CACI INTERNATIONAL INC /DE/

FORM 10-Q
(Quarterly Report)

Filed 11/10/1998 For Period Ending 9/30/1998

Address	1100 N GLEBE ST
	ARLINGTON, Virginia 22201
Telephone	703-841-7800
CIK	0000016058
Industry	Computer Services
Sector	Technology
Fiscal Year	06/30

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended September 30, 1998

Commission File Number 0-8401

CACI International Inc

(Exact name of registrant as
specified in its charter)

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)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
None	None

Securities registered pursuant to Section 12(g) of the Act:

CACI International Inc Common Stock, $0.10 par value
(Title of each class)

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 X No .

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of September 30, 1998: CACI International Inc Common Stock, $0.10 par value, 10,863,000 shares.

CACI INTERNATIONAL INC AND SUBSIDIARIES

PART 1

FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CACI INTERNATIONAL INC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(dollars in thousands, except per share data)

	Three Months Ended September 30, 1998	1997
Revenues	$92,351	$70,669
Costs and expenses		
Direct costs	51,643	38,037
Indirect costs and selling expenses	32,856	26,439
Depreciation and amortization	1,743	1,715
Goodwill amortization	628	310
Total operating expenses	86,870	66,501
Income from operations	5,481	4,168
Interest expense	496	245
Income before income taxes	4,985	3,923
Income taxes	1,846	1,491
Net income	$ 3,139	$ 2,432
Basic earnings per share	$ 0.29	$ 0.23
Diluted earnings per share	$ 0.28	$ 0.22
Average shares outstanding	10,858	10,705
Average shares and equivalent shares outstanding	11,202	11,075

See notes to condensed consolidated financial statements (unaudited).

CACI INTERNATIONAL INC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(dollars in thousands)

	September 30, 1998 (Unaudited)	June 30, 1998
ASSETS		
Current assets		
Cash and equivalents	$ 2,203	$ 2,081
Accounts receivable		
Billed	82,892	83,995
Unbilled	11,388	9,350
Total accounts receivable	94,280	93,345
Prepaid expenses and other	4,314	4,362
Deferred contract costs	1,811	2,383
Deferred income taxes	213	209
Total current assets	102,821	102,380
Property and equipment, net	11,269	11,351
Accounts receivable, long term	5,679	6,075
Goodwill	39,290	37,474
Other assets	4,966	4,884
Deferred contract costs, long-term	550	480
Deferred income taxes	479	416
Total assets	$165,054	$163,060
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable & accrued expenses	$ 22,657	$ 24,257
Accrued compensation and benefits	15,120	17,010
Income taxes payable	2,691	4,390
Deferred income taxes	2,005	1,845
Total current liabilities	42,473	47,502
Note payable, long-term	33,086	29,800
Deferred rent expenses	1,204	1,289
Deferred income taxes	144	142
Shareholders' equity		
Common stock - $.10 par value, 40,000,000 shares authorized, 14,389,000 & 14,371,000 shares issued	1,439	1,437
Capital in excess of par	12,594	12,344
Retained earnings	87,555	84,415
Cumulative currency translation adjustments	221	(207)
Treasury stock, at cost (3,526,000 shares)	(13,662)	(13,662)
Total shareholders' equity	88,147	84,327
Total liabilities & shareholders' equity	$165,054	$163,060

See notes to condensed consolidated financial statements (unaudited).

CACI INTERNATIONAL INC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(dollars in thousands)

	Three Months Ended September 30, 1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 3,139	$ 2,432
Reconciliation of net income to net cash provided by (used in) operating activities		
Depreciation and amortization	2,371	2,025
Provision for deferred income taxes	96	(187)
Loss (gain) on sale of property and equipment	27	(31)
Changes in operating assets & liabilities		
Accounts receivable	(60)	(645)
Prepaid expenses & other assets	(54)	(483)
Deferred contract costs	503	-
Accounts payable & accrued expenses	(1,444)	(4,131)
Accrued compensation & benefits	(2,077)	(35)
Deferred rent expense	(175)	(204)
Income taxes (receivable) payable	(1,665)	4,112
Net cash provided by operating activities	661	3,819
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property & equipment	(1,299)	(988)
Purchase of business	(2,600)	-
Proceeds from sale of property & equipment	-	402
Capitalized software cost	(234)	(279)
Net cash used in investing activities	(4,133)	(865)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds under line-of-credit	36,879	28,300
Payments under line-of-credit	(33,593)	(30,100)
Proceeds from stock options	253	388
Net cash provided by (used in) financing activities	3,539	(1,412)
Effect of changes in currency rates on cash & equivalents	55	(73)
Net increase in cash & equivalents	122	1,469
Cash and equivalents, beginning of period	2,081	2,015
Cash and equivalents, end of period	$ 2,203	$ 3,484

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash (received) paid during the period for income taxes, net	$ 3,406	$(2,832)
Interest paid during the period	$ 480	$ 175

See notes to condensed consolidated financial statements (unaudited).

