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

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**FORM 10-Q**

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(Mark One)

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

For the quarterly period ended December 31, 2006

OR

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

Commission File Number 001-31400

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**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 (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 whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

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

Indicate the number of shares outstanding of each of the Registrant's classes of Common Stock, as of February 5, 2007: CACI International Inc Common Stock, \$0.10 par value, 30,765,224 shares.

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**PART 1**

**FINANCIAL INFORMATION**

**Item 1. Financial Statements**

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

	<b>Three Months Ended December 31,</b>	
	<b>2006</b>	<b>2005</b>
Revenue	<u>\$ 476,909</u>	<u>\$ 419,530</u>
Costs of revenue:		
Direct costs	311,464	270,740
Indirect costs and selling expenses	119,426	101,621
Depreciation and amortization	<u>9,054</u>	<u>7,942</u>
Total costs of revenue:	<u>439,944</u>	<u>380,303</u>
Income from operations	36,965	39,227
Interest expense, net	<u>5,362</u>	<u>3,777</u>
Income before income taxes	31,603	35,450
Income taxes	<u>11,140</u>	<u>13,180</u>
Net income	<u>\$ 20,463</u>	<u>\$ 22,270</u>
Basic earnings per share	<u>\$ 0.67</u>	<u>\$ 0.74</u>
Diluted earnings per share	<u>\$ 0.65</u>	<u>\$ 0.72</u>
Weighted-average basic shares outstanding	<u>30,696</u>	<u>30,130</u>
Weighted-average diluted shares outstanding	<u>31,440</u>	<u>30,985</u>

*See Notes to Unaudited Condensed Consolidated Financial Statements*

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

	Six Months Ended December 31,	
	2006	2005
Revenue	<u>\$ 944,532</u>	<u>\$ 842,636</u>
Costs of revenue:		
Direct costs	612,191	541,617
Indirect costs and selling expenses	239,281	212,827
Depreciation and amortization	<u>19,560</u>	<u>15,477</u>
Total costs of revenue	<u>871,032</u>	<u>769,921</u>
Income from operations:	73,500	72,715
Interest expense, net	<u>11,571</u>	<u>7,390</u>
Income before income taxes	61,929	65,325
Income taxes	<u>22,663</u>	<u>23,932</u>
Net income	<u>\$ 39,266</u>	<u>\$ 41,393</u>
Basic earnings per share	<u>\$ 1.28</u>	<u>\$ 1.38</u>
Diluted earnings per share	<u>\$ 1.25</u>	<u>\$ 1.34</u>
Weighted-average basic shares outstanding	<u>30,662</u>	<u>30,102</u>
Weighted-average diluted shares outstanding	<u>31,378</u>	<u>30,999</u>

*See Notes to Unaudited Condensed Consolidated Financial Statements*

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

	December 31, 2006	June 30, 2006
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 69,335	\$ 24,650
Accounts receivable, net	378,303	392,013
Prepaid expenses and other current assets	<u>35,955</u>	<u>33,166</u>
Total current assets	483,593	449,829
Goodwill	724,573	722,458
Intangible assets, net	97,223	109,726
Property and equipment, net	23,575	25,082
Accounts receivable, long-term, net	9,740	10,170
Other long-term assets	<u>56,381</u>	<u>50,825</u>
Total assets	<u>\$1,395,085</u>	<u>\$1,368,090</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Notes payable	\$ 3,544	\$ 3,543
Accounts payable	52,503	44,921
Accrued compensation and benefits	84,562	93,398
Other accrued expenses	<u>68,599</u>	<u>69,503</u>
Total current liabilities	209,208	211,365
Notes payable, net of current portion	337,545	364,317
Other long-term liabilities	<u>49,140</u>	<u>47,049</u>
Total liabilities	<u>595,893</u>	<u>622,731</u>
Shareholders' equity:		
Common stock \$0.10 par value, 80,000 shares authorized, 38,535 and 38,403 shares issued and outstanding, respectively	3,854	3,840
Additional paid-in capital	326,777	314,573
Retained earnings	481,968	442,702
Accumulated other comprehensive income	8,189	5,840
Treasury stock, at cost (7,784 shares)	<u>(21,596)</u>	<u>(21,596)</u>
Total shareholders' equity	<u>799,192</u>	<u>745,359</u>
Total liabilities and shareholders' equity	<u>\$1,395,085</u>	<u>\$1,368,090</u>

*See Notes to Unaudited Condensed Consolidated Financial Statements*

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

	Six Months Ended December 31,	
	2006	2005
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 39,266	\$ 41,393
Reconciliation of net income to net cash provided by operating activities:		
Depreciation and amortization	19,560	15,477
Amortization of deferred financing costs	710	710
Stock-based compensation expense	7,269	9,683
Deferred income tax expense	290	379
Changes in operating assets and liabilities, net of effect of business acquisitions:		
Accounts receivable, net	15,308	5,231
Prepaid expenses and other assets	(3,170)	(1,153)
Accounts payable and other accrued expenses	2,934	(9,204)
Accrued compensation and benefits	(9,690)	(10,131)
Income taxes payable and receivable	(6,358)	(9,564)
Other liabilities	4,273	4,278
Net cash provided by operating activities	<u>70,392</u>	<u>47,099</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures	(4,036)	(6,569)
Cash paid for business acquisitions, net of cash acquired	(261)	(36,879)
Other	<u>(952)</u>	<u>(2,119)</u>
Net cash used in investing activities	<u>(5,249)</u>	<u>(45,567)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments made under long-term obligations	(26,771)	(1,872)
Proceeds from employee stock purchase plans	3,392	4,506
Proceeds from exercise of stock options	3,993	3,860
Repurchases of common stock	(2,684)	(4,651)
Other	<u>975</u>	<u>1,245</u>
Net cash (used in) provided by financing activities	<u>(21,095)</u>	<u>3,088</u>
Effect of exchange rate changes on cash and cash equivalents	<u>637</u>	<u>(427)</u>
Net increase in cash and cash equivalents	44,685	4,193
Cash and cash equivalents, beginning of period	<u>24,650</u>	<u>132,965</u>
Cash and cash equivalents, end of period	<u><u>\$ 69,335</u></u>	<u><u>\$137,158</u></u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash paid during the period for income taxes	<u>\$ 26,496</u>	<u>\$ 33,310</u>
Cash paid during the period for interest	<u>\$ 10,219</u>	<u>\$ 8,044</u>

*See Notes to Unaudited Condensed Consolidated Financial Statements*

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

	<b>Three Months Ended December 31,</b>		<b>Six Months Ended December 31,</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
Net income	\$20,463	\$22,270	\$39,266	\$41,393
Change in foreign currency translation adjustment	2,233	(1,169)	2,996	(1,719)
Change in fair value of interest rate swap agreement, net	(200)	179	(647)	823
Comprehensive income	<u>\$22,496</u>	<u>\$21,280</u>	<u>\$41,615</u>	<u>\$40,497</u>

*See Notes to Unaudited Condensed Consolidated Financial Statements*

**CACI INTERNATIONAL INC**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of CACI International Inc and subsidiaries (CACI or the Company) have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Certain information and note disclosures normally included in the annual financial statements, prepared in accordance with U.S. generally accepted accounting principles (GAAP), 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 condensed 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 unaudited consolidated financial statements be read in conjunction with the audited consolidated financial statements and the notes thereto included in the Company's latest annual report to the SEC on Form 10-K for the year ended June 30, 2006. The results of operations for the three and six months ended December 31, 2006 are not necessarily indicative of the results to be expected for any subsequent interim period or for the full fiscal year.

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

2. New Accounting Pronouncements

In June 2006, the Financial Accounting Standards Board (FASB) Emerging Issues Task Force (EITF) reached a consensus on EITF No. 06-3, *How Sales Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (That Is, Gross Versus Net Presentation)* (EITF 06-3). The EITF reached a consensus that a company should disclose its accounting policy (i.e., gross or net presentation) regarding presentation of taxes within the scope of this issue. The EITF also concluded that once the new standard is effective (January 1, 2007), a company should disclose the amount of such taxes for periods in which these taxes included in gross revenues are considered material. The Company collects and remits sales taxes on equipment that it purchases and sells under its contracts with customers, and reports such amounts under the gross method as revenue, and as other direct costs, in its consolidated statements of operations. The Company has evaluated the amount of sales taxes collected and remitted in recent years and determined that such amounts are immaterial and disclosure will therefore not be required. The Company will monitor amounts of sales taxes collected and remitted in future periods and will disclose such amounts if they are material.

In July 2006, the FASB issued FASB Interpretation No. 48 (FIN No. 48), *Accounting for Uncertainty in Income Taxes*, 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. The provisions of FIN No. 48 will be effective July 1, 2007 for CACI. The Company is in the process of determining the effect, if any, the adoption of FIN No. 48 will have on its financial statements and related disclosures.

In September 2006, the FASB issued Statement of Financial Accounting Standards (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 financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The Company has not yet evaluated what impact, if any, SFAS No. 157 will have 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 Postretirement Plans—an amendment of FASB Statements No. 87, 88, 106, and 132(R)* (SFAS No. 158). SFAS No. 158 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 president of the Company's U.S. operations. SFAS No. 158 will be effective for the Company as of June 30, 2007. Management does not expect the adoption of SFAS No. 158 to have a material effect on the Company's results of operations or its financial position.



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In September 2006, the SEC issued Staff Accounting Bulletin (SAB) No. 108 on Quantifying Misstatements (SAB No. 108). SAB No. 108 requires companies to use both a balance sheet and an income statement approach when quantifying and evaluating the materiality of a misstatement, and contains guidance on correcting errors under the dual approach. SAB No. 108 also provides transition guidance for correcting errors existing in prior years. SAB No. 108 is effective for annual financial statements covering the first fiscal year ending after November 15, 2006, with earlier application encouraged for any interim period of the first fiscal year ending after November 15, 2006, and filed after September 13, 2006. The Company does not expect the adoption of SAB No. 108 to have a material impact on its results of operations or financial position.

### 3. Cash and Cash Equivalents

Cash and cash equivalents at December 31, 2006 and June 30, 2006, consisted of the following (cost approximates fair value):

	<u>December 31,</u> <u>2006</u>	<u>June 30,</u> <u>2006</u>
	(dollars in thousands)	
Money market funds	\$69,335	\$17,675
Cash	<u>—</u>	<u>6,975</u>
Total cash and cash equivalents	<u>\$69,335</u>	<u>\$24,650</u>

### 4. Accounts Receivable

Total accounts receivable are net of allowance for doubtful accounts of approximately \$4.5 million and \$4.6 million at December 31, 2006 and June 30, 2006, respectively. Accounts receivable consisted of the following:

	<u>December 31,</u> <u>2006</u>	<u>June 30,</u> <u>2006</u>
	(dollars in thousands)	
Billed receivables:		
Billed receivables	\$291,312	\$300,903
Billable receivables at end of period	<u>49,873</u>	<u>48,176</u>
Total billed receivables	<u>341,185</u>	<u>349,079</u>
Unbilled receivables:		
Unbilled pending receipt of contractual documents authorizing billing	37,118	42,934
Unbilled retainages and fee withholdings expected to be billed beyond the next 12 months	<u>9,740</u>	<u>10,170</u>
Total unbilled receivables	<u>46,858</u>	<u>53,104</u>
Total accounts receivable, net	<u>\$388,043</u>	<u>\$402,183</u>

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### 5. Intangible Assets

Intangible assets were as follows:

	December 31, 2006	June 30, 2006
	(dollars in thousands)	
Customer contracts and related customer relationships	\$157,197	\$160,049
Covenants not to compete	1,682	1,682
Other	746	746
Intangible assets, at cost	159,625	162,477
Less accumulated amortization	62,402	52,751
Total intangible assets, net	<u>\$ 97,223</u>	<u>\$109,726</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 December 31, 2006 is 8.0 years, and the weighted-average remaining period of amortization is 6.0 years. Effective July 16, 2006, the Company sold its rights under certain tasks of a contract relating to the Surface Ship Maintenance Improvement Program (SSMIP) to an unrelated third party (see Note 7). As a result of this sale, \$3.2 million of fully amortized intangible assets were removed from cost of intangible assets and accumulated amortization during the first quarter of fiscal year ending June 30, 2007. Expected amortization expense for the remainder of the fiscal year ending June 30, 2007, and for each of the fiscal years thereafter, is as follows (in thousands):

	Amount
(dollars in thousands)	
Year ending June 30, 2007	\$12,761
Year ending June 30, 2008	22,854
Year ending June 30, 2009	20,295
Year ending June 30, 2010	17,993
Year ending June 30, 2011	13,388
Thereafter	9,932
	<u>\$97,223</u>

### 6. Notes Payable and Credit Facilities

The details of notes payable are as follows:

	December 31, 2006	June 30, 2006
	(dollars in thousands)	
Bank credit facilities:		
Revolving credit loans	\$ —	\$ 25,000
Term loans	340,375	342,125
Mortgage note payable	714	735
Total long-term debt	341,089	367,860
Less current portion	(3,544)	(3,543)
Long term debt, net of current portion	<u>\$337,545</u>	<u>\$364,317</u>

Effective May 3, 2004, concurrent with the acquisition of the Defense and Intelligence Group of American Management Systems, Inc. (D&IG), the Company entered into 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). The 2004 Credit Facility also 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 December 31, 2006, the Company had \$0.1 million of outstanding letters of credit. Accordingly, \$199.9 million was available for borrowing as of December 31, 2006.

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 2, 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 prior

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lender approvals. 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 2, 2009.

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 2, 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 the LIBOR to outstanding borrowings. As of December 31, 2006, the effective interest rate, excluding the effect of amortization of debt financing costs for the outstanding borrowings under the 2004 Credit Facility, was 6.75 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 December 31, 2006, 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. The Company capitalized 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. All debt financing costs are being amortized from the date incurred to the expiration date of the Term Loan. The unamortized balance of \$5.0 million and \$5.7 million at December 31, 2006 and June 30, 2006, respectively, is included in "Prepaid expenses and other current assets" and "Other long-term assets" on the accompanying condensed consolidated balance sheets.

Long-term debt as of December 31, 2006 also includes \$0.7 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.

