 11.1 percent increase, or \$214.5 million, was from acquisitions completed in FY2007 and FY2008.

During FY2007, total revenue increased by \$182.6 million, or 10.4 percent. Approximately 1.2 percent, or \$21.9 million, of revenue growth was organic and resulted primarily from increases in services and solutions

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provided to our DoD customers. The remaining 9.2 percent, or \$160.7 million, of the FY2007 revenue growth was generated by acquisitions completed in FY2007 and FY2006.

Revenue generated from the date a business is acquired through the first anniversary of that date is considered acquired revenue. Our acquired revenue for FY2008 and FY2007 is as follows (in millions):

<u>Business Acquired</u>	<u>2008</u>	<u>2007</u>
The Wexford Group International, Inc. (WGI)	\$ 98.4	\$ —
Athena Innovative Solutions, Inc. (AIS)	74.7	—
Dragon Development Corporation (DDC)	21.5	—
Institute for Quality Management, Inc (IQM)	12.6	1.2
Information Systems Support, Inc. (ISS)	—	96.0
AlphaInsight	—	40.0
National Security Research, Inc. (NSR)	—	6.3
Others	7.3	17.2
<b>Total</b>	<b>\$214.5</b>	<b>\$160.7</b>

The following table summarizes revenue earned by each of the customer groups for the three most recent fiscal years:

	Year ended June 30,					
	2008		2007		2006	
			(dollar amounts in thousands)			
Department of Defense	\$1,807,546	74.7%	\$1,393,735	71.9%	\$1,282,582	73.1%
Federal civilian agencies	491,275	20.3	431,752	22.3	374,502	21.3
Commercial and other	101,839	4.2	91,946	4.7	73,644	4.2
State and local governments	19,877	0.8	20,539	1.1	24,596	1.4
<b>Total</b>	<b>\$2,420,537</b>	<b>100.0%</b>	<b>\$1,937,972</b>	<b>100.0%</b>	<b>\$1,755,324</b>	<b>100.0%</b>

Revenue from DoD customers increased 29.7 percent, or \$413.8 million, to \$1.8 billion for FY2008 as compared to FY2007. The aforementioned acquisitions accounted for 40.7 percent of this total growth, contributing \$168.6 million. DoD revenue includes that earned for services provided to the U.S. Army, our largest customer, where our services focus on supporting readiness, tactical military intelligence, and communications of the combat operations in Iraq and Afghanistan. DoD revenue also includes work with the U.S. Navy, such as services to support the Navy's automatic identification technologies and a mine countermeasure program that protects its fleet.

Revenue from DoD customers increased 8.7 percent, or \$111.2 million, to \$1.4 billion for FY2007 as compared to FY2006. The aforementioned acquisitions accounted for 81.6 percent of this growth, contributing \$90.7 million.

Revenue from federal civilian agencies increased \$59.5 million, or 13.8 percent, to \$491.3 million during FY2008 as compared to FY2007. The primary revenue growth drivers in this area came from acquisitions, which accounted for 66.1 percent of the increase. Approximately 15.1 percent of federal civilian agency revenue for the year was derived from the Department of Justice (DoJ), for whom we provide litigation support services. Revenue from DoJ was \$74.0 million in FY2008 versus \$66.6 million in FY2007. The increase in revenue earned from DoJ resulted primarily from services provided to support DoJ efforts involving litigation resulting from Hurricane Katrina. Federal civilian agency revenue also includes services provided to non-DoD national intelligence agencies.

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During FY2007 as compared to FY2006, revenue from federal civilian agencies increased \$57.3 million, or 15.3 percent, to \$431.8 million. The primary revenue growth drivers in this area came from acquisitions, which accounted for 83.1 percent of the increase. Approximately 15.4 percent of federal civilian agency revenue for the year was derived from DoJ. Revenue from DoJ was \$66.6 million in FY2007 versus \$79.0 million in FY2006. The decrease in revenue earned from DoJ resulted primarily from the reduced level of services provided to support both DoJ litigation efforts involving the tobacco industry and the Department of Energy.

Commercial and other revenue increased 10.8 percent, or \$9.9 million, to \$101.8 million in FY2008 as compared to FY2007. Commercial revenue is derived from both international and domestic operations. In FY2008, international operations accounted for 91.1 percent, or \$92.8 million, of the total commercial revenue, while domestic operations accounted for 8.9 percent, or \$9.0 million. The increase in commercial revenue was primarily from our operations in the U.K., which increased by 15.3 percent, or \$12.3 million. Growth in the U.K. was generated by three acquisitions completed in FY2008 and favorable exchange rates.

Commercial revenue increased 24.9 percent, or \$18.3 million, to \$91.9 million in FY2007 as compared to FY2006. In FY2007, international operations accounted for 87.6 percent, or \$80.5 million, of the total commercial revenue, while domestic operations accounted for 12.4 percent, or \$11.4 million. The increase in commercial revenue was primarily from our U.K. operations, which increased by 28.2 percent, or \$17.7 million. Growth in the U.K. was generated by two acquisitions completed in FY2006 and favorable exchange rates.

Revenue from state and local governments decreased by 3.2 percent, or \$0.7 million during FY2008, as compared to FY2007. In FY2007 as compared to FY2006, revenue from state and local governments decreased by 16.5 percent, or \$4.1 million. These decreases are attributable to a decreased demand for our information technology services that were provided across a number of states. Revenue from state and local governments represented 0.8 percent and 1.1 percent of our total revenue in FY2008 and FY2007, respectively. Our continued focus on DoD and federal civilian agency opportunities has resulted in a relatively reduced emphasis on state and local government business.

### ***Income from Operations***

Operating income increased 11.6 percent, or \$17.0 million, in FY2008 as compared to FY2007. Our operating margin in FY2008 was 6.7 percent compared to 7.5 percent a year earlier. The decline in income from operations as a percentage of revenue was due primarily to an increase in subcontract labor and materials as a percent of total direct costs. These generate a lower margin than our direct labor. In FY2007 as compared to FY2006, operating income decreased 2.9 percent, or \$4.4 million. Our operating margin in FY2007 was 7.5 percent, compared to 8.6 percent a year earlier. This decrease in margin rate also relates primarily to an increase in subcontract labor and materials as a percent of total direct costs.

During the fiscal years ended June 30, 2008, 2007, and 2006, as a percentage of revenue, total direct costs were 67.1 percent, 65.4 percent, and 64.6 percent, respectively. The year-to-year increases in direct costs as a percentage of revenue have been driven primarily by an increase in the use of subcontractors. These costs are common in our industry, are typically incurred in response to specific client tasks, and may vary from period to period.

The single largest component of direct costs, direct labor, was \$670.3 million, \$548.5 million and \$507.5 million in FY2008, FY2007, and FY2006, respectively. The increase in direct labor during the last three fiscal years is attributable to the organic growth in our federal government business both in the DoD and federal civilian agencies, and to acquisitions. Other direct costs, which include, among other costs, subcontractor labor and materials along with equipment purchases and travel expenses, were \$955.3 million, \$719.1 million, and \$627.4 million in FY2008, FY2007, and FY2006, respectively. The year over year increases were primarily the result of increased volume of tasking across all of our major service offerings including the aforementioned acquisitions.

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Indirect costs and selling expenses include fringe benefits, marketing and bid and proposal costs, indirect labor and other discretionary costs. As a percentage of revenue, indirect costs and selling expenses were 24.2 percent, 25.1 percent and 24.9 percent for FY2008, FY2007, and FY2006, respectively. The fluctuation in percentage experienced during these fiscal years is primarily the result of integrating acquired businesses while controlling our various indirect and general and administrative expenses in these periods of growth. A component of indirect costs and selling expenses is stock compensation. Total stock compensation expense was \$17.6 million, \$13.0 million, and \$15.5 million for the fiscal years ended June 30, 2008, 2007, and 2006, respectively. The increase in stock compensation expense from FY2007 to FY2008 was due to a higher level of grants in FY2008 as compared to FY2007.

Depreciation and amortization expense increased \$8.4 million, or 21.6 percent, in FY2008 as compared to FY2007. The increase was primarily attributable to the amortization of the identifiable intangible assets acquired with the business combinations completed during FY2007 and FY2008. In FY2007 as compared to FY2006, depreciation and amortization expense increased \$5.6 million or 16.9 percent primarily from the amortization of acquired intangible assets.

Net interest expense increased \$4.6 million, or 22.4 percent in FY2008, as compared to FY2007. The primary driver for the increase was the issuance of \$300 million of convertible notes in May 2007. This increase was partially offset by lower interest on the 2004 Credit Facility due to a lower effective interest rate and interest income generated from cash on hand.

Net interest expense increased \$3.3 million, or 19.1 percent, in FY2007 as compared to FY2006. The primary driver for the increase was an approximate 1.0 percent increase in the weighted-average interest rate, excluding the effects of two interest rate swap agreements, of our average borrowings. Net interest expense also increased as a result of the issuance of \$300 million of convertible notes in May 2007.

The effective income tax rates in FY2008, FY2007, and FY2006, were 39.5 percent, 37.3 percent, and 36.2 percent, respectively. The higher tax rate in FY2008 as compared to FY2007 related primarily to the impact of non-deductible losses on corporate-owned life insurance policies and lower research and development credits in FY2008 due to the expiration of Internal Revenue Code Section 41 as of December 31, 2007. These were partially offset by a reduction in state tax expense related to a review that resulted in recording additional state deferred tax assets.

### ***Quarterly Financial Information***

Quarterly financial data for the two most recent fiscal years is provided in note 24, Quarterly Financial Data, in the Notes to Consolidated Financial Statements contained in this Annual Report on Form 10-K.

### ***Effects of Inflation***

Based on our contract mix reported for FY2008, approximately 28 percent of our business is conducted under cost-reimbursable contracts which automatically adjust revenue to cover costs that are affected by inflation. Approximately 51 percent of our revenue is earned under time-and-material contracts, where labor rates for many of the services provided are often fixed for several years. Under certain time-and-material contracts containing indefinite-delivery, indefinite-quantity procurement arrangements, we do adjust labor rates annually as permitted. The remaining portion of our business is fixed-price and may span multiple years. We generally have been able to price our time-and-materials and fixed-price contracts in a manner that accommodates the rates of inflation experienced in recent years.

### ***Liquidity and Capital Resources***

Historically, our positive cash flow from operations and our available credit facilities have provided adequate liquidity and working capital to fund our operational needs. Cash flows from operations totaled

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\$160.1 million, \$168.0 million and \$107.1 million for the years ended June 30, 2008, 2007 and 2006, respectively.

Effective May 16, 2007, we issued the Notes, which mature on May 1, 2014, in a private placement pursuant to Rule 144A of the Securities Act of 1933. The Notes are subordinate to our senior secured debt, and interest on the Notes is payable on May 1 and November 1 of each year. The registration statement we filed with the SEC to register resales of the Notes and the common stock issuable upon conversion of the Notes became effective on October 11, 2007.

Holders may convert their notes at a conversion rate of 18.2989 shares of CACI common stock for each \$1,000 of note principal (an initial conversion price of \$54.65 per share) under the following circumstances: 1) if the last reported sale price of CACI stock is greater than or equal to 130 percent of the conversion price for at least 20 trading days in the period of 30 consecutive trading days ending on the last trading day of the preceding fiscal quarter; 2) during the five consecutive business day period immediately after any five consecutive trading day period (the note measurement period) in which the average of the trading price per \$1,000 principal amount of convertible note was equal to or less than 97 percent of the average product of the closing price of a share of our common stock and the conversion rate of each date during the note measurement period; 3) upon the occurrence of certain corporate events, as defined; or 4) during the last three-month period prior to maturity. We are required to satisfy 100 percent of the principal amount of these notes solely in cash, with any amounts above the principal amount to be satisfied in common stock. As of June 30, 2008, none of the conditions permitting conversion of the Notes had been satisfied.

In the event of a fundamental change, as defined, holders may require us to repurchase the Notes at a price equal to the principal amount plus any accrued interest. Also, if certain fundamental changes occur prior to maturity, we will in certain circumstances increase the conversion rate by a number of additional shares of common stock or, in lieu thereof, we may in certain circumstances elect to adjust the conversion rate and related conversion obligation so that these notes are convertible into shares of the acquiring or surviving company. We are not permitted to redeem the Notes.

The contingently issuable shares are not included in our diluted share count for the fiscal year ended June 30, 2008 or 2007, because our average stock price during those periods was below the conversion price. Debt issuance costs of approximately \$7.8 million are being amortized to interest expense over seven years. Upon closing of the sale of the Notes, approximately \$45 million of the net proceeds was used to concurrently repurchase one million shares of our common stock.

In connection with the issuance of the Notes, we purchased in a private transaction at a cost of \$84.4 million call options (the Call Options) to purchase approximately 5.5 million shares of our common stock at a price equal to the conversion price of \$54.65 per share. The Call Options allow us to receive shares of our common stock from the counterparties equal to the amount of common stock related to the excess conversion value that we would pay the holders of the Notes upon conversion.

For income tax reporting purposes, the Notes and the Call Options are integrated. This creates an original issue discount for income tax reporting purposes, and therefore the cost of the Call Options will be accounted for as interest expense over the term of the Notes for income tax reporting purposes. The associated income tax benefit of \$32.8 million to be realized for income tax reporting purposes over the term of the Notes was reflected as an increase in additional paid-in-capital and a long-term deferred tax asset.

In addition, we sold warrants (the Warrants) to issue approximately 5.5 million shares of CACI common stock at an exercise price of \$68.31 per share. The proceeds from the sale of the Warrants totaled \$56.5 million.

On a combined basis, the Call Options and the Warrants are intended to reduce the potential dilution of CACI's common stock in the event that the Notes are converted by effectively increasing the conversion price of

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these notes from \$54.65 to \$68.31. The Call Options are anti-dilutive and are therefore excluded from the calculation of diluted shares outstanding. The Warrants will result in additional diluted shares outstanding if our average common stock price exceeds \$68.31. The Call Options and the Warrants are separate and legally distinct instruments that bind us and the counterparties and have no binding effect on the holders of the Notes.

In May 2008, the FASB issued FSP 14-1. This new standard will require the Company to separately account for the liability and equity (conversion option) components of the Notes, and to recognize interest expense on the Notes using an interest rate in effect for comparable debt instruments that do not contain conversion features. The interest rate to be used under the new standard will be significantly higher than the rate which is currently used, which is equal to the coupon rate of 2.125 percent.

FSP 14-1 is effective for the Company's fiscal year beginning July 1, 2009, and will require retrospective application to the date the Notes were issued. Had this new standard been effective for the fiscal year ended June 30, 2008, the Company estimates that its interest expense would have increased by approximately \$10.5 million, and its diluted earnings per share would have decreased by approximately \$0.21 per share. FSP 14-1 will have no direct effect on the Company's cash flow.

We also maintain a \$550 million credit facility (the 2004 Credit Facility), which includes a \$200 million revolving credit facility (the Revolving Facility), and a \$350 million institutional term loan (the Term Loan). The initial borrowings under the 2004 Credit Facility were \$422.6 million, of which \$335.1 million was outstanding under the Term Loan at June 30, 2008.

The Revolving Facility is a five-year, secured facility that permits continuously renewable borrowings of up to \$200 million, with annual sublimits on amounts borrowed for acquisitions. The Revolving Facility contains an accordion feature under which the facility may be expanded to \$300 million with current lenders of the Revolving Facility by providing advanced written notice to the administrative agent or we could solicit new lenders with agent approval. The Revolving Facility permits one, two, three and six month interest rate options. We pay a fee on the unused portion of this facility. Repayment of any outstanding balance under the Revolving Facility, together with accrued interest thereon, is due in full May 3, 2009, at which time the Revolving Facility will terminate. As of June 30, 2008, we had no borrowings under the Revolving Facility.

The Term Loan portion of the 2004 Credit Facility is a seven-year secured facility under which principal payments are due in quarterly installments of \$0.9 million at the end of each fiscal quarter through March 2011, and the balance of \$325.5 million is due in full on May 3, 2011.

Interest rates for both Revolving Facility and Term Loan borrowings are based on the London Inter-Bank Offered Rate (LIBOR), or the higher of the prime rate, or federal funds rate, plus applicable margins. Margin and unused fee rates are determined quarterly based on our leverage ratios. We are expected to operate within certain limits on leverage, net worth and fixed-charge coverage ratios throughout the term of the 2004 Credit Facility. The total costs associated with securing the 2004 Credit Facility, as amended, were approximately \$8.7 million, and are being amortized over the life of the 2004 Credit Facility.

We also have amounts due under a mortgage note payable that was assumed in January 2004, and promissory notes payable issued in connection with the May 2006 acquisition of Sophron. The amount of reported principal due under the mortgage note payable and the promissory notes payable were \$0.6 million and \$6.5 million, respectively, as of June 30, 2008. The promissory notes payable mature on June 30, 2010, but portions of these notes may be put back to the Company beginning January 1, 2010. The holders have the right to request payment of up to 50 percent of outstanding note principal beginning January 1, 2010, and up to 100 percent at any time between April 6, 2010 and the stated due date of June 30, 2010.

We also maintain two lines of credit in addition to the Revolving Facility, one in the U.K., and one under a joint venture. The total amount available under the line-of-credit facility in the U.K., which is scheduled to expire



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in December 2008, is approximately \$1.0 million. The amount available under the joint venture's line of credit is \$1.5 million, and is scheduled to expire in September 2011. As of June 30, 2008, the Company had \$0.4 million outstanding under the joint venture's line, and no borrowings under the U.K.'s line.

In June 2008, our Board of Directors approved a share repurchase program for up to \$20 million of our common stock. Repurchases may take place from time to time on the open market, which may include the use of 10b5-1 trading plans or through negotiated transactions. The timing and amount of purchases under the program will be determined by management based upon market conditions and other factors. The program does not require us to purchase any specific number or amount of shares. We may suspend the program at any time without notice.

Cash and cash equivalents were \$120.4 million and \$285.7 million as of June 30, 2008 and 2007, respectively. The decrease in cash and cash equivalents was primarily attributable to the acquisitions completed in FY2008. In addition, cash and cash equivalents at June 30, 2007 included \$49.0 million of cash paid in July 2007 in connection with the acquisition of WGI. Working capital was \$312.6 million and \$414.0 million as of June 30, 2008 and 2007, respectively. Our operating cash flow was \$160.1 million for FY2008, compared to \$168.0 million for the same period a year ago. The current year decrease in operating cash flow results from strong organic growth in FY2008. Increasing organic growth consumes operating cash flow that is necessary to fund expanding business operations. Days-sales outstanding improved to 60 at June 30, 2008, compared to 66 for the same period a year ago.

We used \$329.3 million and \$116.2 million of cash in investing activities during FY2008 and FY2007, respectively. The increase in FY2008 was attributed to the larger acquisitions completed during FY2008 as compared to those completed in FY2007. In addition, although the WGI acquisition was completed in FY2007, \$49.0 million of the purchase price was paid in FY2008.

Purchases of office and computer related equipment of \$13.6 million and \$7.9 million in FY2008 and FY2007, respectively, accounted for a majority of the remaining funds used in investing activities. We have relatively low capital expenditure requirements for our business, and expect these expenditures in the coming years to remain consistent with the levels reported in recent fiscal years.

Cash provided by financing activities totaled \$4.1 million and \$208.0 million during FY2008 and FY2007, respectively. During FY2007 financing activities reflect the sale of the Notes. We used \$45.5 million of cash from the sales of the Notes to repurchase one million shares of our common stock.

Cash flows from financing activities continued to benefit from proceeds received from the exercise of stock options, and purchases of stock under our ESPP. Proceeds from these activities totaled \$8.3 million and \$13.9 million during FY2008 and FY2007, respectively. These were offset by cash used to purchase stock to fulfill obligations under the ESPP. Cash used to acquire stock under the ESPP was \$2.0 million and \$4.7 million during FY2008 and FY2007, respectively. This decrease was primarily due to the use of shares held in treasury to fulfill the Company's obligations under the ESPP for the second and third quarters of FY2008.

We believe that the combination of internally generated funds, available bank borrowings, and cash and cash equivalents on hand will provide the required liquidity and capital resources necessary to fund on-going operations, customary capital expenditures, debt service obligations, and other working capital requirements over the next twelve months. Over the longer term, our ability to generate sufficient cash flows from operations necessary to fulfill the obligations under our 2004 Credit Facility and the Notes will depend on our future financial performance which will be affected by many factors outside of our control.

### ***Off-Balance Sheet Arrangements and Contractual Obligations***

We use off-balance sheet arrangements to finance the lease of operating facilities. With the exception of a building acquired in connection with an acquisition completed during the year ended June 30, 2004, we have

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financed the use of all of our office and warehouse facilities through operating leases. Operating leases are also used to finance the use of computers, servers, phone systems, and to a lesser extent, other fixed assets, such as furnishings, that are obtained in connection with business acquisitions. We generally assume the lease rights and obligations of companies acquired in business combinations and continue financing equipment under operating leases until the end of the lease term following the acquisition date. We generally do not finance capital expenditures with operating leases, but instead finance such purchases with available cash balances. For additional information regarding our operating lease commitments, see note 14 in the Notes to Consolidated Financial Statements contained in this Annual Report on Form 10-K. The 2004 Credit Facility provides for stand-by letters of credit aggregating up to \$25.0 million that reduce the funds available under the Revolving Facility when issued. As of June 30, 2008, we had no outstanding letters of credit. We have no other material off-balance sheet financing arrangements.

The following table summarizes our contractual obligations as of June 30, 2008 that require us to make future cash payments:

	Payments Due By Period				
	Total	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
(amounts in thousands)					
Contractual obligations:					
Term loan(1)	\$335,125	\$ 3,500	\$331,625	\$ —	\$ —
Fixed rate note(1)	6,451	—	6,451	—	—
Convertible notes(1)	300,000	—	—	—	300,000
Joint venture credit facility(1)	400	—	—	400	—
Operating leases(2)	145,099	33,866	48,097	29,327	33,809
Other long-term liabilities reflected on our balance sheet under GAAP					
Other notes payable(1)	647	49	106	120	372
Deferred compensation(3)	43,885	2,145	3,186	2,814	35,740
Total	<u>\$831,607</u>	<u>\$39,560</u>	<u>\$389,465</u>	<u>\$32,661</u>	<u>\$369,921</u>

(1) See note 13 to our consolidated financial statements for additional information regarding debt and related matters.

(2) See note 14 to our consolidated financial statements for additional information regarding operating lease commitments.

(3) This liability is substantially offset by investments held by the plan provider to be reimbursed to us upon the payment of the liability to the plan participant. See note 20 to our consolidated financial statements.

### Item 7A. Quantitative and Qualitative Disclosure About Market Risk

The interest rates on both the Term Loan and the Revolving Facility are affected by changes in market interest rates. A one percent change in interest rates on variable rate debt would have resulted in our interest expense fluctuating by approximately \$1.9 million for the fiscal year ended June 30, 2008.

We seek to manage these fluctuations, in part, through interest rate hedging agreements. As of June 30, 2008, we were party to two interest rate swap agreements and one interest rate cap agreement with a total notional amount of debt of \$168.0 million that provide fixed-rate payments in lieu of floating rate payments. We continue to monitor market conditions to determine if additional interest rate swap or cap agreements are appropriate.

Approximately 3.8 percent and 4.2 percent of our total revenues in FY2008 and FY2007, respectively, were derived from our international operations in the U.K. Our practice in the U.K. is to negotiate contracts in the same currency in which the predominant expenses are incurred, thereby mitigating the exposure to foreign

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currency exchange fluctuations. It is not possible to accomplish this in all cases; thus, there is some risk that profits will be affected by foreign currency exchange fluctuations. As of June 30, 2008 we held pounds sterling in the U.K. equivalent to approximately \$11.7 million. This allows us to better utilize our cash resources on behalf of our foreign subsidiaries, thereby mitigating foreign currency conversion risks.

### Item 8. Financial Statements and Supplementary Data

The Consolidated Financial Statements of CACI International Inc and subsidiaries are provided in Part IV in this Annual Report on Form 10-K.

### Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

We had no disagreements with our independent registered public accounting firm on accounting principles, practices or financial statement disclosure during and through the date of the consolidated financial statements included in this report.

### Item 9A. Controls and Procedures

#### A. Disclosure Controls and Procedures

We maintain disclosure controls and procedures, as defined in the Exchange Act Ruling 13a-15(e) and 15d-15(e), that are designed to ensure that information required to be disclosed in our periodic filings with the Securities and Exchange Commission (SEC) is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Our disclosure controls and procedures are also designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer (CEO) and Chief Financial Officer (CFO), as appropriate, to allow timely decisions regarding required disclosure.

The effectiveness of a system of disclosure controls and procedures is subject to various inherent limitations, including cost limitations, judgments used in decision making, assumptions about the likelihood of future events, the soundness of internal controls, and fraud. Due to such inherent limitations, there can be only reasonable, and not absolute, assurance that any system of disclosure controls and procedures will be successful in detecting or preventing all errors or fraud, or in making all material information known in a timely manner to the appropriate levels of management.

We performed an evaluation of the effectiveness of our disclosure controls and procedures under the supervision of the CEO and CFO, as of June 30, 2008. Based on the evaluation procedures, our management, including the CEO and CFO, concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of June 30, 2008.

#### B. Internal Control Over Financial Reporting

The management of CACI International Inc is responsible for establishing and maintaining effective internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f), and for its assessment of the effectiveness of internal control over financial reporting.

We maintain internal controls over financial reporting that are designed to provide reasonable assurance regarding the reliability of financial reporting, and the preparation of financial statements. CACI International Inc's internal control over financial reporting includes those policies and procedures that 1) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles; 2) ensure the maintenance of records that accurately and fairly reflect our transactions; 3) ensure that our receipts, expenditures and asset dispositions are made in accordance with director and management authorizations; and 4) provide reasonable assurance that our assets are properly safeguarded.

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With the participation of our CEO and CFO, we performed an evaluation of the effectiveness of the internal control over financial reporting to comply with the rules on internal control over financial reporting issued pursuant to the Sarbanes-Oxley Act of 2002. In making this evaluation, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control—Integrated Framework*. Based on the evaluation procedures, our management, including the CEO and CFO, concluded that, as of June 30, 2008, our internal control over financial reporting was effective based on those criteria. In addition, our independent registered public accounting firm evaluated the effectiveness of our internal control over financial reporting. Management's report on the effectiveness of internal control over financial reporting, and the independent auditors' report on internal control over financial reporting, are included in Part IV of this report.

### **C. Changes in Internal Control Over Financial Reporting**

Under the supervision and with the participation of our management, an evaluation was also performed of any changes in our internal control procedures over financial reporting that occurred during our last fiscal quarter. Based on this evaluation, management determined there were no changes in our internal control over financial reporting that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**PART III**

The Information required by Items 10, 11, 12, 13 and 14 of Part III of Form 10-K has been omitted in reliance on General Instruction G (3) and is incorporated herein by reference to our proxy statement to be filed with the SEC pursuant to Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended, as set forth below:

**Item 10. Officers, Directors and Executive Officers of the Registrant**

Except for the specific disclosures below, the information required by this Item 10 is included under the headings “Executive Officers” and “Corporate Governance” in our 2008 Proxy Statement for the annual meeting to be held with respect to the fiscal year ended June 30, 2008 (2008 Proxy Statement) and is incorporated by reference.

***Code of Ethics***

We have adopted a code of ethics that applies to our principal executive officer, principal financial officer, principal accounting officer and persons performing similar functions. That code, our Standards of Ethics and Business Conduct, can be found posted in the “Investors” section of our website at [www.caci.com](http://www.caci.com) and a printed copy of such code will be furnished free of charge to any shareholder who requests a copy.

We intend to disclose any amendment to the Standards of Ethics and Business Conduct that relates to any element of the code of ethics definition enumerated in Item 406(b) of Regulation S-K, and any waiver from a provision of the Standards of Ethics and Business Conduct granted to any director, principal executive officer, principal financial officer, principal accounting officer, or any other executive officer of the Company, in the “Investors” section of our website at [www.caci.com](http://www.caci.com) within four business days following the date of such amendment or waiver.

***Corporate Governance Guidelines***

We have adopted a set of corporate governance guidelines in accordance with the requirements of Section 303A of the New York Stock Exchange Listed Company Manual. Those guidelines can be found posted on our website at [www.caci.com](http://www.caci.com) and a printed copy will be furnished free of charge to any shareholder who requests a copy.

**Item 11. Executive Compensation**

The information required by this Item 11 is included in the text and tables under the caption “Compensation Discussion and Analysis” in our 2008 Proxy Statement and is incorporated by reference.

**Item 12. Security Ownership Of Certain Beneficial Owners And Management**

The information required by this Item 12 is included under the headings “Security Ownership of Directors, Executive Officers and Certain Beneficial Owners” and “Equity Compensation Plan Information” in our 2008 Proxy Statement and is incorporated by reference.

**Item 13. Certain Relationships and Related Transactions**

The information required by this Item 13 is included under the headings “Corporate Governance” and “Compensation Discussion and Analysis” in our 2008 Proxy Statement and is incorporated by reference.

**Item 14. Principal Accounting Fees and Services**

The information required by this Item 14 is included under the heading “Independent Auditor Fees” in our 2008 Proxy Statement and is incorporated by reference.