CACI INTERNATIONAL INC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
(dollars in thousands)

	Three Months Ended September 30, 1998	1997
Net income	$3,139	$2,432
Currency translation adjustment	428	(571)
Comprehensive income	$3,567	$1,861

CACI INTERNATIONAL INC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

A. Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and note disclosures normally included in the annual financial statements, prepared in accordance with generally accepted accounting principles, have been condensed or omitted pursuant to those rules and regulations, although the Company believes that the disclosures made are adequate to make the information presented not misleading.

In the opinion of management, the accompanying unaudited consolidated financial statements reflect all necessary adjustments and reclassifications (all of which are of a normal, recurring nature) that are necessary for fair presentation for the periods presented. It is suggested that these consolidated financial statements be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's latest annual report to the Securities and Exchange Commission on Form 10-K for the year ended June 30, 1998.

Certain reclassifications have been made to the prior period's financial statements to conform to the current presentation.

In March 1997, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings Per Share," which simplifies the standards for computing earnings per share previously found in Accounting Principles Board Opinion No.15 and makes them comparable to international earnings per share standards. The Statement is effective for financial statements issued for periods ending after December 15, 1997. As a result, the Company's reported earnings per share for the three months ended September 30, 1997 have been restated.

B. Accounts Receivable

Total accounts receivable are net of allowance for doubtful accounts of $3,497,000 and $3,637,000 at September 30, 1998, and June 30, 1998, respectively. Accounts receivable are classified as follows:

(dollars in thousands)	September 30, 1998	June 30, 1998
Billed receivables		
Billed receivables	$73,390	$76,458
Billable receivables at end of period	9,502	7,537
Total billed receivables	82,892	83,995
Unbilled receivables		
Unbilled pending receipt of contractual documents authorizing billing	11,227	9,195
Unbilled retainages & fee withholds expected to be billed within the next 12 months	161	155
	11,388	9,350
Unbilled retainages and fee withholds expected to be billed beyond the next 12 months	5,679	6,075
Total unbilled receivables	17,067	15,425
Total accounts receivable	$99,959	$99,420

C. Acquisitions

On July 30, 1998, the Company executed a definitive purchase agreement to acquire 100% of the outstanding common shares of QuesTech, Inc. ("QuesTech") for $18.375 per share in cash, which was subsequently reduced to $18.13 per share. QuesTech is an information technology company that specializes in the development and application of information technology for government and industry. QuesTech provides a broad spectrum of scientific, engineering, and management services in electronic, software engineering, systems engineering, and many other advanced information technology fields. For the year ended December 31, 1997, QuesTech reported revenues of $78.5 million. The total cash outlay for the acquisition, including the assumption of debt, is expected to be approximately $42 million. The transaction is expected to be completed in November 1998 and will be recorded using the purchase method of accounting.

On August 13, 1998, the Company purchased the assets of Information Decision System ("IDS") for $2.6 million in cash and, therefore, the transaction has been recorded using purchase accounting standards. IDS provides internet access to demographic site information and is expected to enhance the current U.S. market share of the Company's Marketing Systems Group in the industry. Approximately $2.4 million has been preliminarily allocated to goodwill, based upon the excess purchase price over the estimated fair value of net assets acquired, and will be amortized over 15 years. Since its acquisition, the operations of IDS have contributed approximately $0.2 million in revenue through September 30, 1998. The acquisition was financed with available bank borrowings.

D. Commitments and Contingencies

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 will not have a material adverse effect on the Company's operations and liquidity.

E. Recent Accounting Pronouncements

In June 1997, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income," and SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information." As specified by these Statements, the Company will apply these Statements beginning in fiscal 1999 and reclassify its annual financial statements for earlier periods for comparative purposes.

SFAS No. 130 requires that all items that are required to be recognized under accounting standards as components of comprehensive income be reported in a financial statement that is displayed with the same prominence as other financial statements. The Company has adopted SFAS No. 130 during the first quarter of fiscal 1999 and has reported the effects of foreign currency translation gains or losses as a component of comprehensive income in a separate financial statement.