The aggregate maturities of long-term debt at December 31, 2006 are as follows (in thousands):

Twelve months ending December 31,	
2007	\$ 3,544
2008	3,547
2009	3,550
2010	3,553
2011	326,431
Thereafter	464
Total long-term debt	<u>\$341,089</u>

As a condition of its 2004 Credit Facility, in May 2005, the Company entered into two forward interest rate swap agreements under which it exchanges floating-rate interest payments for fixed-rate interest payments. The agreements cover a combined notional amount of debt totaling \$98.0 million, provide for swap payments over a two-year period beginning in March 2006, and are settled on a quarterly basis. The weighted-average fixed interest rate provided by the agreements is 4.22 percent.

The Company accounts for its interest rate swap agreements under the provisions of SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, and has determined that the two swap agreements qualify as effective hedges. Accordingly, the fair value of the interest rate swap agreements at December 31, 2006 of \$1.3 million has been reported in "Prepaid expenses and other current assets" with an offset, net of an income tax effect, included in "Accumulated other comprehensive income" in the accompanying condensed consolidated balance sheet. This amount will be reclassified into interest expense as yield adjustments in the period during which the related floating-rate interest is incurred. The decrease in fair value of \$0.2 and \$0.6 million, which is net of income tax effects, is reported as an adjustment to income in the accompanying consolidated statements of comprehensive income for the three and six months ended December 31, 2006, respectively.

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### 7. 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.

#### *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 purchase a sufficient number of units over the subcontract term to allow it to realize the lowest unit cost available. Based upon that expectation, unit costs incurred to date have been recognized as direct costs at such lowest unit cost in the accompanying condensed 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 \$3.9 million, which has not been recorded in the Company's condensed consolidated financial statements as of December 31, 2006.

#### *Department of Energy Office of Inspector General Subpoena*

On March 27, 2006, CACI received a subpoena from the Department of Energy, Office of Inspector General (OIG) seeking documents regarding "alliance benefits" received and granted by CACI. By way of example, some types of agreements that may involve alliance benefits include teaming agreements, strategic partnering agreements and reseller agreements. The Company has met with OIG personnel regarding the scope of the request and provided documentation pertaining to certain equipment vendor arrangements. While the Company is unable to assess the significance of the inquiry based on information received to date, and the documentation provided, management believes that the Company has properly considered the benefits attributable to alliance arrangements and that the resolution of this matter will not have a material impact on its financial position or results of operations.

#### *Notice of Organizational Conflict of Interest*

During the year ended June 30, 2006, the Company was formally notified that it performed certain work for a customer that raised organizational conflict of interest (OCI) issues that needed to be addressed. The Company and customer personnel negotiated a resolution to eliminate the OCI issues, which included the sale of certain contract work for which actual or potential OCI issues could not otherwise be mitigated.

Effective July 16, 2006, to comply with the customer's requirements to mitigate the conflict, the Company sold to a third party its rights under certain tasks of a contract relating to the Surface Ship Maintenance Improvement Program (SSMIP). This conflicted work provided approximately \$20.0 million of revenue during the year ended June 30, 2006. As of December 31, 2006, the Company had received \$0.8 million for the sale of its rights covering the conflicted work, and anticipates receiving additional consideration depending on the amount of funding ultimately received by the purchaser. The sale did not have a material impact on the Company's consolidated financial statements. The net proceeds were, and any future payments will be, recorded as an offset against indirect costs and selling expenses on the Company's consolidated statements of operations.

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### 8. Stock Based Compensation

Effective July 1, 2005, the Company adopted the provisions of SFAS No. 123R, *Share-Based Payments* (SFAS No. 123R) using the modified retrospective transition method. A summary of the components of stock-based compensation expense recognized during the three and six months ended December 31, 2006 and 2005, together with the income tax benefits realized, is as follows (in thousands):

	Three Months Ended December 31,		Six Months Ended December 31,	
	2006	2005	2006	2005
Stock-based compensation included in indirect costs and selling expense:				
Non-qualified stock option expense	\$1,603	\$1,620	\$4,663	\$7,401
Restricted stock and restricted stock unit expense	1,233	1,050	2,606	2,282
Total stock-based compensation expense	<u>\$2,836</u>	<u>\$2,670</u>	<u>\$7,269</u>	<u>\$9,683</u>
Income tax benefit recognized for stock-based compensation expense	<u>\$ 944</u>	<u>\$ 847</u>	<u>\$2,617</u>	<u>\$3,547</u>

SFAS No. 123R affects the classification of cash flows by requiring that certain income tax benefits realized upon the exercise of stock options or the vesting of restricted shares or restricted stock units be reported as financing cash flows. During the six months ended December 31, 2006 and 2005, the Company recognized \$0.7 million and \$1.2 million, respectively, of excess tax benefits, which have been reported as financing cash inflows in the accompanying condensed consolidated statements of cash flows.

The Company issues non-qualified stock options and shares of restricted stock (restricted stock units (RSUs) through December 31, 2005) on an annual basis to its directors and key employees under the 2006 Stock Incentive Plan (the 2006 Plan). The 2006 Plan was approved by the Company's stockholders in November 2006. Previous grants were made under the 1996 Stock Incentive Plan (the 1996 Plan). During the three and six months ended December 31, 2006, the exercise price of all non-qualified stock option grants, and the value of all shares 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. 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. The Company also issues equity instruments in the form of RSUs under its Management Stock Purchase Plan (MSPP), and Director Stock Purchase Plan (DSPP) (see Note 9).

The activity related to non-qualified stock options and RSUs/restricted shares during the six months ended December 31, 2006 is as follows:

	Non-qualified stock options	RSUs/ restricted shares
Outstanding, June 30, 2006	2,397,842	253,730
Granted	397,850	94,100
Exercised	(130,815)	(1,133)
Forfeited	(68,549)	(17,485)
Outstanding, December 31, 2006	<u>2,596,328</u>	<u>329,212</u>
Weighted average exercise price of stock option grants	<u>\$54.83</u>	
Weighted average grant date fair value for RSUs/restricted shares		<u>\$54.70</u>

Under the terms of the stock option and RSU/restricted stock agreements, grantees retiring at or after age 65 will vest in 100 percent of their awards. The Company recognizes the expense associated with stock option, restricted stock and RSUs granted to employees who have reached age 65 in full at the time of grant. The Company recognizes the expense associated with stock option, restricted stock or 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. During the six months ended December 31, 2006 and 2005, the Company recognized approximately \$1.1 million and \$4.8 million, respectively, of stock compensation expense for awards made to employees aged 65 or older at the date of grant.

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As of December 31, 2006, there was \$22.6 million of total unrecognized compensation cost related to stock options scheduled to be recognized over a weighted average period of 3.5 years, and \$9.1 million of total unrecognized compensation cost related to restricted shares and RSUs scheduled to be recognized over a weighted average period of 1.9 years.

### 9. 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. The MSPP was subsequently amended in November 2006. These plans provide employees, management, and directors with an opportunity to acquire or increase ownership interest in the Company through the purchase of shares of the Company's common stock, subject to certain terms and conditions. There are 500,000, 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 each quarter. Eligible employees are provided the opportunity to acquire Company common stock once each quarter. The maximum number of shares that an eligible employee could 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 offering period. 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 three or six month periods ended December 31, 2006 and 2005. As of December 31, 2006, participants have purchased approximately 430,000 shares under the ESPP at a weighted average price per share of \$45.14. Of these shares, approximately 24,000 were purchased during the three months ended December 31, 2006, at a weighted average price per share of \$52.26.

The MSPP provides those senior executives with stock holding requirements a mechanism to receive RSUs in lieu of up to 30 percent of their annual bonus. Beginning with the fiscal year ended June 30, 2006, RSUs awarded in lieu of bonuses earned are granted at 95 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, 2003, 2004 and 2005, RSUs were granted at 85 percent of the price of a share of Company 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. As of December 31, 2006, the Company had granted 96,090 RSUs under the MSPP at a weighted-average purchase price of \$36.91, as adjusted for the applicable discounts. Of these, 14,145 RSUs were granted during the six months ended December 31, 2006. Since July 1, 2003, 35,452 of the RSUs granted under the MSPP have vested, and 14,818 have been forfeited, leaving 45,820 RSUs outstanding under the MSPP as of December 31, 2006. Shares underlying the forfeited RSUs are credited back to the MSPP and become available for future grants. In November 2006, the MSPP was amended and restated. Under the terms of the amended and restated MSPP, the Compensation Committee of the Company's Board of Directors may authorize the issuance of RSUs at a discount to fair market value of up to 15%, rather than 5%. In addition, the amended and restated MSPP provides for mandatory deferrals of 20% (or a greater or lesser percentage as determined by the Company) of a participant's annual bonus towards the purchase of RSUs and elective deferrals of up to 100% of a participant's remaining bonus. The amended and restated MSPP also provides that the Company may grant matching awards, in an amount not to exceed 25% of the participant's mandatory and elective deferrals, at the discretion of the Compensation Committee.

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. As of December 31, 2006, 3,881 RSUs had been granted under the DSPP at a weighted average price per share of \$46.80 and of these, 324 were granted during the six months ended December 31, 2006 at a weighted average price per share of \$51.67. Since July 1, 2003, 1,765 RSUs granted under the DSPP have vested, leaving 2,116 outstanding as of December 31, 2006.



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### 10. Income Taxes

The Company utilizes the liability method of accounting for income taxes. Under this method, deferred income taxes are recognized for the tax consequences of temporary differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. Enacted statutory tax rates are used to calculate the tax consequences of these temporary differences. During the three and six months ended December 31, 2005, the Company recorded \$0.3 million and \$0.9 million of research and development credits, respectively, in accordance with Internal Revenue Code (IRC) Section 174. The provisions of this section had expired effective December 31, 2005, and were extended retroactively to January 1, 2006 in December 2006. As a result of the retroactive extension, during the three months ended December 31, 2006, the Company recognized \$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 174. During the three months ended December 31, 2006, the Company also recognized an additional \$0.3 million of research and development credit attributable to research and development activities during the current fiscal year. The Company's income tax expense for the three and six months ended December 31, 2006 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.

### 11. Earnings Per Share

SFAS No. 128, *Earnings Per Share*, requires dual presentation of basic and diluted earnings per share on the face of the income statement. Basic earnings per share exclude dilution and are computed by dividing income by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflect potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. Diluted earnings per share include the incremental effect of stock options and RSUs/restricted shares calculated using the treasury stock method. The chart below shows the calculation of basic and diluted earnings per share for the three and six month periods ended December 31, 2006 and 2005, respectively:

(amounts in thousands, except per share amounts)	Three Months Ended December 31,		Six Months Ended December 31,	
	2006	2005	2006	2005
Net income	<u>\$20,463</u>	<u>\$22,270</u>	<u>\$39,266</u>	<u>\$41,393</u>
Weighted average number of basic shares outstanding during the period	30,696	30,130	30,662	30,102
Dilutive effect of stock options and RSUs/restricted shares after application of treasury stock method	<u>744</u>	<u>855</u>	<u>716</u>	<u>897</u>
Weighted average number of diluted shares outstanding during the period	<u>31,440</u>	<u>30,985</u>	<u>31,378</u>	<u>30,999</u>
Basic earnings per share	<u>\$ 0.67</u>	<u>\$ 0.74</u>	<u>\$ 1.28</u>	<u>\$ 1.38</u>
Diluted earnings per share	<u>\$ 0.65</u>	<u>\$ 0.72</u>	<u>\$ 1.25</u>	<u>\$ 1.34</u>

### 12. Business Segment Information

The Company reports operating results and financial data in two segments: domestic operations and international operations. Domestic operations provide information technology and communications solutions through all four of the Company's major service offerings: systems integration, managed network services, knowledge management and engineering services. Its customers are primarily U.S. federal agencies, however the Company also serves customers in the commercial and state and local sectors and, from time to time, serves a number of agencies of foreign governments. International operations offer services to both commercial and government customers primarily through the Company's systems integration line of business. The Company evaluates the performance of its operating segments based on income before

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income taxes. Summarized financial information concerning the Company's reportable segments is shown in the following tables.

	<u>Domestic</u>	<u>International</u>	<u>Total</u>
<b>Three Months Ended December 31, 2006</b>			
Revenue from external customers	\$457,855	\$ 19,054	\$476,909
Income before income taxes	30,286	1,317	31,603
<b>Three Months Ended December 31, 2005</b>			
Revenue from external customers	\$403,432	\$ 16,098	\$419,530
Income before income taxes	33,273	2,177	35,450
<b>Six Months Ended December 31, 2006</b>			
Revenue from external customers	\$907,425	\$ 37,107	\$944,532
Income before income taxes	59,272	2,657	61,929
<b>Six Months Ended December 31, 2005</b>			
Revenue from external customers	\$812,673	\$ 29,963	\$842,636
Income before income taxes	62,022	3,303	65,325



**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations****Forward Looking Statements**

There are statements made herein which do 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. Such statements are subject to factors that could cause actual results to differ materially from anticipated results. The factors that could cause actual results to differ materially from those anticipated include, but are not limited to, the following: regional and national economic conditions in the United States and the United Kingdom, including conditions that result from terrorist activities or war; changes in interest rates; currency fluctuations; failure to achieve contract awards in connection with recompetes for present business and/or competition for new business; the risks and uncertainties associated with client interest in and purchases of new products and/or services; continued funding of U.S. Government or other public sector projects in the event of a priority need for funds, such as homeland security, the war on terrorism or rebuilding Iraq; government contract procurement (such as bid protest, small business set asides, loss of work due to organizational conflicts of interest etc.) and termination risks; the results of government investigations into allegations of improper actions related to the provision of services in support of U.S. military operations in Iraq; individual business decisions of our clients; paradigm shifts in technology; competitive factors such as pricing pressures and/or competition to hire and retain employees (particularly those with security clearances); market speculation regarding our continued independence; material changes in laws or regulations applicable to our businesses, particularly in connection with (i) government contracts for services, (ii) outsourcing of activities that have been performed by the government, and (iii) competition for task orders under Government Wide Acquisition Contracts (GWACs) and/or schedule contracts with the General Services Administration; our own ability to achieve the objectives of near term or long range business plans; and other risks described in our Securities and Exchange Commission filings.

**Overview**

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 unaudited condensed consolidated financial statements and the notes to those statements that appear elsewhere in this Quarterly Report on Form 10-Q.

We are a leading provider of information-based systems, integrated solutions and services to the U.S. government. We derived approximately 95% of our revenues during the three and six months ended December 31, 2006 and 2005, from contracts with U.S. government agencies. We also provide services to state and local governments and commercial customers.

