CACI INTERNATIONAL INC /DE/
Form 10-K
August 26, 2009
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 2009

OR

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

For the transition period from to

Commission File Number 001-31400

CACI International Inc

(Exact name of registrant as specified in its charter)

Delaware	**54-1345888**
(State or other jurisdiction of incorporation or organization)	**(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)

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

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ¨. No ¨.

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer x Accelerated filer ¨ Non-accelerated filer ¨ Smaller reporting company ¨

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

The aggregate market value of common shares held by non-affiliates of the registrant on December 31, 2008 was $1,306,696,341, based upon the closing price of the registrant s common shares as quoted on the New York Stock Exchange composite tape on such date.

As of August 21, 2009, the registrant had 30,016,837 shares of common stock issued and outstanding.

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DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates by reference certain information from the registrant s proxy statement for its 2009 annual meeting of stockholders. With the exception of the sections of the 2009 proxy statement specifically incorporated herein by reference, the 2009 proxy statement is not deemed to be filed as part of this Annual Report on Form 10-K.

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

INFORMATION RELATING TO FORWARD-LOOKING STATEMENTS

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

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

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CACI International Inc

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PART I

Item 1. Business

Background

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

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

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

Overview

CACI founded its business in 1962 in simulation technology, and has strategically diversified primarily within the information technology (IT) and communications industries. With revenue for the year ended June 30, 2009 (FY2009) of $2.7 billion, we serve clients in the government and commercial markets, primarily throughout North America and internationally on behalf of U.S. customers, as well as in the United Kingdom. We deliver professional services and information technology solutions to our clients. Through our service offerings, we provide comprehensive and practical solutions by adapting emerging technologies and continually evolving legacy strengths. As a result of our diverse capabilities and client mission understanding, many of our client relationships have existed for ten years or more.

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

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

At June 30, 2009, CACI had approximately 12,400 employees.

Domestic Operations

Our domestic operations are conducted through a number of subsidiaries and a joint venture which we control, and account for 100 percent of our U.S. government revenue and 10.0 percent of our commercial

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revenue. Some of the contracts performed by our domestic operations involve assignment of employees to international locations and at June 30, 2009, approximately 500 employees were on assignments in international locations. We provide professional services and information technology solutions to our domestic clients through all of our major service offerings:

Enterprise IT and network services We support our clients critical networked operational missions by providing tailored end-to-end enterprise information technology services for the design, establishment, management, security and operations of client infrastructure. Our operational, analytic, consultancy and transformational services effectively use industry best practices and standards to enable and optimize the full life cycle of the networked environment, improve customer service, improve efficiency, and reduce total cost and complexity of large, geographically dispersed operations.

Data, information and knowledge management services We deliver a full spectrum of solutions and services that automate the knowledge management life cycle from data capture through information analysis and understanding. We provide commercially-based products, custom solutions development, and operations and maintenance services that facilitate information sharing. Our information technology solutions are complemented by a suite of analytical expertise support offerings for our U.S. government Intelligence Community, Department of Defense (DoD), Department of Justice (DoJ), and Homeland Security customers.

Business system solutions We provide solutions that address the full spectrum of requirements in the financial, procurement, human resources, supply chain and other business domains. Our solutions employ an integrated cross-functional approach to maximize investments in existing systems, while leveraging the potential of advanced technologies to implement new, high payback solutions. Our offerings include services, consulting and software development/integration that support the full life cycle of commercial technology implementation from blueprint through application sustainment.

Logistics and material readiness services We offer a full suite of solutions and service offerings that plan for, implement, and control the efficient and effective flow and storage of goods, services, and information in support of U.S. government agencies. We develop and manage logistics information systems, specialized simulation and modeling toolsets, and provide logistics engineering services. Our operational capabilities span the supply chain, including advance logistics planning, demand forecasting, total asset visibility (including the use of Radio Frequency Identification technology), and life cycle support for weapons systems. Our logistics services are a critical enabler in support of defense readiness and combat sustainability objectives.

C4ISR integration services We provide rapid response services in support of military missions in a coordinated and controlled operational setting. We support the military efforts to ensure delivery and sustainment of integrated, enterprise wide, Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR) programs. We integrate sensors, mission applications, and systems that connect with DoD data networks.

Cyber security Our solutions and services support the full life cycle of preparing for, protecting against, detecting, reacting to and actively responding to the full range of cyber threats. We achieve this through comprehensive and consistently managed risk-based, cost-effective controls and measures to protect information operated by the U.S. government. We proactively support the operational use and availability/reliability of information.

Integrated security and intelligence solutions The United States, its partners and its allies around the world face state, non-state, and transnational adversaries that do not recognize political boundaries; do not recognize international law; and will seek, through asymmetric and irregular means, ways to strike at seams in our national security. We assist clients in developing integrated solutions that close gaps between security, intelligence, and law enforcement in order to address complex threats to our national security.

Program management and system engineering and technical assistance (SETA) services We support U.S. government Program Executive Offices and Program Management Offices via subject matter

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

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

International Operations

Our international operations are conducted primarily through our operating subsidiary in Europe, CACI Limited, and account for substantially all revenue generated from international clients and 90.0 percent of our commercial revenue. CACI Limited is headquartered in London, England, and operates primarily in support of our data, information and knowledge management services; business systems solutions and enterprise IT and network services lines of business.

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

Competition

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

Strengths and Strategy

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

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

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

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

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

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

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

Much of our business is won through submission of formal competitive bids. Commercial bids are frequently negotiated as to terms and conditions for schedule, specifications, delivery and payment. With respect to bids for government work, however, in most cases the client specifies the terms and conditions and form of contract. In situations where the client-imposed contract type and/or terms appear to expose us to inappropriate risk, we may seek alternate arrangements or opt not to bid for the work. Essentially all contracts with the U.S. government, and many contracts with other government entities, permit the government client to terminate the contract at any time for the convenience of the government or for default by the contractor. Although we operate under the risk that such terminations may occur and have a material impact on operations, throughout our 47 years in business such terminations have been rare and, generally, have not materially affected operations. As with other government contractors, our business is subject to government client funding decisions and actions that are beyond our control. Our contracts and subcontracts are composed of a wide range of contract types, including firm fixed-price, cost reimbursement, time-and-materials, indefinite delivery/indefinite quantity (IDIQ) and government wide acquisition contracts (known as GWACS) such as General Services Administration (GSA) schedule contracts. By company policy, fixed-price contracts require the approval of at least two of our senior officers.

At any one time, we may have several thousand separate active contracts and/or task orders. In FY2009, the ten top revenue-producing contracts accounted for 37.9 percent of our revenue, or $1.0 billion.

In FY2009, 96.0 percent of our revenue came from U.S. government prime contracts or subcontracts. Of our total revenue, 76.1 percent came from DoD contracts and 19.9 percent came from other civilian agency government clients. The remaining 4.0 percent of revenue came from commercial business, both domestic and international, and state and local contracts.

Although we are continuously working to diversify our client base, we will continue to aggressively seek additional work from the DoD. In FY2009, DoD revenue grew by 15.0 percent, or $270.8 million. The acquisitions made during the year ended June 30, 2008 accounted for 13.5 percent of the revenue growth within DoD. Organic growth accounted for the remaining 86.5 percent of the DoD revenue growth.

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Industry Trends

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

Increased Congressional oversight Oversight at the Congressional level and audit scrutiny at the agency level is increasing due to a number of factors, including the existence of high profile cases involving alleged and proven contract abuses and an increased use of contractors to provide governmental support services. These factors introduce delays in procurements and contract awards and contributed to new reforms and legislation (see below).

Contract award protests We continue to experience a high number of protests of contracts and task orders awarded to us, especially those involving large multiple award, IDIQ contracts. In some cases it may be deemed more prudent and beneficial to award more contracts than to go through the longer and more arduous process of justifying the initial award. This process causes delays in getting contracts and task orders awarded, affecting our revenue.

Administration changes With the 2008 presidential elections completed, one of the new administration s challenges is getting new political appointees in place, which has the impact of delaying major new procurements. In addition, the political priorities of the new administration (e.g., the stimulus package) imply an emphasis on short term funding that is generating historic increases and a growing federal deficit which could further challenge longer term funding of more complex programs. There is also a notable increase in administration interest in domestic spending programs, such as healthcare, energy and education. Much of this increase is anticipated to come in the form of state and local grants. Congress has not yet fully supported the President s future growth plans in non-defense spending beyond the government s fiscal year 2010 and while we are seeing reductions in major defense weapons programs, we have not seen reductions in the types of services we provide.

Government acquisition reforms The administration has put a greater emphasis on in-sourcing certain jobs yet to be fully defined as inherently governmental. The most likely areas of impact would be in some areas of acquisition and program support, but there could also be areas of engineering and technical assistance being impacted. Regardless, there is a time and cost associated with recruiting and training government staff which will impede the process, progress and full extent of in-sourcing. There are also a number of other statutory acquisition reform provisions and initiatives being considered at the legislative level. This may well lead to increased congressional oversight of contractor support services to the government, with a focus on specific role definitions, transparency, managed risks, potential conflicts of interest and the mix between contractor staff and government personnel.

Best value versus best price Performance-based contracting, in which a contractor s fee payment is tied to its level of performance, is a technique for structuring all aspects of a contract around the purpose and outcome desired as opposed to the process by which the work is to be performed. While this is not a new contracting strategy, nor is it a mandate, agencies have been assigned a target achievement goal to write performance-based techniques into 40 percent of the total eligible service contracts worth more than $25,000. This practice is intended to shift risk from the government to the contractor.