**PART IV**

**Item 15. Exhibits and Financial Statement Schedules**

(a) Documents filed as part of this Report

1. Financial Statements
  - A. Report of Management on Internal Control Over Financial Reporting
  - B. Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting
  - C. Report of Independent Registered Public Accounting Firm
  - D. Consolidated Statements of Operations for the fiscal years ended June 30, 2008, 2007, and 2006
  - E. Consolidated Balance Sheets as of June 30, 2008 and 2007
  - F. Consolidated Statements of Cash Flows for the fiscal years ended June 30, 2008, 2007 and 2006
  - G. Consolidated Statements of Shareholders' Equity for the fiscal years ended June 30, 2008, 2007 and 2006
  - H. Consolidated Statements of Comprehensive Income for the fiscal years ended June 30, 2008, 2007 and 2006
  - I. Notes to Consolidated Financial Statements
2. Supplementary Financial Data
  - Schedule II—Valuation and Qualifying Accounts for the fiscal years ended June 30, 2008, 2007, and 2006

(b) Exhibits

<u>Exhibit No.</u>	<u>Description</u>	<u>Filed with this Form 10-K</u>	<u>Incorporated by Reference</u>		
			<u>Form</u>	<u>Filing Date</u>	<u>Exhibit No.</u>
3.1	Certificate of Incorporation of CACI International Inc, as amended to date.		10-K	September 13, 2006	3.1
3.2	Amended and Restated By-laws of CACI International Inc amended as of March 5, 2008.		8-K	March 7, 2008	3.1
4.1	Clause FOURTH of CACI International Inc's Certificate of Incorporation, incorporated above as Exhibit 3.1.		10-K	September 13, 2006	4.1
4.2	The Rights Agreement dated July 11, 2003 between CACI International Inc and American Stock Transfer & Trust Company.		8-K	July 11, 2003	4.1
4.3	Indenture, dated as of May 16, 2007, between CACI International Inc and The Bank of New York, including the form of Note.		8-K	May 16, 2007	4.1
4.4	Registration Rights Agreement, dated as of May 16, 2007, among CACI International Inc and J.P. Morgan Securities Inc., Banc of America Securities LLC, Morgan Stanley & Co. Incorporated, Raymond James & Associates, Inc., SunTrust Capital Markets, Inc. and Wachovia Capital Markets, LLC.		8-K	May 16, 2007	4.2

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<u>Exhibit No.</u>	<u>Description</u>	<u>Filed with this Form 10-K</u>	<u>Incorporated by Reference</u>		<u>Exhibit No.</u>
			<u>Form</u>	<u>Filing Date</u>	
4.5	Letter Agreement re Call Option Transaction dated as of May 10, 2007, by and between CACI International Inc and Morgan Stanley & Co. International plc, as amended May 11, 2007.		8-K	May 16, 2007	4.3
4.6	Letter Agreement re Warrants dated as of May 10, 2007, by and between CACI International Inc and Morgan Stanley & Co. International plc, as amended May 11, 2007.		8-K	May 16, 2007	4.4
4.7	Letter Agreement re Call Option Transaction dated as of May 10, 2007, by and between CACI International Inc and J.P. Morgan Chase Bank, National Association, as amended May 11, 2007.		8-K	May 16, 2007	4.5
4.8	Letter Agreement re Warrants dated as of May 10, 2007, by and between CACI International Inc and J.P. Morgan Chase Bank, National Association, as amended May 11, 2007.		8-K	May 16, 2007	4.6
4.9	Letter Agreement re Call Option Transaction dated as of May 10, 2007, by and between CACI International Inc and Bank of America, N.A., as amended May 11, 2007.		8-K	May 16, 2007	4.7
4.10	Letter Agreement re Warrants dated as of May 10, 2007, by and between CACI International Inc and Bank of America, N.A., as amended May 11, 2007.		8-K	May 16, 2007	4.8
10.1	The 1996 Stock Incentive Plan of CACI International Inc. *		S-8	February 15, 2005	4.3
10.2	Form of Stock Option Agreement between CACI International Inc and certain employees. *		10-K	September 27, 2002	10.10
10.3	Form of Performance Accelerated Stock Option Agreement between CACI International Inc and certain employees. *		10-K	September 27, 2002	10.11
10.4	The 2002 Employee Stock Purchase Plan of CACI International Inc, as amended. *		Def 14A	October 5, 2007	Appendix A



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<u>Exhibit No.</u>	<u>Description</u>	<u>Filed with this Form 10-K</u>	<u>Incorporated by Reference</u>		
			<u>Form</u>	<u>Filing Date</u>	<u>Exhibit No.</u>
10.5	Amended and Restated Management Stock Purchase Plan of CACI International Inc. *	X			
10.6	Amended and Restated Director Stock Purchase Plan of CACI International Inc. *	X			
10.7	The Credit Agreement dated May 3, 2004, between CACI International Inc, Bank of America, N.A. and a consortium of participating banks.		10-K	September 13, 2004	10.21
10.8	First Amendment dated May 18, 2005 to the Credit Agreement dated May 3, 2004, between CACI International Inc, Bank of America, N.A. and a consortium of participating banks.		8-K	May 18, 2005	99
10.9	The Amended and Restated Asset Purchase Agreement dated February 16, 2006 between CACI International Inc, CACI, INC.-FEDERAL, CACI Acquisition, Inc., Information Systems Support, Inc., Young Yong Lee, AE Kyung Lee, Jack A. Garson, as Voting Trustee.		8-K	March 1, 2006	99b
10.10	2006 Stock Incentive Plan of CACI International Inc. *		Def 14A	October 13, 2006	Appendix A
10.11	Amended and Restated Severance Compensation Agreement dated December 13, 2006 between Paul M. Cofoni and CACI International Inc. *		10-Q	February 9, 2007	10.2
10.12	Amended and Restated Severance Compensation Agreement dated December 18, 2006 between William M. Fairl and CACI International Inc. *		10-Q	February 9, 2007	10.3
10.13	CACI Separation and Severance Agreement dated January 23, 2007 between Stephen L. Waechter and CACI, INC.-FEDERAL.		10-Q	February 9, 2007	10.5
10.14	Second Amendment, dated May 9, 2007, to the Credit Agreement dated as of May 3, 2004 among CACI International Inc, the guarantors identified therein, the lenders identified therein, and Bank of America, N.A., as Administrative Agent.		8-K	May 11, 2007	10.1

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Exhibit No.	Description	Filed with this Form 10-K	Incorporated by Reference		
			Form	Filing Date	Exhibit No.
10.15	Purchase Agreement, dated May 10, 2007, among CACI International Inc and J.P. Morgan Securities Inc., Banc of America Securities LLC, Morgan Stanley & Co. Incorporated, Raymond James & Associates, Inc., SunTrust Capital Markets, Inc. and Wachovia Capital Markets, LLC.		8-K	May 16, 2007	10.1
10.16	Stock Purchase Agreement by and among CACI International Inc, CACI, INC. – FEDERAL and The Wexford Group International, Inc. and the Stockholders of The Wexford Group International, Inc., dated May 30, 2007.		10-K	August 29, 2007	10.20
10.17	Amended and Restated Employment Agreement dated July 1, 2007 between J.P. London and CACI International Inc. *		10-K	August 29, 2007	10.21
10.18	Employment Agreement dated July 1, 2007 between Paul M. Cofoni and CACI International Inc. *		10-K	August 29, 2007	10.22
10.19	Severance Compensation Agreement dated July 1, 2007 between William M. Fairl and CACI International Inc. *		10-K	August 29, 2007	10.24
10.20	Severance Compensation Agreement dated October 1, 2007 between Thomas A. Mutryn and CACI International Inc. *		S-1/A	October 9, 2007	10.25
10.21	Severance Compensation Agreement dated October 1, 2007 between Randall C. Fuerst and CACI International Inc. *		S-1/A	October 9, 2007	10.26
10.22	Stock Purchase Agreement by and among Athena Holding LLC, Athena Holding Corp., Athena Innovative Solutions, Inc., CACI International Inc and CACI, Inc. – FEDERAL, dated September 19, 2007		S-1/A	October 9, 2007	10.27
10.23	Severance Compensation Agreement dated June 16, 2008 between Gregory R. Bradford and CACI International Inc. *	X			
21.1	Significant Subsidiaries of the Registrant.	X			
23.1	Consent of Independent Registered Public Accounting Firm.	X			
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14 (a)/15d-14(a) of the Securities and Exchange Commission.	X			
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14 (a)/15d-14(a) of the Securities and Exchange Commission.	X			

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<u>Exhibit No.</u>	<u>Description</u>	<u>Filed with this Form 10-K</u>	<u>Incorporated by Reference</u>		
			<u>Form</u>	<u>Filing Date</u>	<u>Exhibit No.</u>
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350.	X			
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350.	X			
99.1	Certification of Chief Executive Officer pursuant to Regulation 303A.12(b) of the New York Stock Exchange.	X			

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\* Denotes a management contract, compensatory plan, or arrangement.

**Report of Management on Internal Control Over Financial Reporting**

August 25, 2008

To the Stockholders  
CACI International Inc

The management of CACI International Inc is responsible for establishing and maintaining effective internal control over financial reporting, and for assessing the effectiveness of internal control over financial reporting. Management maintains a comprehensive system of internal controls intended to ensure that transactions are executed in accordance with management's authorization, that assets are safeguarded, and that financial records are reliable. CACI International Inc's internal control system is designed to provide reasonable assurance to Company management and its Board of Directors regarding the preparation and fair presentation of consolidated financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

Due to inherent limitations, internal control systems can provide only reasonable assurance with respect to financial statement preparation and presentation, and may not prevent or detect financial statement misstatements. Also, projections of any evaluation of internal control effectiveness to future periods are subject to the risk that existing controls may become inadequate because of changing conditions, or that the degree of compliance with existing policies and procedures may deteriorate.

The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of CACI International Inc's internal control over financial reporting based on the framework and criteria established in *Internal Control-Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, our management has concluded that CACI International Inc's internal control over financial reporting was effective as of June 30, 2008.

Ernst & Young LLP, an independent registered public accounting firm, has audited the Company's consolidated financial statements included herein and has reported on the Company's internal control over financial reporting as of June 30, 2008.

/s/ P AUL M. C OFONI

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Paul M. Cofoni  
President and  
Chief Executive Officer

/s/ T HOMAS A. M UTRYN

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Thomas A. Mutryn  
Executive Vice President and  
Chief Financial Officer

**Report of Independent Registered Public Accounting Firm  
on Internal Control Over Financial Reporting**

Board of Directors and Stockholders  
CACI International Inc

We have audited CACI International Inc's internal control over financial reporting as of June 30, 2008, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). CACI International Inc's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Report of Management on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, CACI International Inc maintained, in all material respects, effective internal control over financial reporting as of June 30, 2008, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of CACI International Inc as of June 30, 2008 and 2007, and the related consolidated statements of operations, shareholders' equity, cash flows, and comprehensive income for each of the three years in the period ended June 30, 2008 of CACI International Inc, and our report dated August 25, 2008 expressed an unqualified opinion thereon.

/s/ E RNST & Y OUNG LLP

McLean, Virginia  
August 25, 2008

**Report of Independent Registered Public Accounting Firm**

Board of Directors and Stockholders  
CACI International Inc

We have audited the accompanying consolidated balance sheets of CACI International Inc as of June 30, 2008 and 2007, and the related consolidated statements of operations, shareholders' equity, cash flows, and comprehensive income for each of the three years in the period ended June 30, 2008. Our audits also included the financial statement schedule listed in the Index at Item 15(a) (2). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of CACI International Inc at June 30, 2008 and 2007, and the consolidated results of its operations and its cash flows for each of the three years in the period ended June 30, 2008, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), CACI International Inc's internal control over financial reporting as of June 30, 2008, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated August 25, 2008, expressed an unqualified opinion thereon.

/s/ E RNST & Y OUNG LLP

McLean, Virginia  
August 25, 2008

**CACI INTERNATIONAL INC**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(amounts in thousands, except share and per share data)

	Fiscal year ended June 30,		
	2008	2007	2006
Revenue	\$2,420,537	\$1,937,972	\$1,755,324
Costs of revenue:			
Direct costs	1,625,591	1,267,677	1,134,951
Indirect costs and selling expenses	584,600	485,359	436,656
Depreciation and amortization	47,517	39,083	33,437
Total costs of revenue	2,257,708	1,792,119	1,605,044
Income from operations	162,829	145,853	150,280
Interest expense and other	30,066	25,791	21,684
Interest income	(4,868)	(5,206)	(4,405)
Income before income taxes	137,631	125,268	133,001
Income taxes	54,308	46,736	48,161
Net income	\$ 83,323	\$ 78,532	\$ 84,840
Basic earnings per share	\$ 2.77	\$ 2.56	\$ 2.81
Diluted earnings per share	\$ 2.72	\$ 2.51	\$ 2.72
Weighted-average basic shares outstanding	30,058	30,643	30,242
Weighted-average diluted shares outstanding	30,606	31,256	31,161

*See Notes to Consolidated Financial Statements.*



**CACI INTERNATIONAL INC**  
**CONSOLIDATED BALANCE SHEETS**  
(amounts in thousands, except per share data)

	June 30,	
	2008	2007
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 120,396	\$ 285,682
Accounts receivable, net	441,732	386,150
Deferred income taxes	16,776	14,980
Prepaid expenses and other current assets	23,921	22,191
Total current assets	602,825	709,003
Goodwill	1,067,472	848,820
Intangible assets, net	126,028	113,270
Property and equipment, net	25,361	22,695
Supplemental retirement savings plan assets	41,759	40,544
Accounts receivable, long-term, net	8,782	10,657
Deferred income taxes	8,747	20,841
Other long-term assets	21,679	26,117
Total assets	<u>\$1,902,653</u>	<u>\$1,791,947</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Current portion of long-term debt	\$ 3,549	\$ 7,643
Accounts payable	74,175	59,827
Accrued compensation and benefits	126,649	96,978
Other accrued expenses and current liabilities	85,897	130,573
Total current liabilities	290,270	295,021
Long-term debt, net of current portion	639,074	635,772
Supplemental retirement savings plan obligations, net of current portion	41,740	37,808
Other long-term obligations	13,684	9,499
Total liabilities	984,768	978,100
Commitments and contingencies		
Shareholders' equity:		
Preferred stock \$0.10 par value, 10,000 shares authorized, no shares issued	—	—
Common stock \$0.10 par value, 80,000 shares authorized, 38,948 and 38,751 shares issued, respectively	3,895	3,875
Additional paid-in capital	370,127	347,207
Retained earnings	604,087	521,234
Accumulated other comprehensive income	6,768	8,605
Treasury stock, at cost (8,731 and 8,772 shares, respectively)	(66,992)	(67,074)
Total shareholders' equity	917,885	813,847
Total liabilities and shareholders' equity	<u>\$1,902,653</u>	<u>\$1,791,947</u>

*See Notes to Consolidated Financial Statements.*

**CACI INTERNATIONAL INC**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(amounts in thousands)

	Fiscal year ended June 30,		
	2008	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income	\$ 83,323	\$ 78,532	\$ 84,840
Reconciliation of net income to net cash provided by operating activities:			
Depreciation and amortization	47,517	39,083	33,437
Amortization of deferred financing costs	2,531	1,603	1,421
Stock-based compensation expense	17,639	13,019	15,496
Deferred income tax expense	6,087	2,062	1,140
Changes in operating assets and liabilities, net of effect of business acquisitions:			
Accounts receivable, net	(27,001)	24,952	161
Prepaid expenses and other current assets	578	(5,778)	(8,487)
Accounts payable and other accrued expenses	3,160	12,850	(16,207)
Accrued compensation and benefits	22,237	359	(3,324)
Income taxes payable and receivable	902	(2,006)	(10,572)
Deferred rent expense	(1,563)	(1,574)	1,226
Supplemental retirement savings plan obligations and other long-term liabilities	4,676	4,929	7,956
Net cash provided by operating activities	<u>160,086</u>	<u>168,031</u>	<u>107,087</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditures	(13,589)	(7,898)	(9,521)
Cash paid for business acquisitions, net of cash acquired	(315,855)	(106,212)	(244,293)
Other	101	(2,063)	(5,279)
Net cash used in investing activities	<u>(329,343)</u>	<u>(116,173)</u>	<u>(259,093)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issuance of convertible notes, net of transaction costs	—	292,654	—
Proceeds from borrowings under bank credit facilities	9,790	—	25,000
Principal payments made under bank credit facilities	(17,033)	(28,543)	(3,641)
Proceeds from note receivable	3,891	—	—
Purchase of call options, net of proceeds from sale of warrants	—	(27,870)	—
Proceeds from employee stock purchase plans	4,231	5,378	7,158
Proceeds from exercise of stock options	4,079	8,524	10,422
Repurchases of common stock	(1,972)	(50,275)	(7,512)
Other	1,088	8,083	11,883
Net cash provided by financing activities	<u>4,074</u>	<u>207,951</u>	<u>43,310</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(103)</u>	<u>1,223</u>	<u>381</u>
Net (decrease) increase in cash and cash equivalents	<u>(165,286)</u>	<u>261,032</u>	<u>(108,315)</u>
Cash and cash equivalents, beginning of year	<u>285,682</u>	<u>24,650</u>	<u>132,965</u>
Cash and cash equivalents, end of year	<u>\$ 120,396</u>	<u>\$ 285,682</u>	<u>\$ 24,650</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>			
Cash paid for income taxes, net of refunds	<u>\$ 44,799</u>	<u>\$ 38,703</u>	<u>\$ 47,403</u>
Cash paid for interest	<u>\$ 25,774</u>	<u>\$ 22,499</u>	<u>\$ 18,866</u>

*See Notes to Consolidated Financial Statements.*

**CACI INTERNATIONAL INC**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
(amounts in thousands)

	<u>Preferred Stock</u>		<u>Common Stock</u>		<u>Additional</u>	<u>Retained</u>	<u>Accumulated</u> <u>Other</u> <u>Comprehensive</u>	<u>Treasury Stock</u>		<u>Total</u> <u>Shareholders'</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Paid-in</u> <u>Capital</u>	<u>Earnings</u>	<u>Income</u>	<u>Shares</u>	<u>Amount</u>	<u>Equity</u>
BALANCE, June 30, 2005	—	\$ —	37,807	\$ 3,781	\$ 279,496	\$ 357,862	\$ 2,721	7,813	\$(22,826)	\$ 621,034
Net income	—	—	—	—	—	84,840	—	—	—	84,840
Stock-based compensation expense	—	—	—	—	15,496	—	—	—	—	15,496
Exercise of stock options	—	—	596	59	21,044	—	—	—	—	21,103
Currency translation adjustment	—	—	—	—	—	—	1,458	—	—	1,458
Change in fair value of interest rate swap agreements	—	—	—	—	—	—	1,661	—	—	1,661
Repurchase of common stock	—	—	—	—	—	—	—	121	(7,512)	(7,512)
Treasury stock issued under stock purchase plans	—	—	—	—	(1,463)	—	—	(150)	8,742	7,279
BALANCE, June 30, 2006	—	—	38,403	3,840	314,573	442,702	5,840	7,784	(21,596)	745,359
Net income	—	—	—	—	—	78,532	—	—	—	78,532
Stock-based compensation expense	—	—	—	—	13,019	—	—	—	—	13,019
Exercise of stock options and vesting of restricted stock units	—	—	348	35	14,577	—	—	—	—	14,612
Purchase of call options, net of proceeds from sale of warrants	—	—	—	—	(27,870)	—	—	—	—	(27,870)
Tax benefit of call options	—	—	—	—	32,816	—	—	—	—	32,816
Currency translation adjustment	—	—	—	—	—	—	4,333	—	—	4,333
Change in fair value of interest rate swap agreements	—	—	—	—	—	—	(834)	—	—	(834)
Initial effect of adoption of Statement of Financial Accounting Standards No.158, <i>Employers Accounting for Defined Benefit Pension and Other Post-Retirement Plans (SFAS No. 158)</i>	—	—	—	—	—	—	(734)	—	—	(734)
Repurchases of common stock	—	—	—	—	—	—	—	1,091	(50,275)	(50,275)
Treasury stock issued under stock purchase plans	—	—	—	—	92	—	—	(103)	4,797	4,889
BALANCE, June 30, 2007	—	—	38,751	3,875	347,207	521,234	8,605	8,772	(67,074)	813,847
Net income	—	—	—	—	—	83,323	—	—	—	83,323
Stock-based compensation expense	—	—	—	—	17,639	—	—	—	—	17,639
Exercise of stock options and vesting of restricted stock units	—	—	197	20	4,235	—	—	—	—	4,255
Adoption of FIN 48	—	—	—	—	(630)	(470)	—	—	—	(1,100)
Currency translation adjustment	—	—	—	—	—	—	(465)	—	—	(465)
Change in fair value of interest rate swap agreements	—	—	—	—	—	—	(1,350)	—	—	(1,350)
Repurchases of common stock	—	—	—	—	—	—	—	43	(1,972)	(1,972)
Treasury stock issued under stock purchase plans	—	—	—	—	1,676	—	—	(84)	2,054	3,730
Effect of SFAS No. 158	—	—	—	—	—	—	(22)	—	—	(22)
BALANCE, June 30, 2008	—	\$ —	38,948	\$ 3,895	\$ 370,127	\$ 604,087	\$ 6,768	8,731	\$(66,992)	\$ 917,885

*See Notes to Consolidated Financial Statements.*

**CACI INTERNATIONAL INC**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**(amounts in thousands)**

	<b>Fiscal Year ended June 30,</b>		
	<b>2008</b>	<b>2007</b>	<b>2006</b>
Net income	\$83,323	\$78,532	\$84,840
Change in foreign currency translation adjustment	(465)	4,333	1,458
Effect of changes in actuarial assumptions and recognition of prior service cost, net of tax, under Statement of Financial Accounting Standards No. 158	(22)	(734)	—
Change in fair value of interest rate swap agreements	(1,350)	(834)	1,661
Comprehensive income	<u>\$81,486</u>	<u>\$81,297</u>	<u>\$87,959</u>

*See Notes to Consolidated Financial Statements.*

**CACI INTERNATIONAL INC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1. ORGANIZATION AND BASIS OF PRESENTATION**

***Business Activities***

CACI International Inc, along with its wholly-owned subsidiaries and joint ventures that are more than 50 percent owned or otherwise controlled by it (collectively, the Company), is an international information systems, high technology services, and professional services corporation. It delivers professional services and information technology solutions, to its clients, primarily the U.S. government. Other customers include agencies of foreign governments, state and local governments, and commercial enterprises.

The Company's operations are subject to certain risks and uncertainties including, among others, the dependence on contracts with federal government agencies, dependence on revenues derived from contracts awarded through competitive bidding, existence of contracts with fixed pricing, dependence on subcontractors to fulfill contractual obligations, dependence on key management personnel, ability to attract and retain qualified employees, ability to successfully integrate acquired companies, and current and potential competitors with greater resources.

***Principles of Consolidation***

The consolidated financial statements include the statements of CACI International Inc and its subsidiaries and joint ventures that are more than 50 percent owned or otherwise controlled by it. All intercompany balances and transactions have been eliminated in consolidation.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Revenue Recognition***

The Company generates almost all of its revenue from three different types of contractual arrangements: cost-plus-fee contracts, time-and-materials contracts, and fixed price contracts. Revenue on cost-plus-fee contracts is recognized to the extent of costs incurred plus an estimate of the applicable fees earned. The Company considers fixed fees under cost-plus-fee contracts to be earned in proportion to the allowable costs incurred in performance of the contract. For cost-plus-fee contracts that include performance based fee incentives, and that are subject to the provisions of Statement of Position 81-1, *Accounting for Performance of Construction-Type and Certain Production-Type Contracts* (SOP 81-1), the Company recognizes the relevant portion of the expected fee to be awarded by the customer at the time such fee can be reasonably estimated, based on factors such as the Company's prior award experience and communications with the customer regarding performance. For such cost-plus-fee contracts subject to the provisions of U.S. Securities and Exchange Commission (SEC) Staff Accounting Bulletin (SAB) No. 104, *Revenue Recognition* (SAB 104), the Company recognizes the relevant portion of the fee upon customer approval. Revenue on time-and-material contracts is recognized to the extent of billable rates times hours delivered for services provided, to the extent of material cost for products delivered to customers, and to the extent of expenses incurred on behalf of the customers. Shipping and handling fees charged to the customers are recognized as revenue at the time products are delivered to the customers.

The Company has four basic categories of fixed price contracts: fixed unit price, fixed price-level of effort, fixed price-completion, and fixed price-license. Revenue on fixed unit price contracts, where specified units of output under service arrangements are delivered, is recognized as units are delivered based on the specified price per unit. Revenue on fixed unit price maintenance contracts is recognized ratably over the length of the service period. Revenue for fixed-price level of effort contracts is recognized based upon the number of units of labor actually delivered multiplied by the agreed rate for each unit of labor.

**CACI INTERNATIONAL INC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

A significant portion of the Company's fixed price-completion contracts involve the design and development of complex, client systems. For these contracts that are within the scope of SOP 81-1, revenue is recognized on the percentage-of-completion method using costs incurred in relation to total estimated costs. For fixed price-completion contracts that are not within the scope of SOP 81-1, revenue is generally recognized ratably over the service period. The Company's fixed price-license agreements and related services contracts are primarily executed in its international operations. As the agreements to deliver software require significant production, modification or customization of software, revenue is recognized using the contract accounting guidance of SOP 81-1. For agreements to deliver data under license and related services, revenue is recognized as the data is delivered and services are performed. Except for losses on contracts accounted for under SAB 104, provisions for estimated losses on uncompleted contracts are recorded in the period such losses are determined. Losses on contracts accounted for under SAB 104 are recognized as the services and materials are provided.

The Company's contracts may include the provision of more than one of its services. In these situations, the Company applies the guidance of Financial Accounting Standards Board's (FASB's) Emerging Issues Task Force (EITF) Issue 00-21, *Revenue Arrangements with Multiple Deliverables*. Accordingly, for applicable arrangements, revenue recognition includes the proper identification of separate units of accounting and the allocation of revenue across all elements based on relative fair values, with proper consideration given to the guidance provided by other authoritative literature.

Contract accounting requires judgment relative to assessing risks, estimating contract revenues and costs, and making assumptions for schedule and technical issues. Due to the size and nature of many of the Company's contracts, the estimation of total revenues and cost at completion is complicated and subject to many variables. Contract costs include material, labor, subcontracting costs, and other direct costs, as well as an allocation of allowable indirect costs. Assumptions have to be made regarding the length of time to complete the contract because costs also include expected increases in wages and prices for materials. For contract change orders, claims or similar items, the Company applies judgment in estimating the amounts and assessing the potential for realization. These amounts are only included in contract value when they can be reliably estimated and realization is considered probable. Incentives or penalties related to performance on contracts are considered in estimating sales and profit rates, and are recorded when there is sufficient information for the Company to assess anticipated performance. Estimates of award fees for certain contracts are also a factor in estimating revenue and profit rates based on actual and anticipated awards.

Long-term development and production contracts make up a large portion of the Company's business, and therefore the amounts recorded in the Company's financial statements using contract accounting methods are material. For federal government contracts, the Company follows U.S. government procurement and accounting standards in assessing the allowability and the allocability of costs to contracts. Due to the significance of the judgments and estimation processes, it is likely that materially different amounts could be recorded if the Company used different assumptions or if the underlying circumstances were to change. The Company closely monitors compliance with, and the consistent application of, its critical accounting policies related to contract accounting. Business operations personnel conduct thorough periodic contract status and performance reviews. When adjustments in estimated contract revenues or costs are required, any changes from prior estimates are generally included in earnings in the current period. Also, regular and recurring evaluations of contract cost, scheduling and technical matters are performed by management personnel who are independent from the business operations personnel performing work under the contract. Costs incurred and allocated to contracts with the U.S. government are scrutinized for compliance with regulatory standards by Company personnel, and are subject to audit by the Defense Contract Audit Agency (DCAA).

From time to time, the Company may proceed with work based on client direction prior to the completion and signing of formal contract documents. The Company has a formal review process for approving any such

**CACI INTERNATIONAL INC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

work. Revenue associated with such work is recognized only when it can be reliably estimated and realization is probable. The Company bases its estimates on previous experiences with the client, communications with the client regarding funding status, and its knowledge of available funding for the contract or program.

The Company's U.S. government contracts (approximately 95 percent of total revenue in the year ended June 30, 2008) are subject to subsequent government audit of direct and indirect costs. Incurred cost audits have been completed through June 30, 2002. Management does not anticipate any material adjustment to the consolidated financial statements in subsequent periods for audits not yet completed.

***Costs of Revenue***

Costs of revenue include all direct contract costs as well as indirect overhead costs and selling, general and administrative expenses that are allowable and allocable to contracts under federal procurement standards. Costs of revenue also include costs and expenses that are unallowable under applicable procurement standards, and are not allocable to contracts for billing purposes. Such costs and expenses do not directly generate revenues, but are necessary for business operations.

***Cash and Cash Equivalents***

The Company considers all investments with an original maturity of three months or fewer on their trade date to be cash equivalents. The Company classifies investments with an original maturity of more than three months, but less than twelve months on their trade date as short-term marketable securities.

***Investments in Marketable Securities***

From time to time, the Company invests in marketable securities that are classified as available-for-sale using the accounting guidance in FASB Statement of Financial Accounting Standards (SFAS) No. 115, *Accounting for Certain Investments in Debt and Equity Securities* (SFAS No. 115), and are reported at fair value. Unrealized gains and losses as a result of changes in the fair value of the available-for-sale investments are recorded as a separate component within accumulated other comprehensive income in the accompanying consolidated balance sheets. If these securities were instead determined to be trading securities, any unrealized gains or losses would be reported in the consolidated statement of operations and would impact net earnings.