**Factors Affecting our Future Results of Operations**

We have recently experienced unexpected reductions in demand for our services on contracts supporting certain operations and maintenance activities in the Department of Defense (DoD). This is the result of the continuing high priority of funding for the warfighter in Iraq and Afghanistan. In addition, as of the date of this report, with the exception of the Department of Homeland Security, all federal civilian agencies are operating under a continuing resolution that is expected to last through the remainder of the U.S. government's fiscal year ending September 30, 2007. These conditions are causing our customers to defer or reduce work under current contracts.

Other factors which may affect our future results of operations include:

- an increase in the number and duration of protests of major contract awards received by us, resulting in the delay of the initiation of work;
- the competitive hiring environment for individuals with high level security clearances; and
- the recent loss of two recompeted contracts.

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### Results of Operations for the three months ended December 31, 2006 and 2005.

**Revenue** . The table below sets forth revenue by customer type with related percentages of total revenue for the three months ended December 31, 2006 and 2005, respectively:

(amounts in thousands)	Three Months Ended December 31,				Change	
	2006		2005		\$	%
Department of Defense	\$343,000	71.9%	\$307,328	73.2%	\$35,672	11.6%
Federal Civilian Agencies	106,553	22.4	88,010	21.0	18,543	21.1
Commercial	22,094	4.6	18,380	4.4	3,714	20.2
State & Local Governments	5,262	1.1	5,812	1.4	(550)	(9.5)
<b>Total</b>	<b>\$476,909</b>	<b>100.0%</b>	<b>\$419,530</b>	<b>100.0%</b>	<b>\$57,379</b>	<b>13.7%</b>

For the three months ended December 31, 2006, total revenue increased by 13.7%, or \$57.4 million, over the same period a year ago. This growth in revenue resulted primarily from the higher volume of work from DoD and Federal Civilian Agency customers. This work was primarily generated from acquisitions completed during our year ended June 30, 2006. Revenue generated from the date a business is acquired through the first anniversary of that date is considered acquired revenue. Our acquired revenue in the three months ended December 31, 2006 is as follows (in millions):

Information Systems Support, Inc. (ISS)	\$ 36.8
AlphaInsight Corporation (AI)	11.4
National Security Research, Inc. (NSR)	0.9
Others	3.9
<b>Total</b>	<b>\$ 53.0</b>

Revenue from existing operations increased by 1.0%, or \$4.4 million, for the three months ended December 31, 2006. Existing operations' revenue growth was impacted by government budget restrictions causing contract delays and cancellations, the loss of certain recompile work, the downturn in certain Department of Justice (DoJ) litigation efforts, an increase in the number and duration of protests of major contract awards we received, and the divestiture of certain tasks under our Surface Ship Maintenance Improvement Program (SSMIP).

DoD revenue increased 11.6%, or \$35.7 million, for the three months ended December 31, 2006, as compared to the same period a year ago. The majority of this increase, \$31.5 million, was attributable to our acquisitions, while revenue from existing operations increased by \$4.2 million. Existing operations' revenue growth was impacted by government budget restrictions causing contract delays and cancellations, the loss of certain recompile work, an increase in the number and duration of protests of major contract awards we received and the divestiture of work within the SSMIP contract. DoD revenue includes services provided to the U.S. Army, our largest customer, where our services focus on supporting readiness, tactical military intelligence, and communications of the warfighter in Iraq and Afghanistan. DoD revenue also includes work with the U.S. Navy and other DoD agencies for whom we provide various systems integration, engineering, network, and knowledge management services.

Revenue from Federal Civilian Agencies increased 21.1%, or \$18.5 million, for the three months ended December 31, 2006, as compared to the same period a year ago. Of this increase, \$15.5 million was attributable to our acquisitions while revenue from existing operations increased \$3.0 million. Existing operations' revenue growth was impacted by government budget restrictions causing contract delays and cancellations. Approximately 15% of the Federal Civilian Agency revenue for the quarter was derived from DoJ, for whom we provide litigation support services and maintain a debt collection system. Revenue from DoJ was \$15.8 million and \$17.8 million for the three months ended December 31, 2006 and 2005, respectively. This 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. Federal Civilian Agency revenue also includes services provided to non-DoD national intelligence agencies.

Commercial revenue increased 20.2%, or \$3.7 million, during the three months ended December 31, 2006, as compared to the same period a year ago. Commercial revenue is derived from both international and domestic operations. International operations accounted for 86%, or \$19.1 million, of total Commercial revenue, while domestic operations accounted for 14% or \$3.0 million. The entire growth in Commercial revenue came from operations within the United Kingdom (UK). The increase in the UK was attributable to an acquisition completed in FY2006 and favorable exchange rates. This increase was partly offset by a downturn in domestic Commercial revenue primarily due to lower software sales and services.

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Revenue from State and Local Governments decreased by 9.5%, or \$0.6 million, for the three months ended December 31, 2006, as compared to the same period a year ago. This decrease was attributable to a decrease in demand for information technology services that were provided across a number of states. Revenue from State and Local Governments represented 1.1% and 1.4% of our total revenue for the three months ended December 31, 2006 and 2005, respectively.

**Income from Operations .** The following table sets forth the relative percentage that certain items of expense and earnings bore to revenue for the three months ended December 31, 2006 and 2005, respectively.

(dollars in thousands)	Dollar Amount Three Months Ended December 31,		Percentage of Revenue Three Months Ended December 31,		Increase (Decrease)	
	2006	2005	2006	2005	\$	%
Revenue	\$476,909	\$419,530	100.0%	100.0%	\$57,379	13.7%
Costs of revenue						
Direct costs	311,464	270,740	65.3	64.6	40,724	15.0
Indirect costs and selling expenses	119,426	101,621	25.0	24.2	17,805	17.5
Depreciation and amortization	9,054	7,942	1.9	1.9	1,112	14.0
Total costs of revenue	439,944	380,303	92.2	90.7	59,641	15.7
Income from operations	36,965	39,227	7.8	9.3	(2,262)	(5.8)
Interest expense, net	5,362	3,777	1.2	0.9	1,585	42.0
Income before income taxes	31,603	35,450	6.6	8.4	(3,847)	(10.9)
Income taxes	11,140	13,180	2.3	3.1	(2,040)	(15.5)
Net income	\$ 20,463	\$ 22,270	4.3%	5.3%	\$ (1,807)	(8.1)%

Income from operations for the three months ended December 31, 2006 was \$37.0 million. This is a decrease of \$2.3 million, or 5.8%, from income from operations of \$39.2 million for the three months ended December 31, 2005. Our operating margin was 7.8% compared with 9.3% during the same period a year ago. This decline in income from operations was due to both direct and indirect costs growing faster than revenue. The disproportionate growth in our direct costs was due to a shift from our direct labor expense to other direct costs (ODCs), which have lower margins, as well as lower margins on acquired revenue. Our indirect costs also increased disproportionately during the current year's quarter as compared to the same period last year, due primarily to unusually low healthcare related expenses in the prior year.

As a percentage of revenue, direct costs were 65.3% and 64.6% for the three months ended December 31, 2006 and 2005, respectively. Direct costs include direct labor and ODCs such as equipment purchases, subcontractor costs and travel expenses. ODCs, which are common in our industry, typically are incurred in response to specific client tasks, and vary from period to period. The single largest component of direct costs, direct labor, was \$131.7 million and \$116.9 million for the three months ended December 31, 2006 and 2005, respectively. This increase in direct labor was attributable to acquisitions completed during our year ended June 30, 2006. ODCs were \$179.8 million and \$153.8 million during the three months ended December 31, 2006 and 2005, respectively. This increase was primarily the result of increased volume of tasking across system integration and engineering services within the aforementioned acquisitions.

Indirect costs and selling expenses include fringe benefits, marketing and bid and proposal costs, indirect labor, and other discretionary expenses. As a percentage of revenue, indirect costs and selling expenses were 25.0% and 24.2% for the three months ended December 31, 2006 and 2005, respectively. This increase in percentage is primarily the result of unusually low healthcare related expenses during the three months ended December 31, 2005. Indirect costs and selling expenses included a reduction of \$0.3 million for the three months ended December 31, 2006, related to our sale of certain tasks within our SSMIP contract and its related line of business to an unrelated third party as a result of an organizational conflict of interest. Another component of indirect costs and selling expenses is stock compensation expense. Total stock compensation expense was \$2.8 million and \$2.7 million for the three months ended December 31, 2006 and 2005, respectively.

Depreciation and amortization expense was \$9.1 million and \$7.9 million for the three months ended December 31, 2006 and 2005, respectively. This increase of \$1.1 million, or 14.0%, is primarily the result of increased intangible amortization of assets.

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acquired in the acquisitions of ISS, AI, and NSR during the year ended June 30, 2006. These intangible assets are being amortized on an accelerated basis.

Net interest expense increased \$1.6 million, or 42.0%, during the three months ended December 31, 2006 as compared to the same period a year ago. The increase in net interest expense was due to higher interest rates and lower interest income. Interest income decreased as a result of our use of cash to fund acquisitions made during the second half of the year ended June 30, 2006. We are required to repay a minimum of \$0.9 million quarterly under the terms of the 2004 Credit Facility.

Income taxes decreased \$2.0 million, or 15.5%, during the three months ended December 31, 2006 as compared to the same period a year ago. The decrease was partially attributable to the December 2006 retroactive extension to January 1, 2006 of research and development credits available under IRC Section 174. Research and development credits related to the period January 1, 2006 through June 30, 2006 were reflected in our results of operations during the three month period ended December 31, 2006, the period in which the retroactive extension was enacted. Income tax expense was also impacted by a revision which increased our effective state rate and by deductions attributable to corporate owned life insurance policies that were not previously recorded.

### Results of Operations for the six months ended December 31, 2006 and 2005.

**Revenue .** The table below sets forth revenue by customer segment with related percentages of total revenue for the six months ended December 31, 2006 and 2005, respectively:

(amounts in thousands)	Six Months Ended December 31,				Change	
	2006		2005		\$	%
Department of Defense	\$677,101	71.7%	\$614,536	72.9%	\$ 62,565	10.2%
Federal Civilian Agencies	214,398	22.7	181,070	21.5	33,328	18.4
Commercial	43,099	4.5	34,889	4.2	8,210	23.5
State & Local Governments	9,934	1.1	12,141	1.4	(2,207)	(18.2)
Total	<u>\$944,532</u>	<u>100.0%</u>	<u>\$842,636</u>	<u>100.0%</u>	<u>\$101,896</u>	<u>12.1%</u>

For the six months ended December 31, 2006, total revenue increased by 12.1%, or \$101.9 million, as compared to the same period a year ago. This growth in revenue resulted primarily from the higher volume of work from DoD and Federal Civilian Agency customers. This work was primarily generated from acquisitions completed during our year ended June 30, 2006. Revenue generated from the date a business is acquired through the first anniversary of that date is considered acquired revenue. Our acquired revenue in the six months ended December 31, 2006 is as follows (in millions):

ISS	\$ 74.6
AI	23.6
NSR	6.3
Others	8.6
Total	<u>\$113.1</u>

Revenue from existing operations decreased by 1.1%, or \$11.2 million, for the six months ended December 31, 2006, due primarily to government budget restrictions causing contract delays and cancellations, an increase in the number and duration of protests of major contract awards received by us resulting in the delay of the initiation of work, the loss of two recompeteted contracts, the downturn in certain DoJ litigation efforts, and the divestiture of certain tasks under our SSMIP contract.

DoD revenue increased 10.2%, or \$62.6 million, for the six months ended December 31, 2006, as compared to the same period a year ago. Revenue generated from our acquisitions accounted for \$68.8 million of growth while revenue from existing operations declined by \$6.2 million. This decline in revenue from existing operations is due to government budget restrictions causing contract delays and cancellations, an increase in the number and duration of protests of major contract awards received by us resulting in the delay of the initiation of work, the loss of certain recomplete work, and the divestiture of work within our SSMIP contract.

Revenue from Federal Civilian Agencies increased 18.4%, or \$33.3 million, during the six months ended December 31, 2006 as compared to the same period a year ago. Of this increase, \$31.4 million was a result of our acquisition activity while \$1.9 million of the increase was from existing operations. Existing operations' revenue growth was impacted by government budget restrictions causing contract delays and cancellations. Approximately 15% of the Federal Civilian Agency revenue for the six

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months ended December 31, 2006 was derived from DoJ, for whom we provide litigation support services and maintain a debt collection system. Revenue from DoJ was \$32.6 million and \$40.5 million for the six months ended December 31, 2006 and 2005, respectively. This 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. Federal Civilian Agency revenue also includes services provided to non-DoD national intelligence agencies.

Commercial revenue increased 23.5%, or \$8.2 million, during the six months ended December 31, 2006 as compared to the same period a year ago. Commercial revenue is derived from both international and domestic operations. International operations accounted for \$37.1 million, or 86%, of total Commercial revenue, while domestic operations accounted for \$6.0 million, or 14%. The growth in commercial revenue came from operations within the UK. Growth in the UK was generated by two acquisitions completed in FY2006 and favorable exchange rates.

Revenue from State and Local Governments decreased by 18.2%, or \$2.2 million, for the six months ended December 31, 2006, as compared to the same period a year ago. This decrease is attributed to a decreased demand for information technology services that were provided across a number of states. Revenue from State and Local Governments represented 1.1% and 1.4% of our total revenue for the six months ended December 31, 2006 and 2005, respectively.

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**Income from Operations** . The following table sets forth the relative percentage that certain items of expense and earnings bore to revenue for the six months ended December 31, 2006 and 2005, respectively.

(dollars in thousands)	Dollar Amount Six Months Ended December 31,		Percentage of Revenue Six Months Ended December 31,		Increase (Decrease)	
	2006	2005	2006	2005	\$	%
Revenue	\$944,532	\$842,636	100.0%	100.0%	\$101,896	12.1%
Costs of revenue						
Direct costs	612,191	541,617	64.8	64.3	70,574	13.0
Indirect costs and selling expenses	239,281	212,827	25.3	25.3	26,454	12.4
Depreciation and amortization	19,560	15,477	2.1	1.8	4,083	26.4
Total costs of revenue	871,032	769,921	92.2	91.4	101,111	13.1
Income from operations	73,500	72,715	7.8	8.6	785	1.1
Interest expense, net	11,571	7,390	1.2	0.9	4,181	56.6
Income before income taxes	61,929	65,325	6.6	7.7	(3,396)	(5.2)
Income taxes	22,663	23,932	2.4	2.8	(1,269)	(5.3)
Net income	\$ 39,266	\$ 41,393	4.2%	4.9%	\$ (2,127)	(5.1)%

Income from operations for the six months ended December 31, 2006 was \$73.5 million. This is an increase of \$0.8 million over income from operations of \$72.7 million for the six months ended December 31, 2005. Our operating margin was 7.8% compared with 8.6% during the same period a year ago. This decline in income from operations as a percentage of revenue was due primarily to direct costs growing faster than revenue. The disproportionate growth in our direct costs was primarily due to a shift from our direct labor expense to ODCs, which have lower margins, as well as lower margins on acquired revenue.