Small business participation expectations According to the Small Business Administration, small business preferences accounted for approximately 23 percent of the total value of federal prime contract dollars awarded during government fiscal year 2007. Legislation is being considered that would raise the current goal to a 25 percent goal for small business set asides. Increased small business preferences will make it more difficult for larger companies to compete for the remaining prime contract dollars. The General Accounting Office (GAO) has recently issued some rulings in this regard and some agencies are already putting out procurements with up to 30 percent small business content for prime contracts.

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Supplemental funding and the continuing cost of asymmetric warfare The administration is integrating supplemental funding into the normal budget cycle and moving some funding back to the base budget. The pace of operations and the number of troops in Afghanistan is actually growing, but reductions to offset that growth are anticipated in Iraq as we enter calendar year 2010. Intelligence gathering, processing and analysis will remain important to the mission of the commanders in the field. Going forward, a substantial portion of the military budget will be needed to re-set and modernize equipment and infrastructure. This will likely fuel a continuing demand for logistics services and network enabled mission capabilities that will provide an increasing level of performance efficiency while also introducing elements of cost-effectiveness as should be realized with highly scalable solutions and services.

Strategic alliances The current strategic environment dictates the need for more inter-company dependencies in the form of alliances and partnerships. Alliances with large and small companies who have agency mission knowledge and/or established credentials related to specific commercial-off-the-shelf (COTS) solutions are critical to winning large contracts as a prime contractor. Proficiencies through alliances with software application suppliers are increasingly important as the government adopts more solutions.

Strategic sourcing This is an Office of Management and Budget (OMB) directive to make business decisions about acquiring commodities and services more effectively and efficiently. In many cases, these strategies are designed to drive specific services to commodity status in order to leverage the government s purchasing power. Many of the multiple-award, IDIQ contracts that typify today s market are derived from strategic sourcing initiatives that aggregate requirements and provide many options for users over extended performance periods.

In addition, in the near term, we face some uncertainties due to the current business environment. Many of our federal government contracts require us to have security clearances and employ personnel with specific levels of education, work experience and security clearances. Depending on the level of clearance, security clearances can be difficult and time-consuming to obtain and competition for skilled personnel in the information technology services industry is significant. In addition, a shift of expenditures away from programs that we support could cause federal government agencies to reduce their purchases under contracts, to exercise their right to terminate contracts at any time without penalty, or to decide not to exercise options to renew contracts.

Our operations are also affected by local, national and worldwide economic conditions. The consequences of a prolonged recession or a continued weak U.S. economy may include a lower level of government spending in the areas in which CACI provides its services. Instability in the financial markets, as a result of a recession or other factors, also may affect the cost of capital and our ability to raise capital. We have already experienced the impact of both the weakening of the pound sterling against the U.S. dollar and current economic conditions on our operations in the U.K. A material part of our U.K. business is centered on providing marketing solutions to commercial customers who have been particularly impacted by the global economic slow down. In addition, our income tax expense for the year ended June 30, 2009 was adversely impacted by non-deductible losses on assets invested in connection with our supplemental retirement plan.

Recent Significant Acquisitions

During the past three fiscal years, we completed a total of ten acquisitions, four in the U.S. and six in the U.K. including:

The May 2007 acquisition of all of the outstanding stock of Institute for Quality Management, Inc (IQM) for $40.5 million. IQM provided management consulting and operational support services to the intelligence community and homeland security markets.

The June 2007 acquisition of all the outstanding stock of The Wexford Group International, Inc (WGI) for $115.0 million. WGI provided management and technical consulting services in the areas of

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acquisition management, strategic communications, the application of technology to improve operations, and the enhancement of an enterprise s management, organization, and performance. The acquisition of WGI gave us the opportunity to provide Army Special Operations services (i.e. counterterrorism training) and provided us with entry into a high barrier area of DoD business. Major clients included Departments of the Army, Navy, and Air Force as well as Department of Information Systems Agency (DISA) and the Deployment Health Support Directorate.

The October 2007 acquisition of all of the outstanding stock of Athena Holding Corporation, a holding company which owned 100 percent of the outstanding shares of Athena Innovative Solutions, Inc (AIS), for $200.0 million. AIS and its wholly owned subsidiaries provided specialized professional services and solutions to United States intelligence organizations.

The November 2007 acquisition of all of the outstanding stock of Dragon Development Corporation (DDC) for $41.0 million. DDC provided professional, technical, and engineering services to United States intelligence organizations.

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

Seasonal Nature of Business

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

The U.S. government s fiscal year ends on September 30 of each year. It is not uncommon for government agencies to award extra tasks or complete other contract actions in the weeks before the end of a fiscal year in order to avoid the loss of unexpended funds. Moreover, in years when the U.S. government does not complete the budget process for the next fiscal year before the end of September, government operations whose appropriations legislation has not been signed into law are funded under a continuing resolution that authorizes them to continue to operate, but traditionally does not authorize new spending initiatives.

CACI Employment and Benefits

Our employees are our most valuable resource. We are in continuing competition for highly skilled professionals in virtually all of our business areas. The success and growth of our business is significantly correlated with our ability to recruit, train, promote and retain high quality people at all levels of the organization. For these reasons, we endeavor to maintain competitive salary structures, incentive compensation programs, fringe benefits, opportunities for growth, and individual recognition and award programs. Fringe benefits are generally consistent across our subsidiaries, and include paid vacations, sick leave and holidays; medical, dental, disability and life insurance; tuition reimbursement for job-related education and training; and other benefits under various retirement savings and stock purchase plans.

We have published policies that set high standards for the conduct of our business. We require all of our employees, independent contractors working on client engagements, officers, and directors annually to execute and affirm to the code of ethics applicable to their activities. In

addition, we require annual ethics and compliance training for all of our employees to provide them with the knowledge necessary to maintain our high standards of ethics and compliance.

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Approximately 80 of our employees, all of whom are located at Fort Bliss, Texas, are represented by the International Union of Operating Engineers. We successfully negotiated a collective bargaining agreement with the union which was incorporated into our Fort Bliss contract with the Army. We believe that our relationship with the union is good.

Patents, Trademarks, Trade Secrets and Licenses

We own nine patents and patent applications in the United States. While we believe our patents are valid, we do not consider that our business is dependent on patent protection in any material way. We claim copyright, trademark and other proprietary rights in a variety of intellectual property, including each of our proprietary computer software and data products and the related documentation. We presently own 24 registered trademarks and service marks in the U.S. and 32 registered trademarks and service marks in other countries, primarily the U.K. All of our registered trademarks and service marks may be renewed indefinitely. In addition, we assert copyrights in essentially all of our electronic and hard copy publications, our proprietary software and data products and in software produced at the expense of the U.S. government, which rights can be maintained for up to 75 years. Because most of our business involves providing services to government entities, our operations generally are not substantially dependent upon obtaining and/or maintaining copyright or trademark protections, although our operations make use of such protections and benefit from them as discriminators in competition. We are also a party to agreements that give us the right to distribute computer software, data and other products owned by other companies, and to receive income from such distribution. As a systems integrator, it is important that we maintain access to software, data and products supplied by such third parties, but we generally have experienced little difficulty in doing so. The durations of such agreements vary according to the terms of the agreements themselves.

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

Backlog

Our backlog as of June 30, 2009, which consists primarily of contracts with the U.S. government, was $7.8 billion, of which $1.6 billion was for funded orders. Total backlog as of June 30, 2008 was $7.0 billion. We presently anticipate, based on current revenue projections, that the majority of the funded backlog as of June 30, 2009 will result in revenue during the fiscal year ending June 30, 2010.

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

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Business Segments, Foreign Operations, and Major Customers

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

Revenue by Contract Type

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

	Year Ended June 30,					
	2009		2008		2007	
	(dollars in thousands)					
Time and materials	$ 1,310,001	48.0%	$ 1,232,942	50.9%	$ 1,021,129	52.7%
Cost reimbursable	875,653	32.1	672,950	27.8	531,336	27.4
Firm fixed-price	544,508	19.9	514,645	21.3	385,507	19.9
Total	$ 2,730,162	100.0%	$ 2,420,537	100.0%	$ 1,937,972	100.0%

Item 1A. Risk Factors

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

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

We derived 96.0 percent of our total revenue in FY2009 and 95.0 percent of our total revenue in FY2008 from federal government contracts, either as a prime contractor or a subcontractor. We derived 76.1 percent of our total revenue in FY2009 and 74.7 percent of our total revenue in FY2008 from contracts with agencies of the DoD. We expect that federal government contracts will continue to be the primary source of our revenue for the foreseeable future. If we were suspended or debarred from contracting with the federal government generally, with the General Services Administration, or any significant agency in the intelligence community or the DoD, or if our reputation or relationship with government agencies were to be impaired, or if the government otherwise ceased doing business with us or significantly decreased the amount of business it does with us, our business, prospects, financial condition and operating results could be materially and adversely affected.

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

In May 2004, press accounts disclosed an internal U.S. government report, the Taguba Report, which, among other things, alleged that one of our employees was involved in the alleged mistreatment of Iraqi

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prisoners at the Abu Ghraib facility. Another government report, the Jones/Fay Report, alleged that three of our employees, including the employee identified in the Taguba Report, acted improperly in performing their assigned duties in Iraq. The Jones/Fay Report included a recommendation that the information in the report regarding these employees be forwarded to the General Counsel of the U.S. Army for determination of whether each of them should be referred to the U.S. Department of Justice for prosecution and to the contracting officer for appropriate contractual action. Our investigation into these matters has not to date confirmed the allegations of abuse contained in either the Taguba Report or the Jones/Fay Report. To date, no charges have been brought by the government against us or any of our employees in connection with the Abu Ghraib allegations.