The fair value of marketable securities is determined based on quoted market prices at the reporting date for those securities. The cost of securities sold is determined using the specific identification method. Premiums and discounts are amortized over the period from acquisition to maturity, and are included in investment income, along with interest and dividends.

***Allowance For Doubtful Accounts***

The Company establishes bad debt reserves against certain billed receivables based upon the latest information available to determine whether invoices are ultimately collectible. Whenever judgment is involved in determining the estimates, there is the potential for bad debt expense and the fair value of accounts receivable to be misstated. Given that the Company primarily serves the U.S. government and that, in management's opinion, the Company has sufficient controls in place to properly recognize revenue, the Company believes the risk to be relatively low that a misstatement of accounts receivable would have a material impact on its consolidated financial statements. Accounts receivable balances are written-off when the balance is deemed uncollectible after exhausting all reasonable means of collection.



**CACI INTERNATIONAL INC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

***Goodwill***

Goodwill represents the excess of costs over fair value of assets of businesses acquired. Goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized, but instead tested for impairment at least annually in accordance with the provisions of SFAS No. 142, *Goodwill and Other Intangible Assets* (SFAS No. 142). SFAS No. 142 also requires that intangible assets with estimable useful lives be amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with SFAS No. 144, *Accounting for Impairment or Disposal of Long-Lived Assets* (SFAS No. 144).

SFAS No. 142 requires that goodwill be tested for impairment at the reporting unit level at least annually, utilizing a two-step methodology. The initial step requires the Company to assess whether indications of impairment exist. If indications of impairment are determined to exist, the second step of measuring impairment is performed, wherein the fair value of the relevant reporting unit is compared to the carrying value, including goodwill, of such unit. If the fair value exceeds the carrying value, no impairment loss is recognized. However, if the carrying value of the reporting unit exceeds its fair value, the goodwill of the reporting unit is impaired.

The Company performs its annual testing for impairment of goodwill and other intangible assets as of June 30 of each year. Based on testing performed as of June 30, 2008, there were no indications of impairment.

***Long-Lived Assets (Excluding Goodwill)***

The Company follows the provisions of SFAS No. 144 in accounting for long-lived assets such as property and equipment and intangible assets subject to amortization. SFAS No. 144 requires that long-lived assets be reviewed for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss is recognized if the sum of the long-term undiscounted cash flows is less than the carrying amount of the long-lived asset being evaluated. Any write-downs are treated as permanent reductions in the carrying amount of the assets. The Company believes that the carrying values of its long-lived assets as of June 30, 2008 and 2007 are fully realizable.

***Property and Equipment***

Property and equipment is recorded at cost. Depreciation of equipment and furniture has been provided over the estimated useful life of the respective assets (ranging from three to seven years) using the straight-line method. The Company's building is being depreciated over a 20-year period on a straight-line basis. Leasehold improvements are generally amortized using the straight-line method over the remaining lease term or the useful life of the improvements, whichever is shorter. Repairs and maintenance costs are expensed as incurred.

***External Software Development Costs***

Costs incurred in creating a software product to be sold or licensed for external use are charged to expense when incurred as indirect costs and selling expenses until technological feasibility has been established for the software. Technological feasibility is established upon completion of a detailed program design or, in its absence, completion of a working software version. Thereafter, all such software development costs are capitalized and subsequently reported at the lower of unamortized cost or estimated net realizable value. Capitalized costs are amortized on a straight-line basis over the remaining estimated economic life of the product.

***Internal Software Development Costs***

The Company follows the provisions of Statement of Position 98-1, *Accounting for the Costs of Computer Software Developed or Obtained for Internal Use* (SOP 98-1), as issued by the American Institute of Certified

**CACI INTERNATIONAL INC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

Public Accountants in accounting for development costs of software to be used internally. SOP 98-1 requires that both internal and external costs incurred to develop internal-use computer software during the application development stage be capitalized and subsequently amortized over the estimated economic useful life of the software. The Company amortizes such costs over periods ranging from 5 to 10 years.

***Supplemental Retirement Savings Plan***

The Company maintains a non-qualified defined contribution supplemental retirement savings plan for certain key employees whereby participants may elect to defer and contribute a portion of their compensation, as permitted by the plan. The Company maintains supplemental retirement savings plan assets that are accounted for in accordance with EITF Issue No. 97-14, *Accounting for Deferred Compensation Arrangements Where Accounts are Held in a Rabbi Trust and Invested* (EITF 97-14), and the underlying assets are held in a Rabbi Trust. The participants can direct their investments in the supplemental retirement savings plan (see note 20).

A Rabbi Trust is a grantor trust established to fund compensation for a select group of management. The assets of this trust are available to satisfy the claims of general creditors in the event of bankruptcy of the Company. The assets held by the Rabbi Trust, which are classified as trading securities, are recorded at fair value in the consolidated financial statements as supplemental retirement savings plan assets. The participants' investments are recorded at fair value as supplemental retirement savings plan obligations.

***Deferred Financing Costs***

Costs associated with obtaining the Company's financing arrangements are deferred and amortized over the term of the financing arrangements using the effective interest method.

***Income Taxes***

Income taxes are accounted for using the asset and liability method under SFAS No. 109, *Accounting for Income Taxes* (SFAS No. 109), whereby deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of assets and liabilities, and their respective tax bases, and operating loss and tax credit carry forwards. Effective July 1, 2007, the Company accounts for tax contingencies in accordance with FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN No. 48). Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities due to a change in tax rates is recognized in income in the period that includes the enactment date. Estimates of the realizability of deferred tax assets are based on the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies. Any interest or penalties incurred in connection with income taxes are recorded as part of income tax expense for financial reporting purposes.

***Costs of Acquisitions***

Costs incurred by legal, financial and other professional advisors that are directly related to successful acquisitions are capitalized as a cost of the acquisition, while costs incurred by the Company for unsuccessful or terminated acquisition opportunities are expensed when the Company determines that the opportunity will no longer be pursued. Costs incurred on anticipated acquisitions are deferred and are included in other long-term assets in the accompanying consolidated balance sheets.

**CACI INTERNATIONAL INC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

***Research and Development Costs***

Company-sponsored research and development costs, including costs to develop proprietary software for external use prior to establishing technological feasibility, are expensed as incurred. Such expenses are included in indirect costs and selling expenses in the accompanying consolidated statements of operations.

***Foreign Currency Translation***

The assets and liabilities of the Company's foreign subsidiaries whose functional currency is other than the U.S. dollar are translated at the exchange rate in effect on the reporting date, and income and expenses are translated at the weighted-average exchange rate during the period. The Company's primary practice is to negotiate contracts in the same currency in which the predominant expenses are incurred, thereby mitigating the exposure to foreign currency fluctuations. The net translation gains and losses are not included in determining net income, but are accumulated as a separate component of shareholders' equity. Foreign currency transaction gains and losses are included in determining net income, but are insignificant. These costs are included as indirect costs and selling expenses in the accompanying consolidated statements of operations.

***Earnings Per Share***

Basic and diluted earnings per share are presented in conformity with SFAS No. 128, *Earnings Per Share* (SFAS No. 128). Basic earnings per share is computed using the sum of the weighted-average number of shares of common stock outstanding during the period and shares issued during the period are weighted for the portion of the period that they were outstanding. Diluted earnings per share is computed in a manner similar to that used for basic earnings per share after giving effect to the dilutive effects of the exercise of stock settled stock appreciation rights and stock options and the vesting of restricted stock and restricted stock units. When applicable, diluted earnings per share also reflects the dilutive effects of shares issuable under the \$300.0 million of 2.125 percent convertible senior subordinated notes that were issued May 16, 2007 and mature on May 1, 2014 (the Notes), and warrants to issue 5.5 million shares of CACI common stock at an exercise price of \$68.31 per share that were issued in May 2007. Information about the weighted-average number of basic and diluted shares is presented in note 22.

***Derivative Instrument and Hedging Activities***

The Company accounts for derivative instruments and hedging activities in accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* (SFAS No. 133), as amended. Derivatives are recognized as either assets or liabilities in the consolidated balance sheet, and gains and losses are recognized based on changes in the fair values. Gains and losses on derivatives designated as a hedge, or deemed to be an effective hedge, are deferred in accumulated other comprehensive income in the accompanying consolidated balance sheets, and then recognized upon contract completion. Gains and losses on derivatives that are not designated as a hedge, or that are not intended to be an effective hedge, are recognized upon the changes in fair values and are recorded in the accompanying consolidated statements of operations. The classification of gains and losses resulting from the changes in fair values is dependent on the intended use of the derivative and its resulting designation. The Company uses the change in variable cash flow method to measure the effectiveness of its hedges.

From time to time, the Company will enter into interest rate hedging agreements to manage exposure to fluctuations in rates on its variable rate debt. These agreements effectively allow the Company to exchange variable rate debt for fixed rate debt, or to place an upper limit on variable rate debt through the use of an interest rate cap. The Company enters into such derivative instrument agreements only to hedge cash flows. The

**CACI INTERNATIONAL INC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

Company does not hold or issue such financial instruments for trading purposes, nor is it a party to leveraged derivatives. As of June 30, 2008, the Company was party to two interest rate swap agreements and one interest rate cap agreement (see note 13).

***Fair Value of Financial Instruments***

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and amounts included in other current assets and current liabilities that meet the definition of a financial instrument approximate fair value because of the short-term nature of these amounts.

The fair value of the Company's long-term debt under its bank credit facilities is estimated by discounting the future cash flows at rates currently offered to the Company for similar debt instruments of comparable maturities by the Company's lenders. The fair value of this long-term debt approximates its carrying value at June 30, 2008. The fair value of the Notes is based on quoted market prices. The fair value of the Company's interest rate swaps is based on current market pricing models. See note 13.

***Concentrations of Credit Risk***

Financial instruments that potentially subject the Company to credit risk include accounts receivable and cash equivalents. Management believes that credit risk related to the Company's accounts receivable is limited due to a large number of customers in differing segments and agencies of the U.S. government. Accounts receivable credit risk is also limited due to the credit worthiness of the U.S. government. Management believes the credit risk associated with the Company's cash equivalents is limited due to the credit worthiness of the obligors of the investments underlying the cash equivalents. In addition, although the Company maintains cash balances at financial institutions that exceed federally insured limits, these balances are placed with high quality financial institutions.

***Comprehensive Income***

Comprehensive income is the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. Other comprehensive income refers to revenue, expenses, and gains and losses that under U.S. generally accepted accounting principles are included in comprehensive income, but excluded from the determination of net income. The elements within other comprehensive income, net of tax, consisted of foreign currency translation adjustments, the changes in the fair value of interest rate swap agreements, and differences between actual amounts and estimates based on actuarial assumptions and the effect of changes in actuarial assumptions made during the year ended June 30, 2008 under the Company's post-retirement benefit plans (see note 15).

As of June 30, 2008 and 2007, accumulated other comprehensive income, net of income tax effects, included a gain of \$8.2 million and \$8.7 million, respectively, related to foreign currency translation adjustments. The gain in the year ended June 30, 2008 was partially offset by \$0.7 million of losses related to the fair value of the interest rate swaps and \$0.8 related to unrecognized post-retirement medical plan costs.

***Use of Estimates***

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the

**CACI INTERNATIONAL INC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

reported amounts of revenues and expenses during the reported periods. The significant management estimates include estimated costs to complete fixed-price contracts, estimated award fees for contracts accounted for under SOP 81-1, amortization period for long-lived intangible assets, recoverability of long-lived assets, reserves for accounts receivable, fair values of options granted and loss contingencies. Actual results could differ from these estimates.

***Commitments and Contingencies***

Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated.

***Reclassifications***

Certain reclassifications have been made to the prior years' financial statements in order to conform to the current presentation.

**NOTE 3. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS**

In July 2006, the FASB issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN No. 48), which prescribes a recognition threshold and measurement process for recording in the financial statements uncertain tax positions taken or expected to be taken in a tax return. Additionally, FIN No. 48 provides guidance on the recognition, classification, accounting in interim periods and disclosure requirements for uncertain tax positions. FIN No. 48 was effective for CACI July 1, 2007, and its adoption did not have a material impact on the Company's result of operations or financial position. See note 19.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* (SFAS No. 157). SFAS No. 157 establishes a framework for measuring fair value in generally accepted accounting principles, clarifies the definition of fair value, and expands disclosures about fair value measurements. SFAS No. 157 does not require any new fair value measurements. However, the application of SFAS No. 157 may change current practice for some entities. SFAS No. 157 is effective for the Company beginning July 1, 2008. The Company does not expect the adoption of SFAS No. 157 to have a material impact on its results of operations or financial position.

In September 2006, the FASB issued SFAS No. 158, *Employers Accounting for Defined Benefit Pension and Other Post-Retirement Plans—an amendment of FASB Statements No. 87, 88, 106 and 132(R)*, (SFAS No. 158), which requires companies to recognize in their balance sheets any under- or over-funded status of defined benefit post-retirement plans and applies to the post-retirement medical benefits offered to certain current and former executives, and to the supplemental retirement plan covering the Company's current chief executive officer. The Company adopted the provisions of SFAS No. 158 effective June 30, 2007 by recording approximately \$1.2 million of unrecognized prior service costs and net losses as accrued benefits. This additional liability is reflected within other long-term liabilities in the accompanying consolidated balance sheet, and the offset to this, net of income tax effects of \$0.5 million, is recorded as a reduction to accumulated other comprehensive income within stockholders' equity.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities—Including an amendment of FASB Statement No. 115* (SFAS No. 159). SFAS No. 159 permits entities to choose to measure certain financial instruments and other items at fair value. The fair value

**CACI INTERNATIONAL INC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

option generally may be applied instrument by instrument, is irrevocable, and is applied only to entire instruments and not to portions of instruments. SFAS No. 159 is effective for the Company beginning July 1, 2008. The Company does not expect the adoption of SFAS No. 159 to have a material impact on its results of operations or financial position.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), *Business Combinations* (SFAS No. 141R). SFAS No. 141R establishes principles and requirements for how companies recognize and measure identifiable assets acquired, liabilities assumed, and any noncontrolling interest in connection with a business combination; recognize and measure the goodwill acquired in a business combination or a gain from a bargain purchase; and determine what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS No. 141R is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The Company has not yet evaluated what impact, if any, SFAS No. 141R will have on its results of operations or financial position.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51* (SFAS No. 160). SFAS No. 160 applies to all companies that prepare consolidated financial statements, except not-for-profit organizations, but will affect only those entities that have an outstanding noncontrolling interest in one or more subsidiaries or that deconsolidate a subsidiary. SFAS No. 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Earlier adoption is prohibited. The Company has not yet evaluated what impact, if any, SFAS No. 160 will have on its results of operations or financial position.

In February 2008, the FASB issued FASB Staff Position (FSP) No. FAS 157-2, *Effective Date of FASB Statement No. 157*. The FSP amends SFAS No. 157 to delay the effective date for non-financial assets and liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis. For items within its scope, the FSP defers the effective date of SFAS No. 157 to fiscal years beginning after November 15, 2008.

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities—an Amendment of FASB Statement No. 133* (SFAS No. 161), which requires expanded disclosures about derivative and hedging activities. This statement changes the disclosure requirements for derivative instruments and hedging activities by requiring companies to provide enhanced disclosures about how and why they use derivative instruments, how derivative instruments and related hedged items are accounted for under SFAS No. 133 and its related interpretations, and how derivative instruments and related hedged items affect a company's financial position, financial performance, and cash flows. SFAS No. 161 is effective for fiscal periods beginning after November 15, 2008, with earlier adoption encouraged. The Company does not expect the new standard to have a significant impact on its disclosures.

In April 2008, the FASB issued FSP No. 142-3, *Determination of the Useful Life of Intangible Assets* (FSP 142-3), which amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142. FSP 142-3 is effective for the Company's fiscal year beginning July 1, 2009. The Company has not yet evaluated what impact, if any, FSP 142-3 will have on its results of operations or financial position.

In May 2008, the FASB issued FSP No. APB 14-1, *Accounting for Convertible Debt Instruments That May Be Settled in Cash Upon Conversion (Including Partial Cash Settlement)* (FSP 14-1). This new standard will require the Company to separately account for the liability and equity (conversion option) components of the

**CACI INTERNATIONAL INC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

Notes and to recognize interest expense on the Notes using an interest rate in effect for comparable debt instruments that do not contain conversion features. The interest rate to be used under the new standard will be significantly higher than the rate which is currently used, which is equal to the coupon rate of 2.125 percent. FSP 14-1 is effective for the Company's fiscal year beginning July 1, 2009 and will require retrospective application to the date the Notes were issued. Had this new standard been effective for the fiscal year ended June 30, 2008, the Company estimates that its interest expense would have increased by approximately \$10.5 million, and its diluted earnings per share would have decreased by approximately \$0.21 per share. FSP 14-1 will have no direct effect on the Company's cash flow.

In June 2008, the FASB issued EITF Bulletin No. 07-5, *Determining Whether an Instrument (or Embedded Feature) is Indexed to an Entity's Own Stock* (EITF 07-5). EITF 07-5 provides guidance on how a company should determine if certain financial instruments (or embedded features) are considered indexed to its own stock, including instruments similar to the conversion option of the Company's convertible senior notes, convertible note hedges, and warrants to purchase Company stock. This standard requires that a two-step approach be used to evaluate an instrument's contingent exercise provisions and settlement provisions in determining whether the instrument is considered to be indexed to its own stock, and exempt from the application of SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*. EITF 07-5 is effective beginning with the Company's fiscal year starting July 1, 2009. The Company has not yet evaluated what impact, if any, EITF 07-5 will have on reporting of its operating results and financial position.

**NOTE 4. ACQUISITIONS**

***Year Ended June 30, 2008***

During the year ended June 30, 2008, the Company completed acquisitions of five businesses, two in the United States and three in the United Kingdom. The acquisitions completed in the U.S. were:

- On October 31, 2007, 100 percent of the outstanding shares of Athena Holding Corp., a holding company which owned 100 percent of the outstanding shares of Athena Innovative Solutions, Inc. (AIS), headquartered in Arlington, Virginia. AIS and its wholly owned subsidiaries provide specialized professional services and solutions to United States intelligence organizations; and
- On November 1, 2007, 100 percent of the outstanding shares of Dragon Development Corporation (DDC), headquartered in Columbia, Maryland. DDC provides professional, technical, and engineering services to United States intelligence organizations.

The combined initial purchase consideration to acquire AIS and DDC was approximately \$241 million, of which \$13.3 million was originally deposited into escrow accounts (the Indemnification Escrow Accounts) pending final determination of the net worth of the assets acquired and to secure the sellers' indemnification obligations and \$2.4 million was deposited into a separate earn-out escrow account (the Earn-out Escrow Account) to be paid to the former DDC shareholders upon receipt of extension of certain contracts or achievement of a specified gross margin, as defined in the purchase agreement and schedules thereto. Subsequent to the date of acquisition, the Company and the seller of Athena Holding Corp. agreed on the net worth of the assets acquired and as a result, the Company paid an additional \$2.9 million of purchase consideration. The Company and the DDC shareholders have also agreed on the net worth of the assets acquired in that acquisition and as a result, the Company paid an additional \$0.3 million of purchase consideration. In addition, the Company paid the entire \$2.4 million in the Earn-out Escrow Account to the former DDC shareholders based upon contract extensions received since the date of acquisition. Of the \$2.4 million paid subsequent to the date of acquisition, \$0.7 million was earned and paid prior to June 30, 2008 and \$1.7 million was earned prior to, but paid



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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

subsequent to, June 30, 2008. Remaining funds, if any, in the Indemnification Escrow Accounts will be distributed to the sellers on or around January 31, 2009 with respect to AIS and April 1, 2009 with respect to DDC.

Acquisitions completed in the U.K. were:

- On July 5, 2007, 100 percent of the outstanding stock of Arete Software Limited, a company which sold proprietary software to local government education authorities;
- On February 1, 2008, 100 percent of the outstanding stock of Invocom Limited, a company which designed and delivered network, operations, and business support systems to telecommunication service providers; and
- On June 1, 2008, 100 percent of the outstanding stock of Softsmart Limited, a company which sold proprietary software to local government education authorities for the management of pre-schools and nursery schools.

The total consideration paid for these five businesses, including transaction costs, was \$261.0 million. The Company has completed its detailed valuation of the material assets acquired and liabilities assumed. Based on that valuation, the total consideration paid has been allocated to assets acquired, including identifiable intangible assets and goodwill, and liabilities assumed, as follows (in thousands):

Cash	\$ 6,293
Accounts receivable	30,345
Prepaid expenses and property and equipment	1,030
Current deferred taxes	1,183
Contract backlog, customer relationships value, and non-compete agreements	40,560
Goodwill	203,116
Other assets	1,993
Accounts payable	(4,448)
Other accrued expenses	(6,562)
Accrued compensation	(8,196)
Long-term deferred taxes	(4,359)
Total consideration paid	<u>\$260,955</u>

The value attributed to the contract backlog and customer relationships value is being amortized on an accelerated basis over periods ranging from one to ten years. The value attributed to non-compete agreements is being amortized on a straight-line basis over the term of the agreements.

During the year ended June 30, 2008, these five businesses generated \$102.6 million of revenue from the dates of acquisition through the Company's fiscal year end.

***Year Ended June 30, 2007***

During the year ended June 30, 2007, the Company completed acquisitions of two businesses, both in the U.S., as follows:

- On May 31, 2007, 100 percent of the common stock of Institute for Quality Management, Inc (IQM) a company providing management consulting and operational support services to the intelligence community and homeland security markets; and

**CACI INTERNATIONAL INC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

- On June 29, 2007, 100 percent of the common stock of The Wexford Group International, Inc (WGI) a company providing management and technical consulting services in the areas of acquisition management, strategic communications, the application of technology to improve operations, and the enhancement of an enterprise's management, organization, and performance. Major clients include Departments of the Army, Navy, and Air Force as well as Department of Information Systems Agency (DISA) and the Deployment Health Support Directorate.

The total consideration paid for these two businesses, including transaction costs and the assumption of \$4.1 million of debt, was \$160.5 million. Of the total consideration, \$49.0 million was paid to the selling shareholders of WGI in July 2007 (see note 12) and \$17.0 million was paid into separate escrow accounts, to secure satisfaction of the sellers' representations and warranties as provided for in the acquisition agreements. At the expiration of the representation and warranty period of two years in the case of each acquisition, remaining escrowed funds, if any, will be remitted to the respective selling shareholders.

During the year ended June 30, 2008, management completed its valuation of the material assets acquired and liabilities assumed. Based on that valuation, the allocation to identifiable intangible assets was increased by \$1.9 million and the allocation to goodwill was decreased by \$3.2 million.

***Year Ended June 30, 2006***

During the year ended June 30, 2006, the Company completed acquisitions of five businesses, three in the U.S., and two in the U.K. The acquisitions completed in the U.S. were:

- On October 15, 2005, 100 percent of the common stock of National Security Research, Inc. (NSR), a company which provided strategic consulting services in the areas of national security policies, homeland security initiatives, missile defense systems, and command and control initiatives of the Department of Defense. NSR customers included various agencies of the Departments of Defense and Homeland Security, and major aerospace and defense companies;
- On March 1, 2006, substantially all of the assets of Information Systems Support, Inc. (ISS), a provider of information technology, communications and logistics services to the U.S. Army, Navy, Air Force, the Social Security Administration, the General Services Administration, and the Departments of Justice and Transportation; and
- On May 1, 2006, 100 percent of the outstanding stock of AlphaInsight, Inc. (AI), an information technology company that provided primarily software and systems engineering, network engineering and management, and information assurance and security assurance to various federal agencies including the Departments of State, Justice, and Homeland Security.

Acquisitions completed in the U.K. were:

- On October 1, 2005, 100 percent of the outstanding stock of Tech Computer Office Limited (TCO), a company which sold proprietary resource management software to agencies of the U.K. government, and related specialized software systems to architects and engineers; and
- On May 31, 2006, 100 percent of the outstanding common stock of Sophron Partners Limited (Sophron), a consulting company which specialized in strategic sales, customer contact planning, call center analysis, marketing database design, and marketing campaign management services.

The total consideration paid for the five businesses during the year was \$257.0 million, including transaction costs.

**CACI INTERNATIONAL INC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

Subsequent to June 30, 2006, the Company paid an additional \$10.2 million for AI based on revenue earned on contracts that fell under the small business and 8(A) sections of federal contract regulations. Of the additional amount paid, all of which was recorded as an increase to goodwill, \$4.4 million was paid in March 2007 and \$5.8 million was paid in March 2008.

In January 2007, the Company paid an additional \$1.6 million to the selling shareholders of ISS based on the final agreed-upon net worth of the tangible assets acquired, as defined in the purchase agreement. This additional consideration was recorded as an increase to goodwill.

During the year ended June 30, 2008, the Company issued \$6.5 million of loan notes (see note 13) and made cash payments of \$0.5 million to the selling shareholders of Sophron for contingent consideration earned during the period. The Company also made cash payments for contingent consideration earned of \$0.5 million to the selling shareholders of TCO. These payments were recorded as increases to goodwill.

***Pro Forma Information (unaudited)***

The following unaudited pro forma combined condensed statement of operations information sets forth the consolidated revenue, net income and diluted earnings per share of the Company for the years ended June 30, 2008 and 2007 as if each of the above-mentioned acquisitions completed during the years ended June 30, 2008 and 2007 had occurred as of July 1, 2006. This unaudited pro forma information does not purport to be indicative of the actual results that would have occurred if these acquisitions had actually been completed at the start of the fiscal years as indicated (in thousands except per share amounts):

	<b>Year Ended June 30,</b>	
	<b>2008</b>	<b>2007</b>
Revenue	\$ 2,474,724	\$ 2,167,899
Net income	83,343	77,203
Diluted earnings per share	2.72	2.47

**NOTE 5. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consisted of the following (cost approximates fair value) (in thousands):

	<b>June 30,</b>	
	<b>2008</b>	<b>2007</b>
Money market funds	\$103,248	\$223,771
Cash	17,148	61,911
Total cash and cash equivalents	<u>\$120,396</u>	<u>\$285,682</u>

Included in the cash balance at June 30, 2007 was \$49.0 million of cash paid in July 2007 in connection with the acquisition of WGI.

**CACI INTERNATIONAL INC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

**NOTE 6. ACCOUNTS RECEIVABLE**

Total accounts receivable, net of allowance for doubtful accounts of approximately \$3.9 million and \$3.5 million at June 30, 2008 and 2007, respectively, consisted of the following (in thousands):

	<b>June 30,</b>	
	<b>2008</b>	<b>2007</b>
Billed receivables	\$349,167	\$301,005
Billable receivables at end of period	59,240	44,510
Unbilled receivables pending receipt of contractual documents authorizing billing	33,325	40,635
Total accounts receivable, current	441,732	386,150
Unbilled receivables, retainages and fee withholdings expected to be billed beyond the next 12 months	8,782	10,657
Total accounts receivable	<u>\$450,514</u>	<u>\$396,807</u>

**NOTE 7. GOODWILL**

For the year ended June 30, 2008, goodwill increased primarily as a result of the acquisitions of five companies (note 4) for which goodwill of \$203.1 million was recognized. Several of the acquisitions completed by the Company are structured in a manner whereby goodwill is deductible for income tax purposes. As of June 30, 2008, the Company had \$602.2 million of goodwill which is deductible for income tax purposes.

**NOTE 8. INTANGIBLE ASSETS**

Intangible assets consisted of the following (in thousands):

	<b>June 30,</b>	
	<b>2008</b>	<b>2007</b>
Customer contracts and related customer relationships	\$ 229,649	\$185,923
Covenants not to compete	2,505	1,682
Other	753	746
Intangible assets	232,907	188,351
Less accumulated amortization	(106,879)	(75,081)
Total intangible assets, net	<u>\$ 126,028</u>	<u>\$113,270</u>

Intangible assets are primarily amortized on an accelerated basis over periods ranging from 12 to 120 months. The weighted-average period of amortization for all intangible assets as of June 30, 2008 is 8.1 years, and the weighted-average remaining period of amortization is 6.1 years.

**CACI INTERNATIONAL INC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

Amortization expense for the years ended June 30, 2008, 2007 and 2006 was \$31.8 million, \$25.7 million, and \$20.6 million, respectively. Expected amortization expense for each of the fiscal years through June 30, 2013 and for periods thereafter is as follows (in thousands):

	<u>Amount</u>
Year ending June 30, 2009	\$ 32,226
Year ending June 30, 2010	29,596
Year ending June 30, 2011	24,565
Year ending June 30, 2012	15,575
Year ending June 30, 2013	10,285
Thereafter	13,781
Total intangible assets, net	<u>\$126,028</u>

**NOTE 9. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following (in thousands):

	<u>June 30,</u>	
	<u>2008</u>	<u>2007</u>
Equipment and furniture	\$ 53,411	\$ 52,584
Leasehold improvements	30,193	25,515
Building and land	479	479
Property and equipment, at cost	84,083	78,578
Less accumulated depreciation and amortization	(58,722)	(55,883)
Total property and equipment, net	<u>\$ 25,361</u>	<u>\$ 22,695</u>

Depreciation expense, including amortization of leasehold improvements, was \$11.5 million, \$11.2 million and \$10.7 million for the years ended June 30, 2008, 2007 and 2006, respectively.