As a percentage of revenue, direct costs were 64.8% and 64.3% for the six months ended December 31, 2006 and 2005, respectively. Direct costs include direct labor and ODCs such as equipment purchases, subcontractor costs and travel expenses. ODCs, which are common in our industry, typically are incurred in response to specific client tasks, and vary from period to period. The single largest component of direct costs, direct labor, was \$266.6 million and \$240.2 million for the six months ended December 31, 2006 and 2005, respectively. This increase in direct labor was attributable to acquisitions completed during our year ended June 30, 2006. ODCs were \$345.6 million and \$301.4 million during the six months ended December 31, 2006 and 2005, respectively. This increase was primarily the result of increased volume of tasking across system integration and engineering services within the aforementioned acquisitions.

Indirect costs and selling expenses include fringe benefits, marketing and bid and proposal costs, indirect labor, and other discretionary expenses. As a percentage of revenue, indirect costs and selling expenses were 25.3% for both the six months ended December 31, 2006 and 2005. Indirect costs and selling expenses included a reduction of \$0.8 million for the six months ended December 31, 2006, related to our sale of certain tasks within our SSMIP contract and its related line of business to an unrelated third party as a result of an organizational conflict of interest. Another component of indirect costs and selling expenses is stock compensation expense. Total stock compensation expense was \$7.3 million and \$9.7 million for the six months ended December 31, 2006 and 2005, respectively. For certain grants made to employees who were 65 or older, the full value of the underlying grant is expensed immediately on the date of the grant, rather than amortized over a period of time because the options fully vested at the time of the grant. Our stock compensation expense for the first quarter of each fiscal year is expected to be higher than for the remaining quarters due to grants occurring in the first quarter to employees at or above the age of 65. The decline in stock compensation expense during the six months ended December 31, 2006 as compared to the same period a year ago was primarily the result of fewer key executives who were over the age of 65 receiving grants in FY2007 versus FY2006.

Depreciation and amortization expense was \$19.6 million and \$15.5 million for the six months ended December 31, 2006 and 2005, respectively. As a percentage of revenue, depreciation and amortization expense was 2.1% and 1.8% for the six months ended December 31, 2006 and 2005, respectively. This increase of \$4.1 million, or 26.4%, is the result of increased intangible amortization of assets acquired in the recent acquisitions. The intangible assets from these acquisitions are being amortized on an accelerated basis.



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We incurred net interest expense of \$11.6 million and \$7.4 million for the six months ended December 31, 2006 and 2005, respectively. The increase in net interest expense was primarily due to higher interest rates and lower interest income. Interest income decreased as a result of our use of cash to fund acquisitions made during the second half of the year ended June 30, 2006. We are required to repay a minimum of \$3.5 million annually under the terms of our credit facility.

Income taxes decreased \$1.3 million, or 5.3%, during the six months ended December 31, 2006 as compared to the same period a year ago. The decrease was partially attributable to the December 2006 retroactive extension to January 1, 2006 of research and development credits available under IRC Section 174. Research and development credits related to the period January 1, 2006 through June 30, 2006 were reflected in our results of operations during the six month period ended December 31, 2006, the period in which the retroactive extension was enacted. Income tax expense was also impacted by a revision which increased our effective state rate and by deductions attributable to corporate owned life insurance policies that were not previously recorded.

### 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 \$70.4 million and \$47.1 million for the six months ended December 31, 2006 and 2005, respectively.

We maintain a \$550.0 million credit facility (the 2004 Credit Facility), which includes a \$200.0 million revolving credit facility (the Revolving Facility), and a \$350.0 million institutional term loan (the Term Loan). The initial borrowings under the 2004 Credit Facility were \$422.6 million, of which \$340.4 million was outstanding under the Term Loan at December 31, 2006.

The Revolving Facility is a five-year, secured facility that permits continuously renewable borrowings of up to \$200.0 million, with annual sublimits on amounts borrowed for acquisitions. The Revolving Facility contains an accordion feature under which the facility may be expanded to \$300.0 million with prior lender 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. During the six months ended December 31, 2006, we paid down borrowings of \$25.0 million 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 2, 2011.

Interest rates for both Revolving Facility and Term Loan borrowings are based on 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 incurred related to the 2004 Credit Facility, as amended, were approximately \$8.7 million, and are being amortized over the life of the 2004 Credit Facility.

We have amounts due under a lease agreement classified as a capital lease for reporting purposes and amounts due under a mortgage note payable. We also maintain a line of credit facility in the United Kingdom. The total amount of reported principal due under the capital lease agreement and mortgage note payable was \$1.5 million at December 31, 2006. The total amount available under the line-of-credit facility in the U.K., which is scheduled to expire in December 2007, is approximately \$1.0 million. As of December 31, 2006, we had no borrowings under this facility.

Cash and cash equivalents were \$69.3 million and \$24.7 million at December 31, 2006 and June 30, 2006, respectively. Our operating cash flow increased to \$70.4 million for the six months ended December 31, 2006 as compared to \$47.1 million in the same period a year ago. The strength in operating cash flows during both periods reflects strong collection activity from receivables billed during the last quarter of each fiscal year.

We used cash in investing activities of \$5.2 million and \$45.6 million for the six months ended December 31, 2006 and 2005, respectively. This decrease of \$40.4 million was primarily the result of our acquisitions of NSR and Tech Computer Office Limited which were completed during the second quarter of FY2006. Payments made during the first six months of FY2007 for purchases of businesses relate to acquisitions completed in prior years. The remaining cash used in both periods was primarily for the purchases of office and computer related equipment in support of normal business requirements.

Cash used in financing activities was \$21.1 million in the six months ended December 31, 2006, while cash provided by financing activities was \$3.1 million for the six months ended December 31, 2005. This decrease was primarily attributable to a \$25.0 million repayment of borrowings under our Revolving Facility during the six months ended December 31, 2006. We had no similar repayments in the six months ended December 31, 2005.

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Cash flows from financing activities continued to benefit from proceeds received from the exercise of stock options, and purchases of stock under our Employee Stock Purchase Plan. Proceeds from these activities totaled \$7.4 million and \$8.4 million during the six months ended December 31, 2006 and 2005, respectively. These amounts were offset by cash used to purchase stock to fulfill obligations under our Employee Stock Purchase Plan. Cash used to acquire stock was \$2.7 million and \$4.7 million during the six months ended December 31, 2006 and 2005, respectively.

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, and other working capital requirements however we may consider other types of financing to support our capital needs.

### Off-Balance Sheet Arrangements and Contractual Obligations

We use off-balance sheet arrangements primarily 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 currently finance 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.

### Item 3. Quantitative and Qualitative Disclosures About Market Risk

The interest rates on both the Term Loan and the Revolving Facility are affected by changes in market interest rates. We have the ability to manage these fluctuations in part through interest rate hedging alternatives. A 1.0% change in interest rates on variable rate debt would have resulted in our interest expense fluctuating by approximately \$0.6 million and \$1.3 million for the three and six months ended December 31, 2006, respectively.

Approximately 3.9% and 3.6% of our total revenues in the six months ended December 31, 2006 and 2005, respectively, were derived from our international operations, primarily in the United Kingdom. Our practice in our international operations is to negotiate contracts in the same currency in which the predominant expenses will be incurred, thereby mitigating the exposure to foreign 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 December 31, 2006, we held pounds sterling in the United Kingdom equivalent to approximately \$10.6 million. This allows us to better utilize our cash resources on behalf of our foreign subsidiaries, thereby mitigating foreign currency conversion risks.

### Item 4. Controls and Procedures

As of the end of the 92 day period covered by this report, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15, under the supervision and with the participation of our management, including our Chief Executive Officer and Acting Chief Financial Officer.

The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, 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 limitation, 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 no assurance that any system of disclosure controls and procedures will be successful in preventing all errors or fraud, or in making all material information known in a timely manner to appropriate levels of management.

Based upon that evaluation, our Chief Executive Officer and Acting Chief Financial Officer concluded that the Company’s disclosure controls and procedures are effective to ensure that information required to be disclosed in the reports that we file or



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submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Acting Chief Financial Officer, to allow timely decisions regarding required disclosures.

The Company reports that no changes in its internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the three months ended December 31, 2006.

**PART II**  
**OTHER INFORMATION**

**Item 1. Legal Proceedings**

*Saleh, et al. v. Titan Corp., et al, Case No. 04 CV 1143 R (NLS) (S.D. Cal. 2004)*

Reference is made to Part II, Item 1, Legal Proceedings, in the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2006 for the most recently filed information concerning the suit filed in the United States District Court for the Southern District of California against CACI International Inc, CACI, INC.-FEDERAL, CACI N.V., and former CACI employee Stephen A. Stefanowicz, among other defendants, seeking a permanent injunction, declaratory relief, compensatory and punitive damages, treble damages and attorney's fees arising out of defendant's alleged act against plaintiffs, who were detainees at Abu Ghraib prison and elsewhere in Iraq.

Since the filing of Registrant's report described above, the U.S. District Court for the District of Columbia granted the motions to dismiss of the individual defendants and former CACI employees Daniel Johnson and Tim Dugan, and denied plaintiff's motion for reconsideration of the Court's dismissal of the claims against former CACI employee Stefanowicz. The parties are engaged in discovery in response to CACI's motion for summary judgment.

*Ibrahim, et al. v. Titan Corp., et al., Case No. 1:04-CV-01248-JR (D.D.C. 2004)*

Reference is made to Part II, Item 1, Legal Proceedings, in the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2006 for the most recently filed information concerning the suit filed in the United States District Court for the District of Columbia against CACI International Inc, CACI, INC.-FEDERAL, CACI N.V. and Titan Corporation, seeking compensatory and punitive damages for physical injury, emotional distress, and/or wrongful death allegedly suffered as a result of defendants' wrongful acts against plaintiffs, who were detainees at Abu Ghraib prison and elsewhere in Iraq.

Since the filing of Registrant's report described above, the parties are engaged in discovery in response to CACI's motion for summary judgment.

The Company is vigorously defending the above-described legal proceedings, and, based on its present knowledge of the facts, the Company believes the lawsuits are completely without merit.

**Item 1A. Risk Factors**

Reference is made to Part I, Item 1A, Risk Factors, in the Registrant's Annual Report on Form 10-K for the year ended June 30, 2006. Except as described below, there have been no material changes from the risk factors described in that report. The information below, which includes one new risk factor and the modification of one previously disclosed risk factor, should be read in conjunction with the risk factors and information disclosed in the Company's Form 10-K.

***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.***

There is an increasing trend in the number and duration of protests of the major contract awards we have received in the last year. 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 to 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, or 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 increasing demand and priority of funding for the warfighter in Iraq and Afghanistan may reduce the demand for our services on contracts supporting certain operations and maintenance activities in the Department of Defense;

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- the funding of all civilian agencies through a continuing resolution instead of a budget appropriation may cause our customers 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, including potential governmental shutdowns (such as that which occurred during the government's 1996 fiscal year);
- an increase in set-asides for small businesses that could result in our inability to compete directly for prime contracts; and
- curtailment of the federal government's use of technology solutions firms.

### **Item 2. Unregistered Sale of Equity Securities and Use of Proceeds**

Set forth below are equity securities purchased during the three months ended December 31, 2006 in order to satisfy our obligations under the Employee Stock Purchase Plan (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
October 2006	23,800	\$ 52.26	429,675	70,325
November 2006	—	—	—	—
December 2006	—	—	—	—
Total	<u>23,800</u>	<u>\$ 52.26</u>	<u>429,675</u>	<u>70,325</u>

### **Item 3. Defaults Upon Senior Securities**

None.

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

On November 16, 2006, CACI held its annual stockholders' meeting at the Fairview Park Marriott, 3111 Fairview Park Drive, Falls Church, Virginia 22042. The holders of at least 27,900,782 shares, or 91.02% of the total voting power of the Company, were present at the meeting or represented by proxy, constituting a quorum. The following matters were voted upon at the meeting.

Matter 1: That all of the nominees for the Board of Directors be elected for one year terms. The voting, the result of which was that all nominees were elected for one year terms, was as set forth below.

Nominee	For	Withheld	% For
Herbert W. Anderson	27,801,604	99,178	99.64
Paul M. Cofoni	27,358,075	542,707	98.05
Peter A. Derow	27,788,764	112,018	99.60
Gregory G. Johnson	27,359,667	541,115	98.06
Richard L. Leatherwood	27,646,651	254,131	99.09
J. P. London	27,349,437	551,345	98.02
Barbara A. McNamara	27,796,148	104,634	99.62
Warren R. Phillips	27,410,920	489,862	98.24
Charles P. Revoile	25,594,348	2,306,434	91.73

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Matter 2: That the 2006 Stock Incentive Plan be approved. The voting, the result of which was that the 2006 Stock Incentive Plan was approved, was as set forth below:

	<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Total</u>
Total Shares Voted	22,123,745	2,883,306	59,998	25,067,049

Matter 3: That the Amended and Restated Management Stock Purchase plan be approved. The voting, the result of which was that the Amended and Restated Management Stock Purchase Plan was approved, was as set forth below:

	<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Total</u>
Total Shares Voted	24,291,673	703,837	71,539	25,067,049

Matter 4: That a vote for adjournment of the meeting be approved if necessary to permit further solicitation of proxies for either Matter 2 or Matter 3. The voting was as set forth below:

	<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Total</u>
Total Shares Voted	13,342,448	14,425,169	133,164	27,900,781

The approval of this matter was not necessary as Matters 2 and 3 were approved.