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

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

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

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

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

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

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

We derive substantially all of our revenue from federal government contracts that typically span one or more base years and one or more option years. The option periods typically cover more than half of the contract s potential duration. Federal government agencies generally have the right not to exercise these option periods. In

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addition, our contracts typically also contain provisions permitting a government client to terminate the contract for its convenience. A decision not to exercise option periods or to terminate contracts could result in significant revenue shortfalls from those anticipated.

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

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

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

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

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

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

To facilitate our ability to prepare bids for new business, we rely in part on establishing and maintaining relationships with officials of various government entities and agencies. These relationships enable us to provide informal input and advice to government entities and agencies prior

to the development of a formal bid. We may be unable to successfully maintain our relationships with government entities and agencies, and any failure to do so may adversely affect our ability to bid successfully for new business and could cause our actual results to differ materially and adversely from those anticipated.

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

Substantially all of our contracts and task orders with the federal government are awarded through a competitive bidding process. We expect that much of the business that we will seek in the foreseeable future will continue to be awarded through competitive bidding. Budgetary pressures and changes in the procurement

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

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

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

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

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

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

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

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

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

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require us to divest work if an OCI related to such work cannot be mitigated to the government s satisfaction;

require us to disclose and certify cost and pricing data in connection with contract negotiations; and

require us to prevent unauthorized access to classified information.

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

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

The federal government may change its procurement practices, such as in proposed acquisition reforms, or adopt new contracting rules and regulations, such as cost accounting standards. It could also adopt new contracting methods relating to GSA contracts or other government-wide contracts, or adopt new socio-economic requirements. In all such cases, there is uncertainty of where the changes are going to end up and what actual impacts they may have on contractors. These changes could impair our ability to obtain new contracts or win re-competed contracts. Any new contracting methods could be costly or administratively difficult for us to satisfy and, as a result, could cause actual results to differ materially and adversely from those anticipated.

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

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

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

Federal government agencies, including the Defense Contract Audit Agency (DCAA), routinely audit and investigate government contracts and government contractors administrative processes and systems. These agencies review our performance on contracts, pricing practices, cost structure and compliance with applicable laws, regulations and standards. They also review our compliance with government regulations and policies and the adequacy of our internal control systems and policies, including our purchasing, accounting, estimating, compensation and management information processes and systems. Any costs found to be improperly allocated to a specific contract will not be reimbursed, and any such costs already reimbursed must be refunded and certain penalties may be imposed. Moreover, if any of the administrative processes and systems is found not to comply with requirements, we may be subjected to increased government scrutiny and approval that could delay or otherwise adversely affect our ability to compete for or perform contracts or collect our revenue in a timely manner. Therefore, an unfavorable outcome of an audit by the DCAA or another government agency could cause actual results to differ materially and adversely from those anticipated. If a government investigation uncovers improper or illegal activities, we may be subject to civil and criminal penalties and administrative sanctions, including termination of contracts, forfeitures of profits, suspension of payments, fines and suspension or debarment

from doing business with the federal government. In addition, we could suffer serious reputational harm if allegations of impropriety were made against us. Each of these results could cause actual results to differ materially and adversely from those anticipated. DCAA audits for costs incurred on work performed after June 30, 2004 have not yet been completed. In addition, DCAA audits for costs incurred by our recent

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acquisitions for certain periods prior to acquisition have not yet been completed. We do not know the outcome of any existing or future audits and, if any future audit adjustments significantly exceed our estimates, our profitability could be adversely affected.

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

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

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

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

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

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

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

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

We may be unable to prevent our employees from engaging in misconduct, fraud or other improper activities that could adversely affect our business and reputation. Misconduct could include the failure to comply with federal government procurement regulations, regulations regarding the protection of classified information

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and legislation regarding the pricing of labor and other costs in government contracts. Many of the systems we develop involve managing and protecting information involved in national security and other sensitive government functions. A security breach in one of these systems could prevent us from having access to such critically sensitive systems. Other examples of employee misconduct could include time card fraud and violations of the Anti-Kickback Act. The precautions we take to prevent and detect this activity may not be effective, and we could face unknown risks or losses. As a result of employee misconduct, we could face fines and penalties, loss of security clearance and suspension or debarment from contracting with the federal government, which could cause our actual results to differ materially and adversely from those anticipated.

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

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

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

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

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

Our quarterly revenue and operating results could be volatile.

Our quarterly revenue and operating results may fluctuate significantly and unpredictably in the future. In particular, if the federal government does not adopt, or delays adoption of, a budget for each fiscal year beginning on October 1, or fails to pass a continuing resolution, federal agencies may be forced to suspend our contracts and delay the award of new and follow-on contracts and orders due to a lack of funding.

Further, the rate at which the federal government procures technology may be negatively affected following changes in

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presidential administrations and senior government officials. Therefore, period-to-period comparisons of our operating results may not be a good indication of our future performance.

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

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

We perform a portion of our engagements on a variety of fixed-price contract vehicles. We derived 19.9 percent of our total revenue in FY2009 and 21.3 percent of our total revenue in FY2008 from fixed-price contracts. Fixed-price contracts require us to price our contracts by predicting our expenditures in advance. In addition, some of our engagements obligate us to provide ongoing maintenance and other supporting or ancillary services on a fixed-price basis or with limitations on our ability to increase prices. Many of our engagements are also on a time-and-materials (T&M) basis. While these types of contracts are generally subject to less uncertainty than fixed-price contracts, to the extent that our actual labor costs are higher than the contract rates, our actual results could differ materially and adversely from those anticipated.

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

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

At June 30, 2009, our backlog included cost reimbursement, T&M and fixed-price contracts. Cost reimbursement and T&M contracts generally have lower profit margins than fixed-price contracts. Our earnings and margins may vary materially and adversely depending on the types of long-term government contracts undertaken, the costs incurred in their performance, the achievement of other performance objectives and the stage of performance at which the right to receive fees, particularly under incentive and award fee contracts, is finally determined.

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

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

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

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

One of our key growth strategies has been to selectively pursue acquisitions. Through acquisitions, we have expanded our base of federal government clients, increased the range of solutions we offer to our clients and deepened our penetration of existing markets and clients. We may encounter difficulty identifying and executing suitable acquisitions. To the extent that management is involved in identifying acquisition opportunities or integrating new acquisitions into our business, our management may be diverted from operating our core business. Without acquisitions, we may not grow as rapidly as the market expects, which could cause our actual results to differ materially and adversely from those anticipated. We may encounter other risks in executing our acquisition strategy, including:

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

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

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

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

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

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

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

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

We depend on the collection of our receivables to generate cash flow, provide working capital, pay debt and continue our business operations. If the federal government, any of our other clients or any prime contractor for whom we are a subcontractor fails to pay or delays the payment of their outstanding invoices for any reason, our business and financial condition may be materially and adversely affected. The government may fail to pay outstanding invoices for a number of reasons, including lack of appropriated funds or lack of an approved budget. Some prime contractors for whom we are a subcontractor have significantly less financial resources than we do, which may increase the risk that we may not be paid in full or payment may be delayed. If we experience difficulties collecting receivables, it could cause our actual results to differ materially and adversely from those anticipated.

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

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

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

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

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

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

Our success depends, in part, upon our ability to protect our proprietary information and other intellectual property. Although our employees are subject to confidentiality obligations, this protection may be inadequate to deter misappropriation of our confidential information. In addition, we may be unable to detect unauthorized use of our intellectual property in order to take appropriate steps to enforce our rights. If we are unable

to prevent third parties from infringing or misappropriating our copyrights, trademarks or other proprietary information, our competitive position could be harmed and our actual results could differ materially and adversely from those anticipated.

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

We conduct the majority of our international operations in the United Kingdom. Our U.K.-based operations comprised 2.9 percent of our revenue in FY2009 and 3.8 percent of our revenue in FY2008. Our U.K.-based operations are subject to risks associated with operating in a foreign country. These risks include fluctuations in the value of the British pound, longer payment cycles, changes in foreign tax laws and regulations and unexpected legislative, regulatory, economic or political changes.

Our U.K.-based operations are also subject to risks associated with operating a commercial as opposed to a government contracting business, including the effects of general economic conditions in the United Kingdom on the telecommunications, computer software and computer services sectors and the impact of more concentrated and intense competition for the reduced volume of work available in those sectors. Our revenue from this business declined during FY2009 over revenue from such business in FY2008 primarily as a result of the weakening of the British pound versus the United States dollar. We are marketing our services to clients in industries that are new to us and our efforts in that regard may be unsuccessful. Other factors that may adversely affect our international operations are difficulties relating to managing our business internationally, integrating recent acquisitions, multiple tax structures and continued adverse changes in foreign exchange rates. Any of these factors could cause our actual results to differ materially and adversely from those anticipated.

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

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

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

modifying certain agreements, including those related to indebtedness; and

engaging in certain mergers, consolidations or acquisitions.

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

Despite our substantial debt, we may incur additional indebtedness.

The Credit Facility consists of a $240 million revolving credit facility and a $350 million term loan. In addition, we have $300 million outstanding under our convertible senior subordinated notes due 2014 (the Notes). We are able to incur additional debt in the future and have flexibility under the Credit Facility to increase the revolving credit facility to $450 million. If new debt is added to our current debt levels, the risks related to our ability to service that debt could increase.