**NOTE 10. CAPITALIZED EXTERNAL SOFTWARE DEVELOPMENT COSTS**

A summary of changes in external capitalized software development costs, including costs capitalized and amortized during each of the years in the three-year period ended June 30, 2008, is as follows (in thousands):

	<u>Year Ended June 30,</u>		
	<u>2008</u>	<u>2007</u>	<u>2006</u>
Capitalized software development costs, beginning of year	\$ 9,452	\$ 8,296	\$ 4,261
Capitalized development costs	—	3,377	6,141
Amortization	(4,287)	(2,221)	(2,106)
Capitalized software development costs, end of year	<u>\$ 5,165</u>	<u>\$ 9,452</u>	<u>\$ 8,296</u>

Capitalized software development costs are presented within other long-term assets in the accompanying consolidated balance sheets.

**CACI INTERNATIONAL INC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

**NOTE 11. ACCRUED COMPENSATION AND BENEFITS**

Accrued compensation and benefits consisted of the following (in thousands):

	June 30,	
	2008	2007
Accrued salaries and withholdings	\$ 69,325	\$49,557
Accrued leave	46,060	38,657
Accrued fringe benefits	11,264	8,764
Total accrued compensation and benefits	<u>\$126,649</u>	<u>\$96,978</u>

**NOTE 12. OTHER ACCRUED EXPENSES AND CURRENT LIABILITIES**

Other accrued expenses and current liabilities consisted of the following (in thousands):

	June 30,	
	2008	2007
Vendor obligations	\$54,098	\$ 50,918
Deferred revenue	16,587	16,254
Income taxes payable	5,992	3,448
Accrued sales and property taxes	2,989	3,071
Accrued interest	1,949	3,059
Acquisition consideration payable	—	48,970
Other	4,282	4,853
Total other accrued expenses and current liabilities	<u>\$85,897</u>	<u>\$130,573</u>

The acquisition consideration payable balance of \$49.0 million as of June 30, 2007 represented purchase consideration due to a selling shareholder of WGI (note 4) which was paid in full in July 2007.

**NOTE 13. LONG TERM DEBT**

Long-term debt consisted of the following (in thousands):

	June 30,	
	2008	2007
Bank credit facility – term loans	\$335,125	\$338,625
Convertible notes payable	300,000	300,000
U.K. notes payable	6,451	—
Mortgage note payable	647	693
JV bank credit facility	400	—
Acquired note payable	—	4,097
Total long-term debt	<u>\$642,623</u>	<u>\$643,415</u>
Less current portion	<u>(3,549)</u>	<u>(7,643)</u>
Long-term debt, net of current portion	<u>\$639,074</u>	<u>\$635,772</u>

**CACI INTERNATIONAL INC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

***Bank Credit Facilities***

The Company has a \$550.0 million credit facility (the 2004 Credit Facility), consisting of a \$200.0 million revolving credit facility (the Revolving Facility) and a \$350.0 million institutional term loan (the Term Loan). On May 10, 2007, in connection with the issuance of the Notes, the 2004 Credit Facility was amended in order to, among other things, permit the issuance of the Notes and address certain related matters. The 2004 Credit Facility provides for stand-by letters of credit aggregating up to \$25.0 million that reduce the funds available under the Revolving Facility when issued.

The Revolving Facility is a five-year, secured facility that permits continuously renewable borrowings of up to \$200.0 million, with an expiration date of May 3, 2009, and annual sub-limits on amounts borrowed for acquisitions. The Revolving Facility contains an accordion feature under which the facility may be expanded to \$300.0 million with current lenders of the Revolving Facility by providing advanced written notice to the administrative agent or the Company could solicit new lenders with agent approval. The Revolving Facility permits one, two, three and six month interest rate options. The Company pays a fee on the unused portion of the Revolving Facility, based on its leverage ratio, as defined. Any outstanding balances under the Revolving Facility are due in full May 3, 2009. As of June 30, 2008, the Company had no borrowings outstanding under the Revolving Facility and no outstanding letters of credit. Accordingly, \$200.0 million was available for borrowing under the Revolving Facility as of that date.

The Term Loan is a seven year secured facility under which principal payments are due in quarterly installments of \$0.9 million at the end of each fiscal quarter through March 2011, and the balance of \$325.5 million is due in full on May 3, 2011.

Borrowings under both the Revolving Facility and the Term Loan bear interest at rates based on the London Inter-Bank Offered Rate (LIBOR), or the higher of the prime rate or federal funds rate plus 0.5 percent, as elected by the Company, plus applicable margins based on the leverage ratio as determined quarterly. To date, the Company has elected to apply LIBOR to outstanding borrowings. As of June 30, 2008, the effective interest rate, excluding the effect of amortization of debt financing costs, for the outstanding borrowings under the 2004 Credit Facility was 5.9 percent.

The 2004 Credit Facility contains financial covenants that stipulate a minimum amount of net worth, a minimum fixed-charge coverage ratio, and a maximum leverage ratio. Substantially all of the Company's assets serve as collateral under the 2004 Credit Facility. As of June 30, 2008, the Company was in compliance with all of the financial covenants of the 2004 Credit Facility.

The Company capitalized \$8.2 million of debt issuance costs in May 2004 associated with the origination of the 2004 Credit Facility and an additional \$0.5 million of financing costs to amend the 2004 Credit Facility in May 2005 by re-pricing downward the margins that are applied to the interest rate options. Other key terms of the 2004 Credit Facility were not changed with this amendment. All debt financing costs are being amortized from the date incurred to the expiration date of the Term Loan. The unamortized balance of \$2.8 million at June 30, 2008 is included in long-term assets.

As a condition of its 2004 Credit Facility, the Company entered into two forward interest rate swap agreements in May 2005 (the 2005 Swap) under which it exchanged floating-rate interest payments for fixed-rate interest payments. The agreements covered a combined notional amount of debt totaling \$98.0 million, provided for swap payments over a twenty-seven month period beginning in March 2006, and were settled on a quarterly basis. The weighted-average fixed interest rate provided by the agreements was 4.22 percent. The 2005 Swap expired in June 2008.



**CACI INTERNATIONAL INC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

In December 2007, the Company entered into two additional interest rate swaps (the 2007 Swap) under which it exchanged floating-rate interest payments for fixed-rate interest payments on a notional amount of debt totaling \$100.0 million. The agreements provide for swap payments over a twenty-four month period beginning in December 2007 and are settled on a quarterly basis. The weighted-average fixed interest rate provided by the agreements is 4.04 percent.

In June 2008, the Company entered into an interest rate cap agreement under which the floating-rate interest payments on a notional amount of debt of \$68 million are capped at 7 percent (the 2008 Cap). The 2008 Cap became effective June 9, 2008 for a period of two years and provides for quarterly settlements, when applicable.

The Company accounts for its interest rate swap and cap agreements under the provisions of SFAS No. 133, and has determined that its swap and cap agreements qualify as effective hedges. Accordingly, the fair value of the 2007 Swap, which is a liability of \$1.2 million as of June 30, 2008, has been reported in other accrued expenses and current liabilities with an offset, net of an income tax effect, included in accumulated other comprehensive income in the accompanying consolidated balance sheet. The decrease in fair value of the 2007 Swap of \$1.2 million, which is net of income tax effects of \$0.5 million, is reported as comprehensive loss in the accompanying consolidated statement of comprehensive income for the year ended June 30, 2008. The consolidated statement of comprehensive income also reflects the change in value, net of the effect of income taxes, of the 2005 Swap that occurred during the year ended June 30, 2008. The fair value of the 2008 Cap as of June 30, 2008 and the changes thereof during the fiscal year are insignificant.

The amounts paid and received on the 2007 Swap and the 2008 Cap will be recorded in interest expense as a yield adjustment in the period during which the related floating-rate interest is incurred.

***Convertible Notes Payable***

Effective May 16, 2007, the Company issued the Notes that mature on May 1, 2014 in a private placement pursuant to Rule 144A of the Securities Act of 1933. The aggregate principal amount of the Notes sold reflects the full exercise by the initial purchasers of their option to purchase additional Notes to cover over-allotments. The Notes were issued at par value and are subordinate to the Company's senior secured debt. Interest on the Notes is payable on May 1 and November 1 of each year. The Company's registration statement filed with the SEC to register resales of the Notes and the common stock issuable upon conversion of the Notes became effective on October 11, 2007.

Holders may convert their notes at a conversion rate of 18.2989 shares of CACI common stock for each \$1,000 of note principal (an initial conversion price of \$54.65 per share) under the following circumstances: 1) if the last reported sale price of CACI stock is greater than or equal to 130 percent of the applicable conversion price for at least 20 trading days in the period of 30 consecutive trading days ending on the last trading day of the preceding fiscal quarter; 2) during the five consecutive business day period immediately after any five consecutive trading day period (the note measurement period) in which the average of the trading price per \$1,000 principal amount of convertible note was equal to or less than 97 percent of the average product of the closing price of a share of the Company's common stock and the conversion rate of each date during the note measurement period; 3) upon the occurrence of certain corporate events, as defined; or 4) during the last three-month period prior to maturity. CACI is required to satisfy 100 percent of the principal amount of these notes solely in cash, with any amounts above the principal amount to be satisfied in common stock. As of June 30, 2008, none of the conditions permitting conversion of the Notes had been satisfied.

**CACI INTERNATIONAL INC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

In the event of a fundamental change, as defined, holders may require the Company to repurchase the Notes at a price equal to the principal amount plus any accrued interest. Also, if certain fundamental changes occur prior to maturity, the Company will in certain circumstances increase the conversion rate by a number of additional shares of common stock or, in lieu thereof, the Company may in certain circumstances elect to adjust the conversion rate and related conversion obligation so that these notes are convertible into shares of the acquiring or surviving company. The Company is not permitted to redeem the Notes.

The fair value of the Notes as of June 30, 2008 was \$313.0 million based on quoted market values.

The contingently issuable shares are not included in CACI's diluted share count for the fiscal years ended June 30, 2008 and 2007, because CACI's average stock price during those periods was below the conversion price. Debt issuance costs of \$7.8 million are being amortized to interest expense over seven years. Upon closing of the sale of the Notes, \$45.5 million of the net proceeds was used to concurrently repurchase one million shares of CACI's common stock.

In connection with the issuance of the Notes, the Company purchased in a private transaction at a cost of \$84.4 million call options (the Call Options) to purchase approximately 5.5 million shares of its common stock at a price equal to the conversion price of \$54.65 per share. The cost of the Call Options was recorded as a reduction of additional paid-in capital. The Call Options allow CACI to receive shares of its common stock from the counterparties equal to the amount of common stock related to the excess conversion value that CACI would pay the holders of the Notes upon conversion.

For income tax reporting purposes, the Notes and the Call Options are integrated. This creates an original issue discount for income tax reporting purposes, and therefore the cost of the Call Options will be accounted for as interest expense over the term of the Notes for income tax reporting purposes. The associated income tax benefit of \$32.8 million to be realized for income tax reporting purposes over the term of the Notes was reflected as an increase in additional paid-in capital and a long-term deferred tax asset.

In addition, the Company sold warrants (the Warrants) to issue approximately 5.5 million shares of CACI common stock at an exercise price of \$68.31 per share. The proceeds from the sale of the Warrants totaled \$56.5 million and were recorded as an increase to additional paid-in capital.

On a combined basis, the Call Options and the Warrants are intended to reduce the potential dilution of CACI's common stock in the event that the Notes are converted by effectively increasing the conversion price of these notes from \$54.65 to \$68.31. The Call Options are anti-dilutive and are therefore excluded from the calculation of diluted shares outstanding. The Warrants will result in additional diluted shares outstanding if CACI's average common stock price exceeds \$68.31. The Call Options and the Warrants are separate and legally distinct instruments that bind CACI and the counterparties and have no binding effect on the holders of the Notes.

***U.K. Notes Payable***

On April 2, 2008, in connection with its May 2006 acquisition of Sophron, CACI Limited issued loan notes totaling \$6.5 million for earn out consideration that is no longer contingent. These notes mature on June 30, 2010 and the note holders can redeem 50 percent from January 1, 2010 to April 5, 2010, or any amount held between April 6, 2010 and June 30, 2010. The notes bear interest at 6.25 percent from July 1, 2009 until redeemed.

**CACI INTERNATIONAL INC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

***Mortgage Note Payable***

Long-term debt as of June 30, 2008 also includes \$0.6 million due under a mortgage note payable agreement. The Company assumed obligations of the mortgage as part of its acquisition of MTL Systems, Inc. in January 2004. Outstanding balances under the mortgage note payable bear interest at 5.88 percent, and are secured by an interest in real property located in Dayton, Ohio.

***JV Bank Credit Facility***

In connection with its investment in eVenture Technologies, LLC (eVentures), a joint venture between the Company and ActioNet, Inc. (see note 17), eVentures entered into a \$1.5 million revolving credit facility (the JV Facility). The JV Facility is a four-year, guaranteed facility that permits continuously renewable borrowings of up to \$1.5 million with an expiration date of the earliest of September 14, 2011; the date of any restatement, refinancing, or replacement of the 2004 Credit Facility without the lender acting as the sole and exclusive administrative agent; or termination of the 2004 Credit Facility. Borrowings under the JV Facility bear interest at the lender's prime rate plus 1.0 percent. eVentures pays a fee of 0.25 percent on the unused portion of the JV Facility. As of June 30, 2008 eVentures had \$0.4 million outstanding under the JV Facility and the effective interest rate was 7.0 percent.

***Acquired Note Payable***

The current portion of long-term debt as of June 30, 2007 included \$4.1 million due under a note payable agreement. The Company assumed obligations under this note agreement in connection with its acquisition of WGI in June 2007. The outstanding balance was subsequently paid in full on July 3, 2007.

The aggregate maturities of long-term debt at June 30, 2008 are as follows (in thousands):

Year ending June 30,	
2009	\$ 3,549
2010	10,002
2011	328,180
2012	458
2013	62
Thereafter	300,372
Total long-term debt	<u>\$642,623</u>

**CACI INTERNATIONAL INC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

**NOTE 14. LEASES**

The Company conducts its operations from leased office facilities, all of which are classified as operating leases and expire over the next 10 years. Future minimum lease payments due under non-cancelable leases as of June 30, 2008, are as follows (in thousands):

Year ending June 30:	
2009	\$ 33,866
2010	27,298
2011	20,799
2012	16,265
2013	13,062
Thereafter	33,809
Total minimum lease payments	<u>\$145,099</u>

The minimum lease payments above are shown net of sublease rental income of \$0.6 million scheduled to be received over the next 4 years under non-cancelable sublease agreements.

Rent expense incurred under operating leases for the years ended June 30, 2008, 2007, and 2006 totaled \$39.2 million, \$37.0 million, and \$35.6 million, respectively.

**NOTE 15. OTHER LONG-TERM OBLIGATIONS**

Other long-term obligations consisted of the following (in thousands):

	June 30,	
	2008	2007
Deferred rent, net of current portion	\$ 4,372	\$5,814
FIN 48 reserve	3,907	—
Accrued post-retirement obligations	2,612	2,281
Minority Interest in eVentures	994	520
Deferred income taxes (U.K.)	963	164
Other	836	720
Total other long-term obligations	<u>\$13,684</u>	<u>\$9,499</u>

Accrued post-retirement obligations include projected liabilities for benefits the Company is obligated to provide under a long-term care, a group health, and an executive life insurance plan, each of which is unfunded. Plan benefits are provided to certain current and former executives, their dependants and other eligible employees, as defined. The post-retirement obligations also include accrued benefits under a supplemental retirement benefit plan covering the Company's current chief executive officer. This plan became effective in August 2005 and replaced the retirement benefits that were forfeited to a former employer. The costs under this plan were approximately \$0.2 million during the year ended June 30, 2008.

Effective June 30, 2007, the Company adopted SFAS No. 158 which requires that the consolidated balance sheet reflect the full funded status of the long-term care, group health life insurance and supplemental retirement benefit plans. The full funded status of the plans is measured as the difference between the plan assets at fair value and the projected benefit obligations. As none of the plans are currently funded, all are under-funded as of

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June 30, 2008. The aggregate of all under-fundings is reported within other long-term obligations in the accompanying consolidated balance sheet. At June 30, 2008, the aggregate of previously unrecognized differences between actual amounts and estimates based on actuarial assumptions are included as a component within accumulated other comprehensive income in the Company's consolidated balance sheet in accordance with SFAS No. 158. Under SFAS No. 158, the differences between actual amounts and estimates based on actuarial assumptions, and the effect of changes in actuarial assumptions, are recognized in other comprehensive income (loss) in the period in which they occur. During the year ended June 30, 2008, the total of these differences and effects of actuarial changes were insignificant. The adoption of SFAS No. 158 had the following impact on the Company's consolidated balance sheet as of June 30, 2007: deferred tax assets increased by \$0.5 million, other long-term obligations increased by \$1.2 million, and accumulated other comprehensive income decreased by \$0.7 million.

The other obligations of \$0.8 million and \$0.7 million at June 30, 2008 and 2007, respectively, include deferred revenue, and sublease security deposits.

**NOTE 16. BUSINESS SEGMENT, CUSTOMER AND GEOGRAPHIC INFORMATION**

*Segment Information*

The Company reports operating results and financial data in two segments: domestic operations and international operations. Domestic operations provide professional services and information technology solutions to its customers. Its customers are primarily U.S. federal government agencies. The Company does not measure revenue or profit by its major service offerings, either for internal management or external financial reporting purposes, as it would be impractical to do so. In many cases more than one offering is provided under a single contract, to a single customer, or by a single employee or group of employees, and segregating the costs of the service offerings in situations for which it is not required would be difficult and costly. The Company also serves customers in the commercial and state and local governments sectors and, from time to time, serves a number of agencies of foreign governments. The Company places employees in locations around the world in support of its clients. International operations offer services to both commercial and non-U.S. government customers primarily through the Company's data information and knowledge management services, business systems solutions and enterprise IT and network services lines of business. The Company evaluates the performance of its operating segments based on net income. Summarized financial information concerning the Company's reportable segments is shown in the following tables.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

	<u>Domestic Operations</u>	<u>International Operations (in thousands)</u>	<u>Total</u>
<b>Year Ended June 30, 2008</b>			
Revenue from external customers	\$2,327,730	\$ 92,807	\$2,420,537
Net income	76,923	6,400	83,323
Goodwill	1,032,214	35,258	1,067,472
Total long-term assets	1,252,253	47,575	1,299,828
Total assets	1,802,603	100,050	1,902,653
Capital expenditures	12,263	1,326	13,589
Depreciation and amortization	44,952	2,565	47,517
<b>Year Ended June 30, 2007</b>			
Revenue from external customers	\$1,857,450	\$ 80,522	\$1,937,972
Net income	74,047	4,485	78,532
Goodwill	830,931	17,889	848,820
Total long-term assets	1,055,097	27,847	1,082,944
Total assets	1,706,793	85,154	1,791,947
Capital expenditures	6,651	1,247	7,898
Depreciation and amortization	36,996	2,087	39,083
<b>Year Ended June 30, 2006</b>			
Revenue from external customers	\$1,692,533	\$ 62,791	\$1,755,324
Net income	81,159	3,681	84,840
Goodwill	707,673	14,785	722,458
Total long-term assets	895,256	23,004	918,260
Total assets	1,297,794	70,296	1,368,090
Capital expenditures	8,799	722	9,521
Depreciation and amortization	31,828	1,609	33,437

Interest income and interest expense are not presented above as the amounts attributable to the Company's international operations are insignificant.

**Customer Information**

The Company earned approximately 95 percent of its revenue from various agencies and departments of the U.S. government for each of the years ended June 30, 2008, 2007 and 2006. For each of these three years, no single customer provided more than 10 percent of the Company's total revenue. Revenue by customer sector was as follows (dollars in thousands):

	<u>Year Ended June 30,</u>					
	<u>2008</u>	<u>%</u>	<u>2007</u>	<u>%</u>	<u>2006</u>	<u>%</u>
Department of Defense	\$1,807,546	74.7%	\$1,393,735	71.9%	\$1,282,582	73.1%
Federal civilian agencies	491,275	20.3	431,752	22.3	374,502	21.3
Commercial and other	101,839	4.2	91,946	4.7	73,644	4.2
State and local governments	19,877	0.8	20,539	1.1	24,596	1.4
Total revenue	<u>\$2,420,537</u>	<u>100.0%</u>	<u>\$1,937,972</u>	<u>100.0%</u>	<u>\$1,755,324</u>	<u>100.0%</u>

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

***Geographic Information***

Revenue is attributed to geographic areas based on the location of the reportable segment's management and is disclosed above. The international operations amounts consist primarily of product and systems integration sales in the United Kingdom. Financial information relating to the Company's operations by geographic area is as follows (in thousands):

	Year Ended June 30		
	2008	2007	2006
Revenue			
Domestic	\$ 2,327,730	\$ 1,857,450	\$ 1,692,533
International	92,807	80,522	62,791
Total revenue	<u>\$ 2,420,537</u>	<u>\$ 1,937,972</u>	<u>\$ 1,755,324</u>
Net Assets			
Domestic	\$ 855,373	\$ 757,764	\$ 698,145
International	62,512	56,083	47,214
Total net assets	<u>\$ 917,885</u>	<u>\$ 813,847</u>	<u>\$ 745,359</u>

**NOTE 17. INVESTMENT IN eVENTURE TECHNOLOGIES, LLC**

eVentures is a joint venture between the Company and ActioNet, Inc., a Virginia corporation (ActioNet), and is the entity through which work is being performed on a contract awarded in January 2007 by the United States Navy. The Company owns 60 percent of eVentures and ActioNet owns the remaining 40 percent. eVentures was funded through capital contributions made by the Company and by ActioNet. As the Company owns and controls more than 50 percent of eVentures, the Company's results include those of eVentures. ActioNet's share of eVentures' assets, liabilities, results of operations, and cash flows have been accounted for as minority interest.

**NOTE 18. OTHER COMMITMENTS AND CONTINGENCIES**

***General Legal Matters***

The Company is involved in various lawsuits, claims, and administrative proceedings arising in the normal course of business. Management is of the opinion that any liability or loss associated with such matters, either individually or in the aggregate, will not have a material adverse effect on the Company's operations and liquidity.

***Iraq Investigations***

On April 26, 2004, the Company received information indicating that one of its employees was identified in a report authored by U.S. Army Major General Antonio M. Taguba as being connected to allegations of abuse of Iraqi detainees at the Abu Ghraib prison facility. To date, despite the Taguba Report and the subsequently-issued Fay Report addressing alleged inappropriate conduct at Abu Ghraib, no present or former employee of the Company has been officially charged with any offense in connection with the Abu Ghraib allegations.

The Company does not believe the outcome of this matter will have a material adverse effect on its financial statements.

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***Potential Recovery of Defense Costs***

On March 14, 2008, the Company filed a lawsuit against its insurance carrier to seek reimbursement of the defense costs it has incurred to date as well as future defense costs of defending civil lawsuits arising from professional services provided by the Company in Iraq (the Iraq-Related Actions) and for any liability that may arise from such litigation. While the insurance company previously filed a lawsuit against the Company seeking a declaration that its policies provided no coverage for the Iraq-Related Actions, that lawsuit was voluntarily dismissed in November 2004 and, since that time, the parties' respective causes of action had been placed on hold pursuant to a written agreement between the parties until the Company filed its lawsuit on March 14, 2008. The Company's defense costs to date for the Iraq-Related Actions are in excess of \$7 million. On July 15, 2008, the United States District Court for the Eastern District of Virginia denied CACI's motion for summary judgment and granted the insurance carrier's cross-motion for summary judgment. On August 8, 2008, CACI filed a Notice of Appeal with the United States Court of Appeals for the Fourth Circuit.

***Subcontract Purchase Commitment***

The Company has entered into a subcontract agreement with a vendor to purchase a number of directional finding units to be ordered in connection with the performance of one of the Company's contracts. The subject subcontract provides for unit price decreases as the number of units purchased under the subcontract increases. Based on the present status of contract performance, management believes that the Company will either purchase a sufficient number of units over the subcontract term to allow it to realize the lowest unit cost available, or negotiate a resolution between the prime contractor and our vendor to avoid any liability for failing to purchase the quantity required for the lowest unit cost. Based upon that expectation, unit costs incurred to date have been recognized as direct costs at such lowest unit cost in the accompanying consolidated statements of operations. Based on the number of units ordered to date and assuming that no other units are ordered under the subcontract, the Company's maximum unit price exposure (the difference between the unit price that would be applicable to the number of units actually purchased as compared to the discount price at which the Company has recognized the purchases to date) is estimated to be \$1.2 million, which has not been recorded in the Company's consolidated financial statements as of June 30, 2008.

***Government Contracting***

Payments to the Company on cost-plus-fee contracts are provisional and are subject to adjustment upon audit by the Defense Contract Audit Agency (DCAA). The DCAA is currently in the process of auditing the Company's incurred cost submissions for the years ended June 30, 2003 through June 30, 2006. In the opinion of management, audit adjustments that may result from audits not yet completed are not expected to have a material effect on the Company's financial position, results of operations, or cash flows as the Company has accrued its best estimate of potential disallowances. Additionally, the DCAA continually reviews the cost accounting and other practices of government contractors, including the Company. In the course of those reviews, cost accounting and other issues are identified, discussed and settled. As with many government contractors, the DCAA has from time to time recommended changes in methodology for allocating certain of the Company's costs. The Company was recently engaged in discussions with the DCAA regarding compliance with two particular sections of the Cost Accounting Standards (CAS) used by the DCAA.

In the first matter, the DCAA questioned the Company's compliance with CAS 410, *Allocation of Business Unit General and Administrative Expenses to Final Cost Objectives*, for years through June 30, 2007. Specifically, the DCAA questioned the Company's allocation of indirect costs as overhead versus general and administrative and the use of total cost input versus value added bases for some of its subsidiaries. The Company agreed to make certain adjustments effective at the start of its fiscal year beginning July 1, 2007. During the year



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ended June 30, 2008, the Company resolved this matter for prior years for an amount which did not have a material impact on the Company's results of operations or financial position.

In the second matter, the DCAA questioned the Company's treatment of certain allowances paid to certain of its overseas employees. The DCAA's position was that under CAS 418, *Allocation of Direct and Indirect Costs*, the Company charged these direct expenses to the incorrect cost base. In the absence of specific Federal Acquisition Regulation guidance regarding treatment of these specific costs, and consistent with industry practice, the Company believed it properly complied with the requirements of CAS 418. The Company had previously accrued its best estimate of the potential outcome within its estimated range of zero to \$2.5 million. During the year ended June 30, 2008, the Company resolved this matter with no amount due.

In addition, in April 2007, DCAA conducted a contract review and questioned certain costs on a contract in which the Company is a subcontractor. The Company believes that all costs allocated to this contract were appropriately allocated, but has accrued its current best estimate of the potential outcome within its estimated range of zero to \$3.4 million.

**NOTE 19. INCOME TAXES**

The components of income tax expense are as follows (in thousands):

	Year ended June 30,		
	2008	2007	2006
Current:			
Federal	\$39,309	\$33,786	\$40,145
State and local	5,705	8,477	5,725
Foreign	3,207	2,411	1,151
Total current	<u>48,221</u>	<u>44,674</u>	<u>47,021</u>
Deferred:			
Federal	5,421	2,056	405
State and local	989	100	54
Foreign	(323)	(94)	681
Total deferred	<u>6,087</u>	<u>2,062</u>	<u>1,140</u>
Total income tax expense	<u>\$54,308</u>	<u>\$46,736</u>	<u>\$48,161</u>

The income tax expense differs from the amounts computed by applying the statutory U.S. income tax rate of 35 percent as a result of the following (in thousands):

	Year ended June 30,		
	2008	2007	2006
Expected tax expense computed at federal rate	\$48,171	\$43,844	\$46,550
Nondeductible (nonincludable) items	2,237	(2,091)	464
State and local taxes, net of federal benefit	4,350	6,192	3,278
Incremental effect of foreign tax rates	(538)	(135)	(232)
Research and development activity credit	(160)	(1,030)	(1,800)
Other	248	(44)	(99)
Total income tax expense	<u>\$54,308</u>	<u>\$46,736</u>	<u>\$48,161</u>

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The tax effects of temporary differences that give rise to significant deferred tax assets are presented below (in thousands):

	June 30,	
	2008	2007
Deferred tax assets:		
Original issue discount related to the Notes	\$ 28,553	\$ 32,354
Reserves and accruals	20,543	18,575
Stock-based compensation	18,847	14,377
Deferred compensation and post-retirement obligations	18,289	17,639
Depreciation	4,815	3,921
Net operating loss carryforward	3,168	3,189
Deferred rent	2,591	3,199
Other	507	—
Total deferred tax assets	<u>97,313</u>	<u>93,254</u>
Deferred tax liabilities:		
Goodwill and other intangible assets	(64,036)	(46,205)
Prepaid expenses	(3,399)	(3,398)
Unbilled revenue	(2,835)	(3,299)
Capitalized software	(2,009)	(3,638)
Other	(475)	(1,049)
Total deferred tax liabilities	<u>(72,754)</u>	<u>(57,589)</u>
Net deferred tax asset	<u>\$ 24,559</u>	<u>\$ 35,665</u>

During the year ended June 30, 2008, the Company's income tax expense was impacted by non-deductible losses on corporate-owned life insurance policies. This impact was partially offset by a reduction in state tax expense related to a review that resulted in recording additional state deferred tax assets. During the years ended June 30, 2008 and 2007, the Company recorded \$0.2 million and \$1.0 million of research and development credits, respectively, in accordance with Internal Revenue Code (IRC) Section 41. Included in the amount recognized in the year ended June 30, 2007 was \$0.4 million of research and development credits attributable to the period January 1, 2006 through June 30, 2006 that were not reflected in the results for that period due to the expiration of IRC Section 41 as of December 31, 2005. In December 2006, IRC Section 174 was extended retroactively to January 1, 2006. The Company's income tax expense for the year ended June 30, 2007 was also impacted by \$1.1 million of additional income tax expense related to a review that increased the Company's effective state rate, and \$1.5 million related to additional deductions that were not previously recorded attributable to corporate owned life insurance policies.