SFAS No. 131 establishes standards for the way that public business enterprises report information about operating segments in annual financial statements and requires that those enterprises report selected information about operating segments in interim financial reports issued to shareholders. It also establishes standards for related disclosures about products and services, geographics areas, and major customers. This Statement supersedes SFAS No. 14, "Financial Reporting for Segments of a Business Enterprise," but retains the requirement to report information about major customers. It amends SFAS No. 94, "Consolidation of All Majority-Owned Subsidiaries," to remove the special disclosures requirements for previously unconsolidated subsidiaries. At this point, the Company has not fully determined the impact of the adoption of SFAS No. 131.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations for the Three Months Ended September 30, 1998 & 1997

REVENUES. The table below sets forth the customer mix in revenues with related percentages of total revenues for the three months ended on September 30, 1998 (FY99) and September 30, 1997 (FY98), respectively:

(dollars in thousands)	First Quarter			
	FY99		FY98	
Department of Defense	$41,743	45.2%	$36,347	51.4%
Federal Civilian Agencies	29,233	31.7%	18,347	26.0%
Commercial	17,308	18.7%	14,263	20.2%
State & Local Governments	4,067	4.4%	1,712	2.4%
Total	$92,351	100.0%	$70,669	100.0%

The Company's total revenues for the three months ended September 30, 1998 increased by 31% or $21.7 million over the same period last year. Approximately $11.1 million, or 51%, of the total increase was achieved through internal or organizational growth in all market segments. The remaining $10.6 million was generated from acquisitions.

Department of Defense ("DoD") revenues increased $5.4 million, or 15%, in the first quarter of FY99 as compared to the same period a year ago. This was primarily the result of the acquisition of the business and net assets of Government Systems Inc. ("GSI") on November 1, 1997 which contributed incremental revenues of $3.9 million for the quarter.

Revenues from Federal Civilian agencies increased 59% from $18.3 million for the first quarter of FY98 to $29.2 million in FY99. Approximately 57% of Federal Civilian agency revenues are derived from Department of Justice ("DoJ") litigation support efforts. The litigation support services provided to DoJ have grown substantially over many years. However, these services are dependent on the level of DoJ litigation that the Company is supporting and may have significant period-to-period fluctuations. Revenues for DoJ were $16.8 million and $15.0 million for the three months ended September 30, 1998 and 1997, respectively. The increase was attributable to efforts on a recent contract award to design and implement an automated debt collection system. Significant growth in contracts with civilian agencies other than DoJ was led by expanding efforts in communications services and equipment provided to the Federal Aviation Administration. This contract generated $3.7 million of the $4.2 million of incremental revenues, provided by the acquisition of GSI, for the first quarter of FY99. The remaining increase of approximately $5.6 million was mainly generated from growth in services, primarily Year 2000 software renovation services, provided under a multiple-task order contract.

Commercial revenues are derived primarily from the Company's Marketing Systems Group ("MSG") in the United Kingdom, and to a lesser degree from the Simulation Systems Group and commercial litigation support. For the first quarter of FY99 as compared to the same period a year ago, commercial revenues increased $3.0 million, or 21%, as a result of increased demand for European systems integration services provided by MSG.

Revenues generated from state & local governments increased $2.4 million for the first quarter of FY99 versus FY98, due to significant growth in Year 2000 services.

The following table sets forth the relative percentage that certain items of expense and earnings bear to revenues for the three months ending September 30, 1998 and September 30, 1997, respectively.

(Dollars in thousands, except as percents)

	Dollar Amount		Percentage of Revenues	
	FY99	FY98	FY99	FY98
Revenues	$92,351	$70,669	100.0%	100.0%
Costs and expenses:				
Direct costs	51,643	38,037	55.9	53.8
Indirect costs	32,856	26,439	35.6	37.4
Depreciation & amortization	1,743	1,715	1.9	2.4
Goodwill amortization	628	310	0.7	0.5
Total operating expenses	86,870	66,501	94.1	94.1
Income from operations	5,481	4,168	5.9	5.9
Interest expense	496	245	0.5	0.4
Earnings before income taxes	4,985	3,923	5.4	5.5
Income taxes	1,846	1,491	2.0	2.1
Net income	$ 3,139	$ 2,432	3.4%	3.4%

INCOME FROM OPERATIONS. Operating income increased 32% to $5.5 million for the first quarter of FY99 from $4.2 million in FY98, which is consistent with the 31% growth in revenues for the same period.