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

Our Credit Facility expires in May 2011 and our ability to make scheduled payments of the principal of, to pay interest on, or to refinance our indebtedness depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not continue to generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in default on our debt obligations.

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

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

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

In the event the conditional conversion features of the Notes are triggered, holders of the Notes will be entitled to convert the Notes at any time during specified periods at their option. If one or more holders elect to convert their notes, we would be required to settle any converted principal through the payment of cash, which could adversely affect our liquidity. In addition, even if holders do not elect to convert their notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the Notes as a current rather than long-term liability, which would result in a material reduction of our net working capital. As of June 30, 2009, we had $239.4 million available under our revolving credit facility, which we could use to satisfy payment obligations arising from conversions of the Notes. However, there can be no assurance that all or any portion of this facility will be available at the time any such conversion obligations arise. Our failure to pay the required cash upon conversion as required under the Notes would constitute an event of default which, if not waived, would result in the immediate acceleration of our payment obligations under all of the Notes. Any such default would also result in an event of default under the Credit Facility. In such a situation, we may not be able to repay our debt or borrow sufficient funds to refinance it, and, even if new financing is available, it may be available on terms less favorable than the terms of our existing debt and, potentially, on terms that are unacceptable to us. A material deterioration in our financial condition or operating results could inhibit our access to additional investment capital and may cause the price of our common stock to decline.

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

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

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the Notes, and to recognize interest expense on the Notes using an interest rate in effect for comparable debt instruments that do not contain conversion features. Under FSP 14-1, the difference between the proceeds of the debt and the value allocated to the liability component will be recorded, in additional paid-in capital, as the value of the conversion option. The amount of the conversion option thus effectively represents additional interest cost on the liability component and will be amortized over the expected life of the security. The interest rate to be used under FSP 14-1 of 6.9 percent is significantly higher than the rate on the Notes that is currently used, which is equal to the coupon rate of 2.125 percent.

FSP 14-1 is effective for our fiscal year beginning July 1, 2009 and will require retrospective application to the date the Notes were issued. Had this new standard been effective for the fiscal year ended June 30, 2009, our interest expense would have increased by $9.5 million and our diluted earnings per share would have decreased by $0.19 per share. The higher interest expense will reduce our net income and may cause our stock price to decline. FSP 14-1 will have no direct effect on our cash flow.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

As of June 30, 2009, we leased office space at 126 U.S. locations containing an aggregate of approximately 2.6 million square feet located in 29 states and the District of Columbia. In three countries outside the U.S., we leased office space at 14 locations containing an aggregate of approximately 69,000 square feet. Our leases expire primarily within the next five years, with the exception of six leases in Northern Virginia and three leases outside of Northern Virginia, which will expire within the next six to 13 years. We anticipate that most of these leases will be renewed or replaced by other leases. All of our offices are in reasonably modern and well-maintained buildings. The facilities are substantially utilized and adequate for present operations.

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

Item 3. Legal Proceedings

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

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

Defendant.

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

Plaintiffs subsequently amended their complaint several times and the action was ultimately transferred to the United States District Court for the District of Columbia. In March 2006, Plaintiffs filed a third amended complaint adding several new counts, adding CACI Premier Technology, Inc. as a Defendant, dropping CACI, N.V. as a Defendant, and adding two former CACI Premier Technology employees, Timothy Dugan and Daniel Johnson, as Defendants. On June 29, 2006, the Court entered an Order granting the Defendants motions

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to dismiss with respect to numerous claims, and granting the motions of the three individual Defendants to dismiss for lack of personal jurisdiction. Finally, the Court consolidated the *Saleh* and *Ibrahim* (noted below) actions for discovery purposes only.

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

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

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

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

On July 28, 2008, CACI submitted its brief to the United States Court of Appeals for the District of Columbia Circuit regarding its interlocutory appeal of the decision denying its summary judgment motion. On October 17, 2008, CACI filed its brief in support of its intervention in Plaintiffs appeal of the November 2007 decision by the United States District Court for the District of Columbia granting Titan s summary judgment. On February 10, 2009, a three judge panel of the United States Court of Appeals for the District of Columbia Circuit held a hearing on both appeals and took the matters under advisement.

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

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

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

In December 2005, CACI filed a motion for summary judgment. On November 6, 2007, the Court issued its order, denying CACI s motion for summary judgment. On December 17, 2007, the Court certified its November 6, 2007 Memorandum Order denying CACI s motion for summary judgment for interlocutory appeal. On January 2, 2008, CACI filed a petition with the United States Court of Appeals for the District of Columbia Circuit asking for acceptance of an interlocutory appeal of the Court s November 6, 2007 Memorandum Order. On January 4, 2008, CACI filed a Notice of Appeal to the United States Court of Appeals for the District of Columbia Circuit from the Court s November 6, 2007 Memorandum Order.

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

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

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

On July 28, 2008, CACI submitted its brief to the United States Court of Appeals for the District of Columbia Circuit regarding its interlocutory appeal of the decision denying its summary judgment motion. On October 17, 2008, CACI filed its brief in support of its intervention in Plaintiffs appeal of the November 2007 decision by the United States District Court for the District of Columbia granting Titan s summary judgment. On February 10, 2009, a three judge panel of the United States Court of Appeals for the District of Columbia Circuit held a hearing on both appeals and took the matters under advisement.

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

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

On June 27, 2008, CACI filed a motion to transfer the lawsuit to the United States District Court for the Eastern District of Virginia. In August 2008, the United States District Court for the Central District of California ordered the transfer of the lawsuit to the United States District Court for the Eastern District of Virginia. Thereafter, Plaintiff dismissed the case without prejudice.

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

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

In August 2008, Plaintiff dismissed all CACI defendants from the case without prejudice.

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

On June 30, 2008, Plaintiff filed a twenty-count complaint in the United States District Court for the Southern District of Ohio. Plaintiff is an Iraqi who claims that he suffered significant physical injury and emotional distress while held at Abu Ghraib prison in Iraq. The lawsuit names CACI International Inc, CACI

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Premier Technology, Inc. and former CACI employee Timothy Dugan as Defendants, along with L-3 Services, Inc. The complaint alleges that the Defendants conspired with U.S. military personnel to engage in illegal treatment of Iraqi detainees. The complaint does not allege any interaction between Plaintiff and any CACI employee. Plaintiff seeks, inter alia, compensatory damages, punitive damages, and attorney s fees. On August 8, 2008, the court granted CACI s motion to transfer the action to the United States District Court for the Eastern District of Virginia. On September 12, 2008, Mr. Dugan was dismissed from the case without prejudice. On October 2, 2008, CACI filed a motion to dismiss the case. CACI also moved to stay discovery pending further proceedings. The court granted CACI s motion to stay discovery. On March 18, 2009, the court granted in part and denied in part CACI s motion to dismiss. On March 23, 2009, CACI filed a notice of appeal with respect to the March 18, 2009 decision. Plaintiff filed a motion to strike CACI s notice of appeal and a motion to lift the stay on discovery. The United States District Court for the Eastern District of Virginia denied both motions. On April 27, 2009, Plaintiff filed a motion to dismiss the appeal in the United States Court of Appeals for the Fourth Circuit. That motion is pending.

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

On June 30, 2008, Plaintiff filed a twenty-count complaint in the United States District Court for the Western District of Washington. Plaintiff was an Iraqi who claimed that he suffered significant physical injury and emotional distress while held at Abu Ghraib prison in Iraq. The lawsuit named CACI International Inc, CACI Premier Technology, Inc. and former CACI employee Daniel E. Johnson as Defendants, along with L-3 Services, Inc. The complaint alleged that the Defendants conspired with U.S. military personnel to engage in illegal treatment of Iraqi detainees. The complaint did not allege any interaction between Plaintiff and any CACI employee. Plaintiff sought, inter alia, compensatory damages, punitive damages, and attorney s fees.

On August 12, 2008, the court granted CACI s motion to transfer the action to the United States District Court for the Eastern District of Virginia. Thereafter, in August 2008, Plaintiff dismissed the case without prejudice.

Abbas, et al. v. L-3 Services, Inc. et al.

In February 2009, Plaintiffs filed a complaint in the United States District Court for the District of Columbia. Plaintiffs are fifty-five Iraqi citizens who claim that they suffered significant physical injury, emotional distress, and/or wrongful death while being held as detainees at Abu Ghraib prison and elsewhere in Iraq. The lawsuit names CACI Premier Technology, Inc. and L-3 Services, Inc. as Defendants. Plaintiffs seek, inter alia, compensatory damages, punitive damages, and costs.

On April 9, 2009, the United States District Court for the District of Columbia granted a joint motion of the parties to stay the case pending resolution of the appeals in the *Saleh* and *Ibrahim* cases described above.

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

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

No matter was submitted to a vote of security holders during the fourth quarter of our fiscal year ended June 30, 2009, through the solicitation of proxies or otherwise.

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PART II

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

Our common stock is listed on the New York Stock Exchange under the ticker symbol CACI .

The ranges of high and low sales prices of our common stock quoted on the New York Stock Exchange for each quarter during the fiscal years ended June 30, 2009 and 2008 were as follows:

	2009		2008	
Quarter	High	Low	High	Low
1st	$ 52.00	$ 41.84	$ 52.83	$ 43.32
2nd	$ 51.97	$ 36.02	$ 55.01	$ 43.15
3rd	$ 47.68	$ 33.96	$ 46.87	$ 38.89
4th	$ 42.84	$ 33.90	$ 53.95	$ 43.70

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

As of August 21, 2009, the number of stockholders of record of our common stock was approximately 365. The number of stockholders of record is not representative of the number of beneficial stockholders due to the fact that many shares are held by depositories, brokers, or nominees.