Matter 5: That Ernst & Young LLP be ratified as the Company's Independent Auditors for the current fiscal year. The voting, the result of which was that Ernst & Young LLP was ratified as the Company's Independent Auditors for the current fiscal year, was as set forth below:

	<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Total</u>
Total Shares Voted	27,778,408	94,144	28,229	27,900,781

## **Item 5. Other Information**

None

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### **Item 6. Exhibits**

- 3.1 Certificate of Incorporation of the Registrant, as amended to date, is incorporated by reference to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission for the year ended June 30, 2000.
- 3.2 By-laws of the Registrant, as amended to date, are incorporated by reference to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission for the year ended June 30, 2000.
- 3.3 Rights Agreement dated as of July 11, 2003, between CACI International Inc and American Stock Transfer and Trust Company as Rights Agent, is incorporated by reference to the Form 8-K filed July 11, 2003.
- 4.2 Certificate of Designation, Preferences and Rights of Series A Participating Cumulative Preferred Stock of CACI International Inc is incorporated by reference to the Form 8-K filed July 11, 2003.
- 4.3 Form of Right Certificate is incorporated by reference to the Form 8-K filed July 11, 2003.
- 10.1 Amended and Restated Employment Agreement dated November 13, 2006 between J.P. London and CACI International Inc
- 10.2 Amended and Restated Severance Compensation Agreement dated December 13, 2006 between Paul M. Cofoni and CACI International Inc
- 10.3 Amended and Restated Severance Compensation Agreement dated December 18, 2006 between William M. Fairl and CACI International Inc
- 10.4 Amended and Restated Severance Compensation Agreement dated December 27, 2006 between Gregory R. Bradford and CACI International Inc
- 10.5 CACI Separation and Severance Agreement dated January 23, 2007 between Stephen L. Waechter and CACI, INC.-FEDERAL
- 31.1 Section 302 Certification Dr. J.P. London
- 31.2 Section 302 Certification Mr. Thomas A. Mutryn
- 32.1 Section 906 Certification Dr. J.P. London
- 32.2 Section 906 Certification Mr. Thomas A. Mutryn

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### SIGNATURES

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

\_\_\_\_\_  
CACI International Inc

Registrant

Date: February 8, 2007

By: /s/ Dr. J. P. London

Dr. J. P. London  
Chairman of the Board, President,  
Chief Executive Officer and Director  
(Principal Executive Officer)

Date: February 8, 2007

By: /s/ Thomas A. Mutryn

Thomas A. Mutryn  
Executive Vice President,  
Acting Chief Financial Officer and Treasurer  
(Principal Financial Officer)

Date: February 8, 2007

By: /s/ Carol P. Hanna

Carol P. Hanna  
Senior Vice President, Corporate Controller and Chief Accounting Officer  
(Principal Accounting Officer)

EMPLOYMENT AGREEMENT

(As Amended and Restated Effective January 1, 2005)

THIS AGREEMENT is made as of the 17th day of August, 1995, between CACI International Inc, a Delaware corporation headquartered at 1100 North Glebe Road, Arlington, Virginia, and Dr. J. P. London (the "Executive") residing at 1921 24th Street, NW, Washington, DC 20008. This Agreement amends and restates the Employment Agreement dated August 17 1995 in order to comply with the provisions of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"). The provisions of this restatement are effective as of January 1, 2005.

## WITNESSETH:

WHEREAS, Executive has been employed by CACI International Inc ("the Company") for a substantial length of time, and the services of Executive, his managerial experience, and his knowledge of the affairs of the Company are of great value tot the Company; and

WHEREAS, the Company deems it essential that it have the advantage of the services of Executive for a fixed period of time under the conditions set forth herein below;

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

1. Executive Position and Scope. The Company hereby employs Executive in a managerial capacity having the responsibility and authority of President and Chief Executive Officer of the Company, with powers and duties in accordance with the By-laws of the Company and customary to such position in similarly situated publicly-held companies, to be responsible for the general management of all the affairs of the Company's worldwide operations and those of all of its subsidiaries, and Executive hereby accepts such employment. Executive's powers and authority shall be superior to those of any other officer or employee of the Company, or any subsidiary or affiliate of the Company. During the period of such employment, Executive also agrees to serve, if elected, as an officer and director of any subsidiary or affiliate of the Company. Executive agrees, subject to his annual election as such, to serve as a Director of the Company or the Chairman of the Board of Directors, or both during his term of employment hereunder.
2. Term. The initial term of this Agreement shall be for one (1) year commencing on the date set forth above. This Agreement shall automatically renew itself for an additional one (1) year term on each anniversary of the commencement date of the Agreement from year-to-year so long as the Agreement is in effect, subject to termination upon any basis listed in Paragraphs 5, 6, 7 or 9 herein.
3. Compensation. Executive shall receive the following compensation for his services during the term of employment hereunder:

- a) During the period of Executive's employment, the Company shall pay to Executive a salary, the amount of which shall be fixed by the Board of Directors of the Company from time to time, provided that in no event shall Executive's salary be at a rate less than \$200,000 per year. Such compensation shall be paid to Executive with the same frequency as other executives of the Company are compensated. During the period of Executive's employment hereunder, Executive's salary shall be reviewed at least annually by the Compensation Committee of the Board of Directors.
  - b) Executive shall be entitled to participate in any bonus plan, incentive compensation plan, deferred compensation plan, pension or profit-sharing plan, stock purchase or stock option an, savings plan, annuity or group insurance plan, medical plan, and other non-severance related benefits maintained by the Company for its executive officers.
  - c) The Company shall reimburse Executive in accordance with the current expense reimbursement policies of the Company for expenses incurred by Executive in the performance of Executive's duties hereunder, including, but not limited to, transports on, meals, accommodations, entertainment, and other expenses (including business-related charitable contributions up to an amount approved by the Compensation Committee for any given year) incurred in connection with the business of the Company. To the extent necessary to avoid characterizing any reimbursement to Executive as deferred compensation under Section 409A of the Code, and the United States Treasury regulations then in effect ("Treas. Regs."), such reimbursements shall be submitted on or before March 1 following the close of the calendar year in which the expense was incurred by Executive and paid within two and one-half (2 1/2) months following the close of the calendar year in which the expense was incurred by Executive. Amounts which are not submitted within the required timeframe shall not be eligible for reimbursement hereunder.
4. Business Duty and Location. During the period of employment hereunder, and except for illness, reasonable vacation periods, and reasonable leaves of absence, (vacations or leaves of absences not to be of more than thirty (30) consecutive days duration), Executive agrees to devote in good faith his full time and best efforts, during reasonable business hours, to the services which he is required to render to the Company hereunder, and agrees to travel to the extent reasonably necessary to perform such duties.
- However, with the approval of the Board of Directors from time to time, Executive may serve, or continue to serve, on the board(s) of director of, and hold any other offices or positions in, companies or organizations, which, in the judgment of the Board of Directors, will benefit the Company and will not present any conflict of interest with the Company, or materially affect the performance of Executive's duties.
- The Company agrees that Executive's principal site of employment shall be at the principal office of the Company in the Washington, D.C. metropolitan area, and that Executive shall not be arbitrarily relocated outside of the Washington, D.C.



metropolitan area. Any relocation of Executive's principal site of employment shall be effected, if at all, only after good faith consultation and mutual agreement between the Company and Executive.

In the event that Executive shall agree to relocate his principal residence outside of the Washington, D.C. metropolitan area by reason of the relocation of the principal office of the Company, the Company shall defray all reasonable expenses incurred by Executive in relocating the personal belongings of Executive and the members of his family who reside with Executive.

5. Disability. The Company shall have the right to terminate this Agreement in the event of Executive's death, or in the event that Executive shall be unable, or shall fail, to perform services pursuant to this Agreement as a result of a mental or physical incapacitating disability, and such failure or incapacitating disability shall exist for any consecutive six (6) month period. Executive shall not be deemed to have been terminated for mental or physical disability unless and until there has been delivered to Executive a copy of a resolution duly adopted by a two-thirds (66 2/3%) majority vote of the entire number of the non-management directors of the Company's Board of Directors at a meeting of the Board called and held for the purpose (after reasonable notice to Executive and an opportunity for Executive and/or Executive's counsel to be heard before the Board), finding that in the good faith opinion of the Board on the basis of an opinion of a qualified physician mutually agreed upon by the Company and Executive, Executive is unable to perform the duties of his employment due to mental or physical disability and specifying the particulars thereof in detail.
6. Cause. This Agreement may be terminated by the Company for cause. For the purposes of this Agreement "Cause" shall be defined as gross negligence, willful misconduct or fraud on the part of Executive. 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, 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 Executive for Cause. Such resolution may be adopted by the Board only after the Board has provided to Executive (a) advance written notice of a meeting of the Board called for the purpose of determining Cause for termination of Executive, (b) a statement setting forth the alleged grounds for termination, and (c) an opportunity for Executive, and, if Executive so desires, Executive's counsel to be heard before the Board.
7. Voluntary Separation. Except as specifically provided in Paragraph 9, Executive all have the right to terminate his employment with the Company hereunder at any time by providing six (6) months advance written notice to the Board of Directors of the Company indicating Executive's desire to retire or to resign from the Company's employment. Except as specifically provided in Paragraph 9, in the event of Executive's voluntary retirement or resignation, the Company shall not be obligated to pay to Executive any termination or severance payment as described in Paragraph 8 below.

8. Termination Payment. Except in connection with a Change of Control Disposition as defined in Paragraph 9 below, if Executive's employment or this Agreement with the Company is terminated for reason other than death, termination for Cause as defined in Paragraph b, or voluntary retirement or resignation in Paragraph 7, then the Company shall pay to Executive an amount equal to eighteen (18) months of Executive's "Current Base Salary." Executive's "Current Base Salary" shall be deemed to be the highest base salary paid to Executive at any time during the thirty-six (36) months prior to termination of Executive's employment.
9. Change of Control and Termination Payments. For purposes of this Agreement, a "Change of Control Disposition" occurs whenever there is a change in control of the Company. A change in control of the Company shall be deemed to have occurred if (a) there shall be consummated (i) any consolidation or merger of the Company in which the Company is not the continuing or surviving corporation or pursuant to which shares of the Company's Common Stock would be converted into cash, securities or other property, other than a merger of the Company in which the distribution of the common stock of the merged company immediately following the merger is proportionately the same as was the distribution of the common stock of the Company immediately before the merger, or (ii) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, of the assets of the Company, or (b) the stockholders of the Company shall approve any plan or proposal for the liquidation or dissolution of the Company, or (c) any person (as such term is used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), shall become the beneficial owner (within the meaning of Rule 13d-3 under the Exchange Act) of 25 % or more of the Company's outstanding Common Stock, or (d) any change for any reason (including without limitation any result of a tender offer, proxy contest, merger or similar transaction) in the composition of the Board of Directors of the Company resulting in a majority of the present directors of the Company (Messrs. London, Coleman, Parsow, Pfirman, Phillips, Revoile, Sacks and Toups) not constituting a majority, provided that in making such determination, directors who were nominated or elected by a majority of the present directors shall be considered as part of the present majority. The "Change of Control Disposition Date" shall be that calendar date on which a Change of Control Disposition event is consummated and legally binding upon the parties.

If, following a Change of Control Disposition of the Company, Executive's employment is terminated within one (1) year of the Change of Control Disposition Date (a) involuntarily for any reason other than Executive's death or Cause or (b) voluntarily by Executive for reason, then the Company shall pay to Executive an amount equal to thirty-six (36) months of Executive's Current Base Salary, with Current Base Salary as defined in Paragraph 8 above.
10. Payment of Other Compensation. In addition to any payment due Executive pursuant to Paragraphs 8 or 9 above, at the time of termination of Executive's employment for any

reason other than "Cause" as defined in Paragraph b above, Executive shall be paid all other compensation and benefits, including incentive compensation accrued or imputed, due to Executive on the date of termination.

11. Timing of Payment . The Executive may elect to receive the compensation payable in accordance with paragraphs 8 or 9 in a lump sum or in equal payments at intervals no more often than semi-monthly, over a period selected by the Executive, provided that such period ends on or before on or before December 31st of the calendar year in which the termination occurs. Notwithstanding the forgoing, to the extent any amount payable pursuant to paragraph 9 is deemed to be deferred compensation subject to Section 409A of the Code or the Treas. Regs. then in effect, payment of such amount shall not be made before the date which is six (6) months after the date of 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 forgoing sentence shall be made on the first business day following the expiration of such six (6) month period.
12. Confidentiality . Executive shall not disclose, publish, or use for any purpose not directly related to the performance of Executive's duties for the Company, or permit anyone else to disclose, publish, or use any proprietary or confidential information or trade secrets of the Company at any time during or after his employment with the Company. This obligation shall continue so long as such information remains legally protectable as to persons receiving it in a confidential relationship. Executive agrees to return to the Company all proprietary material which he possesses on the date of termination of Executive's active employment with the Company.
13. Non-Competition . For a period of nine (9) months following termination of Executive's employment with the Company for any reason other than death or "Cause", and provided that the Company does not breach its obligations under this Agreement, Executive shall not (1) directly or indirectly, sell, market, or otherwise provide any client or previously identified prospective client of the Company, products or services similar to or in competition with those sold or distributed by the Company, in any geographic area in which the Company offers any such products or services, or (2) participate directly or indirectly in the hiring or soliciting for employment of any person employed by the Company.
14. Assignment . By reason of the special and unique nature of the services hereunder, it is agreed that neither party hereto may assign any interest, rights or duties which it or he may have in this Agreement without the prior written consent of the other party, except that upon any Change of Control Disposition as defined above in Paragraph 9, this Agreement shall inure to the benefit of and be binding upon Executive and the purchasing, surviving or resulting person, company or entity in the same manner and to the same extent as though such entity were the Company.

The Company shall require any successor or assignee (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or, substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to

Executive, expressly, absolutely and unconditionally to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place. Any failure by the Company to obtain such agreement prior to the effectiveness of any such succession or assignment shall be a material breach of this Agreement and shall entitle Executive to immediate payment of the severance compensation described in Paragraph 9 above.