As a percentage of revenues, total direct costs were 55.9% and 53.8% for the quarters ended September 30, 1998 and 1997, respectively. Direct costs include direct labor and other direct costs such as equipment purchases, subcontract costs and travel expenses, which are generally passed through to the customer. The largest component of direct costs, direct labor, was $27.2 million and $23.8 million for the first quarter of FY99 and FY98, respectively. Other direct costs were $24.4 million and $14.2 million for the quarters ended September 30, 1998 and 1997, respectively, and have grown at a more rapid pace as the Company has a higher number of contracts with an increased level of other direct costs. The most notable increases have come from a new contract with DoJ, as well as from contracts obtained through the acquisitions of GSI and Sunset Resources, Inc.

Indirect costs and selling expenses include fringe benefits, marketing and bid proposal costs, indirect labor, and other discretionary costs, most of which are highly variable. As a percentage of revenues, indirect costs have decreased due to the impact of higher other direct cost pass-throughs on revenues for the first quarter of FY99.

Depreciation and amortization expense remained level at $1.7 million for both of the quarters ended September 30, 1998 and 1997 which is consistent with an average balance of depreciable assets of $11.3 million and $11.2 million for the same periods, respectively.

Goodwill amortization expense has increased to $0.6 million for the first quarter of FY99 from $0.3 million a year ago due to the acquisitions of GSI and IDS.

INTEREST EXPENSE. Interest expense of $0.5 million for the first quarter of FY99 reflects a $0.25 million increase over the same quarter last year due to the increase in average borrowings from $12.5 million to $30.6 million for the respective quarters in FY98 and FY99 resulting from the acquisitions of GSI and IDS.
INCOME TAXES. The effective income tax rate for the quarter ended September 30, 1998 was 37% versus 38% for the same period a year ago. The slight decrease is primarily the result of a lower effective state tax rate.

Liquidity and Capital Resources

Historically, the Company's positive cash flow from operations and available credit facilities provided adequate liquidity and working capital to fully fund the Company's operational needs and support the acquisition activities. Working capital was $60.3 million and $54.9 million as of September 30, 1998 and June 30, 1998, respectively. The increase in working capital in the first three months of FY99 is related both to internal growth and to the GSI acquisition. Operating activities provided cash of $0.7 million and $3.8 million for the three months ended September 30, 1998 and 1997, respectively. The decrease in cash provided by operating activities since the prior year is primarily due to the receipt of $3.1 million income tax refunds in the first quarter of FY98.

The Company used $4.1 million in investing activities for the three months ended September 30, 1998 versus $0.9 million for the same period a year ago. This was due primarily to the IDS acquisition for $2.6 million. The Company financed its investing activities from operating cash flows and from a net increase in borrowings of $3.5 million under its line of credit.

In anticipation of continuing its strategy of acquisitions and in order to secure lower interest rates, on June 19, 1998 the Company executed a new five-year unsecured revolving line of credit. The agreement permits borrowings of up to $125 million with annual sublimits on amounts borrowed for acquisitions. The Company also maintains a 500,000 pound sterling unsecured line of credit in London, England, which expires in November 1999. At September 30, 1998, the Company had approximately $92.8 million available for borrowings under its lines of credit.

On July 30, 1998, the Company executed a definitive purchase agreement to acquire 100% of the outstanding common shares of QuesTech for cash. The total cash outlay for the acquisition, estimated at $42 million, will be financed with bank borrowings and is expected to be completed in November 1998.

The Company believes that the combination of internally generated funds, available bank borrowings and cash on hand will provide the required liquidity and capital resources for the foreseeable future.

Year 2000

The following discussion addresses the Company's response to the year 2000 issue, caused by the fact that many computer systems have not been designed to process dates for the year 2000 and beyond.

The Company has undertaken a multi-faceted compliance program to address its readiness to handle the date issue in connection with both IT and non-IT systems (such as those using embedded chip technology) in the following areas:
CACI-developed software products and systems, infrastructure hardware and software applications, business applications, office equipment, leasehold facilities, and critical business partners. The Company believes that continued awareness and communication are critical to the successful execution of this program. We are currently addressing each one of these elements listed above.
Through the use of questionnaires, compliance testing, and continued discussions, we have presently determined the readiness of a substantial portion of the CACI software products currently offered. We continue to work to a plan which is aimed toward achieving compliance by March 1999. As most of the products offered by CACI do not focus on or utilize transactional data, it is our present belief that our efforts will be successful in developing a complete suite of compliant products. Regarding the custom systems previously developed by CACI for its customers, the Company is working to evaluate the contractual commitments that would obligate CACI to remediate non-compliant systems, as well as CACI's potential legal exposure concerning systems for which CACI has no continuing express warranty or maintenance obligations. Based on the present state of our knowledge and of the law as it applies to this aspect of the year 2000 issue, we are unable at this time to determine the full extent of exposure or to estimate the probable cost and timing of any required remediation.