We administer an employee stock purchase plan (ESPP) under which eligible employees may purchase shares of common stock at a discount as provided by the plan. To provide the shares purchased under the plan, we either repurchase outstanding shares on the open market or issue shares previously acquired and held in treasury. Repurchased shares are acquired on a quarterly basis, generally within two weeks of the end of each quarter, and are distributed within three days thereafter to employees purchasing shares. Set forth below are equity securities purchased during the three months ended June 30, 2009 in order to satisfy our obligations under the ESPP:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased As Part of Publicly Announced Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
April 2009	24,439	$ 37.10	641,771	108,229
May 2009				
June 2009				
Total	24,439	$ 37.10	641,771	108,229

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The following graph compares the cumulative 5-year total return to shareholders on CACI International Inc s common stock relative to the cumulative total returns of the Russell 1000 index and the Dow Jones U.S. Computer Services Total Stock Market index. The graph assumes that the value of the investment in our common stock and in each of the indexes (including reinvestment of dividends) was $100 on June 30, 2004 and tracks it through June 30, 2009.

	June 30,					
	2004	**2005**	**2006**	**2007**	**2008**	**2009**
CACI International Inc	100.00	156.20	144.24	120.81	113.19	105.63
Russell 1000	100.00	107.93	117.73	141.79	124.25	90.87
Dow Jones U.S. Computer Services Total Stock Market	100.00	92.44	99.74	133.31	141.82	124.24

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

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Item 6. Selected Financial Data

The selected financial data set forth below is derived from our audited financial statements for each of the fiscal years in the five year period ended June 30, 2009. This information should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and the notes thereto, included in Part II in this Annual Report on Form 10-K.

Income Statement Data

	Year Ended June 30,				
	2009	2008	2007	2006	2005
	(amounts in thousands, except per share data)				
Revenue	$ 2,730,162	$ 2,420,537	$ 1,937,972	$ 1,755,324	$ 1,623,062
Costs of revenue	2,546,048	2,257,708	1,792,119	1,605,044	1,480,930
Net income	95,480	83,323	78,532	84,840	79,725
Earnings per common share and common share equivalent:					
Basic:					
Weighted-average shares outstanding	29,976	30,058	30,643	30,242	29,675
Earnings per share	$ 3.19	$ 2.77	$ 2.56	$ 2.81	$ 2.69
Diluted:					
Weighted-average shares and equivalent shares outstanding	30,427	30,606	31,256	31,161	30,568
Earnings per share	$ 3.14	$ 2.72	$ 2.51	$ 2.72	$ 2.61

Balance Sheet Data

	Year ended June 30,				
	2009	2008	2007	2006	2005
	(amounts in thousands)				
Total assets	$ 2,007,474	$ 1,902,653	$ 1,791,947	$ 1,368,090	$ 1,206,639
Long-term liabilities	696,242	694,498	683,079	411,366	376,861
Working capital	406,928	312,555	413,982	238,464	284,186
Shareholders equity	993,328	917,885	813,847	745,359	621,034

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

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

Overview

We are a leading provider of professional services and information technology solutions to the U.S. government. We derived 96.0 percent of our revenues during the year ended June 30, 2009 from contracts with U.S. government agencies, including 76.1 percent from DoD customers, and 19.9 percent from U.S. federal civilian agency customers including the Department of Homeland Security. We also provide services to state and local governments and commercial customers.

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For the year ended June 30, 2009, approximately 82.8 percent of our U.S. government revenue was from contracts where we were the lead, or prime, contractor. Our contract base has approximately 700 active contracts and 2,500 active task orders. We have a diverse mix of contract types, with 48.0 percent, 32.1 percent, and 19.9 percent of our revenues for the year ended June 30, 2009, derived from time-and-materials, cost-plus and fixed-price contracts, respectively. We generally do not pursue fixed-price software development contracts that may create financial risk.

Critical Accounting Policies

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

Revenue Recognition/Contract Accounting

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

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

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

Our contracts may include the provision of more than one of our services. In these situations, we apply the guidance of FASB s Emerging Issues Task Force (EITF) Issue 00-21, *Revenue Arrangements with Multiple*

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Deliverables. Accordingly, for applicable arrangements, revenue recognition includes the proper identification of separate units of accounting and the allocation of revenue across all elements based on relative fair values, with proper consideration given to the guidance provided by other authoritative literature.

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

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

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

Costs of Revenue

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

Allowance For Doubtful Accounts

Management establishes bad debt reserves against certain billed receivables based upon the latest information available to determine whether invoices are ultimately collectible. Whenever judgment is involved in determining the estimates, there is the potential for bad debt expense and the fair value of accounts receivable to be misstated. Given that we primarily serve the U.S. government and that, in our opinion, we have

sufficient controls in place to properly recognize revenue, we believe the risk to be relatively low that a misstatement of

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accounts receivable would have a material impact on our financial results. Accounts receivable balances are written-off when the balance is deemed uncollectible after exhausting all reasonable means of collection.

Goodwill Valuation

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

SFAS No. 142 requires that goodwill be tested for impairment at the reporting unit level at least annually or if impairment indicators are present. The evaluation includes comparing the fair value of the relevant reporting unit to the carrying value, including goodwill, of such unit. If the fair value exceeds the carrying value, no impairment loss is recognized. However, if the carrying value of the reporting unit exceeds its fair value, the goodwill of the reporting unit is impaired. Impairment is measured by comparing the derived fair value of the goodwill to its carrying value.

We perform our annual testing for impairment of goodwill and other intangible assets as of June 30 of each year. Based on testing performed as of June 30, 2009, there were no indications of impairment.

Stock-Based Compensation

Under our 2006 Stock Incentive Plan, we issue equity instruments on an annual basis to our directors and key employees. These instruments may take the form of, among others, shares of restricted stock, restricted stock units (RSUs), stock settled stock appreciation rights (SSARs) and non-qualified stock options (NQSOs). We also issue equity instruments in the form of RSUs under our Management Stock Purchase Plan and Director Stock Purchase Plan. With the exception of SSARs that were granted in June and July of 2007 to the Company s Chief Executive Officer; President, U.S. Operations; and Chief Operating Officer, U.S. Operations with a market-based vesting feature, compensation expense attributable to SSARs and NQSOs is generally computed using the Black-Scholes valuation model. SSARs containing market-based vesting features were valued with a binomial lattice model.

Prior to June 2007, we issued equity instruments to our key employees in the form of NQSOs and either RSUs or restricted stock. Effective in June 2007, we began issuing SSARs instead of NQSOs. RSUs and shares of restricted stock granted through June 2008 vested based on the passage of time and continued services as an employee. Beginning in August 2008, we began also issuing RSUs for which vesting is based on achievement of a performance metric in addition to grantee service (performance-based RSUs). For performance-based RSUs granted as part of our annual grant made in August 2008, vesting is initially dependent upon our net after-tax profit (NATP) for the fiscal year ending June 30, 2010. The maximum number of performance-based RSUs which will vest is based on the achievement of a certain NATP which has been established by our Board of Directors. No performance-based RSUs will vest if NATP is less than a pre-defined amount. In addition to achievement of a certain level of NATP, vesting is contingent upon the grantee s service. Once the NATP for the year ending June 30, 2010 is determined, performance-based RSUs will vest in increments of one-third of the shares underlying the RSUs on an annual basis beginning two years after the grant date. All performance-based RSUs awarded for a given NATP level and for which service requirements are fulfilled will have fully vested four years after the grant date.

Under the terms of the various equity instrument agreements, vesting of awards may accelerate to varying degrees based on the age of the grantee and the type of equity instrument. Depending on the instrument, vesting may accelerate upon retirement at either age 62 or 65 with the amount of acceleration based on the length of service provided and, for performance-based RSUs, the NATP achieved for the applicable fiscal year.

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Results of Operations

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

Consolidated Statements of Operations

Years ended June 30, 2009, 2008, 2007

							Year to Year Change			
	2009	2008	2007	2009	2008	2007	2008 to 2009		2007 to 2008	
		Dollars			Percentages		Dollars	Percent	Dollars	Percent
					(dollar amounts in thousands)					
Revenue	$ 2,730,162	$ 2,420,537	$ 1,937,972	100.0%	100.0%	100.0%	$ 309,625	12.8%	$ 482,565	24.9%
Costs of revenue										
Direct costs	1,871,884	1,625,591	1,267,677	68.6	67.1	65.4	246,293	15.2	357,914	28.2
Indirect costs and selling expenses	627,572	584,600	485,359	23.0	24.2	25.1	42,972	7.4	99,241	20.4
Depreciation and amortization	46,592	47,517	39,083	1.7	2.0	2.0	(925)	(1.9)	8,434	21.6
Total costs of revenue	2,546,048	2,257,708	1,792,119	93.3	93.3	92.5	288,340	12.8	465,589	26.0
Income from operations	184,114	162,829	145,853	6.7	6.7	7.5	21,285	13.1	16,976	11.6
Interest expense and other, net	22,323	25,198	20,585	0.8	1.0	1.0	(2,875)	(11.4)	4,613	22.4
Net income before income taxes	161,791	137,631	125,268	5.9	5.7	6.5	24,160	17.6	12,363	9.9
Income taxes	66,311	54,308	46,736	2.4	2.3	2.4	12,003	22.1	7,572	16.2
Net income	$ 95,480	$ 83,323	$ 78,532	3.5%	3.4%	4.1%	$ 12,157	14.6%	$ 4,791	6.1%

Revenue

For FY2009, our total revenue increased by $309.6 million, or 12.8 percent. Approximately 9.9 percent, or $240.8 million, of revenue growth was organic and resulted from an increase in services provided to a broad base of DoD, intelligence, and federal civilian agency customers. The remaining 2.9 percent increase, or $68.8 million, was from acquisitions completed in FY2008 and FY2009.