15. Claim Resolution. Any controversy or claim arising out of or relating to this Agreement, or its breach, or otherwise arising out of or relating to Executive's employment (including without limitation to any claim of discrimination whether based on race, color, religion, national origin, gender, age, sexual preference, disability, status as disabled or Vietnam-era veteran, or any other legally protected status, and whether based on federal or State law, or otherwise) by the Company shall be resolved by arbitration. This arbitration shall be held in the jurisdiction appropriate to the principal location of the Company (currently 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. The above notwithstanding, nothing in this Paragraph 15 shall be deemed a waiver of any of the Executive's or the Company's rights or entitlements under law.
16. Executive Estate. This Agreement shall inure to the benefit of and be enforceable by Executive's personal and legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees if Executive should die while any amounts are still payable to him hereunder, all such amounts shall be paid in accordance with the terms of this Agreement to Executive's devisee, legatee, or other designee or, if there be no such designee, to Executive's estate.
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 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. This Agreement shall be construed and enforced in accordance with the laws of the Commonwealth of Virginia.
18. Notices. For purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt registered, postage prepaid, as follows:

If to the Company:

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CACI International Inc.  
1100 N. Glebe Road  
16th Floor  
Arlington, Virginia 22201  
Attention: General Counsel

If to the Executive:

Dr. J. P. London  
1921 24th Street, NW  
Washington, D.C. 20008

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.

19. 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.
20. 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.
21. Legal Fees. The Company shall pay any reasonable legal fees and expenses including those of experts and witnesses which Executive may incur in connection with any dispute or proceeding brought to interpret or enforce this Agreement.
22. Headings. The headings of numbered Paragraphs in this Agreement have been included for convenience only and in no way define or limit the scope, content or substance of this Agreement, nor in any way affect its provisions or obligations.
23. Entire Agreement. This Agreement constitutes the entire understanding and agreement between the Company and Executive with regard to all matters herein. It supersedes and replaces any and all prior agreements written or oral between the Company and Executive concerning Executive's employment, including the Executive's Employment Agreement dated July 1, 1990, except that the Executive's Agreement for Life Time Medical Benefits with the Company dated August 17, 1995, is not effected in any way hereunder, and remains in full force and effect as a separate agreement between the Executive and the Company.
24. Compliance with Section 409A. To the extent that Section 409A of the Code applies to any election or payment required under this Agreement, such payment or election shall be made in conformance with the provisions of Section 409A of the Code and the Treas. Regs. then in effect.

25. Initials. Each page of this Agreement shall be initialed and dated by the Executive and that official signing for and on behalf of the Company.

In witness whereof the parties have executed this Agreement first above written.

CACI International Inc

Executive

By: /s/  
Arnold D. Morse

By: /s/

I, Gary R. Madison, certify that I am the Deputy General Counsel of CACI International Inc; that Arnold D. Morse, who signed this Agreement for this Corporation, was then Chief Legal Counsel of this Corporation; and that this Agreement was duly signed for and on behalf of this Corporation by' authority of its governing body and within the scope of its corporate powers.

Witness my hand and the seal of this Corporation this 13th day of November, 2006.

/s/  
Gary R. Madison  
Deputy General Counsel & Assistant Secretary

SEVERANCE COMPENSATION AGREEMENT

THIS AGREEMENT is made as of the 13<sup>th</sup> day of December, 2006, between CACI International Inc, a Delaware corporation headquartered at 1100 North Glebe Road, Arlington, Virginia, and Paul M. Cofoni (the "Executive") residing at 7761 Indersham Drive, Falls Church, VA 22042. This Agreement constitutes an amended and restated understanding of the parties based on the application of Section 409A of the Internal Revenue Code and, as such, replaces the Severance Compensation Agreement between the parties. The provisions of this restatement are effective as of January 1, 2005.

## 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;

WHEREAS, the Board of Directors of CACI International Inc has adopted a policy governing the obligations of the Company and its senior executives (known as the Top Management Team) in the event that the employment of any senior executive of the Company is terminated (the Senior Executive Severance Policy); and

WHEREAS, the Company and the Executive desire to apply the Senior Executive Severance Policy to the Executive through the mechanism of this Agreement;

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. 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. The term of this Agreement shall be for the period from August 15, 2005 through June 30, 2006, 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 Senior Executive Severance Policy 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. This agreement incorporates by reference the Employment Agreement between the Executive and the Company, a copy of which is attached hereto. In the event of an

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inconsistency between the Employment Agreement and this Severance Compensation Agreement, this Severance Compensation Agreement shall prevail.

4. The Company shall have the right to terminate the Executive's employment without payment of severance as provided below in the event of the Executive's death, or on thirty (30) days written notice in the event that the Executive shall be unable, or shall fail, to perform all of the services required of his position with the Company as a result of any mental or physical incapacitating disability, to the extent that such inability or failure to perform required duties shall exist for any consecutive ninety (90) day period. "Disability" shall be as determined by the insurance company providing disability insurance coverage to the Executive at the Company's expense. 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.
5. The Executive shall have the right on thirty (30) days written notice to the Company to terminate his employment with 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.
6. Except as provided in Paragraph 4 and 5, the Executive's employment with the Company maybe terminated without payment of severance as provided below only in the event of a termination for cause as defined in this Paragraph. For the purposes of this Agreement, "Cause" shall be defined as gross negligence, willful misconduct, fraud, willful disregard of the CEO's direction or breach of published Company policy. The Executive may be terminated for Cause only in accordance with a resolution duly adopted by an absolute majority of the Company's Board of Directors 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. Such resolution may be adopted by the Board of Directors only after the Board has provided to the Executive (1) advance written notice of a meeting of the Board called for the purpose of determining Cause for termination of the Executive, (2) a statement setting forth the alleged grounds for termination, and (3) an opportunity for the Executive and, if the Executive so desires, the Executive's counsel to be heard before the Board.
7. Except in connection with a Change of Control Disposition as defined in Paragraph 14, if the Executive's employment with the Company is terminated on or before August 15, 2007 for any reason other than those set forth in Paragraphs 4, 5 or 6 above, then the Company shall pay to the Executive an amount equal to one (1) year his current salary and one (1) year CACI executive health care subject to the terms and conditions of the then current Company health care plan provided to Executive Officer of the Company. Notwithstanding the foregoing, if the Executive accepts post-employment with another entity that provides healthcare, during the one (1) year period, the Company shall not provide the Executive with health care coverage. Except in connection with



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a Change of Control Disposition as defined in Paragraph 14, if the Executive's employment with the Company is terminated after August 15, 2007 for any reason other than those set forth in Paragraphs 4, 5 and 6 above, then the Company shall pay to the Executive an amount equal to two (2) years of the Executive's then base salary.

8. If, following a Change of Control Disposition of the Company as defined below in Paragraph 14, Executive resigns for "Good Reason" as defined in this Paragraph or the Executive's employment is terminated voluntarily within eighteen (18) months of the "Change of Control Disposition Date" as defined in Paragraph 14 for any reason other than the reasons set forth in Paragraphs 4, 5 or 6 above, then the Company shall pay to the Executive a one-time payment equal to eighteen (18) months of the Executive's base salary which payment is conditioned on abiding by the terms of the Employee Agreement. "Good reason" for the Executive's resignation shall mean the occurrence of any of the following circumstances without the Executive's prior written consent:
  - (a) A reduction in the Executive's base salary as it existed on the day before the Change of Control Disposition Date;
  - (b) A reduction in the benefits and/or incentive compensation payable to the Executive from the level applicable to the Executive on the day before the Change of Control Disposition Date;
  - (c) You are no longer an Executive Officer of the Surviving Corporation as such term is defined by the Securities Exchange Act of 1933;
  - (d) The assignment to the Executive of any duties inconsistent (except in the nature of a promotion) with the position that the Executive held on the day before the Change of Control Disposition Date or a substantial adverse alteration in the nature or status of the Executive's position or responsibilities or the conditions of the Executive's employment from those in effect on such date; and
  - (e) 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 of Control Disposition Date;
9. At the time of termination of the Executive's employment for any reason the Executive shall be paid all other compensation and benefits due to the Executive at the time of termination.
10. The Executive may elect to receive the compensation payable in accordance with this Agreement in a lump sum or in equal payments at intervals no more often than semi-monthly, over a period of the Executive's choice not to exceed six (6) months. If the Executive elects to receive payments over a period of up to six (6) months, any amount remaining unpaid as of December 15<sup>th</sup> of the calendar year in which the Executive's termination of employment occurs shall be paid in a single lump sum on or before December 31<sup>st</sup> of such calendar year.

11. The Agreement is intended to constitute a separation pay arrangement that does not provide for the deferral of compensation subject to Section 409A of the Code and, if any provision of the Agreement 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 Agreement not being subject to the provisions of Section 409A. Notwithstanding the intent of this Agreement, if it is subsequently determined that Section 409A of the Code applies to all or any portion of the payments required under this Agreement, such payments shall only be made in connection with a separation from service (within the meaning of Section 409A(a)(2)(A)(i) of the Code). Further, if the Executive is a "specified employee," as defined in Section 409A(a)(2)(B)(i) of the Code, any payment which would otherwise be made within six (6) months following the date of the Executive's separation from service shall not be made before the date which is six (6) months after the date of 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 forgoing sentence shall be made on the first business day following the expiration of such six (6) month period.
12. The Executive shall not disclose, publish, or use for any purpose not directly related to the performance of the Executive's duties for the Company, or permit anyone else to disclose, publish, or use any proprietary or confidential information or trade secrets of the Company at any time during or after his employment with the Company. This obligation shall continue so long as such information remains legally protectible as to persons receiving it in a confidential relationship. Executive agrees to return to the Company all proprietary material which he possesses on the date of termination of the Executive's active employment with the Company.
13.
  - 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.

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- 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 to maintain the confidentiality of any and all information concerning CACI and affiliate Companies, with respect to its business, operations, finances, employees or enterprise during the period of a year employment and for three (3) years after termination of such employment.
  - H. 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.
14. 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 of Control Disposition" of the Company through purchase, merger, consolidation, liquidation, the acquisition by any person (as such term is used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended) of beneficial ownership of twenty-five percent (25%) or more of the Company's common stock, or sale of all or substantially all of the assets of the Company to another party whether or not the Company is the surviving corporation, 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. The "Change of Control Disposition Date" shall be that calendar date on which the Change of Control Disposition event is consummated and legally binding upon the parties.

15. 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.
16. In consideration of any payment made to the Executive pursuant to this Agreement, the Executive, for himself, his heirs and legal representatives, releases and forever discharges the Company, its predecessors, successors, parent, subsidiary or affiliate companies, and all of their past, present or future directors, officers, employees or agents from any and all claims, demands, or causes of action, whether known or unknown, existing at the time of payment or arising subsequently thereto, arising out of or related to the Executive's employment by the Company or the termination of that employment.
17. 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.
18. This Agreement constitutes the entire understanding and agreement between the Company and the Executive with regard to all matter herein. This Agreement may be amended only in writing, signed by both parties hereto.

IN WITNESS WHEREOF the parties have executed this Agreement to be effective the day and year first above written.

**CACI International Inc**

**Paul M. Cofoni**

By: /s/  
Arnold D. Morse

/s/

## SEVERANCE COMPENSATION AGREEMENT

THIS AGREEMENT is made as of the 18<sup>th</sup> day of December, 2006, between CACI International Inc, a Delaware corporation headquartered at 1100 North Glebe Road, Arlington, Virginia (the "Company"), and Williams M. Fairl (the "Executive") residing at 95884 Iron Stone Court, Centreville, VA 20120. This Agreement constitutes an amended and restated understanding of the parties based on the application of Section 409A of the Internal Revenue Code and, as such, replaces the Severance Compensation Agreement between the parties. The provisions of this restatement are effective as of January 1, 2005

### 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;

WHEREAS, the Board of Directors of CACI International Inc has adopted a policy governing the obligations of the Company and its senior executives (known as the Top Management Team) in the event that the employment of any senior executive of the Company is terminated (the Senior Executive Severance Policy); and

WHEREAS, the Company and the Executive desire to apply the Senior Executive Severance Policy to the Executive through the mechanism of this Agreement;

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. 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. The term of this Agreement shall be for the period from September 12, 2005 through June 30, 2006, 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 Senior Executive Severance Policy 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. The Company shall have the right to terminate the Executive's employment without payment of severance as provided below in the event of the Executive's death, or on thirty (30) days written notice in the event that the Executive shall be unable, or shall

fail, to perform all of the services required of his position with the Company as a result of any mental or physical incapacitating disability, to the extent that such inability or failure to perform required duties shall exist for any consecutive ninety (90) day period. "Disability" shall be as determined by the insurance company providing disability insurance coverage to the Executive at the Company's expense. The Company's right to terminate the Executive's employment without payment of severance under this Paragraph shall not limit or reduce in any way the Executive's right to receive benefits under any disability insurance or plan maintained by the Company for the benefit of the Executive.

4. The Executive shall have the right on thirty (30) days written notice to the Company to terminate his employment with 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. Except as provided in Paragraph 3 and 4, the Executive's employment with the Company may be terminated without payment of severance as provided below only in the event of a termination for cause as defined in this Paragraph. For the purposes of this Agreement, "Cause" shall be defined as gross negligence, willful misconduct, fraud, willful disregard of the CEO's direction or breach of published Company policy. The Executive may be terminated for Cause only in accordance with a resolution duly adopted by an absolute majority of the Company's Board of Directors 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. Such resolution may be adopted by the Board of Directors only after the Board has provided to the Executive (1) advance written notice of a meeting of the Board called for the purpose of determining Cause for termination of the Executive, (2) a statement setting forth the alleged grounds for termination, and (3) an opportunity for the Executive and, if the Executive so desires, the Executive's counsel, to be heard before the Board.
6. Except in connection with a Change of Control Disposition as defined in Paragraph 13, if the Executive's employment with the Company is terminated for any reason other than those set forth in Paragraphs 3, 4 or 5 above, then the Company shall pay to the Executive an amount equal to four (4) months of the Executive's 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 salary.
7. If, following a Change of Control Disposition of the Company as defined below in Paragraph 13, Executive resigns for "Good Reason" as defined in this Paragraph or the Executive's employment is terminated within one (1) year of the "Change of Control Disposition Date" as defined in Paragraph 13 for any reason other than the reasons set forth in Paragraphs 3, 4 or 5 above, then the Company shall pay to the Executive an amount equal to two (2) times the amount that the Company would have been required to pay the Executive under Paragraph 6 above if the Executive's employment had been terminated in the absence of a Change of Control Disposition. "Good reason" for the

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Executive's resignation shall mean the occurrence of any of the following circumstances without the Executive's prior written consent:

- (a) A reduction in the Executive's base salary as it existed on the day before the Change of Control Disposition Date;
  - (b) A reduction in the benefits and/or incentive compensation payable to the Executive from the level applicable to the Executive on the day before the Change of Control Disposition Date unless such reduction is accomplished as part of a change in benefits and/or incentive compensation plans applicable to all officers of the Company;
  - (c) The assignment to the Executive of any duties inconsistent (except in the nature of a promotion) with the position that the Executive held on the day before the Change of Control Disposition Date or a substantial adverse alteration in the nature or status of the Executive's position or responsibilities or the conditions of the Executive's employment from those in effect on such date; or
  - (d) 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 of Control Disposition Date;
8. At the time of termination of the Executive's employment for any reason the Executive shall be paid all other compensation and benefits due to the Executive at the time of termination.
9. Any compensation payable in accordance with this Agreement will be paid to the Executive in equal semi-monthly installments based on a one (1) year payment period; provided, however, any amount remaining unpaid as March 1<sup>st</sup> of the calendar year following the calendar year in which the Executive's termination of employment occurs shall be paid in a single lump sum prior to March 15<sup>th</sup> of such calendar year.
10. The Agreement is intended to constitute a separation pay arrangement that does not provide for the deferral of compensation subject to Section 409A of the Code and, if any provision of the Agreement 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 Agreement not being subject to the provisions of Section 409A. Notwithstanding the intent of this Agreement, if it is subsequently determined that Section 409A of the Code applies to all or any portion of the payments required under this Agreement, such payments shall only be made in connection with a separation from service (within the meaning of Section 409A(a)(2)(A)(i) of the Code). Further, if the Executive is a "specified employee," as defined in Section 409A (a)(2)(B)(i) of the Code, any payment which would otherwise be made within six (6) months following the date of the Executive's separation from service shall not be made before the date which is six (6) months after the date of 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 forgoing

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sentence shall be made on the first business day following the expiration of such six (6) month period.