Over the past few years, the Company has made a concerted effort to update its computer desktops and laptops and its internal communications network equipment and software. With current technology in place, the Company believes that most of these systems are already compliant. The Company has taken the additional step of requesting that its 160 suppliers of such systems and components provide information as to year 2000 compliance of their products. To date, approximately 60% have been found to be compliant or require only minor changes. The Company is proceeding in accordance with a plan that is scheduled to achieve material compliance of these systems by June 1999.

At this point, the Company has identified the following systems as our key business applications: finance & project management, payroll, human resources, and contracts. Our human resources information and contracts database systems are largely compliant with only minor issues remaining. We are currently in the process of upgrading our payroll system to a fully compliant MS-Windows(R)-based version supplied by an outside vendor, and we expect this upgrade to resolve this issue.

In January 1998, we began our implementation of new finance and project management systems, which are supplied by Deltek, a leading supplier of such systems to the government contracting industry. These systems are represented as being compliant and our plan is to have them implemented by June 1999.

We have and will continue to determine and assess our critical business partners as a part of our compliance program. Presently, such significant business partners include, but are not limited to, our suppliers, the utility companies, our bank lending group, an outside vendor used to process payroll, insurance and benefit providers, and property management firms. CACI's operations are dependent to varying degrees on the readiness of these and other partners. CACI has issued questionnaires to most of the currently identified business partners. To date, the number of responses received is insufficient for us to evaluate the readiness of such parties. The Company is continuing to aggressively pursue responses in order to complete our evaluations and develop any appropriate contingency plans, as necessary.

The Company is heavily dependent upon the effectiveness of its customers' systems, principally in the U.S. Government, for the administration of contracts and payment of the Company's invoices. The Company has made formal inquiries and continues to pursue responses concerning the efforts of its larger U.S. Government customers to determine the status and encourage correction of any problems in their systems. The primary concern is that there will be delays in contract payments to the Company, which would require a temporary increase in working capital. The Company has substantial borrowing capacity available under its current line of credit, which extends to June 2003, but will further evaluate the potential cash flow impact of the problem and determine if additional steps are necessary to insure that adequate contingency financing is available.

The financial impact of preparing the Company to be compliant is not fully determinable at this time. Presently, the most significant costs are related to our implementation of our new business systems in finance and project management, which are discussed above. Costs for this project, including software, hardware, consulting fees and labor are estimated at $2 million, of which approximately 50% has been spent to date. These costs are being capitalized and will be depreciated when the system is operational. In addition, we anticipate incurring approximately $200 thousand in incremental, internal labor costs that relate specifically to management of the year 2000 compliance program. The Company has devoted one full-time individual, an oversight committee of 15 individuals and approximately 40 LAN administrators at various offsite locations to communicate and implement all aspects of the year 2000 compliance program. The Company has found that many of the upgrades or patches necessary to fix the software are being provided at no cost by major vendors. In addition, a majority of the CACI software product upgrades are currently planned using existing technical staff without a significant effect on other new product development.

In summary, the Company has established a year 2000 compliance program plan which is progressing as described above. We have not yet proceeded far enough through performance of that plan to make a more complete assessment of the Company's state of readiness, costs to address year 2000 issues, or risks to the Company. Moreover, because the Company's year 2000 compliance program plan appears, on the basis of our present knowledge, to adequately address the matter, we have not yet developed specific contingency plans. Investors should be aware of the fact that the process of addressing the year 2000 issue is necessarily incremental. The Company will continue to report on the status of its year 2000 compliance program. Investors are cautioned, however, that the Company's assessment of its readiness, of the costs of performing the program and the risks attended thereto, and of the need for any contingency plans may change materially in the future as we gain more complete knowledge and proceed further through plan performance.