During FY2008, total revenue increased by $482.6 million, or 24.9 percent. Approximately 13.8 percent, or $268.1 million, of revenue growth was organic and resulted primarily from increases in services and solutions provided to our DoD customers. The remaining 11.1 percent, or $214.5 million, of the FY2008 revenue growth was generated by acquisitions completed in FY2008 and FY2007.

Revenue generated from the date a business is acquired through the first anniversary of that date is considered acquired revenue. Our acquired revenue for FY2009 and FY2008 is as follows (in millions):

Business Acquired	2009	2008
Athena Innovative Solutions, Inc. (AIS)	$ 37.6	$ 74.7
Dragon Development Corporation (DDC)	11.2	21.5
The Wexford Group International, Inc. (WGI)		98.4
Institute for Quality Management, Inc. (IQM)		12.6
Others	20.0	7.3
Total	$ 68.8	$ 214.5

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

	Year ended June 30,					
	2009		2008		2007	
	(dollar amounts in thousands)					
Department of Defense	$ 2,078,338	76.1%	$ 1,807,546	74.7%	$ 1,393,735	71.9%
Federal civilian agencies	542,090	19.9	491,275	20.3	431,752	22.3
Commercial and other	88,228	3.2	101,839	4.2	91,946	4.7
State and local governments	21,506	0.8	19,877	0.8	20,539	1.1
Total	$ 2,730,162	100.0%	$ 2,420,537	100.0%	$ 1,937,972	100.0%

Revenue from DoD customers increased 15.0 percent, or $270.8 million, to $2.1 billion for FY2009 as compared to FY2008. The aforementioned acquisitions accounted for 2.0 percent of this total growth, contributing $36.6 million. DoD revenue includes that earned for services provided to the U.S. Army, our largest customer, where our services focus on supporting readiness, tactical military intelligence, and communications of the combat operations in Iraq and Afghanistan. DoD revenue also includes work with the U.S. Navy, such as services to support the Navy s automatic identification technologies and a mine countermeasure program that protects its fleet.

Revenue from DoD customers increased 29.7 percent, or $413.8 million, to $1.8 billion for FY2008 as compared to FY2007. The aforementioned acquisitions accounted for 40.7 percent of this growth, contributing $168.6 million.

Revenue from federal civilian agencies increased $50.8 million, or 10.3 percent, to $542.1 million during FY2009 as compared to FY2008. This revenue growth came both organically and from acquisitions. Acquisitions accounted for 49.4 percent of the increase. Approximately 13.8 percent of federal civilian agency revenue for the year was derived from the Department of Justice (DoJ), for whom we provide litigation support services. Revenue from DoJ was $74.9 million in FY2009 versus $74.0 million in FY2008. Federal civilian agency revenue also includes services provided to non-DoD national intelligence agencies.

During FY2008 as compared to FY2007, revenue from federal civilian agencies increased $59.5 million, or 13.8 percent, to $491.3 million. The primary revenue growth drivers in this area came from acquisitions, which accounted for 66.1 percent of the increase. Approximately 15.1 percent of federal civilian agency revenue for the year was derived from DoJ. Revenue from DoJ was $74.0 million in FY2008 versus $66.6 million in FY2007. The increase in revenue earned from DoJ resulted primarily from services provided to support DoJ efforts involving litigation resulting from Hurricane Katrina.

Commercial and other revenue decreased 13.4 percent, or $13.6 million, to $88.2 million in FY2009 as compared to FY2008. Commercial revenue is derived from both international and domestic operations. In FY2009, international operations accounted for 90.0 percent, or $79.4 million, of the total commercial revenue, while domestic operations accounted for 10.0 percent, or $8.8 million. The decrease in commercial revenue was primarily from our operations in the U.K., which decreased by 14.5 percent, or $13.4 million, as a result of unfavorable exchange rates.

Commercial revenue increased 10.8 percent, or $9.9 million, to $101.8 million in FY2008 as compared to FY2007. In FY2008, international operations accounted for 91.1 percent, or $92.8 million, of the total commercial revenue, while domestic operations accounted for 8.9 percent, or $9.0 million. The increase in commercial revenue was primarily from our U.K. operations, which increased by 15.3 percent, or $12.3 million.

Growth in the U.K. was generated by three acquisitions completed in FY2008 and favorable exchange rates.

Revenue from state and local governments increased by 8.2 percent, or $1.6 million during FY2009, as compared to FY2008. In FY2008 as compared to FY2007, revenue from state and local governments decreased

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by 3.2 percent, or $0.7 million. Revenue from state and local governments represented 0.8 percent of our total revenue in each of FY2009 and FY2008. Our continued focus on DoD and federal civilian agency opportunities has resulted in a relatively reduced emphasis on state and local government business.

Income from Operations

Operating income increased 13.1 percent, or $21.3 million, in FY2009 as compared to FY2008. Our operating margin was 6.7 percent in each of FY2009 and FY2008. In FY2008 as compared to FY2007, operating income increased 11.6 percent, or $17.0 million. Our operating margin in FY2008 of 6.7 percent decreased from 7.5 percent a year earlier. This decrease in margin rate related primarily to an increase in subcontract labor and materials as a percent of total direct costs, as well as a decline in the margins of our direct labor.

During the fiscal years ended June 30, 2009, 2008, and 2007, as a percentage of revenue, total direct costs were 68.6 percent, 67.1 percent, and 65.4 percent, respectively. The year-to-year increases in direct costs as a percentage of revenue were driven primarily by an increase in the use of subcontractors. These costs are common in our industry, are typically incurred in response to specific client tasks, and may vary from period to period.

The single largest component of direct costs, direct labor, was $751.0 million, $670.3 million and $548.5 million in FY2009, FY2008, and FY2007, respectively. The increase in direct labor during the last three fiscal years is attributable to the organic growth in our federal government business, both in the DoD and federal civilian agencies, and to acquisitions. Other direct costs, which include, among other costs, subcontractor labor and materials along with equipment purchases and travel expenses, were $1.1 billion, $955.3 million, and $719.1 million in FY2009, FY2008, and FY2007, respectively. The year over year increases were primarily the result of increased volume of tasking across all of our major service offerings including the aforementioned acquisitions.

Indirect costs and selling expenses include fringe benefits (attributable to both direct and indirect labor), marketing and bid and proposal costs, indirect labor and other discretionary costs. As a percentage of revenue, indirect costs and selling expenses were 23.0 percent, 24.2 percent and 25.1 percent for FY2009, FY2008, and FY2007, respectively. The decrease in percentage experienced during these fiscal years is primarily the result of integrating acquired businesses while controlling our various indirect and general and administrative expenses in these periods of growth. Indirect costs and selling expenses in FY2009 were also impacted by a reduction in expense associated with a gain on a commercial legal matter. A component of indirect costs and selling expenses is stock compensation. Total stock compensation expense was $16.8 million, $17.6 million, and $13.0 million for the fiscal years ended June 30, 2009, 2008, and 2007, respectively. The decrease in stock compensation expense from FY2008 to FY2009 was due primarily to a higher level of forfeitures in FY2009. The increase in stock compensation expense from FY2007 to FY2008 was due to a higher level of grants in FY2008 as compared to FY2007.

Depreciation and amortization expense decreased $0.9 million, or 1.9 percent, in FY2009 as compared to FY2008. The decrease was primarily attributable to a decrease in software amortization on externally marketed software. In FY2008 as compared to FY2007, depreciation and amortization expense increased $8.4 million, or 21.6 percent, primarily from the amortization of acquired intangible assets.

Net interest expense and other decreased $2.9 million, or 11.4 percent in FY2009, as compared to FY2008 primarily as a result of lower interest rates. This was partially offset by a reduction in interest income as a result of lower interest rates earned on our cash balances and as a significant portion of our cash balance was used to fund the AIS and DDC acquisitions. Net interest expense and other increased $4.6 million, or 22.4 percent, in FY2008 as compared to FY2007. The primary driver for the increase was the issuance of $300 million of convertible notes in May 2007. This increase was partially offset by lower interest on our floating rate debt outstanding under the Credit Facility.

The effective income tax rates in FY2009, FY2008, and FY2007, were 41.0 percent, 39.5 percent, and 37.3 percent, respectively. The higher tax rate in FY2009 as compared to FY2008 related primarily to the impact of non-deductible losses on corporate-owned life insurance policies.

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Quarterly Financial Information

Quarterly financial data for the two most recent fiscal years is provided in note 25, Quarterly Financial Data, in the Notes to Consolidated Financial Statements contained in this Annual Report on Form 10-K.

Effects of Inflation

During FY2009, 32.1 percent of our business was conducted under cost-reimbursable contracts which automatically adjust revenue to cover costs that are affected by inflation. 48.0 percent of our revenue was earned under time-and-material contracts, where labor rates for many of the services provided are often fixed for several years. Under certain time-and-material contracts containing indefinite-delivery, indefinite-quantity procurement arrangements, we do adjust labor rates annually as permitted. The remaining portion of our business is fixed-price and may span multiple years. We generally have been able to price our time-and-materials and fixed-price contracts in a manner that accommodates the rates of inflation experienced in recent years.