In connection with the issuance of the Notes, original issue discount (OID) was created for income tax purposes. Over the term of the Notes, this OID will generate additional interest expense for income tax reporting purposes (see note 13).

U.S. income taxes have not been provided for with respect to undistributed earnings of foreign subsidiaries that have been permanently reinvested outside the United States. As of June 30, 2008, the deferred liability associated with these undistributed earnings is \$3.9 million.

As of June 30, 2008, the Company had a net operating loss carryforward for federal income tax purposes of \$7.1 million, which expires in 2020. The net operating loss carryforward was acquired in connection with the

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Company's acquisition of NSR (note 4), and is subject to the ownership change limitations under IRC Section 382, which limits the amount of the acquired net operating loss carryforward that may be used to \$1.1 million per year.

Effective July 1, 2007, the Company adopted the provisions of FIN No. 48. Previously, the Company had accounted for tax contingencies in accordance with SFAS No. 5, *Accounting for Contingencies*. At the adoption date, the Company recognized an increase of approximately \$1.1 million in the liability for unrecognized tax benefits. This increase was accounted for as a reduction to shareholders' equity at July 1, 2007. The total liability for unrecognized tax benefits as of July 1, 2007 was \$2.9 million. The Company believes that the total amount of unrecognized tax benefits, if recognized, would not have a material effect on its effective tax rate. A reconciliation of the beginning and ending amount of unrecognized benefits is shown in the table below (in thousands):

Balance at July 1, 2007	\$2,891
Additions based on current year tax positions	1,956
Reductions based on current year tax positions	—
Additions based on prior year tax positions	—
Reductions based on prior year tax positions	—
Lapse of statute of limitations	—
Settlements with taxing authorities	(235)
Balance at June 30, 2008	<u>\$4,612</u>

The Company recognizes net interest and penalties as a component of income tax expense, the amounts of which for the years ended June 30, 2008 and 2007 were not material. Over the next 12 months, the Company does not expect a significant increase or decrease in the unrecognized tax benefits recorded at June 30, 2008. As of June 30, 2008 approximately \$3.9 million of the unrecognized tax benefits are included in other long-term obligations with the remainder included in other balance sheets accounts.

The Company is subject to income taxes in the U.S. and various state and foreign jurisdictions. Tax statutes and regulations within each jurisdiction are subject to interpretation and require significant judgment to apply. The Internal Revenue Service (IRS) has examined the Company's consolidated federal income tax returns through the year ended June 30, 2004. The Company is currently under income tax examination by the IRS for the years ended June 30, 2005 through 2007 and earlier years in connection with amended returns and carry back claims filed by the Company, and by four state jurisdictions for years ended June 30, 2004 through June 30, 2006. The Company does not expect the resolution of these audits to have a material impact on its results of operations, financial condition, or cash flows.

**NOTE 20. RETIREMENT SAVINGS PLANS**

**401(k) Plan**

The Company maintains a defined contribution plan under Section 401(k) of the Internal Revenue Code, the CACI \$SMART Plan (the 401(k) Plan). Employees can contribute up to 75 percent (subject to certain statutory limitations) of their total cash compensation. The Company provides matching contributions equal to 50 percent of the amount of salary deferral employees elect, up to 6 percent of each employee's total calendar year cash compensation, as defined. The Company may also make discretionary profit sharing contributions to the 401(k) Plan. Employee contributions vest immediately. Employer contributions vest in full after three years of employment.

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Total Company contributions to the 401(k) Plan for the years ended June 30, 2008, 2007, and 2006 were \$18.6 million, \$16.3 million, and \$13.9 million, respectively. The increase in Company contributions during the years ended June 30, 2008 and 2007 are due primarily to the higher number of employees joining the Company from businesses acquired in recent years.

***U.K. Pension Plan***

CACI Limited maintains a defined contribution Group Person Pension Plan in the U.K. Under CACI Limited's flexible benefits plan, employees can elect the amount of pension contributions that they wish to make out of their flexible benefit entitlements subject to certain U.K. tax limits. The contributions are deemed to be company contributions and vest immediately. Employees may also elect to make personal contributions into the plan. CACI Limited's contributions to this plan and its predecessor plans for the years ended June 30, 2008, 2007, and 2006 were \$1.5 million, \$1.3 million, and \$1.1 million, respectively.

***Supplemental Retirement Savings Plan***

The Company administers the CACI International Inc Group Executive Retirement Plan (the Supplemental Savings Plan) through which, on a calendar year basis, officers at the vice president level and above can elect to defer for contribution to the Supplemental Savings Plan up to 50 percent of their base compensation and up to 100 percent of their bonus and commissions. The Company provides a contribution of 5 percent of compensation for each participant's compensation that exceeds the limit as set forth in IRC 401(a)(17) (currently \$230,000 per year). The Company also has the option to make annual discretionary contributions. Company contributions vest over a 5-year period, and vesting is accelerated in the event of a change of control of the Company. Participant deferrals and Company contributions will be credited with the rate of return based on the investment options and asset allocations selected by the Participant. Participants may change their asset allocation as often as daily, if they so chose. A Rabbi Trust has been established to hold and provide a measure of security for the investments that finance benefit payments. Distributions from the Plan are made upon retirement, termination, death, or total disability.

Supplemental Savings Plan obligations due to participants totaled \$43.9 million at June 30, 2008, of which \$2.1 million is included in other accrued expenses in the accompanying consolidated balance sheet. Supplemental Savings Plan obligations increased by \$1.4 million during the year ended June 30, 2008, consisting of participant compensation deferrals of \$6.7 million and Company contributions of \$0.5 million, offset by \$3.5 million of distributions and \$2.3 million of investment losses.

The Company maintains investment assets in a Rabbi Trust to offset the obligations under the Supplemental Savings Plan. The value of the investments in the Rabbi Trust was \$41.8 million at June 30, 2008. Investment losses were \$2.5 million for the year ended June 30, 2008.

Contribution expense for the Supplemental Savings Plan during the years ended June 30, 2008, 2007, and 2006, was \$0.8 million, \$0.4 million, and \$0.4 million, respectively.

**NOTE 21. STOCK PLANS AND STOCK-BASED COMPENSATION**

Stock-based compensation expense is recognized pursuant to the requirements of SFAS No. 123R, *Share Based Payments* (SFAS No. 123R), on a straight-line basis ratably over the respective vesting periods, and is adjusted as required for options subject to graded vesting schedules. A summary of the components of stock-

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based compensation expense recognized during the years ended June 30, 2008, 2007, and 2006, together with the income tax benefits realized, is as follows (in thousands):

	Year ended June 30,		
	2008	2007	2006
Stock-based compensation included in indirect costs and selling expense:			
Stock settled stock appreciation rights and non-qualified stock option expense	\$11,328	\$ 7,978	\$10,517
Restricted stock and restricted stock unit expense	6,311	5,041	4,979
Total stock-based compensation expense	<u>17,639</u>	<u>13,019</u>	<u>15,496</u>
Income tax benefit recognized for stock-based compensation expense	<u>\$ 6,960</u>	<u>\$ 4,860</u>	<u>\$ 5,554</u>

The Company recognizes the effect of expected forfeitures of equity grants under SFAS No. 123R by estimating an expected forfeiture rate for grants of equity instruments. Amounts recognized for expected forfeitures are subsequently adjusted annually at major vesting dates to reflect actual forfeitures.

SFAS No. 123R also requires that certain incremental income tax benefits realized upon the exercise or vesting of equity instruments be reported as financing cash flows. During the years ended June 30, 2008, 2007, and 2006, the Company recognized \$1.5 million, \$8.1 million, and \$11.9 million of excess tax benefits, respectively, which have been reported as financing cash inflows in the accompanying consolidated statements of cash flows.

***Equity Grants and Valuation***

Under the terms of its 2006 Stock Incentive Plan (the 2006 Plan), the Company may issue, among others, non-qualified stock options, restricted stock, restricted stock units (RSUs), stock-settled stock appreciation rights (SSARs), and performance awards, collectively referred to herein as equity instruments. The 2006 Plan was approved by the Company's stockholders in November 2006 and replaced the 1996 Stock Incentive Plan (the 1996 Plan) which was due to expire at the end of a ten-year period. The Company generally issues equity instruments on an annual basis to its directors and key employees. Annual grants under the 2006 Plan (and previous grants under the 1996 Plan) are generally made during the first quarter of the Company's fiscal year. With the approval of its Chief Executive Officer, the Company also issues equity instruments to strategic new hires and to employees who have demonstrated superior performance.

Effective in June 2007, the Company began issuing equity instruments under the 2006 Plan in the form of SSARs and shares of restricted stock. Previously, through May 2007, the Company issued non-qualified stock options instead of SSARs and through December 31, 2005 had issued RSUs instead of restricted stock. The Company also issues equity instruments in the form of RSUs under its Management Stock Purchase Plan (MSPP) and Director Stock Purchase Plan (DSPP).

During the periods presented, the exercise price of all SSAR and non-qualified stock option grants and the value of restricted stock and RSU grants were set at the closing price of a share of the Company's common stock on the date of grant, as reported by the New York Stock Exchange.

Upon the exercise of stock options and SSARs, and the vestings of restricted shares and RSUs, the Company fulfills its obligations under the equity instrument agreements by issuing new shares of authorized common stock. The number of shares authorized by shareholders for grants under the 2006 Plan was 9,450,000

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as of June 30, 2008. The aggregate number of grants that may be made under the 2006 Plan may exceed this approved amount as forfeited SSARs, stock options, restricted stock and RSUs, and vested but unexercised SSARs and stock options that expire, become available for future grants. As of June 30, 2008, cumulative grants of 9,431,914 equity instruments underlying the shares authorized for the Plan have been awarded, and 1,678,095 of these instruments have been forfeited.

Non-qualified stock options granted prior to January 1, 2004 lapse and are no longer exercisable if not exercised within ten years of the date of grant. Equity instruments granted on or after January 1, 2004 have a term of seven years. For SSAR and stock option awards, grantees whose employment has terminated have 60 days after their termination date to exercise vested SSARs and stock options, or they forfeit their right to the instruments. Grantees whose employment is terminated due to death or permanent disability will vest in 100 percent of their equity instrument grants. Also, effective for grants made on or after July 1, 2004, grantees retiring on or after age 65 will vest in 100 percent of their equity instrument grants upon retirement.

Stock options vest ratably over a three, four, or five year period, depending on the year of grant. Restricted shares and RSUs vest in full three years from the date of grant. SSARs granted as part of the Company's customary annual award vest ratably over a five year period in a manner consistent with the vesting of stock options. Special grants of SSARs, such as those described in the following paragraph, contain market-based vesting features under which, beginning one year from the date of award, a grantee may exercise portions of his or her SSARs if the average of the closing prices of a share of the Company's common stock for 20 consecutive trading days equals or exceeds pre-defined amounts. Greater portions of the grants vest as the average of the closing prices increases. Any SSARs that do not vest under the market-based feature will vest in full five years from the date of grant.

During the year ended June 30, 2008, the annual equity grant was made effective July 2, 2007 and was comprised of 680,000 SSARs and 125,090 restricted shares. On July 2, 2007, the Company also made one-time special grants of 25,000 SSARs each to its newly appointed President of U.S. Operations and its Chief Operating Officer. In addition, effective June 20, 2007, the Company made a one-time special grant of 300,000 SSARs to its newly appointed Chief Executive Officer.

The fair value of each stock option award is estimated on the date of grant using the Black-Scholes valuation model. The fair value of SSARs with market-based vesting features is also measured on the grant date, but is done so using a binomial lattice model. The fair values of both stock options and SSARs are based on the following assumptions:

	For SSARs/Stock Options Granted During the Year Ended June 30,		
	2008	2007	2006
Historical volatility	26.5% - 31.9%	28.3% - 35%	32% -35%
Expected dividends	0%	0%	0%
Expected life (in years)	2.7 - 5.5	3 - 6	4 - 6
Risk-free rate	2.90% - 5.01%	4.39% - 5.03%	4.13% - 4.99%

The expected lives of the SSAR and stock option grants represent the period of time SSARs and stock options are expected to be outstanding and are based on the contractual terms of the grant, vesting schedules, and, for stock options, past exercise behaviors. The risk-free rates for periods approximating the expected lives are based on the U.S. treasury yield curve in effect at the time of the respective grant.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

The weighted-average fair value of SSARs and stock options granted during the years ended June 30, 2008, 2007, and 2006, was \$18.00, \$21.64, and \$26.53, respectively, and the weighted-average fair value of restricted stock and RSUs granted during the years ended June 30, 2008, 2007, and 2006, was \$48.40, \$54.07, and \$62.37, respectively.

Activity for all outstanding SSARs and stock options, and the corresponding exercise price and fair value information, for the years ended June 30, 2008, 2007, and 2006, is as follows:

	Number of Shares	Exercise Price	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value
Outstanding, June 30, 2005	2,245,948	\$ 7.50 - 64.36	\$ 28.44	\$ 11.62
Exercisable, June 30, 2005	1,401,277	7.50 - 64.36	22.19	8.52
Issued	863,395	21.40 - 65.04	62.76	26.53
Exercised	(588,192)	7.50 - 46.37	18.14	7.49
Forfeited	(123,309)	21.40 - 62.48	42.66	27.48
Outstanding, June 30, 2006	2,397,842	8.16 - 65.04	41.86	17.19
Exercisable, June 30, 2006	1,392,944	8.16 - 64.36	30.21	9.37
Issued	716,200	34.10 - 60.50	52.79	21.64
Exercised	(283,794)	8.16 - 49.43	30.04	12.58
Forfeited	(127,855)	32.86 - 62.48	54.62	22.45
Outstanding, June 30, 2007	2,702,393	8.44 - 65.04	45.40	18.60
Exercisable, June 30, 2007	1,236,243	8.44 - 64.36	31.79	12.85
Issued	861,700	41.58 - 52.14	48.54	18.00
Exercised	(183,469)	9.38 - 47.59	22.23	9.58
Forfeited	(72,775)	10.69 - 62.48	50.97	20.41
Outstanding, June 30, 2008	3,307,849	8.44 - 65.04	47.37	18.91
Exercisable, June 30, 2008	1,267,681	\$ 8.44 - 65.04	\$ 37.00	\$ 14.68

**CACI INTERNATIONAL INC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

Changes in the number of unvested SSARs and stock options and in unvested restricted stock and RSUs during each of the years in the three-year period ended June 30, 2008, together with the corresponding weighted-average fair values, is as follows:

	SSARs and Stock Options		Restricted Stock and Restricted Stock Units	
	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares	Weighted Average Grant Date Fair Value
Unvested at June 30, 2005	<u>844,671</u>	<u>\$ 14.99</u>	<u>142,305</u>	<u>\$ 43.00</u>
Granted	863,395	26.53	130,980	62.37
Vested	(579,859)	15.28	(8,333)	40.00
Forfeited	(123,309)	27.48	(11,222)	47.87
Unvested at June 30, 2006	<u>1,004,898</u>	<u>23.63</u>	<u>253,730</u>	<u>52.87</u>
Granted	716,200	21.64	102,763	54.07
Vested	(127,093)	15.71	(61,748)	40.88
Forfeited	(127,855)	22.45	(68,180)	45.00
Unvested at June 30, 2007	<u>1,466,150</u>	<u>23.45</u>	<u>226,565</u>	<u>58.70</u>
Granted	861,700	18.00	153,290	48.40
Vested	(223,907)	20.46	(21,243)	55.37
Forfeited	(63,775)	21.62	(12,452)	56.77
Unvested at June 30, 2008	<u>2,040,168</u>	<u>\$ 21.53</u>	<u>346,160</u>	<u>\$ 54.19</u>

Information regarding the cash proceeds received, and the intrinsic value and total tax benefits realized resulting from stock option exercises is as follows:

	Year ended June 30,		
	2008	2007	2006
Cash proceeds received	\$4,079	\$8,524	\$10,422
Intrinsic value realized	\$5,263	\$6,353	\$26,887
Income tax benefit realized	\$2,047	\$2,471	\$10,255

The total intrinsic value of RSUs that vested during the years ended June 30, 2008, 2007, and 2006 was \$1.0 million, \$4.7 million and \$0.5 million, respectively, and the tax benefit realized for these vestings was \$0.4 million, \$1.8 million and \$0.2 million, respectively. Also, during the year ended June 30, 2007, the Company recognized a current tax benefit of \$6.7 million pertaining to an officer's sale of restricted stock. The benefit was reflected as an increase to additional paid-in capital.

The grant date fair value of stock options that vested during each of the years in the three-year period ended June 30, 2008 was \$4.5 million, \$2.0 million, and \$8.9 million, respectively.



**CACI INTERNATIONAL INC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

***Outstanding SSAR and Stock Option Information***

Information regarding the SSARs and stock options outstanding and exercisable as of June 30, 2008, is as follows (intrinsic value in millions):

Range of exercise Price	SSARs and Options Outstanding				SSARs and Options Exercisable			
	Number of Instruments	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Intrinsic Value	Number of Instruments	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Intrinsic Value
\$0.00-\$9.99	72,992	\$ 9.67	1.87	\$ 2,635	72,992	\$ 9.67	1.87	\$ 2,635
\$10.00-\$19.99	13,832	13.53	1.92	446	13,832	13.53	1.92	446
\$20.00-\$29.99	205,783	21.56	3.04	4,981	205,783	21.56	3.04	4,981
\$30.00-\$39.99	467,165	35.12	4.62	4,973	467,165	35.12	4.62	4,973
\$40.00-\$49.99	1,135,989	46.61	5.39	—	307,206	41.71	3.57	1,249
\$50.00-\$59.99	685,850	52.76	5.32	—	38,167	55.06	2.99	—
\$60.00-\$69.99	726,238	63.11	4.11	—	162,536	63.10	3.92	—
	<u>3,307,849</u>	<u>\$ 47.37</u>	<u>4.75</u>	<u>\$13,035</u>	<u>1,267,681</u>	<u>\$ 37.00</u>	<u>3.78</u>	<u>\$14,284</u>

As of June 30, 2008, there was \$27.2 million of unrecognized compensation costs related to SSARs and stock options scheduled to be recognized over a weighted-average period of 3.1 years, and \$6.5 million of unrecognized compensation cost related to restricted stock and RSUs scheduled to be recognized over a weighted-average period of 1.7 years.

***Stock Purchase Plans***

The Company adopted the 2002 Employee Stock Purchase Plan (ESPP), MSPP and DSPP in November 2002, and implemented these plans beginning July 1, 2003. There are 750,000, 500,000, and 75,000 shares authorized for grants under the ESPP, MSPP and DSPP, respectively.

The ESPP allows eligible full-time employees to purchase shares of common stock at 95 percent of the fair market value of a share of common stock on the last day of the quarter. The maximum number of shares that an eligible employee can purchase during any quarter is equal to two times an amount determined as follows: 20 percent of such employee's compensation over the quarter, divided by 95 percent of the fair market value of a share of common stock on the last day of the quarter. The ESPP is a qualified plan under Section 423 of the Internal Revenue Code and, for financial reporting purposes, was amended effective July 1, 2005 so as to be considered non-compensatory under SFAS No. 123R. Accordingly, there is no stock-based compensation expense associated with shares acquired under the ESPP for the years ended June 30, 2008, 2007 and 2006. As of June 30, 2008, participants have purchased 557,594 shares under the ESPP, at a weighted-average price per share of \$45.53. Of these shares, 84,114 were purchased by employees at a weighted-average price per share of \$45.06 during the year ended June 30, 2008.

To satisfy its obligations under the ESPP, the Company will either purchase shares in the open market, or issue shares previously acquired and held in treasury. During the year ended June 30, 2008, the Company purchased 43,145 shares in the open market and issued 40,969 shares from treasury to fulfill the employees share purchases.

The MSPP provides those senior executives with stock holding requirements a mechanism to receive RSUs in lieu of up to 100 percent of their annual bonus. For the fiscal year ended June 30, 2008, RSUs awarded in lieu

**CACI INTERNATIONAL INC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

of bonuses earned will be granted at 85 percent of the closing price of a share of the Company's common stock on the date of the award, as reported by the New York Stock Exchange. For bonuses earned during the fiscal years ended June 30, 2006 and 2007, RSUs were granted at 95 percent of the closing price of a share of the Company's common stock on the date of grant. RSUs granted under the MSPP vest at the earlier of 1) three years from the grant date, 2) upon a change of control of the Company, 3) upon a participant's retirement at or after age 65, or 4) upon a participant's death or permanent disability. Vested RSUs are settled in shares of common stock. The Company recognizes the value of the discount applied to RSUs granted under the MSPP as stock compensation expense ratably over the three-year vesting period.

The DSPP allows directors to elect to receive RSUs at the market price of the Company's common stock on the date of the award in lieu of up to 50 percent of their annual retainer fees. Vested RSUs are settled in shares of common stock.

Activity related to the MSPP and the DSPP during the year ended June 30, 2008 is as follows:

	<u>MSPP</u>	<u>DSPP</u>
RSUs outstanding, June 30, 2007	23,876	2,158
Granted	9,602	138
Issued	(233)	(535)
Forfeited	(472)	(1,761)
RSUs outstanding, June 30, 2008	<u>32,773</u>	<u>—</u>
Weighted average grant date fair value as adjusted for the applicable discount	<u>\$ 48.54</u>	
Weighted average grant date fair value		<u>\$ 45.33</u>

**NOTE 22. EARNINGS PER SHARE**

Earnings per share and the weighted-average number of diluted shares are computed as follows (in thousands, except per share data):

	<u>Year ended June 30,</u>		
	<u>2008</u>	<u>2007</u>	<u>2006</u>
Net income	<u>\$83,323</u>	<u>\$78,532</u>	<u>\$84,840</u>
Weighted-average number of basic shares outstanding during the period	30,058	30,643	30,242
Dilutive effect of stock options after application of treasury stock method	548	613	919
Weighted-average number of diluted shares outstanding during the period	<u>30,606</u>	<u>31,256</u>	<u>31,161</u>
Basic earnings per share	<u>\$ 2.77</u>	<u>\$ 2.56</u>	<u>\$ 2.81</u>
Diluted earnings per share	<u>\$ 2.72</u>	<u>\$ 2.51</u>	<u>\$ 2.72</u>

The total number of weighted-average common stock equivalents excluded from the diluted per share computations due to their anti-dilutive effects for the years ended June 30, 2008, 2007 and 2006, were 2.3 million, 1.5 million, and 0.8 million, respectively. In addition to the anti-dilutive equivalents described above, the shares underlying the Notes were not included in the computation of diluted earnings per share because the conversion price of \$54.65 exceeded the average share price during all periods since issuance through June 30, 2008. The Warrants were also excluded from the computation of diluted earnings per share because the

**CACI INTERNATIONAL INC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

Warrants' exercise price of \$68.31 was greater than the average market price of a share of Company common stock during the periods in which the Warrants were outstanding.

**NOTE 23. COMMON STOCK DATA (UNAUDITED)**

The ranges of high and low sales prices of the Company's common stock as reported by the New York Stock Exchange for each quarter during fiscal years ended June 30, 2008 and 2007 were as follows:

Quarter	2008		2007	
	High	Low	High	Low
1st	\$52.83	\$43.32	\$59.80	\$47.26
2nd	\$55.01	\$43.15	\$62.02	\$53.64
3rd	\$46.87	\$38.89	\$57.55	\$44.40
4th	\$53.95	\$43.70	\$52.36	\$42.04

Since August 16, 2002, the Company's stock has traded on the New York Stock Exchange under the ticker symbol, "CAI".

**NOTE 24. QUARTERLY FINANCIAL DATA (UNAUDITED)**

This data is unaudited, but in the opinion of management, includes and reflects all adjustments that are normal and recurring in nature, and necessary, for a fair presentation of the selected data for these interim periods. Quarterly condensed financial operating results of the Company for the years ended June 30, 2008 and 2007, are presented below (in thousands except per share data).

	Year ended June 30, 2008			
	First	Second	Third	Fourth
Revenue	\$ 553,580	\$ 577,784	\$ 634,157	\$ 655,016
Income from operations	\$ 34,679	\$ 38,313	\$ 43,471	\$ 46,366
Net income	\$ 18,292	\$ 19,190	\$ 22,292	\$ 23,549
Basic earnings per share	\$ 0.61	\$ 0.64	\$ 0.74	\$ 0.78
Diluted earnings per share	\$ 0.60	\$ 0.63	\$ 0.73	\$ 0.77
Weighted-average shares outstanding:				
Basic	29,993	30,033	30,076	30,133
Diluted	30,518	30,580	30,587	30,740

	Year ended June 30, 2007			
	First	Second	Third	Fourth
Revenue	\$ 467,623	\$ 476,909	\$ 473,055	\$ 520,385
Income from operations	\$ 36,535	\$ 36,965	\$ 34,479	\$ 37,874
Net income	\$ 18,803	\$ 20,463	\$ 18,442	\$ 20,824
Basic earnings per share	\$ 0.61	\$ 0.67	\$ 0.60	\$ 0.68
Diluted earnings per share	\$ 0.60	\$ 0.65	\$ 0.59	\$ 0.67
Weighted-average shares outstanding:				
Basic	30,629	30,696	30,835	30,414
Diluted	31,278	31,440	31,410	30,896

**CACI INTERNATIONAL INC**  
**VALUATION AND QUALIFYING ACCOUNTS**  
**FOR YEARS ENDED JUNE 30, 2008, 2007 AND 2006**  
**(dollars in thousands)**

	Balance at Beginning of Period	Additions at Cost	Deductions	Other Changes	Balance at End of Period
<b>2008</b>					
Reserves deducted from assets to which they apply:					
Allowances for doubtful accounts	\$ 3,469	\$ 1,642	\$ (1,479)	\$ 305	\$ 3,937
<b>2007</b>					
Reserves deducted from assets to which they apply:					
Allowances for doubtful accounts	\$ 4,607	\$ 2,326	\$ (2,960)	\$ (504)	\$ 3,469
<b>2006</b>					
Reserves deducted from assets to which they apply:					
Allowances for doubtful accounts	\$ 4,168	\$ 1,336	\$ (1,906)	\$1,009	\$ 4,607

Items included as “Other Changes” include amounts for reserves acquired in acquisitions and foreign currency exchange differences.

The increase from June 30, 2007 to June 30, 2008 is primarily due to both reserves acquired in acquisitions and an increase in the United Kingdom reserve related to multi-year sales contracts.

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### SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, on the 27<sup>th</sup> day of August 2008.

#### **CACI International Inc** **Registrant**

Date: August 27, 2008

By:

/s/ P AUL M. C OFONI  
**Paul M. Cofoni**  
**President**  
**Chief Executive Officer and Director (Principal Executive Officer)**

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in capacities and on the dates indicated.

<u>Signatures</u>	<u>Title</u>	<u>Date</u>
<u>/s/ P AUL M. C OFONI</u> <b>Paul M. Cofoni</b>	President, Chief Executive Officer and Director (Principal Executive Officer)	August 27, 2008
<u>/s/ T HOMAS A. M UTRYN</u> <b>Thomas A. Mutryn</b>	Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)	August 27, 2008
<u>/s/ C AROL P. H ANNA</u> <b>Carol P. Hanna</b>	Senior Vice President, Corporate Controller (Principal Accounting Officer)	August 27, 2008
<u>/s/ D R . J. P. L ONDON</u> <b>Dr. J. P. London</b>	Chairman of the Board, Executive Chairman	August 27, 2008
<u>/s/ D AN R. B ANNISTER</u> <b>Dan R. Bannister</b>	Director	August 27, 2008
<u>/s/ G REGORY G. J OHNSON</u> <b>Adm Gregory G. Johnson, USN (Ret.)</b>	Director	August 27, 2008
<u>/s/ D R . R ICHARD L. L EATHERWOOD</u> <b>Richard L. Leatherwood</b>	Director	August 27, 2008
<u>/s/ J AMES L. P AVITT</u> <b>James L. Pavitt</b>	Director	August 27, 2008
<u>/s/ D R . W ARREN R. P HILLIPS</u> <b>Dr. Warren R. Phillips</b>	Director	August 27, 2008
<u>/s/ C HARLES P. R EVOILE</u> <b>Charles P. Revoile</b>	Director	August 27, 2008
<u>/s/ M ICHAEL J. M ANCUSO</u> <b>Michael J. Mancuso</b>	Director	August 27, 2008

**CACI INTERNATIONAL INC**  
**MANAGEMENT STOCK PURCHASE PLAN**  
**(Amended and Restated as of August 13, 2008)**

## **1. INTRODUCTION**

The purpose of the CACI International Inc Management Stock Purchase Plan (the “Plan”) is to provide for equity ownership in CACI International Inc. (the “Company”) by selected management employees of the Company and its subsidiaries by (1) providing for the deferral and payment of a portion of their annual incentive bonus (“Bonus”) in common stock of the Company (“Stock”), (2) permitting eligible executives to use Bonuses to acquire Stock at a discount, and (3) providing eligible executives with other economic incentives to use Bonuses to acquire additional Stock.