PART II

OTHER INFORMATION

Item 1. Legal Proceedings

CACI, INC.-FEDERAL v. Arizona Department of Transportation

Reference is made to Part II, Item 1, Legal Proceedings, in the Registrant's Annual Report on Form 10-K for the year ended June 30, 1998 for the most recently filed information concerning the lawsuit filed on June 25, 1996, by CACI, INC. - FEDERAL ("CACI"), the Registrant's wholly-owned subsidiary, in Superior Court for Maricopa County, Arizona, against the Arizona Department of Transportation ("ADOT"). This suit seeks the following: (i) a declaratory judgment that the disputes procedures mandated by the Arizona Procurement Code is unconstitutional; (ii) a declaratory judgment that ADOT cannot assert claims against CACI under the mandated disputes procedure; (iii) a declaratory judgment that ADOT is not entitled to recover consequential damages in connection with the dispute; (iv) $2,938,990 plus interest in breach of contract damages; (v) the return of CACI's property seized by ADOT in connection with the termination of the contract; and (vi) lawyers' fees. ADOT has counterclaimed, seeking in excess of $100 million in damages allegedly caused by CACI's breach of contract.

Since the filing of Registrant's report indicated above, the parties engaged in settlement discussions in July 1998, with no resolution to date. As a result, the parties are engaged in an exchange of factual information concerning certain portions of the case with the aim of evaluating the feasibility of resolving such portions of the case by motion.

Item 5. Other Information - Forward Looking Statements

This filing may contain "forward-looking" statements, as that term is defined in the Private Securities Litigation Reform Act of 1995. Such statements include, but are not limited to, statements concerning expectations of the Company's future performance in terms of revenues and earnings. The Company cautions investors that there can be no assurance that actual results will not differ materially from those projected or suggested in such forward-looking statements. Factors which could cause a material difference in results include, but are not limited to, the following: regional and national economic conditions; changes in interest rates; changes in government spending policies and/or decisions concerning specific programs; individual business decisions of customers and clients; developments in technology; competitive factors and pricing pressures; the Year 2000 issue; our ability to achieve the objectives of our business plans; and changes in government laws or regulations.

CACI INTERNATIONAL INC AND SUBSIDIARIES

INDEX TO EXHIBITS

Exhibit Number	Title
11	Computation of Earnings per Share
27	Financial Data Schedule

SIGNATURES

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

CACI International Inc
(Registrant)

Date: November 9, 1998	*By: /s/*
	Dr. J.P. London *Chairman of the Board,* *Chief Executive Officer,* *and Director* *(Principal Executive Officer)*
Date: November 9, 1998	*By: /s/*
	James P. Allen *Executive Vice President,* *Chief Financial Officer,* *and Treasurer* *(Principal Financial and Accounting Officer)*

Exhibit 11

CACI INTERNATIONAL INC AND SUBSIDIARIES

COMPUTATION OF EARNINGS PER SHARE

(amounts in thousands, except per share data)

	Three Months Ended September 30, 1998	Three Months Ended September 30, 1997
Net income	$ 3,139	$ 2,432
Average shares outstanding during the period	10,858	10,705
Dilutive effect of stock options after application of treasury stock method	344	370
Average number of shares outstanding during the period	11,202	11,075
Basic earnings per common share	$ 0.29	$ 0.23
Diluted earnings per share	$ 0.28	$ 0.22

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM FORM 10Q FOR THE PERIOD ENDING SEPTEMBER 30, 1998, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

PERIOD TYPE	3 MOS
FISCAL YEAR END	JUN 30 1999
PERIOD END	SEP 30 1998
CASH	2,203,000
SECURITIES	0
RECEIVABLES	103,456,000
ALLOWANCES	(3,497,000)
INVENTORY	0
CURRENT ASSETS	102,821,000
PP&E	38,722,000
DEPRECIATION	(27,453,000)
TOTAL ASSETS	165,054,000
CURRENT LIABILITIES	42,473,000
BONDS	33,086,000
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	1,439,000
OTHER SE	86,708,000
TOTAL LIABILITY AND EQUITY	165,054,000
SALES	0
TOTAL REVENUES	92,351,000
CGS	0
TOTAL COSTS	51,643,000
OTHER EXPENSES	34,957,000
LOSS PROVISION	270,000
INTEREST EXPENSE	496,000
INCOME PRETAX	4,985,000
INCOME TAX	1,846,000
INCOME CONTINUING	3,139,000
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	3,139,000
EPS PRIMARY	$0.28 [1]
EPS DILUTED	$0.28 [1]

[1] Earnings per share data have been presented on the financial statements in accordance with SFAS #128 as shown below: earnings per share-basic $0.29 earnings per share-diluted $0.28

End of Filing