Liquidity and Capital Resources

Historically, our positive cash flow from operations and our available credit facilities have provided adequate liquidity and working capital to fund our operational needs. Cash flows from operations totaled $151.1 million, $160.1 million and $168.0 million for the years ended June 30, 2009, 2008 and 2007, respectively.

The Credit Facility is a $590 million credit facility, which includes a $240 million revolving credit facility (the Revolving Facility), and a $350 million term loan (the Term Loan). The initial borrowings under the Credit Facility were $422.6 million. At June 30, 2009, $331.6 million was outstanding under the Term Loan, $0.6 million was outstanding under the Revolving Facility and we had no letters of credit outstanding. On July 8, 2009, we made a $50.0 million prepayment on the Term Loan, reducing the outstanding balance to $281.6 million. From time to time, we may make additional prepayments, based on cash flows, working capital requirements and other capital needs.

On May 10, 2007, in connection with the issuance of the Notes, the Credit Facility was amended in order to, among other things, permit the issuance of the Notes and address certain related matters.

On August 28, 2008, the Credit Facility was amended to reflect our exercise of the accordion feature under the Revolving Facility. This amendment increased the credit available to us under the Revolving Facility from $200.0 million to $240.0 million. The August 2008 amendment also 1) provided us with additional flexibility with respect to certain of our covenants under the Credit Facility, 2) extended the expiration date of the Revolving Facility from May 3, 2009 to May 3, 2011, on which date repayment of any outstanding balance under the Revolving Facility, together with accrued interest thereon, will be due, and 3) increased the total amount to which the Revolving Facility may be increased pursuant to the accordion feature to $450.0 million (from $300.0 million). The Revolving Facility continues to have annual sublimits on amounts borrowed for acquisitions and a $25.0 million sublimit for the issuance of letters of credit.

On May 27, 2009, the Credit Facility was amended to facilitate the funding of foreign acquisitions, by introducing a foreign investment basket of up to $55.0 million that will enable CACI and its United States subsidiaries to invest in CACI s foreign subsidiaries for the purpose of paying the purchase price of permitted acquisitions. The amendment does not alter the definition of Permitted Acquisitions under the Credit Agreement.

The Term Loan portion of the 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 is due in full on May 3, 2011.

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Interest rates for both Revolving Facility and Term Loan borrowings are based on the London Inter-Bank Offered Rate (LIBOR), or the higher of the prime rate or the federal funds rate in each case, plus applicable margins. Margins and unused facility fee rates are determined quarterly based on our leverage ratios.

We are required to comply with certain financial covenants under the Credit Facility that limit our leverage, require us to maintain a minimum net worth and require us to meet a minimum fixed charge coverage ratio. These financial covenants apply throughout the term of the Credit Facility. As of June 30, 2009, we were in compliance with all of the financial covenants of the Credit Facility.

The total costs associated with securing the Credit Facility, as amended, were $10.2 million, including $1.3 million incurred in connection with the August 2008 amendment and $0.3 million incurred in connection with the May 2009 amendment, and are being amortized over the life of the Credit Facility.

Effective May 16, 2007, we issued the Notes, which mature on May 1, 2014, in a private placement pursuant to Rule 144A of the Securities Act of 1933. The Notes are subordinate to our senior secured debt, and interest on the Notes is payable on May 1 and November 1 of each year.

Holders may convert their notes at a conversion rate of 18.2989 shares of CACI common stock for each $1,000 of note principal (an initial conversion price of $54.65 per share) under the following circumstances: 1) if the last reported sale price of CACI stock is greater than or equal to 130 percent of the conversion price for at least 20 trading days in the period of 30 consecutive trading days ending on the last trading day of the preceding fiscal quarter; 2) during the five consecutive business day period immediately after any ten consecutive trading day period (the note measurement period) in which the average of the trading price per $1,000 principal amount of convertible note was equal to or less than 97 percent of the average product of the closing price of a share of our common stock and the conversion rate of each date during the note measurement period; 3) upon the occurrence of certain corporate events, as defined; or 4) during the last three-month period prior to maturity. We are required to satisfy 100 percent of the principal amount of these notes solely in cash, with any amounts above the principal amount to be satisfied in common stock. As of June 30, 2009, none of the conditions permitting conversion of the Notes had been satisfied.

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

The contingently issuable shares are not included in our diluted share count for the fiscal year ended June 30, 2009 or 2008, because our average stock price during those periods was below the conversion price. Debt issuance costs of $7.8 million are being amortized to interest expense over seven years. Upon closing of the sale of the Notes, $45.5 million of the net proceeds was used to concurrently repurchase one million shares of our common stock.

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

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

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

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

In May 2008, the FASB issued FSP 14-1. This new standard will require the Company to separately account for the liability and equity (conversion option) components of the Notes, and to recognize interest expense on the Notes using an interest rate in effect for comparable debt instruments that do not contain conversion features. The interest rate to be used under the new standard of 6.9 percent is significantly higher than the rate which is currently used, which is equal to the coupon rate of 2.125 percent. FSP 14-1 is effective for our fiscal year beginning July 1, 2009, and will require retrospective application to the date the Notes were issued. Had this new standard been effective for the years ended June 30, 2009 and 2008, we estimate that our interest expense would have increased by $9.5 million and $8.9 million, respectively, and our diluted earnings per share would have decreased by $0.19 and $0.18 per share for the years ended June 30, 2009 and 2008, respectively. FSP 14-1 will have no direct effect on our cash flow.

We also have amounts due under promissory notes payable issued in connection with the May 2006 acquisition of Sophron Partners Limited. The promissory notes payable mature on June 30, 2010, but portions of these notes may be put back to the Company beginning January 1, 2010. The holders have the right to request payment of up to 50 percent of outstanding note principal beginning January 1, 2010, and up to 100 percent at any time between April 6, 2010 and the stated due date of June 30, 2010.

We also maintain two lines of credit in addition to the Revolving Facility, one in the U.K., and one under a joint venture. The total amount available under the line-of-credit facility in the U.K., which is cancelable at any time upon notice from the bank, is 0.5 million pounds sterling. The amount available under the joint venture s line of credit is $1.5 million, and is scheduled to expire in September 2011. As of June 30, 2009, the Company had no outstanding borrowings under either of these lines of credit.

In June 2008, our Board of Directors approved a share repurchase program for up to $20 million of our common stock. Repurchases under this program were completed in August 2008 for the full amount authorized by the Board.

Cash and cash equivalents were $208.5 million and $120.4 million as of June 30, 2009 and 2008, respectively. The increase in cash and cash equivalents was primarily attributable to cash flow generated from operations. Working capital was $406.9 million and $312.6 million as of June 30, 2009 and 2008, respectively. Our operating cash flow was $151.1 million for FY2009, compared to $160.1 million for the same period a year ago. The current year decrease in operating cash flow results from continued strong organic growth in FY2009. Increasing organic growth consumes operating cash flow that is necessary to fund expanding business operations. Days-sales outstanding improved to 59 at June 30, 2009, compared to 60 for the same period a year ago.

We used $38.8 million and $329.3 million of cash in investing activities during FY2009 and FY2008, respectively. The decrease in FY2009 was attributed to the larger acquisitions completed during FY2008 as compared to those completed in FY2009. In addition, although the WGI acquisition was completed in FY2007, $49.0 million of the purchase price was paid in FY2008. Purchases of office and computer related equipment of $12.4 million and $13.6 million in FY2009 and FY2008, respectively, accounted for a majority of the remaining funds used in

investing activities. We have relatively low capital expenditure requirements for our business, and expect these expenditures in the coming years to remain consistent with the levels reported in recent fiscal years.

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Cash flows from financing activities were a use of cash of $21.3 million during FY2009 and a source of cash of $4.1 million during FY2008. During FY2009, we used $20.0 million of cash to repurchase shares of our common stock pursuant to the share repurchase program approved by our Board of Directors in June 2008. Cash flows from financing activities continued to benefit from proceeds received from the exercise of stock options and purchases of stock under our ESPP. Proceeds from these activities totaled $7.7 million and $8.3 million during FY2009 and FY2008, respectively. These were offset by cash used to purchase stock to fulfill obligations under the ESPP. Cash used to acquire stock under the ESPP was $3.7 million and $2.0 million during FY2009 and FY2008, respectively. This increase was primarily due to the use of shares held in treasury to fulfill the Company s obligations under the ESPP for the second and third quarters of FY2008.

We believe that the combination of internally generated funds, available bank borrowings, and cash and cash equivalents on hand will provide the required liquidity and capital resources necessary to fund on-going operations, customary capital expenditures, debt service obligations, and other working capital requirements over the next twelve months. Over the longer term, our ability to generate sufficient cash flows from operations necessary to fulfill the obligations under our Credit Facility and the Notes will depend on our future financial performance which will be affected by many factors outside of our control, including current worldwide economic conditions, which have materially and negatively impacted liquidity in the financial markets, making terms for almost all financing less attractive and in some cases have resulted in the unavailability of financing.

Off-Balance Sheet Arrangements and Contractual Obligations

We use off-balance sheet arrangements to finance the lease of operating facilities. With the exception of a building acquired in connection with an acquisition completed during the year ended June 30, 2004, which we sold in March 2009, we have financed the use of all of our office and warehouse facilities through operating leases. Operating leases are also used to finance the use of computers, servers, phone systems, and to a lesser extent, other fixed assets, such as furnishings, that are obtained in connection with business acquisitions. We generally assume the lease rights and obligations of companies acquired in business combinations and continue financing equipment under operating leases until the end of the lease term following the acquisition date. We generally do not finance capital expenditures with operating leases, but instead finance such purchases with available cash balances. For additional information regarding our operating lease commitments, see note 14 in the Notes to Consolidated Financial Statements contained in this Annual Report on Form 10-K. The Credit Facility provides for stand-by letters of credit aggregating up to $25.0 million that reduces the funds available under the Revolving Facility when issued. As of June 30, 2009, we had no outstanding letters of credit. We have no other material off-balance sheet financing arrangements.