Under the Plan, the Compensation Committee of the Board of Directors of the Company may require that a portion of an eligible executive’s Bonus will be in the form of restricted stock units (“RSUs”). In addition, eligible executives may elect to receive RSUs in lieu of their remaining Bonus, subject to such limits, if any, as may be imposed by the Committee. The Committee may also elect to match (in the form of additional RSUs) all or a portion of the elective or mandatory Bonus deferral.

Each RSU represents the right to receive one share of Stock upon the terms and conditions stated herein. RSUs issued in connection with elective or mandatory Bonus deferrals may be granted at a discount of up to fifteen percent (15%) from the fair market value of the Stock on the date of grant. So long as an eligible executive remains employed by the Company or its subsidiaries through the date the award vests, the executive’s RSUs will be settled in shares of Stock on the distribution date determined under the Plan.

## **2. DEFINITIONS**

Under this Plan, except where the context otherwise indicates, the following definitions apply:

“*Account*” means the bookkeeping account established and maintained for each Participant pursuant to Section 5(a).

“*Affiliate*” means any entity other than a Subsidiary, if the Company and/or one or more Subsidiaries own directly or indirectly fifty percent (50%) or more of the total combined voting power of all classes of stock (or other equity interests) in such entity.

“*Affiliated Group Member*” means any member of the “affiliated group,” as such term is defined in Section 1504 of the Code (but determined without regard to Section 1504(b) of the Code), which includes the Company.

“*Award*” means a Deferral Award or a Matching Award.

*“Award Agreement”* means a written agreement between the Company and a Participant memorializing the terms and conditions of a Deferral Award or Matching Award granted pursuant to the Plan.

*“Award Date”* means, in the case of RSUs credited pursuant to an elective or mandatory Bonus deferral, the date that the Bonus is paid or would otherwise be paid. In the case of a Matching Award, *“Award Date”* means the Award Date of the respective RSUs for the matched Deferral Award, or such later date as the Committee shall so designate at the time of taking formal action to grant the Matching Award.

*“Board”* means the Board of Directors of the Company.

*“Bonus”* means the annual incentive bonus payable to a Participant by the Company.

*“Cause”* means (i) any material breach by the Participant of any agreement to which the Participant and the Company are both parties, and (ii) any act or omission justifying termination for cause in accordance with the terms of Section 3027 (or any successor provision of like meaning), Employee Terminations, of the Company’s then-current Policy and Guidelines.

*“Change in Control”* means the occurrence of any one of the following events:

(i) any “person” (as such term is used in Sections 13(d) and 14(d)(2) of the Exchange Act) becomes a “beneficial owner” (as such term is defined in Rule 13d-3 promulgated under the Exchange Act) (other than the Company, any trustee or other fiduciary holding securities under an employee benefit plan of the Company, or any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company), directly or indirectly, of securities of the Company representing twenty percent (20%) or more of the combined voting power of the Company’s then outstanding securities; or

(ii) persons who, as of July 1, 2006, constituted the Company’s Board (the “Incumbent Board”) cease for any reason, including without limitation as a result of a tender offer, proxy contest, merger or similar transaction, to constitute at least a majority of the Board, provided that any person becoming a director of the Company subsequent to July 1, 2006 whose election was approved by, or who was nominated with the approval of, at least a majority of the directors then comprising the Incumbent Board shall, for purposes of this Plan, be considered a member of the Incumbent Board; or

(iii) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation or other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than fifty percent (50%) of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; or

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(iv) the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.

"Code" means the Internal Revenue Code of 1986, as amended, and any regulations issued thereunder.

"Committee" means the Compensation Committee of the Board or such other committee or sub-committee of the Board as may be appointed pursuant to Section 3 of the Plan to administer the Plan.

"Committee Delegate" means the Chief Executive Officer or other senior officer of the Company to whom duties and powers of the Board or Committee hereunder have been delegated pursuant to Section 3(b).

"Covered Employee" means an employee of the Company or any Affiliated Group Member who is subject to Section 162(m) of the Code.

"Deferral Award" means an award of Restricted Stock Units under the Plan pursuant to an elective or mandatory Bonus deferral. The term "Deferral Award" does not include any portion of a related Matching Award.

"Disabled" or "Disability" means (i) the Participant is subject to a legal decree of incompetency (the date of such decree being deemed the date on which such disability occurred), (ii) the written determination by a physician selected by the Company that, because of a medically determinable disease, injury or other physical or mental disability, the Participant is unable substantially to perform each of the material duties of the Participant's position as an Executive, and that such disability has lasted for the immediately preceding ninety (90) days and is, as of the date of determination, reasonably expected to last an additional six (6) months or longer after the date of determination, in each case based upon medically available reliable information, or (iii) the Participant's qualifying for benefits under the Company's long-term disability coverage, if any.

"Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended and any rules or regulations promulgated thereunder.

"Executive" means employees of the Company and its Subsidiaries who hold the position of Senior Vice President and above.

"Fair Market Value" of the Stock for any purpose on a particular date means the closing price per share of the Stock on such date as reported by such registered national securities exchange on which the Stock is listed, or, if the Stock is not listed on such an exchange, as quoted on NASDAQ, provided, that, if there is no trading on such date, Fair Market Value shall



be deemed to be the closing price per share on the last preceding date on which the Stock was traded. If the Stock is not listed on any registered national securities exchange or quoted on an established securities market, the Fair Market Value of the Stock shall be determined in good faith by the Committee by the reasonable application of a reasonable valuation method consistent with Treas. Reg. § 1.409A-1(b)(5)(iv)(B).

“*Fiscal Year*” means the fiscal year of the Company, which currently ends on June 30<sup>th</sup>.

“*Matching Award*” means an award of Restricted Stock Units that is designed to match all or a portion of the RSUs credited to a Participant’s Account in the form of elective or mandatory Bonus deferrals pursuant to the terms of the Plan.

“*Non-Employee Director*” means any director who: (i) is not currently an officer of the Company, a Subsidiary or an Affiliate, or otherwise currently employed by the Company, a Subsidiary or an Affiliate, (ii) does not receive compensation, either directly or indirectly, from the Company, a Subsidiary or an Affiliate, for services rendered as a consultant or in any capacity other than as a director, except for an amount that does not exceed the dollar amount for which disclosure would be required pursuant to Item 404(a) of Regulation S-K promulgated by the SEC, (iii) does not possess an interest in any other transaction for which disclosure would be required pursuant to Rule 404(a) of Regulation S-K, and (iv) is not engaged in a business relationship for which disclosure would be required pursuant to Rule 404(b) of Regulation S-K.

“*162(m) Award*” means an Award intended to meet the requirements of Section 6(a)(iii)(A) of the Plan.

“*Outside Director*” means any director who (i) is not an employee of the Company or of any Affiliated Group Member, (ii) is not a former employee of the Company or any Affiliated Group Member who is receiving compensation for prior services (other than benefits under a tax-qualified retirement plan) during the Company’s or any Affiliated Group Member’s taxable year, (iii) has not been an officer of the Company or any Affiliated Group Member and (iv) does not receive remuneration from the Company or any Affiliated Group Member, either directly or indirectly, in any capacity other than as a director. “Outside Director” shall be determined in accordance with Section 162(m) of the Code and the Treasury regulations issued thereunder.

“*Parent*” means a company, whether now or hereafter existing, within the meaning of the definition of “parent company” provided in Section 424(e) of the Code, or any successor thereto of similar import.

“*Participant*” means an Executive who has been notified by the Company of his or her participation in the Plan.

“*Performance Measure*” means one or more of the following criteria, or such other operating objectives, selected by the Committee to measure performance of the Company or any Subsidiary or Affiliate or other business division of same for a Performance Period, whether in absolute or relative terms: basic or diluted earnings per share of Stock; earnings per share of Stock growth; revenue; operating income or profit; net income or profit (either before or after

taxes); earnings and/or net income or profit before interest and taxes; earnings and/or net income or profit before interest, taxes, depreciation and amortization; return on capital; return on equity; return on assets; net cash provided by operations; free cash flow; Stock price; economic profit; economic value; total stockholder return; gross margins and costs. Each such measure shall be determined in accordance with generally accepted accounting principles as consistently applied, adjusted to omit the effects of extraordinary items, gain or loss on the disposal of a business segment, unusual or infrequently occurring events and transactions and cumulative effects of changes in accounting principles.

*“Performance Period”* means a period of not less than one year over which the achievement of targets for Performance Measures is determined.

*“Restricted Stock Unit”* or *“RSU”* means a bookkeeping entry that represents an amount equivalent to a share of Common Stock.

*“Rule 16b-3”* means Rule 16b-3 as in effect under the Exchange Act on the effective date of the Plan, or any successor provision prescribing conditions necessary to exempt the issuance of securities under the Plan (and further transactions in such securities) from Section 16(b) of the Exchange Act.

*“Securities Act”* means the U.S. Securities Act of 1933, as amended and any rules or regulations promulgated thereunder.

*“Separation from Service”* means separation from service (within the meaning of Section 409A(a)(2)(A)(i) of the Code) with the Company or a Subsidiary.

*“Specified Employee”* means a specified employee within the meaning of Section 409A(a)(2)(B)(i) of the Code.

*“Stock”* means common stock of the Company, par value \$0.10 per share.

*“Subsidiary”* and *“Subsidiaries”* means only a company or companies, whether now or hereafter existing, within the meaning of the definition of “subsidiary company” provided in Section 424(f) of the Code, or any successor thereto of similar import.

*“Subscription Agreement”* means the written agreement whereby a Participant elects to receive all or part of the Bonus otherwise payable in cash in deferred RSUs pursuant to the terms of the Plan.

*“Value”* means the following:

(i) In the case of RSUs credited in connection with a mandatory or elective Bonus deferral, the term “Value” means:

(A) As of the Award Date, “Value” means the dollar amount of the mandatory or elective Bonus deferral.

(B) As of any date subsequent to the Award Date, “Value” means the Value determined on the Award Date plus simple interest per annum on such amount at the one-year U.S. Treasury Bill rate (as published in The Wall Street Journal) in effect on the Award Date and each anniversary thereof.

(ii) In the case of RSUs credited in connection with a Matching Award, the term “Value” means the Fair Market Value of the Stock on the Award Date.

“Vesting Date” means the date on which an Award becomes vested in accordance with Section 6.

### 3. ADMINISTRATION

(a) *Procedure*. The Plan shall be administered by the Committee consisting of all members of the Compensation Committee of the Company, each of whom qualifies as an Outside Director and a Non-Employee Director, but the authority and validity of any act taken or not taken by the Committee shall not be affected if any person administering the Plan is not an Outside Director or a Non-Employee Director. The Committee shall have at least two (2) members at all times. Except as specifically reserved to the Board under the terms of the Plan, the Committee shall have full and final authority to operate, manage and administer the Plan on behalf of the Company. Action by the Committee shall require the affirmative vote of a majority of all members thereof.

(b) *Secondary Committees*. The Board may, in its sole discretion, divide the duties and powers of the Committee by establishing one or more secondary Committees to which certain duties and powers of the Committee hereunder are delegated (each of which shall be regarded as a “Committee” under the Plan with respect to such duties and powers). Additionally, if permitted by applicable law, the Board or Committee may delegate certain of the Committee’s duties and powers hereunder to the Chief Executive Officer and/or to other senior officers of the Company subject to such conditions and limitations as the Board or Committee shall prescribe. However, only the Committee described under Subsection 3(a) may determine the amount of the discount used to calculate the Value of RSUs credited in connection with a Deferral Award and grant Matching Awards to Participants.

(c) *Powers of the Committee*. The Committee shall have all the powers vested in it by the terms of the Plan, such powers to include authority, in its sole and absolute discretion, to determine the amount of the discount used to calculate the Value of RSUs credited in connection with a Deferral Award and to grant Matching Awards under the Plan, prescribe Award Agreements evidencing Matching Awards and establish programs for granting Awards. The Committee shall have full power and authority to take all other actions necessary to carry out the purpose and intent of the Plan, including, but not limited to, the authority to:

- (i) determine the Participants in the Plan,

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- (ii) determine the Participants in the Plan to whom, and the time or times at which, Matching Awards shall be granted,
  - (iii) determine the amount of the discount (not to exceed fifteen percent (15%)) used to calculate the Value of RSUs credited in connection with a Deferral Award,
  - (iv) impose such terms, limitations, vesting schedules, restrictions and conditions upon any Award as the Committee shall deem appropriate, including without limitation establishing, in its discretion, Performance Measures that must be satisfied before a Matching Award vests and/or becomes payable,
  - (v) subject to the provisions of Sections 162(m) and 409A of the Code (to the extent applicable), modify or extend Awards, provided that no such action shall be taken with respect to any outstanding Award that would materially, adversely affect the Participant without the Participant's consent,
  - (vi) subject to the provisions of Section 6, waive or accelerate the lapse, in whole or in part, of any restriction or condition with respect to an Award, and
  - (vii) establish objectives and conditions, including targets for Performance Measures, if any, for earning Matching Awards and determining whether Matching Awards will be paid after the end of a Performance Period.

The Committee shall have full power and authority to administer and interpret the Plan and to adopt such rules, regulations, agreements, guidelines and instruments for the administration of the Plan as the Committee deems necessary, desirable or appropriate in accordance with the Bylaws of the Company.

(d) *Limited Liability*. To the maximum extent permitted by law, no member of the Board or Committee or a Committee Delegate shall be liable for any action taken or decision made in good faith relating to the Plan or any Award thereunder.

(e) *Indemnification*. The members of the Board and Committee and any Committee Delegate shall be indemnified by the Company in respect of all their activities under the Plan in accordance with the procedures and terms and conditions set forth in the Certificate of Incorporation and Bylaws of the Company as in effect from time to time. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Certificate of Incorporation and Bylaws, as a matter of law, or otherwise.

(f) *Effect of Committee's Decision*. All actions taken and decisions and determinations made by the Committee or a Committee Delegate on all matters relating to the Plan pursuant to the powers vested in it hereunder shall be in the Committee's or Committee Delegate's sole and absolute discretion and shall be conclusive and binding on all parties concerned, including the Company, its stockholders, any Participants in the Plan and any other employee of the Company, and their respective successors in interest.

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#### 4. PARTICIPATION

U.S.-based employees of the Company and its Subsidiaries who are classified as Executives shall participate in the Plan. Executives shall become Participants in the Plan upon notification by the Company of their participation in the Plan.

#### 5. PLAN AWARDS

(a) **Restricted Stock Units** . Participants in the Plan shall receive awards of RSUs in accordance with the terms of the Plan. Each RSU awarded to a Participant shall be credited to the Participant's Account.

(b) **Award of RSUs** .

(i) **Mandatory Deferral**. Twenty percent (20%) of each Bonus (or such greater or lesser percentage as the Committee shall determine) shall be payable in deferred RSUs. Any change in the percentage or amount of the Bonus that is automatically payable in deferred RSUs shall be made on or before the date specified in Section 6(a)(iii)(A) for 162(m) Awards and for other Awards on or before December 31 of the Fiscal Year for which a Bonus is earned; provided, however, in no event may a change in the amount automatically deferred be made outside the timeframe permitted under Section 409A of the Code (i.e., after a Bonus for a year compensation has become readily ascertainable for purposes of Section 409A).

(ii) **Elective Deferrals** . Each Participant may voluntarily elect to receive the remaining portion of his or her Bonus in deferred RSUs, subject to such conditions and limitations as may be imposed by the Committee. The election by any Participant to receive any remaining portion of his or her Bonus in deferred RSUs shall be made by, and only by, the filing of a completed Subscription Agreement with the Company prior to the date specified in Section 6(a)(iii)(A) for 162(m) Awards and for other Awards on or before December 31 of the Fiscal Year for which a Bonus is earned; provided, however, in no event may a change in the amount automatically deferred be made outside the timeframe permitted under Section 409A of the Code (i.e., after a Bonus for a year compensation has become readily ascertainable for purposes of Section 409A). An election to receive deferred RSUs in lieu of a cash Bonus is irrevocable and may not be changed. Subscription Agreements must be filed using the form supplied by the Company and filed with (and received by) the Company.

(iii) **Matching Grants**. Subject to the other applicable provisions of the Plan and applicable law, the Committee may make Matching Awards. A Matching Award may be in such amount (not to exceed twenty-five percent (25%) of the Participant's elective or mandatory deferrals) and subject to such vesting or other restrictions and conditions as the Committee determines. The grant of a Matching Award shall be made on or

before the date specified in Section 6(a)(iii)(A) for 162(m) Awards and for other Awards on or before December 31 of the Fiscal Year of the Bonus deferral to which the Matching Award relates; provided, however, in no event may the grant of a Matching Award be made outside the timeframe permitted under Section 409A of the Code.

(c) **New Participants.** The following provisions shall apply to an individual who becomes a Participant after the start of the Fiscal Year:

(i) The mandatory deferral of the Bonus for the Fiscal Year in which the Participant's participation begins shall be prorated based on the number of days remaining in the Fiscal Year after the date the Participant is notified of his or her participation in the Plan, compared to the total number of days in the Fiscal Year.

(ii) If the Participant was not eligible to participate in any plan that must be aggregated with the Plan for purposes of Section 409A of the Code, the Participant may elect to defer a portion of his or her Bonus for the Fiscal Year. The Participant's initial Subscription Agreement must be filed with the Company within thirty (30) days after the date on which the Participant is notified that he or she is a participant in the Plan. The initial deferral election shall be for the remainder of the current Fiscal Year and the amount deferred with respect to the Bonus for services performed in the Fiscal Year shall be prorated based on the number of days remaining in the Fiscal Year after the date the Subscription Agreement is filed with the Company, compared to the total number of days in the Fiscal Year.

(d) **Distribution Elections** . Each Subscription Agreement may specify a deferred distribution date with respect to a Deferral Award (mandatory and elective) and any related Matching Award, and the election of such deferred distribution date is irrevocable. Such deferral election may apply to all or any portion of the Deferral Award and any related Matching Award. The deferred distribution date specified in the Subscription Agreement shall be either: (i) a number of whole years, not less than three (3), following the Award Date, or (ii) the Participant's Separation from Service; provided, however, that any distribution to a Specified Employee on account of a Separation from Service shall be made on the first day of the seventh month following the date of Separation from Service (or, if earlier, the date of death). If no deferred distribution date is specified in the Subscription Agreement, RSUs credited in connection with the Deferral Award and any related Matching Award shall be settled on the date specified in Section 6 below. A Participant whose only Bonus deferrals consist of those required under Section 5(b)(i) (i.e., mandatory deferrals) who desires to elect a deferred distribution date, must complete a Subscription Agreement (or other election form prescribed for this purpose) containing such deferred distribution election. Any election of a deferred distribution date with respect to a Deferral Award and any related Matching Award is irrevocable and must be made at the time the Subscription Agreement is filed with the Company, but in all events on or before the last date that a deferred distribution election must be made in order to comply with the provisions of Section 409A of the Code as provided under Section 5(b).

(e) **Crediting RSUs.** The Company shall credit each Participant's Account on the Award Date with a whole number of RSUs determined by dividing the Value of the Award by a percentage of the Fair Market Value of the Stock on the Award Date. The percentage established by the Committee for this purpose may not be less than eighty-five percent (85%) of the Fair Market Value of the Stock on the Award Date. No fractional RSU will be credited. Instead, the amount of RSUs credited to the Participant Account will be rounded up to the next whole number.

## 6. VESTING AND SETTLEMENT OF RSUs

### (a) Vesting .

(i) **Elective or Mandatory Deferrals** . Subject to the provisions of Section 6(a)(iii), a Participant shall become fully vested in each RSU credited in connection with an elective or mandatory Bonus deferral thirty-six (36) months after the Award Date, provided that the Participant has remained continuously employed by the Company for the entire thirty-six (36) month period. In the event a Participant is still employed by the Company, a Participant shall also become fully vested in each RSU credited in connection with an elective or mandatory Bonus deferral in the event of (1) the Participant's death, (2) the Participant's Disability, or (3) a Change in Control.

(ii) **Matching Awards** . The Committee, in its discretion, may condition Matching Awards on the completion of a period of continuous employment and/or on the achievement of pre-established targets for Performance Measures during a Performance Period. The vesting schedule must be, at a minimum, (i) three years from the Award Date for RSUs that vest based on continued employment with the Company, and (ii) one year from the Award Date for RSUs that vest based upon the accomplishment of Performance Measures. Notwithstanding the forgoing limitation, such Award may provide for full vesting upon a Change in Control, death, Disability or, except in the case of a 162(m) Award, retirement (on or after age 65). In the case of a Matching Award that is a 162(m) Award, if the Covered Employee retires (on or after age 65) prior to the end of the Performance Period, then the Performance Period shall be deemed to have ended (and the extent to which the Performance Measures have been met shall be determined) as of the end of the Fiscal Year preceding the date of termination. For Fiscal Years in the original Performance Period that ended in or after the date of termination, the Performance Measures for such Fiscal years shall be deemed to have not been met.

### (iii) Performance Based Awards to Employees .

(A) **162(m) Awards**. If an Award is made to a Covered Employee, and such Award is intended to meet the performance-based compensation exception under Section 162(m) of the Code, then the Committee shall (i) establish in the applicable Award Agreement (or other appropriate document) the specific targets relative to the Performance Measures which must be attained before the Award is granted in the case of a Deferral Award or granted, vests or is otherwise paid or delivered in the case of a Matching Award, (ii) provide in the applicable Award Agreement (or other appropriate document) the method for computing the portion of the Award which shall be granted, vested, paid and/or delivered if the target or targets are attained in full or part, and (iii) at the end of the relevant Performance Period and prior to any such vesting, payment or delivery certify the extent to which the applicable target or targets were achieved

and whether any other material terms were in fact satisfied. The specific targets and the method for computing the portion of such Award which shall be granted, vested, paid or delivered to any Covered Employee shall be established by the Committee prior to the earlier to occur of (A) ninety (90) days after the commencement of the Performance Period to which the Performance Measure applies and (B) the elapse of twenty-five percent (25%) of the Performance Period and in any event while the outcome is substantially uncertain. In interpreting Plan provisions applicable to Performance Measures and Awards which are intended to meet the performance-based compensation exception under Section 162(m) of the Code, it is the intent of the Plan to conform with the standards of Section 162(m) of the Code and Treasury Regulations Section 1.162-27(e)(2), and the Committee in interpreting the Plan shall be guided by such provisions.

(B) **Other Matching Awards** . The Committee may authorize the granting of Matching Awards based on performance measures other than the Performance Measures and performance periods other than the Performance Periods to employees who are not Covered Employees or to Covered Employees to the extent such Matching Awards are not intended to meet the performance-based compensation exception under Section 162(m) of the Code and in such case waive the deadlines for establishing performance measures under Subsection (A) above.

(iv) **Employment Requirement** . Except as otherwise provided in the Award Agreement, in addition to meeting Performance Measures (or other performance criteria), a Participant must remain in the continuous employ of the Company or a Subsidiary for the specified Performance Period in order to become vested in a Matching Award.

(b) **Settlement Following Vesting**. Unless the Participant has elected a deferred distribution date, then, subject to the requirements of Section 10, the Company shall issue to the Participant one share of Stock for each RSU covered by the Award thirty (30) days after the earlier of: (1) the end of the 36-month period beginning on the Award Date, (2) the date of the Participant's death, (3) ninety (90) days after the Participant's disability (within the meaning of Section 409A(a)(2)(C) of the Code), or (4) the date of the Participant's Separation from Service; provided, however, that any distribution to a Specified Employee on account of a Separation from Service shall be made on the first day of the seventh month following the date of Separation from Service (or, if earlier, the date of death). If a Participant has elected a deferred distribution date, the Company shall issue to the Participant one share of Stock with respect to each vested RSU that is subject to such election, thirty (30) days after the earlier of: (1) the deferred distribution date (if expressed as a whole number of years, not less than three (3), following the Award Date) specified by the Participant in the Subscription Agreement; (2) the date of the Participant's death, (3) ninety (90) days after the Participant's disability (within the meaning of Section 409A(a)(2)(C) of the Code), or (4) the date of the Participant's Separation from Service; provided, however, that any distribution to a Specified Employee on account of a Separation from Service shall be made on the first day of the seventh month following the date of Separation from Service (or, if earlier, the date of death). The issuance of such Stock shall be in full settlement of the Award.



(c) **Settlement Prior to Vesting.** The following provisions shall apply if a Participant terminates employment with the Company prior to his or her Vesting Date:

(i) **Deferral Awards .**

(A) **Voluntary Termination; Termination For Cause.** If a Participant voluntarily terminates employment with the Company, or is terminated for Cause prior to the Vesting Date with respect to one or more Deferral Awards, then the RSUs covered by such Deferral Awards shall be canceled and the Participant shall receive a cash payment thirty (30) days following the Participant's Separation from Service equal to the lesser of (a) the Value of such Deferral Awards, or (b) a cash payment equal to the number of the RSUs covered by such Deferral Awards multiplied by the Fair Market Value of the Stock on the date of the Participant's Separation from Service; provided, however, that any distribution to a Specified Employee on account of a Separation from Service may not be made before the date which is six (6) months after the date of Separation from Service (or, if earlier, the date of death). In the case of a Section 162(m) Awards, the number of RSUs covered by such Awards shall be adjusted as of the date of termination in accordance with the provisions of Section 6(d).

(B) **Termination Without Cause.** If the Company terminates a Participant's employment without Cause prior to the Vesting Date with respect to one or more Deferral Awards, then the RSUs covered by such Deferral Award shall be canceled and the Participant shall receive a payment thirty (30) days following the Participant's Separation from Service determined as follows: The number of RSUs covered by such Deferral Awards shall be multiplied by a fraction, the numerator of which is the number of full months that the Participant was employed by the Company after the Award Date and the denominator of which is thirty-six (36); the Participant shall be deemed vested in such RSUs and shall receive the resulting number of such vested RSUs in shares of Stock. With respect to the remaining portion of such Deferrals Awards (consisting of nonvested RSUs), the Participant shall receive cash in an amount equal to the lesser of (a) the Value of such remaining portion, or (b) an amount equal to the number of such RSUs covered by the remaining (nonvested) portion of such Deferral Awards multiplied by the Fair Market Value of the Stock on the date of the Participant's Separation from Service. Any distribution under this Section 6(c)(i)(B) to a Specified Employee on account of a Separation from Service shall be on the first day of the seventh month following the date of Separation from Service (or, if earlier, the date of death). In the case of a Section 162(m) Awards, the number of RSUs covered by such Awards shall be adjusted as of the date of termination in accordance with the provisions of Section 6(d).

(ii) **Matching Awards .** If a Participant terminates employment with the Company prior to his or her Vesting Date with respect to a Matching Award, the Participant shall forfeit all amounts credited to his or her Account with respect to such Matching Award.

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**(d) 162(m) Deferral Awards .**

(i) **Failure to Meet Performance Measures .** If the Performance Measures established with respect to a Deferral Award are not met with respect to a Performance Period, then the RSUs covered by such Deferral Award shall be adjusted so that the Participant's Account reflects a number of RSUs determined by dividing the dollar amount of the Participant's elective or mandatory Bonus deferrals by the Fair Market Value of the Stock on the Award Date. No fractional RSU will be credited. Instead, the amount of RSUs credited to the Participant Account will be rounded down to the next whole number.

(ii) **Termination of Employment .** If a Covered Employee terminates employment prior to the end of the Performance Period, then the Performance Period shall be deemed to have ended (and the extent to which the Performance Measures have been met shall be determined) as of the end of the Fiscal Year preceding the date of termination. For Fiscal Years in the original Performance Period that ended in or after the date of termination, the Performance Measures for such Fiscal years shall be deemed to have not been met, and the number of RSUs covered by a Deferral Award shall be adjusted in accordance with Section 6(d)(i) above.

(e) **Committee's Discretion.** The Committee shall have complete discretion to determine the circumstances of a Participant's Separation from Service, including whether the same results from voluntary termination, Disability or termination by the Company, and the Committee's determination shall be final and binding on all parties and not subject to review or challenge by any Participant or other person.

(f) **Limitation on Distributions.** In no event may a distribution be made other than as permitted under Section 409A of the Code.

(g) **Method of Settlement.** Shares of stock to be issued by the Company upon settlement of vested RSUs shall be shares of the Company's Stock, which may be, in any combination, (i) authorized but unissued shares of Stock, (ii) shares of Stock that are reacquired by the Company and held as treasury shares, and/or (iii) shares of Stock purchased on the open market by a broker designated by the Company and, subject to the requirements of Section 10, immediately thereafter issued for the benefit of a Participant under the Plan. It is intended that a registration statement under the Securities Act of 1933, as amended, shall be effective with respect to the shares of Stock issued under the Plan.

## **7. DESIGNATION OF BENEFICIARY**

A Participant may designate one or more beneficiaries to receive payments or shares of Stock in the event of his/her death. A designation of beneficiary shall apply to a specified percentage of a Participant's entire interest in the Plan. Such designation, or any change therein, must be in writing and shall be effective upon receipt by the Company. If there is no effective designation of beneficiary, or if no beneficiary survives the Participant, the Participant's estate shall be deemed to be the beneficiary.

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## 8. SHARES AVAILABLE; MAXIMUM NUMBER OF RSUs; ADJUSTMENTS

(a) **Shares Issuable.** The aggregate maximum number of shares of Stock available for issuance under the Plan shall be five hundred thousand (500,000). For purposes of this limitation, the shares of Stock underlying any RSUs that are canceled shall be added back to the shares of Stock available for issuance under the Plan. Stock available under the Plan may be, in any combination, Stock acquired on the open market or Stock that is reacquired by the Company.