11. The Executive shall not disclose, publish, or use for any purpose not directly related to the performance of the Executive's duties for the Company, or permit anyone else to disclose, publish, or use any proprietary or confidential information or trade secrets of the Company, its clients, business partners, or subcontractors at any time during or after his employment with the Company. This obligation shall continue so long as such information remains legally protectable as to persons receiving it in a confidential relationship. Executive agrees to return to the Company all proprietary material which he possesses on the date of termination of the Executive's active employment with the Company.
12.
  - A. The Executive understands and agrees that this non-compete restriction is aimed at protecting the Company's relationship with the current and prospective clients of the Company and/or its subsidiary and affiliated companies, 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 the Company and/or its subsidiary and affiliated companies pursue, or for which they perform 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 the Company, and (ii) certain CACI Clients for a reasonable period of time following termination of the Executive's employment.
  - C. During the Executive's employment with the Company, the Executive will not directly or indirectly sell, market or otherwise provide goods or services to any CACI Clients in competition with those provided by the Company and/or its subsidiary and affiliated companies.
  - 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 Corporate 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 the Company 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 Corporate 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 employment with the Company 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 understands and agrees that if the Executive were to compete with CACI in violation of paragraphs C, D, and E above, such competition could breach both this Agreement and the Executive's fiduciary duties to CACI. The Executive further understands and agrees that competition prohibited by paragraphs 3, 4 and 5 above includes permitting another entity's use of the Executive's name or resume in any proposal or other application for such a contract or task order.
  - H. During the Executive's employment with the Company and for a period of one (1) year thereafter, the Executive will not participate, directly or indirectly, in any attempt to hire or solicit for employment outside of the Company and its subsidiary and affiliated companies any person employed by the Company and its subsidiary and affiliated companies.
  - I. The invalidity or unenforceability of any provisions of this provision shall not affect the validity or enforceability of any other provisions of this Agreement, each of which shall remain in full force and effect. If any provision of this Agreement is found invalid, illegal or unenforceable because it is too broad in scope, too lengthy in duration or violates any law or regulation, it shall be reformed by narrowing its scope, limiting its duration or construing it to avoid such violation (as the case may be) while giving the greatest effect to the intent of the parties as is legally permissible.
13. 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 of Control Disposition" of the Company through purchase, merger, consolidation, liquidation, the acquisition by any person (as such term is used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended) of beneficial ownership of twenty-five percent (25%) or more of the Company's common stock, or sale of all or substantially all of the assets of the Company to another party whether or not the Company is the surviving corporation, 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. The "Change of Control Disposition Date" shall be that calendar date on which the Change of Control Disposition event is consummated and legally binding upon the parties.

14. Any controversy or claim arising out of or relating to this Agreement, or its breach, 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.
15. In consideration of any payment made to the Executive pursuant to this Agreement, the Executive, for himself, his heirs and legal representatives, releases and forever discharges the Company, its predecessors, successors, parent, subsidiary or affiliate companies, and all of their past, present or future directors, officers, employees or agents from any and all claims, demands, or causes of action, whether known or unknown, existing at the time of payment or arising subsequently thereto, arising out of or related to the Executive's employment by the Company or the termination of that employment.
16. 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.
17. This Agreement constitutes the entire understanding and agreement between the Company and the Executive with regard to all matter herein. This Agreement may be amended only in writing, signed by both parties hereto.

IN WITNESS WHEREOF the parties have executed this Agreement to be effective the day and year first above written.

**CACI International Inc**

**William M. Fairl**

By: /s/  
Arnold D. Morse

/s/

## SEVERANCE COMPENSATION AGREEMENT

THIS AGREEMENT is made as of the 27<sup>th</sup> day of December, 2006, between CACI International Inc, a Delaware corporation headquartered at 1100 North Glebe Road, Arlington, Virginia, and Gregory R. Bradford (the "Executive") residing at 2 Hurlingham Road, London SW6 3QY United Kingdom. This Agreement constitutes an amended and restated understanding of the parties based on the application of Section 409A of the Internal Revenue Code and, as such, replaces the Severance Compensation Agreement between the parties, as previously amended and restated. The provisions of this restatement are effective as of January 1, 2005.

## 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;

WHEREAS, the Board of Directors of CACI International Inc has adopted a policy governing the obligations of the Company and its senior executives (known as the Top Management Team) in the event that the employment of any senior executive of the Company is terminated (the Senior Executive Severance Policy); and

WHEREAS, the Company and the Executive desire to apply the Senior Executive Severance Policy to the Executive through the mechanism of this Agreement;

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. 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. The original term of this Agreement commenced in 1999 and is automatically renewed each December 31<sup>st</sup> for an additional one (1) year term commencing each January 1<sup>st</sup>, unless the Company provides to the Executive written notice of the Company's intent to amend the Senior Executive Severance Policy 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 January 1 following the date such notice is received by the Executive.
3. The Company shall have the right to terminate the Executive's employment without payment of severance as provided below in the event of the Executive's death, or on thirty (30) days written notice in the event that the Executive shall be unable, or shall

fail, to perform all of the services required of his position with the Company as a result of any mental or physical incapacitating disability, to the extent that such inability or failure to perform required duties shall exist for any consecutive ninety (90) day period. "Disability" shall be as determined by the insurance company providing disability insurance coverage to the Executive at the Company's expense. The Company's right to terminate the Executive's employment without payment of severance under this Paragraph shall not limit or reduce in any way the Executive's right to receive benefits under any disability insurance or plan maintained by the Company for the benefit of the Executive.

4. The Executive shall have the right on thirty (30) days written notice to the Company to terminate his employment with 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. Except as provided in Paragraph 3 and 4, the Executive's employment with the Company may be terminated without payment of severance as provided below only in the event of a termination for cause as defined in this Paragraph. For the purposes of this Agreement, "Cause" shall be defined as gross negligence, willful misconduct, fraud, willful disregard of the CEO's direction or breach of published Company policy. The Executive may be terminated for Cause only in accordance with a resolution duly adopted by an absolute majority of the Company's Board of Directors 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. Such resolution may be adopted by the Board of Directors only after the Board has provided to the Executive (1) advance written notice of a meeting of the Board called for the purpose of determining Cause for termination of the Executive, (2) a statement setting forth the alleged grounds for termination, and (3) an opportunity for the Executive and, if the Executive so desires, the Executive's counsel to be heard before the Board.
6. Except in connection with a Change of Control Disposition as defined in Paragraph 13, if the Executive's employment with the Company is terminated for any reason other than those set forth in Paragraphs 3, 4 or 5 above, then the Company shall pay to the Executive an amount equal to four (4) months of the Executive's 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 salary.
7. If, following a Change of Control Disposition of the Company as defined below in Paragraph 13, Executive resigns for "Good Reason" as defined in this Paragraph or the Executive's employment is terminated within one (1) year of the "Change of Control Disposition Date" as defined in Paragraph 13 for any reason other than the reasons set forth in Paragraphs 3, 4 or 5 above, then the Company shall pay to the Executive an amount equal to two (2) times the amount that the Company would have been required to pay the Executive under Paragraph 6 above if the Executive's employment had been terminated in the absence of a Change of Control Disposition. "Good reason" for the

Executive's resignation shall mean the occurrence of any of the following circumstances without the Executive's prior written consent:

- (a) A reduction in the Executive's base salary as it existed on the day before the Change of Control Disposition Date;
  - (b) A reduction in the benefits and/or incentive compensation payable to the Executive from the level applicable to the Executive on the day before the Change of Control Disposition Date unless such reduction is accomplished as part of a change in benefits and/or incentive compensation plans applicable to all officers of the Company;
  - (c) The assignment to the Executive of any duties inconsistent (except in the nature of a promotion) with the position that the Executive held on the day before the Change of Control Disposition Date or a substantial adverse alteration in the nature or status of the Executive's position or responsibilities or the conditions of the Executive's employment from those in effect on such date; and
  - (d) 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 of Control Disposition Date;
8. At the time of termination of the Executive's employment for any reason the Executive shall be paid all other compensation and benefits due to the Executive at the time of termination.
9. The Executive may elect to receive the compensation payable in accordance with this Agreement in a lump sum or in equal payments at intervals no more often than semi-monthly, over a period of the Executive's choice not to exceed six (6) months. If the Executive elects to receive payments over a period of up to six (6) months, any amount remaining unpaid as of December 15<sup>th</sup> of the calendar year in which the Executive's termination of employment occurs shall be paid in a single lump sum on or before December 31<sup>st</sup> of such calendar year.
10. The Agreement is intended to constitute a separation pay arrangement that does not provide for the deferral of compensation subject to Section 409A of the Code and, if any provision of the Agreement 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 Agreement not being subject to the provisions of Section 409A. Notwithstanding the intent of this Agreement, if it is subsequently determined that Section 409A of the Code applies to all or any portion of the payments required under this Agreement, such payments shall only be made in connection with a separation from service (within the meaning of Section 409A(a)(2)(A)(i) of the Code). Further, if the Executive is a "specified employee," as defined in Section 409A(a)(2)(B)(i) of the Code, any payment which would otherwise be made within six (6) months following the date of the Executive's separation from service shall not be made before the date which is six (6) months after the date of 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 forgoing sentence shall be made on the first business day following the expiration of such six (6) month period.

11. The Executive shall not disclose, publish, or use for any purpose not directly related to the performance of the Executive's duties for the Company, or permit anyone else to disclose, publish, or use any proprietary or confidential information or trade secrets of the Company at any time during or after his employment with the Company. This obligation shall continue so long as such information remains legally protectable as to persons receiving it in a confidential relationship. Executive agrees to return to the Company all proprietary material which he possesses on the date of termination of the Executive's active employment with the Company.
12. For a period of six (6) months, or one-half (1/2) the number of months used to calculate the payment to the Executive under Paragraph 6 above, whichever is shorter, following termination of Executive's employment with the Company for any reason other than death or "Cause", as defined in Paragraph 5 above or resignation for "Good Reason" as defined in Paragraph 7 above, the Executive shall not (1) directly or indirectly, sell, market, or otherwise provide any client or previously identified prospective client of the Company, products or services similar to or in competition with those sold or distributed by the subsidiary for which the Executive was employed at the time of termination, in any geographic area in which such subsidiary offers any such products or services, or (2) participate directly or indirectly in the hiring or soliciting for employment of any person employed by the Company.
13. 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 of Control Disposition" of the Company through purchase, merger, consolidation, liquidation, the acquisition by any person (as such term is used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended) of beneficial ownership of twenty-five percent (25%) or more of the Company's common stock, or sale of all or substantially all of the assets of the Company to another party whether or not the Company is the surviving corporation, 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. The "Change of Control Disposition Date" shall be that calendar date on which the Change of Control Disposition event was consummated and legally binding upon the parties.
14. Any controversy or claim arising out of, or relating to this Agreement, or its breach, or otherwise arising out of or relating to the Executive's employment (including without limitation to any claim of discrimination whether based on race, color, religion, national origin, gender, age, sexual preference, disability, status as a disabled or Vietnam-era veteran, or any other legally protected status, and whether based on federal or State law, or otherwise) by the Company shall be resolved by arbitration. This arbitration shall be held in Arlington, Virginia in accordance with the model employment arbitration

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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.

15. In consideration of any payment made to the Executive pursuant to this Agreement, the Executive, for himself, his heirs and legal representatives, releases and forever discharges the Company, its predecessors, successors, parent, subsidiary or affiliate companies, and all of their past, present or future directors, officers, employees or agents from any and all claims, demands, or causes of action, whether known or unknown, existing at the time of payment or arising subsequently thereto, arising out of or related to the Executive's employment by the Company or the termination of that employment.
16. 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.
17. This Agreement constitutes the entire understanding and agreement between the Company and the Executive with regard to all matter herein. This Agreement may be amended only in writing, signed by both parties hereto.

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: /s/  
Arnold D. Morse

/s/

# **CACI Separation & Severance Agreement and General Release**

**To: Stephen L. Waechter**

Pursuant to our discussions concerning the terms of your separation, and in consideration of the mutual promises and understandings set forth below, this Separation & Severance Agreement and General Release ("Agreement") sets forth the understandings and agreement between you and CACI, INC-FEDERAL (a CACI International Inc. subsidiary - hereinafter "CACI" or "Company") concerning the terms of your separation from CACI employment.