(b) **Adjustments.** In the event of a stock dividend, stock split or similar change in capitalization affecting the Stock, the Committee shall make appropriate adjustments in (i) the number and kind of shares of Stock or securities with respect to which RSUs shall thereafter be granted; (ii) the number of and kind of shares remaining subject to outstanding RSUs; (iii) the number of RSUs credited to each Participant's Account; and (iv) the method of determining the Value of RSUs. In the event of any proposed merger, consolidation, sale, dissolution or liquidation of the Company, all non-vested RSUs shall become fully vested upon the effective date of such merger, consolidation, sale, dissolution or liquidation and the Committee in its sole discretion may, as to any outstanding RSUs, make such substitution or adjustment in the aggregate number of shares available for issuance under the Plan and the number of shares subject to such RSUs as it may determine on an equitable basis and as may be permitted by the terms of such transaction, or terminate such RSUs upon such terms and conditions as it shall provide. In the case of the termination of any vested RSU, the Committee shall provide payment or other consideration that the Committee deems equitable in the circumstances, provided that such payment (including the timing thereof) otherwise complies with the provisions of Section 409A of the Code.

(c) **Maximum Award.** The maximum dollar value of RSUs granted to any Participant under the Plan for any Fiscal Year, determined as of the Award Date for the respective Deferral Award based on one hundred percent of the Fair Market Value of the underlying Stock on such date, may be up to 100% of the Bonus payable to such Participant for such Fiscal Year.

## 9. AMENDMENT OR TERMINATION OF PLAN

(a) The Company reserves the right to amend, suspend or terminate the Plan at any time, by action of the Board, provided, however, that (i) no such action by the Board shall materially and adversely affect a Participant's rights under the Plan with respect to RSUs awarded and vested before the date of such action, (ii) any such action shall be subject to approval by the Company's shareholders to the extent required by the Act to ensure that awards are exempt under Rule 16b-3 promulgated under the Act, and (iii) no such action shall accelerate the date for any payment of (or with respect to) a RSU.

(b) Notwithstanding the foregoing, the Board may (without the approval or consent of any Participant):

(i) Make such amendments or modifications to the Plan, Subscription Agreements and Award Agreements that the Board, in its sole and absolute discretion, determines are necessary or desirable in order to address and conform the provisions of the Plan to the provisions of Section 409A of the Code; or

(ii) Elect to terminate the Plan and provide payment or other consideration that the Committee deems equitable in the circumstances:

(A) in connection with the termination of all arrangements sponsored by the Company (and any other company that is deemed to be part of a single service recipient for purposes of Section 409A of the Internal Revenue Code) that would be aggregated under Section 409A of the Internal Revenue Code if the same service provider participated in such arrangements, provided that (i) the termination and liquidation of the Plan do not occur proximate to a downturn in the Company's financial health, (ii) no payments (other than those payments that would have been made had the termination not occurred) are made within twelve (12) months of the date of termination, (iii) all payments with respect to RSUs are made within twenty-four (24) months of the date of termination; and (iv) neither the Company (or any other company that is deemed to be part of a single service recipient for purposes of Section 409A of the Internal Revenue Code) adopts a new arrangement that would have been aggregated with the Plan under Section 409A of the Internal Revenue Code within three (3) years from the date of termination;

(B) within thirty (30) days prior to, or twelve (12) months following, a "Change In Control" (as defined for purposes of Section 409A of the Internal Revenue Code), provided that, with respect to each Participant affected by the Change in Control, all arrangements that are sponsored by the Company (and any other company that is deemed to be part of a single service recipient for purposes of Section 409A of the Internal Revenue Code) and aggregated with the Plan under Section 409A are terminated and all RSUs are paid out within twelve (12) months of the date of termination; or

(C) within twelve (12) months of a corporate dissolution that is taxed under Section 331 of the Code or with the approval of a bankruptcy court pursuant to 11 U.S.C. Section 503(b)(1)(A), provided that payment with respect to such RSUs is made as soon as administratively practicable thereafter to all Participants in the calendar year in which the termination and liquidation of the Plan occur or, if later, the first calendar year in which payment is administratively practicable.

(c) No such termination, amendment or modification shall be deemed to materially and adversely affect any RSUs previously awarded under the Plan.

## **10. MISCELLANEOUS PROVISIONS**

(a) **No Distribution; Compliance with Legal Requirements.** The Committee may require each person acquiring shares of Stock under the Plan to represent to and agree with the Company in writing that such person is acquiring the shares without a view to distribution

thereof. No shares of Stock shall be issued until all applicable securities law and other legal and stock exchange requirements have been satisfied. The Committee may require the placing of such stop-orders and restrictive legends on certificates for Stock as it deems appropriate.

(b) **Withholding.** Participation in the Plan is subject to any required tax withholding on wages or other income of the Participant in connection with the Plan. Tax withholding obligations may be satisfied, in whole or in part, by the Company withholding from shares of Stock to be issued pursuant to an Award that number of shares having an aggregate Fair Market Value (as of the date the withholding is effected) required to satisfy the minimum withholding amounts due with respect to such Award. Each Participant also agrees, by entering the Plan, that the Company shall have the right to deduct any such taxes, in its sole discretion, from any amount payable to the Participant under the Plan or from any payment of any kind otherwise due to the Participant.

(c) **Notices; Delivery of Stock Certificates.** Unless otherwise provided by the Company, (i) any notice required or permitted to be given by the Company or the Committee pursuant to the Plan shall be deemed given when personally delivered or deposited in the United States mail, registered or certified, postage prepaid, addressed to the Participant at the last address shown for the Participant on the records of the Company, and (ii) notices to or documents filed with the Company shall be personally delivered or deposited in the United States mail, registered or certified, postage prepaid, addressed to the Company to the attention of its Director of Business Operations (or such other person as may be designated by the Company) at its principal office. Delivery of stock certificates to persons entitled to receive them under the Plan shall be deemed effected for all purposes when the Company or a share transfer agent of the Company shall have deposited such certificates in the United States mail, addressed to such person at his/her last known address on file with the Company.

(d) **Nontransferability of Rights.** During a Participant's lifetime, any payment or issuance of shares under the Plan shall be made only to him/her. No RSU or other interest under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any attempt by a Participant or any beneficiary under the Plan to do so shall be void. No interest under the Plan shall in any manner be liable for or subject to the debts, contracts, liabilities, engagements or torts of a Participant or beneficiary entitled thereto. Notwithstanding the foregoing, with the Committee's permission expressed in the Award Agreement or otherwise, the right to receive Stock in settlement of an RSU may, in the Committee's sole discretion, be transferable by gift or domestic relations order to (i) the Participant's child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, daughter-in-law, son-in-law, brother-in-law or sister-in-law, including adoptive relationships (such persons, "Family Members"), (ii) a corporation, partnership, limited liability company or other business entity whose only stockholders, partners or members, as applicable are the Participant and/or Family Members, or (iii) a trust in which the Participant and/or Family Members have all of the beneficial interests.

(e) **Company's Obligations To Be Unfunded and Unsecured.** The obligation of the Company to make payments with respect to Awards hereunder shall be interpreted solely as an unfunded contractual obligation to make such payments in the manner and under the conditions prescribed hereunder and under the terms of the Award. Any assets set aside with

respect to amounts payable under an Award shall be subject to the claims of the Company's general creditors, and no person other than the Company shall, by virtue of the provisions of the Plan or an Award, have any interest in such assets. In no event shall any assets (including Stock) that directly or indirectly set aside with respect to amounts payable under an Award be located or transferred outside the United States. Neither the Participant nor any other person shall have any interest in any particular assets of the Company by reason of the right to receive a payment or distribution under an Award, and the Participant or any such other person shall have only the rights of a general unsecured creditor of the Company with respect to any rights under the Plan or an Award.

(f) **Compliance with Section 409A.** Notwithstanding anything herein to the contrary, no amount of "deferred compensation" (within the meaning of Section 409A of the Internal Revenue Code) payable to a Participant shall be paid earlier than the earliest date permitted under Section 409A of the Internal Revenue Code, and all deferral elections made hereunder shall be made in accordance with the provisions of Section 409A. The Plan, including all deferral elections and distributions hereunder, is intended to comply with the provisions of Section 409A of the Internal Revenue Code and if any provision of the Plan is subject to more than one interpretation or construction, such ambiguity shall be resolved in favor of the interpretation or construction which is consistent with the Plan complying with the provisions of Section 409A.

(g) **Non-Guarantee of Employment.** Nothing in the Plan or in any Award thereunder shall confer any right on an employee to continue in the employ of the Company or any Subsidiary or shall interfere in any way with the right of the Company or any Subsidiary to terminate an employee at any time.

(h) **Non-Uniform Determinations.** The Committee's determinations under the Plan (including without limitation determinations of the persons to receive Matching Awards, the amount of Awards, the terms and provisions of Awards and the agreements evidencing same) need not be uniform and may be made by it selectively among persons who receive, or are eligible to receive, Awards under the Plan, whether or not such persons are similarly situated.

(i) **Governing Law.** The terms of the Plan shall be governed, construed, administered and regulated in accordance with the laws of the State of Delaware. In the event any provision of this Plan shall be determined to be illegal or invalid for any reason, the other provisions shall continue in full force and effect as if such illegal or invalid provision had never been included herein.

(j) **Effective Date of Amended and Restated Plan.** This amended and restated Plan is effective as of the date on which the amended and restated Plan is approved by the stockholders of the Company. Notwithstanding the forgoing, any provision which is contained in this amended and restated Plan and which is required to be effective as of January 1, 2005 (or such other date as may be required) in order to comply with the provisions of Section 409A of the Code shall be effective as of the date necessary for the plan to comply with Section 409A of the Code.

**CACI INTERNATIONAL INC**  
**DIRECTOR STOCK PURCHASE PLAN**  
**(Amended and Restated as of August 13, 2008)**

**I. INTRODUCTION**

The purpose of the CACI International Inc Director Stock Purchase Plan (the “Plan”) is to provide an opportunity for Non-Employee Directors of CACI International Inc (the “Company”) to acquire an equity interest in the Company. Non-Employee Directors (“Participants”) may elect to receive restricted stock units (“RSUs”) in lieu of some or all of their annual retainer fees (the “Retainer”). Each RSU represents the right to receive one (1) share of the Company’s Common Stock (the “Stock”) upon the terms and conditions stated herein. RSUs are granted at the fair market value of the Stock on each date a Retainer is paid or would be payable (the “Award Date”). Generally, a Participant’s RSUs will be settled in shares of Stock three (3) years after the Award Date, provided the Participant has remained a Director of the Company for that three-year period, or, if the Participant has made a deferral election, the RSUs will be settled in shares of Stock following a period of deferral selected by the Participant, or upon separation from service as a Director, if earlier.

**II. ADMINISTRATION**

The Plan shall be administered by the Compensation Committee of the Board of Directors of the Company (the “Committee”). Each member of the Committee shall be a “disinterested person” within the meaning of Rule 16b-3(c)(2)(i) promulgated under the Securities Exchange Act of 1934, as amended (the “Act”). The Committee shall have complete discretion and authority with respect to the Plan and its application, except as expressly limited herein. Determination by the Committee shall be final and binding on all parties with respect to all matters relating to the Plan. The Plan shall be operated and administered on a calendar year.

**III. ELIGIBILITY**

Non-Employee Directors (as defined in the CACI International Inc 2006 Stock Incentive Plan) shall be eligible to become Participants in the Plan.

**IV. PARTICIPATION**

- A. Restricted Stock Units.** Each Non-Employee Director who elects to participate in the Plan shall receive an award of RSUs in lieu of some or all of his or her Retainer. Each RSU awarded to a Participant shall be credited to a bookkeeping account established and maintained for that Participant.

- B. Valuation of RSUs; Fair Market Value of Stock.** Each RSU, for purposes of the Plan, shall be determined as follows: The “Cost” of each RSU shall be equal to the fair market value of the Stock on the date the RSU is awarded. For all purposes of the Plan, the “fair market value of the Stock” on any given date shall mean the last reported sale price at which Stock is traded on such date or, if no Stock is traded on such date, the most recent date on which Stock was traded, as reflected on the NYSE or other national exchange on which the Stock is traded. If the Stock is not then traded on an exchange, the Value shall be the fair market value of the Stock, as is determined by the Board, in good faith, in conformance with the Treasury Regulation Section 20.2031-2 For purposes of Section V.C., the “Value” of each RSU is the fair market value of the Stock on the date that the Participant’s membership on the Board terminates. For purposes of Section V.E., the “Value” of the Stock is the fair market value of the Stock on the payment date for the dividend or distribution.
- C. Election to Participate or Defer .** Each Participant may voluntarily elect to receive an award of RSUs in lieu of some or all of his/her Retainer and/or defer receipt of all or a portion of the RSUs awarded in lieu of his or her Retainer. The election by a Participant to participate in the Plan and, if applicable, to defer RSUs, shall be made by, and only by, the filing of a completed RSU Subscription Agreement (“Subscription Agreement”) with the Company on or before the last business day of December (to be effective January 1 and beyond); provided, however, in no event may a participation or deferral election be made after the last date that such election must be made in order to comply with the provisions of Section 409A of the Internal Revenue Code. An election to receive RSUs in lieu of some or all of the Retainer, as well as an election to defer receipt of RSUs, must be expressed as a specified percentage (in increments of 25%) of the Participant’s Retainer. An election to receive or defer RSUs shall only apply to the Retainer earned and payable for services provided for calendar years following the date of the election. An election to receive RSUs, or to defer the receipt of RSUs, is irrevocable and may not be changed or revoked during a calendar year to which the election applies. Subscription Agreements must be filed using the form supplied by the Company and filed with (and received by) the Company (ATTN: Director of Business Operations).
- D. Subsequent Elections .** Once a Subscription Agreement is filed with the Company, a Participant may make changes in the Subscription Agreement (including a revocation of further participation) by filing a new Subscription Agreement on or before the last business day of December. A new Subscription Agreement shall only apply to the Retainer earned and payable for services provided for calendar years following the date that the new Subscription Agreement is filed. If a Participant fails to file a new Subscription Agreement on or before the last business day of December, and is still eligible to participate in the Plan, the Participant will be deemed to have elected to keep the prior Subscription Agreement in force for the next year.



- E. Distribution Elections.** Each Subscription Agreement may specify (1) that the RSUs will be deferred until the day that is thirty (30) days after the date of the Participant's separation from service (as determined for purposes of Section 409A of the Internal Revenue Code) ("Separation from Service"), or (2) a specified distribution date. The date selected for payment of the RSUs shall be irrevocable. A specified distribution date shall be expressed as a number of whole years, not less than three, following the Award Date (as hereinafter defined).
- F. Award of RSUs.** On the date that the Retainer would have otherwise been paid to each Participant but for the deferral election (the "Award Date"), the Company shall grant RSUs to each Participant on the following basis: Each Participant's account shall be credited with a whole number of RSUs determined by dividing the amount (expressed in dollars) that is determined under his or her Subscription Agreement by the Cost of each RSU awarded on such date. In the event such calculation would result in a fractional RSU, the amount of RSUs awarded to the Participant will be rounded up to the next whole number.

## **V. VESTING AND SETTLEMENT OF RSUs**

- A. Vesting.** A Participant shall be fully vested in each RSU thirty-six (36) months after the Award Date, provided that the Participant has remained a Director for the entire thirty-six (36) month period. In the event a Participant is still a Director, a Participant shall also become fully vested in each RSU in the event of (1) the Participant's death, (2) the Participant's disability (within the meaning of Section 409A(a)(2)(C) of the Internal Revenue Code) ("Disability"), or (3) a change in control (as defined in the Participant's Subscription Agreement). The date on which a Participant becomes vested is referred to as the "Vesting Date."
- B. Settlement Following Vesting.** With respect to each vested RSU for which the Participant has not elected a deferred distribution, the Company shall issue to the Participant one (1) share of Stock thirty (30) days after the earlier of: (1) the third anniversary of the Award Date; (2) the date of the Participant's death, or (3) ninety (90) days following the Participant's Disability. If a Participant has elected a deferred distribution, the Company shall issue to the Participant one (1) share of Stock with respect to each vested RSU thirty (30) days after the earlier of: (1) the deferred distribution date specified by the Participant in the Subscription Agreement; (2) the date of the Participant's death, or (3) ninety (90) days following the Participant's Disability. If the Participant has elected a specified distribution date, and the Participant ceases to be a Director prior to such date, distribution shall be made on the earlier of the deferred distribution date specified in the Participant's Subscription Agreement or thirty (30) days following the Participant's Separation from Service.
- C. Settlement Prior to Vesting.** If a Participant's membership on the Board terminates for any reason other than death or Disability prior to his or her Vesting Date, the RSUs covered by each outstanding non-vested award shall be canceled and the Participant shall receive payment as follows: The number of RSUs

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awarded on each Award Date shall be multiplied by a fraction, the numerator of which is the number of full months that the Participant was a Director after each such Award Date and the denominator of which is 36; the Participant shall receive the resulting number of such RSUs in shares of Stock within thirty (30) days following the Participant's Separation from Service. With respect to the Participant's remaining RSUs, the Participant shall receive cash in an amount equal to the Value of such RSUs within thirty (30) days following the Participant's Separation from Service.

- D. Method of Settlement.** Shares of stock to be issued by the Company upon settlement of vested RSUs shall be shares of the Company's Stock, which may be, in any combination, (i) authorized but unissued shares of Stock, (ii) shares of Stock that are reacquired by the Company and held as treasury shares, and/or (iii) shares of Stock purchased on the open market by a broker designated by the Company and, subject to the requirements of Section IX, immediately thereafter issued for the benefit of a Participant under the Plan. It is intended that a registration statement under the Securities Act of 1933, as amended, shall be effective with respect to the shares of Stock issued under the Plan.
- E. Dividends.** If, prior to settlement, the Company pays any dividend (other than in Stock) on its Stock, or makes any distribution (other than in Stock) with respect thereto, the Participant's account will be credited with a number of additional RSUs determined by dividing the amount of the dividend or other distribution allocable to the RSUs already credited to the account as of the record date for the dividend or distribution, by the Value of a share of the Stock on the payment date for the dividend or distribution. The shares of Stock underlying the additional RSUs credited to the account hereby will be distributed when, and only when, the related RSUs are settled pursuant to this Section V.

## **VI. DESIGNATION OF BENEFICIARY**

A Participant may designate one or more beneficiaries to receive payments or shares of Stock in the event of his or her death. A designation of beneficiary shall apply to a specified percentage of a Participant's entire interest in the Plan. Such designation, or any change therein, must be in writing and shall be effective upon receipt by the Company (attn: Director of Business Operations). If there is no effective designation of beneficiary, or if no beneficiary survives the Participant, the Participant's estate shall be deemed to be the beneficiary.

## **VII. SHARES AVAILABLE; MAXIMUM NUMBER OF RSUs; ADJUSTMENTS**

- A. Shares Issuable.** The aggregate maximum number of shares of Stock reserved and available for issuance under the Plan shall be 75,000. Stock available under the Plan may be, in any combination, Stock acquired on the open market or Stock that is reacquired by the Company. For purposes of this limitation, the shares of Stock underlying any RSUs that are canceled shall be added back to the shares of Stock available for issuance under the Plan.

- B. Adjustments.** In the event of a stock dividend, stock split or similar change in capitalization affecting the Stock, the Committee shall make appropriate adjustments in (i) the number and kind of shares of Stock or securities with respect to which RSUs shall thereafter be granted; (ii) the number of and kind of shares remaining subject to outstanding RSUs; (iii) the number of RSUs credited to each Participant's account; and (iv) the method of determining the value of RSUs. In the event of any proposed merger, consolidation, sale, dissolution or liquidation of the Company, all non-vested RSUs shall become fully vested upon the effective date of such merger, consolidation, sale dissolution or liquidation and the Committee in its sole discretion may, as to any outstanding RSUs, make such substitution or adjustment in the aggregate number of shares available for issuance under the Plan and the number of shares subject to such RSUs as it may determine on an equitable basis and as may be permitted by the terms of such transaction, or terminate such RSUs upon such terms and conditions as it shall provide. In the case of the termination of any vested RSU, the Committee shall provide payment or other consideration that the Committee deems equitable in the circumstances, provided that such payment (including the timing thereof) otherwise complies with the provisions of Section 409A of the Internal Revenue Code.

#### **VIII. AMENDMENT OR TERMINATION OF PLAN**

- A.** The Company reserves the right to amend, suspend or terminate the Plan at any time, by action of its Board of Directors (the "Board"), provided, however, that (1) no such action by the Board shall materially and adversely affect a Participant's rights under the Plan with respect to RSUs awarded and vested before the date of such action, (2) any such action shall be subject to approval by the Company's shareholders to the extent required by the Act to ensure that awards are exempt under Rule 16b-3 promulgated under the Act, and (3) no such action shall accelerate the date for any payment of (or with respect to) a RSU.
- B.** Notwithstanding the foregoing, the Board may (without the approval or consent of any Participant):
- 1.** Make such amendments or modifications to the Plan and Subscription Agreements that the Board, in its sole and absolute discretion, determines are necessary or desirable in order to address and conform the provisions of the Plan to the provisions of Section 409A of the Internal Revenue Code, and the regulations issued thereunder; or
  - 2.** Elect to terminate the Plan and provide payment or other consideration that the Committee deems equitable in the circumstances:
    - i.** in connection with the termination of all arrangements sponsored by the Company (and any other company that is deemed to be part of a single service recipient for purposes of Section 409A of the Internal Revenue Code) that would be aggregated under Section

409A of the Internal Revenue Code if the same service provider participated in such arrangements, provided that (i) the termination and liquidation of the Plan do not occur proximate to a downturn in the Company's financial health; (ii) no payments (other than those payments that would have been made had the termination not occurred) are made within twelve (12) months of the date of termination; (iii) all payments with respect to RSUs are made within twenty-four (24) months of the date of termination; and (iv) neither the Company (or any other company that is deemed to be part of a single service recipient for purposes of Section 409A of the Internal Revenue Code) adopts a new arrangement that would have been aggregated with the Plan under Section 409A of the Internal Revenue Code within three (3) years from the date of termination;

- ii. within thirty (30) days prior to, or twelve (12) months following, a "Change In Control" (as defined for purposes of Section 409A of the Internal Revenue Code), provided that, with respect to each Participant affected by the Change in Control, all arrangements that are sponsored by the Company (and any other company that is deemed to be part of a single service recipient for purposes of Section 409A of the Internal Revenue Code) and aggregated with the Plan under Section 409A are terminated and all RSUs are paid out within twelve (12) months of the date of termination; or
- iii. within twelve (12) months of a corporate dissolution that is taxed under Section 331 of the Code or with the approval of a bankruptcy court pursuant to 11 U.S.C. Section 503(b)(1)(A), provided that payment with respect to such RSUs is made as soon as administratively practicable thereafter to all Participants in the calendar year in which the termination and liquidation of the Plan occur or, if later, the first calendar year in which payment is administratively practicable.

- 3. No such termination, amendment or modification shall be deemed to materially and adversely affect any RSUs previously awarded under the Plan.

## IX. MISCELLANEOUS PROVISIONS

- A. **No Distribution; Compliance with Legal Requirements.** The Committee may require each person acquiring shares of Stock under the Plan to represent to and agree with the Company in writing that such person is acquiring the shares without a view to distribution thereof. No shares of Stock shall be issued until all applicable securities law and other legal and stock exchange requirements have been satisfied. The Committee may require the placing of such stop-orders and restrictive legends on certificates for Stock as it deems appropriate.

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- B. Notices; Delivery of Stock Certificates.** Any notice required or permitted to be given by the Company or the Committee pursuant to the Plan shall be deemed given when personally delivered or deposited in the United States mail, registered or certified, postage prepaid, addressed to the Participant at the last address shown for the Participant on the records of the Company. Delivery of stock certificates to persons entitled to receive them under the Plan shall be deemed effected for all purposes when the Company or a share transfer agent of the Company shall have deposited such certificates in the United States mail, addressed to such person at his/her last known address on file with the Company.
- C. Nontransferability of Rights.** During a Participant's lifetime, any payment or issuance of shares under the Plan shall be made only to him/her. No RSU or other interest under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any attempt by a Participant or any beneficiary under the Plan to do so shall be void. No interest under the Plan shall in any manner be liable for or subject to the debts, contracts, liabilities, engagements or torts of a Participant or beneficiary entitled thereto.
- D. Company's Obligations To Be Unfunded and Unsecured.** The Plan shall at all times be entirely unfunded, and no provision shall at any time be made with respect to segregating assets of the Company (including Stock) for payment of any amounts or issuance of any shares of Stock hereunder. No Participant or other person shall have any interest in any particular assets of the Company (including Stock) by reason of the right to receive payment under the Plan, and any Participant or other person shall have only the rights of a general unsecured creditor of the Company with respect to any rights under the Plan.
- E. Compliance with Section 409A.** Notwithstanding anything herein to the contrary, no amount of "deferred compensation" (within the meaning of Section 409A of the Internal Revenue Code) payable to a Non-Employee Director shall be paid earlier than the earliest date permitted under Section 409A of the Internal Revenue Code, and all deferral elections made hereunder shall be made in accordance with the provisions of Section 409A. The Plan, including all deferral elections and distributions hereunder, is intended to comply with the provisions of Section 409A of the Internal Revenue Code and if any provision of the Plan is subject to more than one interpretation or construction, such ambiguity shall be resolved in favor of the interpretation or construction which is consistent with the Plan complying with the provisions of Section 409A.
- F. Governing Law.** The terms of the Plan shall be governed, construed, administered and regulated in accordance with the laws of the State of Delaware. In the event any provision of this Plan shall be determined to be illegal or invalid for any reason, the other provisions shall continue in full force and effect as if such illegal or invalid provision had never been included herein.
- G. Effective Date of Plan.** The Plan shall become effective as of the date of its approval by the holders of a majority of the shares of the Company's Common Stock, voting as a single class, present or represented and entitled to vote at a meeting of the shareholders.

## SEVERANCE COMPENSATION AGREEMENT

THIS AGREEMENT is made as of the 16<sup>th</sup> day of June, 2008, between CACI International Inc, a Delaware corporation headquartered at 1100 North Glebe Road, Arlington, Virginia, and Gregory R. Bradford (the "Executive") residing at residing at 2 Hurlingham Road, London SW6 3QY United Kingdom. This Agreement replaces the Severance Compensation Agreement between the parties dated July 1, 2007.

## WITNESSETH:

WHEREAS, the Executive is employed by CACI International Inc and/or one or more of its wholly-owned subsidiaries ("the Company"), and the services of the Executive, his managerial experience, and his knowledge of the affairs of the Company are of great value to the Company; and

WHEREAS, the Board of Directors of CACI International Inc has determined that it is in the best interests of the Company and the Executive to enter into this agreement setting forth the obligations of the Company and the Executive upon the Executive's termination of employment.

NOW, THEREFORE, in consideration of the mutual promises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. At-Will Employment. The Company and the Executive agree that the Executive is employed on an at-will basis. Unless otherwise specifically provided in a written agreement signed by both the Company and the Executive, the parties understand that the Executive is employed for no fixed term or period, that either the Company or the Executive may terminate the Executive's employment with the Company at any time with or without a reason, and that this Agreement creates no contract of employment between the Company and the Executive.
2. Term. The term of this Agreement shall be for the period from June 16, 2008 through June 30, 2009, and shall automatically renew itself from year-to-year thereafter, unless the Company provides to the Executive written notice of the Company's intent to amend the Company's severance policy with respect to its senior executives and to apply the amended policy to the Executive. In the event the Company provides such notice to the Executive, this Agreement shall expire by its terms at the end of the full term year that begins on the next July 1 following the date such notice is received by the Executive.
3. Death or Disability. The Executive's employment shall terminate (without severance) automatically upon the death of the Executive. The Company shall have the right to terminate the Executive's employment without payment of severance on thirty (30) days written notice in the event of the Executive's Disability. For purposes of this Agreement, "Disability" shall mean (i) if the Executive is subject to a legal decree of incompetency

(the date of such decree being deemed the date on which such disability occurred), (ii) the written determination by a physician selected by the Company that, because of a medically determinable disease, injury or other physical or mental disability, the Executive is unable substantially to perform all of the services required of his position with the Company, and that such disability has lasted for the immediately preceding ninety (90) days and is, as of the date of determination, reasonably expected to last an additional ninety (90) days or longer after the date of determination, in each case based upon medically available reliable information, or (iii) Executive's qualifying for benefits under the Company's long-term disability coverage, if any. The Company's right to terminate the Executive's employment without payment of severance under this Paragraph shall not limit or reduce in anyway the Executive's right to receive benefits under any disability insurance or plan maintained by the Company for the benefit of the Executive.

4. Voluntary Separation (Other Than For Good Reason). The Executive shall have the right to terminate his employment with the Company on thirty (30) days written notice to the Company at any time on written notice to the Company indicating the Executive's desire to retire or to resign from the Company's employment.
5. Termination For Cause.
  - (a) The Board of Directors of the Company may terminate this Agreement for "Cause." For the purposes of this Agreement "Cause" shall be defined as:
    - (i) Gross negligence, willful misconduct or willful malfeasance by the Executive in connection with the performance of any material duty for the Company;
    - (ii) The Executive's continued failure, after being provided notice specifying the nature of such failure, to comply with a direction of the President and Chief Executive Officer or the Board with respect to an act, omission or failure to act on the part of the Executive;
    - (iii) A breach of the Executive's fiduciary obligations to the Company;
    - (iv) A violation by the Executive of any legal requirement or obligation relating to the Company that the Board of Directors, acting in good faith, reasonably determines is likely to have a material adverse impact on the Company (unless the Executive had a reasonable good faith belief that the act, omission or failure to act in question was not a violation of such legal requirement or obligation);
    - (v) The Executive's indictment for, conviction of, or plea of guilty or nolo contendere to a felony involving theft, embezzlement, fraud, dishonesty, or any similar offense;
    - (vi) Theft, embezzlement or fraud by the Executive in connection with the performance of his duties for the Company;

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- (vii) A material failure to comply with any lawful direction of the Executive Chairman, Chief Executive Officer or Board of Directors of the Company;
  - (viii) A breach of any material obligation imposed on the Executive by this Agreement;
  - (ix) A material violation of the Company's Code of Ethics and Business Conduct Standard or any other published Company policy;
  - (x) Any act, omission or failure to act on the part of the Executive (including an act, omission or failure to act prior to the commencement of the Executive's employment with the Company) that results in the inability of the Executive to secure or maintain security clearances necessary or appropriate to Executive's position with the Company and the conduct of the Company's business; and
  - (xi) The misappropriation of any material business opportunity.
- "Cause" shall be based only on material matters and not on matters of minor importance.
- (b) The Executive may be terminated for Cause only in accordance with a resolution duly adopted by an absolute majority of the entire number of the non-management directors of the Company finding that, in the good faith opinion of the Board of Directors, the Executive engaged in conduct justifying a termination for Cause as that term is defined above and specifying the particulars of the conduct motivating the Board's decision to terminate the Executive for Cause. Such resolution may be adopted by the Board only after the Board has provided to the Executive (i) advance written notice of a meeting of the Board called for the purpose of determining Cause for termination of the Executive, (ii) a statement setting forth the alleged grounds for termination, and (iii) an opportunity for the Executive, and, if the Executive so desires, the Executive's counsel to be heard before the Board. Prior to such meeting of the Board, the Executive shall be given a reasonable opportunity to cure any act or omission which the Board, in its reasonable judgment, determines is susceptible of cure. The action required to cure the act or omission, and the time period in which cure must be effected, shall be communicated to the Executive in writing.



6. Termination Payment (Not In Connection With A Change In Control). If, prior to, or more than twelve (12) months following a Change in Control Date (as defined in Paragraph 7 below), the Executive's employment is terminated by the Company for any reason other than those set forth in Paragraphs 3, 4 or 5 above, or the Executive resigns for "Good Reason" (as defined in Paragraph 7 below) within six (6) months following the initial existence of such Good Reason, then the following provisions shall apply:
- (a) The Company shall pay to the Executive an amount equal to equal to four (4) months of the Executive's "Current Base Salary," plus one (1) month base salary for each year of service by the Executive with the Company, up to an aggregate maximum of twelve (12) months of the Executive's Current Base Salary. For this purpose, the Executive's "Current Base Salary" shall be deemed to be the amount of base salary being paid to the Executive at the time of termination.
  - (b) Before the Executive may resign for Good Reason, the Executive must provide the Company at least thirty (30) days' prior written notice of his intent to resign for Good Reason and specify in reasonable detail the Good Reason upon which such resignation is based. The Company shall have a reasonable opportunity to cure any such Good Reason (that is susceptible of cure) within thirty (30) days after the Company's receipt of such notice. The Executive's delay in providing such notice shall not be deemed to be a waiver of any such Good Reason, nor does the failure to resign for one Good Reason prevent any later Good Reason resignation for a similar or different reason.
7. Termination Payment (In Connection With A Change In Control).
- (a) For purposes of this Agreement:
    - (i) A "Change of Control" occurs whenever there is a change in control of the Company within the meaning of the CACI International, Inc 2006 Stock Incentive Plan.
    - (i) The "Change of Control Date" shall be the date on which a Change of Control event is legally consummated and legally binding upon the parties.
    - (ii) Prior to a Change in Control Date, "Good Reason" for the Executive's resignation shall mean the occurrence of any of the following circumstances without the Executive's prior written consent:
      - (1) A material reduction in the Executive's total compensation and benefit opportunity (other than a reduction made by the Board, acting in good faith, based upon the performance of the Executive, or to align the compensation and benefits of the Executive with that of comparable executives, based on market data); or
      - (2) A substantial adverse alteration in the conditions of the Executive's employment.
    - (iii) Following a Change in Control Date, "Good Reason" for the Executive's resignation shall also include the occurrence of any of the following circumstances without the Executive's prior written consent:
      - (1) A substantial adverse alteration in the nature or status of the Executive's position or responsibilities from those in effect on the day before the Change in Control Date; or

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- (2) A change in the geographic location of the Executive's job more than fifty (50) miles from the place at which such job was based on the day before the Change in Control Date.
- (b) If, within twelve (12) months of the Change in Control Date, the Executive resigns for Good Reason, or the Executive's employment is terminated for any reason other than the reasons set forth in Paragraphs 3, 4 or 5 above, then the Company shall pay to the Executive the following amounts:
- (i) An amount equal to eight (8) months of the Executive's Current Base Salary (as defined in Paragraph 6 above), plus two (2) months base salary for each year of service by the Executive with the Company, up to an aggregate maximum of twenty-four (24) months of the Executive's Current Base Salary.
  - (ii) A prorated portion of the cash incentive (including, for this purpose, the annual component and any partial quarterly component) otherwise payable to the Executive for the fiscal year of termination under the annual incentive or bonus plan maintained by the Company for its senior executives (the "Annual Incentive Plan") (or any replacement bonus or incentive arrangement covering the Executive). Such amount shall be determined based on Company performance consistent with the cash incentive paid under the Annual Incentive Plan to comparable active executives in good standing who meet expectations and remained on the payroll and eligible for a bonus. The amount payable shall be determined by multiplying the cash incentive that the Executive would have received had his employment not terminated, by a fraction, the numerator of which is the number of months in the fiscal year (in the case of the annual component) or fiscal quarter (in the case of the quarterly component) during which Executive was employed (including the month in which the termination occurs) and the denominator of which is twelve (in the case of the annual component) or three (in the case of the quarterly component).
  - (iii) A cash lump sum amount equal to one-and-one-half (1.5) times the average cash incentive (including, for this purpose, any quarterly and annual components) actually paid to the Executive under the Annual Incentive Plan for the five (5) fiscal years immediately preceding the year of termination.
- (c) The ability of the Executive to resign for Good Reason shall be subject to the notice and opportunity to cure provisions contained in Paragraph 6(b).

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8. Parachute Treatment.

- (a) If it shall be determined that in connection with a Change in Control, any payment, vesting, distribution, or transfer by the Company or any successor, or any affiliate of the foregoing or by any other person, or any other event occurring with respect to the Executive and the Company for the Executive's benefit, whether paid or payable or distributed or distributable under the terms of this Agreement or otherwise (including under any employee benefit plan) (a "Parachute Payment") would be subject to or result in the imposition of the excise tax imposed by Section 4999 of the Code (and any regulations issued thereunder, any successor provision, and any similar provision of state or local income tax law) (collectively, an "Excise Tax"), then, subject to the provisions of Paragraph 8(b) below, the Company shall pay to the Executive an amount equal to two thirds of the Excise Tax, up to an overall maximum payment of \$500,000 with respect to such Change in Control.
- (b) Notwithstanding the provisions of Paragraph 8(a), no such amount shall be payable or made under Paragraph 8(a) if the Executive would, on a net after-tax basis (taking into account the amount of any payment required under Paragraph 8(a) and any prior Parachute Payments in connection with such Change in Control) receive less compensation than he would receive if the Parachute Payment were reduced by the amount necessary to avoid subjecting such Parachute Payment to the Excise Tax. In such event, then, in lieu of any payment under Paragraph 8(a), the amount of the Parachute Payment shall be reduced by the amount necessary to avoid subjecting such Payment to the Excise Tax (the "Parachute Payment Reduction"). The Executive shall have the right, in his sole discretion, to designate those payments or benefits, if any, that shall be reduced or eliminated under the Parachute Payment Reduction.
- (c) The determination required under Paragraph 8(b) shall be made with respect to each Parachute Payment and shall take into account all Parachute Payments previously made to the Executive in connection with the Change in Control. If a determination under Paragraph 8(b) resulted in a Parachute Payment Reduction, and, as a result of a subsequent Parachute Payment, a determination is made that the Executive would, on a net after-tax basis (taking into account the aggregate Parachute Payments paid or payable to the Executive), receive more compensation with the payment under Paragraph 8(a) (and no Parachute Payment Reduction), then, in addition to the payment required under Paragraph 8(a), the Executive shall receive an amount equal to any prior Parachute Payment Reduction plus interest from the date of such reduction at the applicable Federal rate provided for in Section 1274(d) of the Code.

- (d) All determinations required to be made under this Paragraph, including whether and when an amount is subject to Section 4999 and whether the provisions of Paragraph 8(a) or (b) are applicable (and if applicable, the amount of any Parachute Payment Reduction under Paragraph 8(b) or any restored Parachute Payment under Paragraph 8(c)), shall be made by the Company's outside auditors at the time of such determination (the "Accounting Firm"), which Accounting Firm shall provide detailed supporting calculations to the Executive and the Company. All fees and expenses of the Accounting Firm shall be borne by the Company. If the Accounting Firm shall determine that no Excise Tax is payable by the Executive, it shall furnish to the Executive written advice that failure to report the Excise Tax on his applicable federal income tax return would not be reasonably likely to result in the imposition of a penalty for fraud, negligence, or disregard of rules or regulations. Any determination by the Accounting Firm shall be binding upon the Company and the Executive in determining whether a payment is required under this Paragraph and the amount thereof, in the absence of material mathematical or legal error.
- (e) As a result of uncertainty in the application of Sections 280G and 4999 of the Code that may exist at the time of a determination by the Accounting Firm, it may be possible that in making the calculations required to be made hereunder, the Accounting Firm shall determine that a Parachute Payment Reduction that was not made should have been made, or a larger Parachute Payment Reduction should have been made, or that a payment made under Paragraph 8(a) or (c) should not have been made, or a smaller payment under Paragraph 8(a) or (c) should have been made (an "Overpayment"), or that a Parachute Payment Reduction should not have been made, or a smaller Parachute Payment Reduction should have been made, or that a payment under Paragraph 8(a) or (c) should have been made, or a larger payment under Paragraph 8(a) or (c) should have been made (an "Underpayment"). If the Accounting Firm, the Internal Revenue Service or other applicable taxing authority shall determine that an Overpayment was made, any such Overpayment shall be repaid by the Executive with interest at the applicable Federal rate provided for in Section 1274(d) of the Code; provided, however, that, subject to applicable law, the amount to be repaid by the Executive to the Company shall be reduced to the extent that any portion of the Overpayment to be repaid will not be offset by a corresponding reduction in tax by reason of such repayment of the Overpayment; provided, further, that to the extent the Overpayment relates to a payment made under Paragraph 8(a) or (c), the Executive shall be obligated to repay such amount only at such time and to such extent as the Executive receives a refund of the Overpayment from the Internal Revenue Service or applicable taxing authority. If the Accounting Firm, the Internal Revenue Service or other applicable taxing authority shall determine that an Underpayment was made, then, subject to the overall \$500,000 limit on payments by the Company made in connection with a Change in Control, two-thirds of any such Underpayment (together with two-thirds of any interest and penalties imposed thereon) shall be due and payable by the Company to the

Executive within thirty-five (35) days after the Company receives notice of such Underpayment, but in no event later than the date the Executive must pay such amounts to the Internal Revenue Service or other applicable taxing authority.

- (f) The Executive shall give written notice to the Company of any claim by the Internal Revenue Service or other applicable taxing authority that, if successful, would require the payment by the Executive of an Excise Tax, such notice to be provided within a reasonable period of time after the Executive shall have received written notice of such claim. The Company and the Executive shall cooperate in determining whether to contest or pay such claim and the Executive shall not pay such claim without the written consent of the Company, which consent shall not be unreasonably withheld, conditioned or delayed. The Company and the Executive shall have the right to jointly direct the contest of such claim with counsel jointly selected by the Company and the Executive, but the Executive shall have the power to settle or compromise such claim subject to the consent of the Company (which consent may not be unreasonably withheld, conditioned or delayed). Subject to the overall \$500,000 limit on payments by the Company made in connection with a Change in Control, the Company shall bear and pay two-thirds of all costs and expenses (including two-thirds of any additional interest and penalties) incurred in connection with such contest and shall indemnify and hold Executive harmless for two-thirds of any Excise Tax or income tax (including two-thirds of any interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. If the Company and the Executive determine to pay a claim and sue for a refund, then subject to the overall \$500,000 limit on payments by the Company made in connection with a Change in Control, the Company shall advance two-thirds of the amount of such payment to the Executive, on an interest-free basis (subject to any prohibitions, limitations or restrictions imposed by applicable law), and shall indemnify and hold the Executive harmless from two-thirds of any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance. The Executive shall (subject to the Company's complying with the foregoing requirements) promptly pay to the Company, up to the amount of the advance from the Company, the amount of any refund received by the Executive (together with any interest paid or credited thereon after taxes applicable thereto).
- (g) To the extent that any payment to the Executive under his Paragraph 8 does not constitute a payment in accordance with a fixed schedule pursuant to Treas. Reg. §1.409A-3(i)(1) and would trigger an additional tax under Section 409A of the Code, payment of such amount shall be delayed until the earliest time that payment is permitted under Section 409A(a)(2)(A) of the Code (including, to the extent applicable, Section 409A(a)(2)(B)).

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9. Payment of Other Compensation. In addition to any payment due the Executive pursuant to Paragraphs 6, 7 or 8 above, at the time of termination of the Executive's employment, the Executive shall be paid all other compensation and benefits that may be due or provided to the Executive in accordance with the terms and conditions of any applicable plan, policy or arrangement governing the payment of such compensation or benefits.
10. Timing of Payment.
- (a) The compensation payable in accordance with Paragraph 6(a) or 7(b)(i) shall be paid in a lump sum within thirty days following the Executive's termination of employment.
  - (b) The compensation payable in accordance with Paragraph 7(b)(ii) shall be paid in a lump sum on the date on which the Company pays bonuses for the fiscal year of termination to actively employed senior executives; provided, however, in no event shall such payment be made more than 2 <sup>1</sup> / 2 months following the close of the fiscal year of the Company to which such bonus relates.
  - (c) The compensation payable in accordance with Paragraph 8 shall be paid in a lump sum as soon as the determination of the amount payable to the Executive is made by the Accounting Firm, but in all events within thirty (30) days of the date the Executive remits the Excise Tax to the appropriate taxing authority. Any reimbursement or payment required under Paragraph 8(f) shall be made as soon as reasonably practical after such expense was incurred (but in all events no later than the close of the year following the year in which such expense was incurred). All payments made under Paragraph 8 shall be made in accordance with the provisions of Treas. Reg. §1.409A-3(i)(1).
11. Employee Agreement. This agreement incorporates by reference the Employee Agreement between the Executive and the Company, a copy of which is attached hereto. The payments and benefits provided to the executive under this Agreement are further consideration for the Executive's compliance with each and every term of the Employee Agreement and such compliance is a condition precedent to the Executive's entitlement to any payment or benefit hereunder. The covenants, restrictions and terms of this Agreement are intended to supplement, and do not supersede, the covenants, restrictions and terms of the Employee Agreement. To the extent any covenant, restriction or term of this Agreement is more restrictive than a similar covenant, restriction or term of the Employee Agreement, the covenant, restriction or term of this Agreement shall control. To the extent any covenant, restriction or term of the Employee Agreement is more restrictive than a similar covenant, restriction or term of this Agreement, the covenant, restriction or term of the Employee Agreement shall control.
12. Non-Competition. The terms of this Paragraph are intended to supplement (and are in addition to) the non-compete provisions contained in the Employee Agreement.

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- (a) The Executive understands and agrees that this non-compete restriction is aimed at protecting CACI's relationship with its current and prospective clients, as such clients are specifically named in written proposals, contracts and task orders (collectively, these are referred to as "CACI Clients"). The Executive understands and agrees that the definition of CACI Clients as used in this Agreement is intended to cover the specific program offices or activities which CACI pursues, or for which CACI performs work, within large governmental departments, such as the Department of the Navy or the Army, not the greater department in general.
  - (b) The Executive agrees that CACI may reasonably protect its relationships with CACI Clients by prohibiting the Executive from competing with CACI for work with: (i) any CACI Clients while the Executive is employed by CACI, and (ii) certain CACI Clients for a reasonable period of time following termination of the Executive's CACI employment.
  - (c) During the Executive's employment with CACI, the Executive will not directly or indirectly sell, market or otherwise provide goods or services to any CACI Clients in competition with CACI.
  - (d) For a period of two (2) years following termination of the Executive's employment, the Executive will not directly or indirectly provide goods or services to CACI Clients when such goods or services are in competition with those goods or services (i) provided within the year prior to termination of the Executive's employment under contract or task order, or (ii) offered pursuant to a formal or informal proposal, to CACI Clients by any CACI organizational unit for which the Executive worked or for which the Executive had responsibility within one (1) year prior to the termination of the Executive's employment.
  - (e) During the Executive's employment with CACI and for a period of two (2) years following termination of that employment, the Executive will not participate in competition for the award of any contract or task order for which any CACI organizational unit for which the Executive worked or for which the Executive had responsibility within one (1) year prior to the end of the Executive's CACI employment is competing.
  - (f) During the Executive's employment and for a period of two (2) years following termination of that employment, the Executive will not, directly or indirectly interfere with, disparage or damage, or attempt to interfere with, disparage or damage, the Company's reputation, or any relationship between the Company or its affiliated or subsidiary companies and any other entity.
  - (g) The Executive agrees not to hire or solicit for hiring, directly or indirectly any person now or hereafter employed by, or providing services as a subcontractor or consultant to, CACI and its affiliate companies, for a period of two (2) years after termination of employment.

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- (h) The Executive understands and agrees that the payments made under this Agreement constitute additional consideration for the Executive's performance of the covenants set forth in this Paragraph 12 and in the Employee Agreement.
13. No Disparaging Comments . During his period of employment and at all times thereafter, the Executive shall refrain from making any disparaging remarks about the businesses, services and products of the Company, its subsidiaries and affiliates, as well as their respective officers, directors, executives, managers, stockholders, employees, agents, or representatives.
14. Release . In consideration of any payment made to the Executive pursuant to this Agreement (and as a condition precedent to the Executive's right to any such payment), the Executive agrees to release the Company and its subsidiaries, affiliates, officers, directors, stockholders, employees, agents, representatives, and successors from and against any and all claims that the Executive may have against any such person or entity relating to the Executive's employment by the Company and the termination thereof, such release to be in form and substance reasonably satisfactory to the Company.
15. Assignment . By reason of the special and unique nature of the obligations hereunder, it is agreed that neither party hereto may assign any interests, rights or duties which the party may have in this Agreement without the prior written consent of the other party, except that upon any "Change in Control," this Agreement shall inure to the benefit of and be binding upon the Executive and the purchasing, surviving or resulting entity, company or corporation in the same manner and to the same extent as though such entity, company or corporation were the Company.
16. Dispute Resolution .
- (a) Except as provided in subsection (b) below, the Company and the Executive agree that any controversy or claim arising out of or relating to this Agreement, or its breach by the Company shall be resolved by arbitration. This arbitration shall be held in Arlington, Virginia in accordance with the model employment arbitration procedures of the American Arbitration Association. Judgment upon award rendered by the arbitrator shall be binding upon both parties and may be entered and enforced in any court of competent jurisdiction.
- (b) The Executive acknowledges and agrees that notwithstanding subsection (a) above, if the Executive breaches any of the provisions of Paragraph 12 hereof, the Company will suffer immediate and irreparable harm for which monetary damages alone will not be a sufficient remedy, and that, in addition to all other remedies that the Company may have, the Company shall be entitled to seek injunctive relief, specific performance or any other form of equitable relief to remedy a breach or threatened breach of Paragraph 12 by the Executive and to enforce the provisions of this Agreement. The existence of this right shall not preclude or otherwise limit the applicability or exercise of any other rights and remedies which the Company may have at law or in equity.



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17. Amendments. No provision of this Agreement may be amended, modified, waived or discharged unless such amendment, waiver, modification or discharge is agreed to in a writing signed by the Executive and the Company. No waiver by either party of any breach or failure to comply with any condition or provision of this Agreement by the other party at any time shall be deemed a waiver of any other breach or failure to comply with the conditions or provisions of this Agreement. No agreements or representations, oral or otherwise, expressed or implied, concerning the subject matter hereof have been made by either party which are not set forth expressly in this Agreement.
18. Entire Agreement. This Agreement constitutes the entire understanding and agreement between the Company and the Executive with regard to all matters herein. It supersedes and replaces any and all prior agreements written or oral between the Company and the Executive concerning the severance benefits that may be payable to the Executive, including the Executive's Severance Agreement dated December 27, 2006 and the Executive's Severance Compensation Agreement dated July 1, 2007. However, this Agreement does not affect or supersede the terms of the Indemnification Agreement between the Company and the Executive dated November 16, 2006, which shall remain in full force and effect.
19. Compliance with Section 409A. Paragraphs 6(a) and 7(b)(i), and (ii) of this Agreement are intended to constitute a separation pay arrangement that does not provide for the deferral of compensation subject to Section 409A of the Code (under the short-term deferral exception contained in Treas. Reg. §1.409A-1(b)(4)) and, if any provision of Paragraphs 6 and 7(b)(i), (ii) or (iii) are subject to more than one interpretation or construction, such ambiguity shall be resolved in favor of that interpretation or construction which is consistent with such provisions not being subject to the provisions of Section 409A. The provisions of Paragraph 8 are intended to comply with the provisions of Section 409A of the Code (to the extent applicable) and, to the extent that Section 409A applies to Paragraph 8 (or any provision of this Agreement) and such provision is subject to more than one interpretation or construction, such ambiguity shall be resolved in favor of that interpretation or construction which is consistent with the provision complying with the provisions of Section 409A of the Code (including, but not limited to the requirement that any payment made on account of the Executive's separation from service (within the meaning of Section 409A(a)(2)(A)(i) of the Code and the regulations issued thereunder) ("Separation from Service"), shall not be made earlier than the first business day of the seventh month following the Executive's Separation from Service, or if earlier the date of death of the Executive. Any payment that is delayed in accordance with the foregoing sentence shall be made on the first business day following the expiration of such six (6) month period.
20. Tax Consequences of Payments. The Executive understands and agrees that the Company makes no representations as to the tax consequences of any compensation or benefits provided hereunder (including, without limitation, under Section 409A of the Code, if applicable). Executive is solely responsible for any and all income, excise or other taxes imposed on Executive with respect to any and all compensation or other benefits provided to Executive.

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21. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the Commonwealth of Virginia without regard to its principles of conflicts of laws.
22. Notices. For purposes of this Agreement, notices and communications hereunder shall be in writing and shall be deemed properly given and effective when received, if sent by facsimile or telecopy, or by postage prepaid by registered or certified mail, return receipt requested, or by other delivery service which provides evidence of delivery, as follows:

If to the Company:

CACI International Inc  
1100 N. Glebe Road  
16th Floor  
Arlington, Virginia 22201  
Attention: General Counsel

If to the Executive:

Gregory R. Bradford  
2 Hurlingham Road  
London SW6 3QY  
United Kingdom

or such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

23. Enforceability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.
24. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.
25. Initials. Each page of this Agreement shall be initialed and dated by the Executive and the official signing for and on behalf of the Company.

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IN WITNESS WHEREOF the parties have executed this Agreement to be effective the day and year first above written.

CACI International Inc

Gregory R. Bradford

By: \_\_\_\_\_

\_\_\_\_\_

**Significant Subsidiaries of the Registrant**

The significant subsidiaries of the Registrant, as defined in Section 1-02(w) of regulation S-X, are:

CACI, INC.-FEDERAL, a Delaware corporation  
CACI, INC.-COMMERCIAL, a Delaware corporation  
CACI Limited, a United Kingdom corporation  
CACI Technologies, Inc., a Virginia corporation (also does business as “CACI Productions Group”)  
CACI Dynamic Systems, Inc., a Virginia corporation  
CACI Premier Technology, Inc., a Delaware corporation  
CACI Systems, Inc., a Virginia corporation  
CACI MTL Systems, Inc., a Delaware corporation  
CACI Enterprise Solutions, Inc., a Delaware corporation  
CACI-NSR, Inc., a Delaware corporation  
CACI-ISS, Inc., a Delaware corporation  
CACI Technology Insights, Inc., a Virginia corporation  
CACI-CMS Information Systems, Inc., a Virginia Corporation  
CACI-WGI, Inc., a Delaware corporation (also does business as “The Wexford Group International”)  
CACI-IQM, Inc., a Virginia corporation  
CACI-Athena, Inc., a Delaware Corporation  
Business Defense and Security Corporation, a Virginia Corporation  
CACI Secured Transformations, Inc., a Florida Corporation

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the following Registration Statements of CACI International Inc:

- 1) Registration Statement (Form S-3 No. 333-144127) pertaining to the offering of up to \$300 million of 2.125% convertible senior subordinated notes, as amended,
- 2) Registration Statement (Form S-3 No. 333-122784) pertaining to the offering of up to \$400 million of common stock, preferred stock and debt securities, as amended,
- 3) Registration Statement (Form S-8 No. 333-122843) pertaining to the 1996 Stock Incentive Plan, as amended,
- 4) Registration Statement (Form S-8 No. 333-148032) pertaining to the 2006 Stock Incentive Plan, as amended,
- 5) Registration Statement (Form S-8 No. 333-146505) pertaining to the 2002 Employee Stock Purchase Plan,
- 6) Registration Statement (Form S-8 No. 333-146504) pertaining to the CACI \$SMART Plan,
- 7) Registration Statement (Form S-8 No. 333-104118) pertaining to the 2002 Employee, Management, and Director Stock Purchase Plans, as amended, and
- 8) Registration Statement (Form S-8 No. 333-91676) pertaining to the CACI \$SMART Plan;

of our reports dated August 25, 2008, with respect to the consolidated financial statements and schedule of CACI International Inc and internal control over financial reporting of CACI International Inc, included in this Annual Report (Form 10-K) for the year ended June 30, 2008.

/s/ E RNST & Y OUNG LLP

McLean, Virginia  
August 25, 2008

**Section 302 Certification**

I, Paul M. Cofoni certify that:

1. I have reviewed this Annual Report on Form 10-K, of CACI International Inc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financing reporting, to the Registrant's auditors and the audit committee of the Registrant's Board of Directors (or persons performing the equivalent function):
  - (a) All significant deficiencies and material weaknesses in the designs or operation of internal control over financial reporting which are reasonably likely to affect the Registrant's ability to record, process, summarize, and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: August 27, 2008

/s/ P AUL M. C OFONI

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**Paul M. Cofoni**  
**President**  
**Chief Executive Officer and Director**  
**(Principal Executive Officer)**

**Section 302 Certification**

I, Thomas A. Mutryn, certify that:

1. I have reviewed this Annual Report on Form 10-K, of CACI International Inc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financing reporting, to the Registrant's auditors and the audit committee of the Registrant's Board of Directors (or persons performing the equivalent function):
  - (a) All significant deficiencies and material weaknesses in the designs or operation of internal control over financial reporting which are reasonably likely to affect the Registrant's ability to record, process, summarize, and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal controls over financial reporting.

Date: August 27, 2008

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/s/ T HOMAS A. M UTRYN  
 Thomas A. Mutryn  
 Executive Vice President, Chief Financial Officer  
 and Treasurer  
 (Principal Financial Officer)

**Section 906 Certification**

In connection with the Annual Report on Form 10-K of CACI International Inc (the “Company”) for the fiscal year ended June 30, 2008, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned President and Chief Executive Officer of the Company certifies, to the best of his knowledge and belief pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 27, 2008

/s/ P AUL M. C OFONI

Paul M. Cofoni

President

Chief Executive Officer and Director  
(Principal Executive Officer)



**Section 906 Certification**

In connection with the Annual Report on Form 10-K of CACI International Inc (the “Company”) for the fiscal year ended June 30, 2008, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, Executive Vice President, Chief Financial Officer and Treasurer of the Company certifies, to the best of his knowledge and belief pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 27, 2008

/s/ T HOMAS A. M UTRYN

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**Thomas A. Mutryn**  
**Executive Vice President, Chief Financial Officer**  
**and Treasurer**  
**(Principal Financial Officer)**

**New York Stock Exchange Regulatory 303A.12 Certification****Domestic Company  
Section 303A  
Annual CEO Certification**

As the Chief Executive Officer of CACI International Inc (CAI) and as required by Section 303A.12(a) of the New York Stock Exchange Listed Company Manual, I hereby certify that as of the date hereof I am not aware of any violation by the Company of NYSE's corporate governance listing standards, other than has been notified to the Exchange pursuant to Section 303A.12(b) and disclosed on Exhibit H to the Company's Domestic Company Section 303A Annual Written Affirmation.

This certification is: ☒ Without qualification or ☐ With qualification

Date: August 27, 2008

/s/ P AUL M. C OFONI

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**Paul M. Cofoni**  
President  
Chief Executive Officer and Director  
(Principal Executive Officer)