1. As set forth in your letter attached to this Agreement (and incorporated herein), you have tendered, and CACI has agreed to accept, your retirement effective January 9, 2007. This date shall be deemed your separation date for all purposes and for all benefit plans, including without limitation the 401(k) plan and the Executive Retirement Plan. The last day worked for which you will receive compensation is January 15, 2007, and you will be entitled to charge against unused vacation hours or floating holidays for the period from January 10, 2007 to January 15, 2007. If after January 15, 2007, you perform any consulting work on behalf of the Company, you will be paid at a rate of \$750 for each day during which you work fewer than four hours and \$1,500 for each day during which you work four or more hours.
2. You agree to (i) use your best efforts to complete documentation associated with your separation, including final timecard, checkout sheet, final expense reports, instructions on disposition of your SMART Plan and/or other retirement plan balances, and any other reasonable and customary paperwork, by February 28, 2007 ; (ii) submit final expense reports, if any, to CACI for processing no later than February 28, 2007; and (iii) return your office keys, pass key and parking pass to CACI. CACI shall reimburse you for any expenses incurred by you in your capacity as an employee of CACI.
3. CACI shall pay to you severance equal to twelve months of base salary at the pre-tax rate you were earning at a monthly rate of \$26,060 with such payment to be made in accordance with the provisions of Paragraph 6 of your Severance Compensation Agreement dated September 1, 1999, subject to withholding of applicable payroll taxes and any other deductions that you previously authorized.
4. Notwithstanding paragraph 1, CACI agrees to continue your Executive FLEX Plan group health coverage and executive supplement through January 31, 2007 on the same terms and conditions as if you were still employed, subject to any changes in the Plan. Your executive supplement will be limited to those services provided on or before January 9, 2007. After January 31, 2007, you will be eligible to continue coverage in the employee group health plan pursuant to COBRA for an additional eighteen (18) months by paying one hundred percent (100%) of the premium rate in effect at the time of your eligibility plus a two percent (2%) administrative fee, subject to the provisions of COBRA which will be explained to you during the conversion process conducted for all separating employees.
5. CACI shall pay to you the cash value of any residual vacation that has been accrued but not used through January 15, 2007.

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CACI also shall provide you a sum equal to the amount (plus simple interest defined as the short term Applicable Federal Rate compounded monthly in effect for January 2007, to begin accruing on August 16, 2004 for the FY 2004 deferral and on August 18, 2006 for the FY 2006 deferral and continuing to accrue until payment) of your annual bonus that you directed toward the purchase of restricted stock units under the Management Stock Purchase Plan.

In addition, CACI shall contribute into your Executive Retirement Plan account the Company match for 2006 not yet credited, in the amount of \$14,200.

6. You will not be eligible to be paid any incentive compensation beyond January 9, 2007, with the exception of the following: you shall receive (a) \$16,800 in lieu of any quarterly bonus attributable to the quarter ending December 31, 2006; and (b) \$300,000 in lieu of all other incentive compensation.
7. Stock option shares exercisable as of January 9, 2007 may be exercised by contacting the CACI Stock Option Administrator within 60 days of the foregoing date. Vested options not exercised within 60 days of the foregoing date shall forfeit and be cancelled, as will any options that are scheduled to become exercisable after the foregoing date.
8. In consideration of the payments, promises, and understandings described above, you, your representatives, successors, and assigns do hereby completely release and forever discharge CACI, its shareholders, officers, parent, subsidiary and affiliated companies and all of their representatives, agents, directors, employees, attorneys, successors and assigns (hereinafter "Releasees") from all claims, rights, demands, actions, obligations, and causes of action of any and every kind, nature and character, known or unknown, which you may now have, or have ever had, against them arising from or in any way connected with the employment relationship between CACI and you, and any actions during such relationship, and/or the termination thereof, including, but not limited to, all "wrongful discharge" claims; all claims related to any contract of employment, express or implied; any covenant of good faith and fair dealing, express or implied; any tort of any nature; any federal, state, or municipal statute or ordinance; and any claims under Section 806 of the Sarbanes-Oxley Act of 2002, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Employee Retirement and Income Security Act, the Americans With Disabilities Act, and any other laws or regulations relating to wages, benefits and employment discrimination, and any and all claims for attorneys' fees and costs.
9. CACI, its shareholders, officers, parent, subsidiary and affiliated companies and all of its representatives, agents, directors, employees, successors and assigns do hereby completely release and forever discharge you, your representatives, successors, and assigns from all claims, rights, demands, actions, obligations, and causes of action of any and every kind, nature and character, known or unknown, which they may now have, or have ever had, against you arising from or in any way connected with the employment relationship between you and CACI, and any actions during that relationship.
10. To the extent permitted by law, you agree and covenant that neither you, nor any person, organization or other entity on your behalf, will file, charge, claim, sue or cause or permit

to be filed, charged or claimed, any civil action, suit, arbitration or legal proceeding for personal relief (including any action for damages, injunctive, declaratory, monetary or other relief) against the Releasees involving any matter covered by the general release contained in Paragraph 8 of this Agreement. You agree that a breach of the promises contained in this Paragraph will result in irreparable harm to CACI that cannot be satisfied through payment of monetary damages, and that CACI shall be entitled to obtain immediate injunctive relief from a court of competent jurisdiction to prevent you from pursuing any such claim or action. You further agree that should you breach this Paragraph you shall be liable to the Company for its attorneys' fees and costs incurred in the enforcement of this Paragraph. You further agree that if any person, organization, or other entity should bring a claim against the Releasees involving any such matter, you will not accept any personal relief in such action.

11. CACI agrees and covenants that neither CACI nor any person, organization or other entity on its behalf, will file, charge, claim, sue or cause or permit to be filed, charged or claimed, any civil action, suit, arbitration or other legal proceeding for personal relief (including any action for damages, injunctive, declaratory, monetary or other relief) against you or your Releasees involving any matter that falls within the scope of Paragraph 9 above. CACI agrees that a breach of the promises contained in this Paragraph will result in irreparable harm to you that cannot be satisfied through payment of monetary damages, and that you shall be entitled to obtain immediate injunctive relief from a court of competent jurisdiction to prevent CACI from pursuing any such claim or action. CACI further agrees that should CACI breach this Paragraph CACI shall be liable to you for your attorney's fees and costs incurred in the enforcement of this Paragraph. CACI further agrees that if any person, organization, or other entity should bring a claim against you and your Releasees involving any such matter, CACI will not accept any personal relief in such action.
12. Except as specifically authorized, you will not disclose, publish, use, or permit anyone else to disclose, publish, or use any proprietary or confidential information or trade secrets of CACI, or of CACI's clients, business partners, or subcontractors, at any time after your employment with CACI. In the event you are not certain whether a given category or piece of information is considered to be proprietary and confidential to CACI, its clients, business partners or subcontractors, you shall deem such information to be proprietary and confidential and treat it in accordance with the restrictions of this Paragraph. This obligation shall continue so long as such information remains legally protectable as to persons receiving it in a confidential relationship. You will also return to CACI any proprietary or confidential material you possess at the end of your employment.
13. You agree that both the existence of this Agreement and the terms and conditions of this Agreement are strictly confidential. You further agree that in consideration of the payments to be made to you by CACI pursuant to this Agreement you will refrain from disparaging, commenting on, offering opinions about, or otherwise discussing CACI, its business, its directors, officers, employees, subsidiaries, parents, managing member, affiliates or related business entities, and the circumstances of and/or leading to your separation, provided, however, that you may make statements regarding your general responsibilities and period of employment at CACI. For purposes of this Agreement, the term 'disparage' includes

without limitation, comments or statements to the press or to any individual or to any entity which comments or statements would adversely affect in any manner the business reputation of CACI (or any of its directors, officers, employees, subsidiaries, parents, managing member, affiliates or related business entities). You agree that should CACI establish after a hearing conducted before a court or arbitrator that you committed any breach of the promises contained in this Paragraph, CACI shall be entitled to full recovery of the payments made to you pursuant to Paragraphs 3 and 6 of this Agreement, in addition to any other damages allowed by law. CACI agrees to keep the terms of this Agreement confidential, limited to those with a need to know and within the parameters set forth below. CACI agrees to refrain from disparaging, defaming, or otherwise making negative comments about you.

14. Pursuant to the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, all cash payments to be made to you under Paragraph 3 of this Agreement shall be paid in a single lump sum on July 9, 2007. All other cash payments made to you under this Agreement shall be paid in a lump sum no later than February 28, 2007. You agree that, in the event any taxing authority determines that the monies payable to you may be taxable, you are solely responsible for the payment of all such taxes and penalties assessed against you, except for legally mandated employer contributions, and that CACI has no duty to defend you against any such tax claim, penalty or assessment. You agree to cooperate in the defense of any such claim brought against CACI. CACI agrees to cooperate in defense of any such claim brought against you.
15. You acknowledge that you have been given an opportunity and encouraged by CACI to review this Agreement with an attorney prior to signing it. You have until January 23, 2007 to accept and return a signed original or fax of this agreement to counsel for CACI at the fax number designated.
16. In the event any controversy or dispute in connection with the validity, construction, application, enforcement or breach of this Agreement, it shall be settled first by submission to the American Arbitration Association ("AAA") for non-binding mediation. In the event mediation fails to resolve the matter within forty-five (45) days after submission to the AAA, either party may resort to litigation in any court of competent jurisdiction. The party that prevails in such litigation will be entitled to an award of all costs, fees and expenses, including attorneys' fees, to be paid by the non-prevailing party.
17. You agree to cooperate, to the extent consistent with your other professional obligations, with CACI and with legal counsel representing CACI ("CACI Counsel") in connection with any legal matters relating to CACI in which CACI determines that you are a relevant witness. Your cooperation will include meeting with CACI Counsel, providing CACI Counsel with requested information and documentation in your possession and control, consenting to depositions and interviews, and appearing as a witness on behalf of CACI in any private or government lawsuit in which CACI is a party (at CACI's expense for reasonable, pre-approved, out-of-pocket travel and lodging costs), or any government investigation, formal or informal, in which CACI is a target, subject, or called upon to be interviewed or examined under oath as a third party. You will be compensated for such cooperation at the rates specified in Paragraph 1 above. You agree that you will not,

without CACI's consent, voluntarily assist or cooperate in any way with any party or attorney in any private lawsuit in which CACI is a party. You further agree that you will not voluntarily participate in any such action, and that you will not solicit, encourage, or do anything to induce any party to bring such an action. You further agree to provide CACI, within three (3) business days, written notice if any party or attorney not affiliated with CACI attempts to contact you in connection with any such action.

Except as otherwise provided in this Agreement, you are entitled to appoint your own counsel at your own expense to represent you in connection with any legal matters covered by this Paragraph of this Agreement. The selection by you of your own counsel shall in no way detract from or interfere with any of the obligations to cooperate with CACI that you have agreed to herein.

In accordance with the Company's By-laws (as in force on January 9, 2007), the Company shall indemnify you and hold you harmless against all expense, liability and loss (including reasonable attorneys' fees as determined by reference to the Laffey matrix, litigation costs, judgment, fines, and, if approved by the Board of Directors, amounts paid or to be paid in settlement) reasonably incurred by you in connection with any actual or threatened action, lawsuit, or other legal proceeding, whether civil, criminal, investigative, or administrative, relating to actions taken by you in your capacity as an officer, employee, agent, and/or representative of CACI. In accordance with established practice, in the absence of a conflict of interest you agree to be represented by the same counsel selected by CACI to represent its interests in the matter to which you have been named as a party or as a witness. In the event of a dispute with respect to the existence of a conflict, you and CACI agree to be bound by the advice of the Bar Counsel for the Commonwealth of Virginia as to the existence of a conflict of interest as between you and CACI that would entitle you to separate representation. Should such a conflict of interest exist, CACI shall pay reasonable fees and expenses (as determined by reference to the Laffey matrix) incurred on your behalf by attorneys selected and retained by you in your absolute discretion.

18. Unless specifically modified herein, the terms and conditions of your Employment Agreement dated March 19, 1999, and the Severance Compensation Agreement dated September 1, 1999, shall remain in full force and effect after the effective date of this Agreement. This Agreement together with the foregoing agreements shall constitute the entire understanding of the parties on the subjects covered. In the event that any provisions included in the three agreements are inconsistent, the provision in the later agreement shall govern. You expressly warrant that you have read and fully understand this Agreement; that you have had the opportunity to have the terms of this Agreement fully explained to you; that you are not executing this Agreement in reliance on any promise, representation or inducement other than those contained herein; and that you are executing this Agreement voluntarily, free of any duress or coercion.

19. This Agreement shall be construed and governed by the laws of the Commonwealth of Virginia, without regard to its conflict of law principles. The parties hereto further agree that if, for any reason, any provision herein is determined by an arbitrator or a court of competent jurisdiction to be unenforceable, the remainder of this Agreement shall nonetheless remain binding and in effect.

Agreed to and accepted:

/s/ \_\_\_\_\_  
Stephen L. Waechter

1/23/07  
\_\_\_\_\_  
Date

Agreed to on behalf of CACI:

/s/ \_\_\_\_\_  
Arnold D. Morse  
Chief Legal Officer

1/23/07  
\_\_\_\_\_  
Date

Privileged and Confidential

**Section 302 Certification**

I, Dr. J.P. London certify that:

1. I have reviewed this Quarterly Report on Form 10-Q, 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, 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 design 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: February 8, 2007

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/s/ Dr. J.P. London  
Dr. J.P. London  
Chairman of the Board, President,  
Chief Executive Officer and Director  
(Principal Executive Officer)

**Section 302 Certification**

I, Thomas A. Mutryn, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q, 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, 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 design 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: February 8, 2007

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/s/ Thomas A. Mutryn  
Thomas A. Mutryn  
Executive Vice President,  
Acting Chief Financial Officer and Treasurer (Principal  
Financial Officer)

**Section 906 Certification**

In connection with the quarterly report on Form 10-Q of CACI International Inc (the Company) for the three months ended December 31, 2006, as filed with the Securities and Exchange Commission on the date hereof (the Report), the undersigned Chairman of the Board, 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) 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: February 8, 2007

/s/ Dr. J.P. London

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Dr. J.P. London  
Chairman of the Board, President,  
Chief Executive Officer and Director  
(Principal Executive Officer)



**Section 906 Certification**

In connection with the quarterly report on Form 10-Q of CACI International Inc (the Company) for the three months ended December 31, 2006, as filed with the Securities and Exchange Commission on the date hereof (the Report), the undersigned, Executive Vice President and Acting 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) 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: February 8, 2007

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/s/ Thomas A. Mutryn  
Thomas A. Mutryn  
Executive Vice President,  
Acting Chief Financial Officer and Treasurer  
(Principal Financial Officer)