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The following table summarizes our contractual obligations as of June 30, 2009 that require us to make future cash payments:

		Payments Due By Period			
	Total	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
		(amounts in thousands)			
Contractual obligations:					
Credit facility(1)	$ 332,253	$ 4,128	$ 328,125	$	$
Fixed rate note(1)	5,336	5,336			
Convertible notes(1)	300,000			300,000	
Operating leases(2)	235,703	37,283	60,118	45,494	92,808
Other long-term liabilities reflected on our balance sheet under generally accepted accounting principles (GAAP)					
Deferred compensation(3)	42,658	2,360	3,082	1,718	35,498
Total	$ 915,950	$ 49,107	$ 391,325	$ 347,212	$ 128,306

(1) See note 13 to our consolidated financial statements for additional information regarding debt and related matters and note 26 for information on a $50.0 million prepayment made subsequent to June 30, 2009.
(2) See note 14 to our consolidated financial statements for additional information regarding operating lease commitments.
(3) This liability is substantially offset by investments held by the plan provider to be reimbursed to us upon the payment of the liability to the plan participant. See note 20 to our consolidated financial statements.

Item 7A. Quantitative and Qualitative Disclosure About Market Risk

The interest rates on both the Term Loan and the Revolving Facility are affected by changes in market interest rates. We have the ability to manage these fluctuations in part through interest rate hedging alternatives in the form of interest rate swaps and caps. Our hedging relationships are with three different financial institutions that have been impacted by recent market conditions. If one of these financial institutions defaults on its obligations under our swap or cap agreements, we would have to find alternative methods to manage interest rate fluctuations or review and modify our hedging strategy. We believe that these financial institutions will be able to fulfill their obligations under their respective interest rate swap and cap agreements. A one percent change in interest rates on variable rate debt would have resulted in our interest expense fluctuating by $2.3 million for the year ended June 30, 2009.

Approximately 2.9 percent and 3.8 percent of our total revenues in FY2009 and FY2008, respectively, were derived from our international operations in the U.K. Our practice in the U.K. is to negotiate contracts in the same currency in which the predominant expenses are incurred, thereby mitigating the exposure to foreign currency exchange fluctuations. It is not possible to accomplish this in all cases; thus, there is some risk that profits will be affected by foreign currency exchange fluctuations. As of June 30, 2009 we held pounds sterling in the U.K. equivalent to approximately $16.2 million. This allows us to better utilize our cash resources on behalf of our foreign subsidiaries, thereby mitigating foreign currency conversion risks.

Item 8. Financial Statements and Supplementary Data

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

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

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

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Item 9A. Controls and Procedures

A. Disclosure Controls and Procedures

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

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

We performed an evaluation of the effectiveness of our disclosure controls and procedures under the supervision of the CEO and CFO, as of June 30, 2009. Based on the evaluation procedures, our management, including the CEO and CFO, concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of June 30, 2009.

B. Internal Control Over Financial Reporting

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

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

With the participation of our CEO and CFO, we performed an evaluation of the effectiveness of the internal control over financial reporting to comply with the rules on internal control over financial reporting issued pursuant to the Sarbanes-Oxley Act of 2002. In making this evaluation, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control Integrated Framework*. Based on the evaluation procedures, our management, including the CEO and CFO, concluded that, as of June 30, 2009, our internal control over financial reporting was effective based on those criteria. In addition, our independent registered public accounting firm evaluated the effectiveness of our internal control over financial reporting. Management s report on the effectiveness of internal control over financial reporting, and the independent auditors report on internal control over financial reporting, are included in Part IV of this report.

C. Changes in Internal Control Over Financial Reporting

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

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PART III

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

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

Except for the specific disclosures below, the information required by this Item 10 is included under the headings Executive Officers and Corporate Governance in our 2009 Proxy Statement for the annual meeting to be held with respect to the fiscal year ended June 30, 2009 (2009 Proxy Statement) and is incorporated by reference.

Code of Ethics

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

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

Corporate Governance Guidelines

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

Item 11. Executive Compensation

The information required by this Item 11 is included in the text and tables under the caption Compensation Discussion and Analysis in our 2009 Proxy Statement and is incorporated by reference.

Item 12. Security Ownership Of Certain Beneficial Owners And Management

The information required by this Item 12 is included under the headings Security Ownership of Directors, Executive Officers and Certain Beneficial Owners and Equity Compensation Plan Information in our 2009 Proxy Statement and is incorporated by reference.

Item 13. Certain Relationships and Related Transactions

The information required by this Item 13 is included under the headings Corporate Governance and Compensation Discussion and Analysis in our 2009 Proxy Statement and is incorporated by reference.

Item 14. Principal Accounting Fees and Services

The information required by this Item 14 is included under the heading Independent Auditor Fees in our 2009 Proxy Statement and is incorporated by reference.

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PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) Documents filed as part of this Report

1. Financial Statements

A. Report of Management on Internal Control Over Financial Reporting

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

C. Report of Independent Registered Public Accounting Firm

D. Consolidated Statements of Operations for the fiscal years ended June 30, 2009, 2008, and 2007

E. Consolidated Balance Sheets as of June 30, 2009 and 2008

F. Consolidated Statements of Cash Flows for the fiscal years ended June 30, 2009, 2008 and 2007

G. Consolidated Statements of Shareholders Equity for the fiscal years ended June 30, 2009, 2008 and 2007

H. Consolidated Statements of Comprehensive Income for the fiscal years ended June 30, 2009, 2008 and 2007

I. Notes to Consolidated Financial Statements

2. Supplementary Financial Data

Schedule II Valuation and Qualifying Accounts for the fiscal years ended June 30, 2009, 2008, and 2007

(b) Exhibits

		Filed with this	Incorporated by Reference		
Exhibit No.	**Description**	**Form 10-K**	**Form**	**Filing Date**	**Exhibit No.**
3.1	Certificate of Incorporation of CACI International Inc, as amended to date.		10-K	September 13, 2006	3.1

3.2	Amended and Restated By-laws of CACI International Inc amended as of March 5, 2008.	8-K	March 7, 2008	3.1
4.1	Clause FOURTH of CACI International Inc s Certificate of Incorporation, incorporated above as Exhibit 3.1.	10-K	September 13, 2006	4.1
4.2	The Rights Agreement dated July 11, 2003 between CACI International Inc and American Stock Transfer & Trust Company.	8-K	July 11, 2003	4.1
4.3	Indenture, dated as of May 16, 2007, between CACI International Inc and The Bank of New York, including the form of Note.	8-K	May 16, 2007	4.1

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Exhibit No.	Description	Filed with this Form 10-K	Incorporated by Reference		
			Form	Filing Date	Exhibit No.
4.4	Registration Rights Agreement, dated as of May 16, 2007, among CACI International Inc and J.P. Morgan Securities Inc., Banc of America Securities LLC, Morgan Stanley & Co. Incorporated, Raymond James & Associates, Inc., SunTrust Capital Markets, Inc. and Wachovia Capital Markets, LLC.		8-K	May 16, 2007	4.2
4.5	Letter Agreement re Call Option Transaction dated as of May 10, 2007, by and between CACI International Inc and Morgan Stanley & Co. International plc, as amended May 11, 2007.		8-K	May 16, 2007	4.3
4.6	Letter Agreement re Warrants dated as of May 10, 2007, by and between CACI International Inc and Morgan Stanley & Co. International plc, as amended May 11, 2007.		8-K	May 16, 2007	4.4
4.7	Letter Agreement re Call Option Transaction dated as of May 10, 2007, by and between CACI International Inc and J.P. Morgan Chase Bank, National Association, as amended May 11, 2007.		8-K	May 16, 2007	4.5
4.8	Letter Agreement re Warrants dated as of May 10, 2007, by and between CACI International Inc and J.P. Morgan Chase Bank, National Association, as amended May 11, 2007.		8-K	May 16, 2007	4.6
4.9	Letter Agreement re Call Option Transaction dated as of May 10, 2007, by and between CACI International Inc and Bank of America, N.A., as amended May 11, 2007.		8-K	May 16, 2007	4.7
4.10	Letter Agreement re Warrants dated as of May 10, 2007, by and between CACI International Inc and Bank of America, N.A., as amended May 11, 2007.		8-K	May 16, 2007	4.8
10.1	The 1996 Stock Incentive Plan of CACI International Inc.*		S-8	February 15, 2005	4.3
10.2	Form of Stock Option Agreement between CACI International Inc and certain employees.*		10-K	September 27, 2002	10.10
10.3	Form of Performance Accelerated Stock Option Agreement between CACI International Inc and certain employees.*		10-K	September 27, 2002	10.11

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Exhibit No.	Description	Filed with this Form 10-K	Incorporated by Reference		
			Form	Filing Date	Exhibit No.
10.4	The 2002 Employee Stock Purchase Plan of CACI International Inc, as amended.*		Def 14A	October 5, 2007	Appendix A
10.5	Amended and Restated Management Stock Purchase Plan of CACI International Inc.*		10-K	August 27, 2008	10.5
10.6	Amended and Restated Director Stock Purchase Plan of CACI International Inc.*		10-K	August 27, 2008	10.6
10.7	The Credit Agreement dated as of May 3, 2004, among CACI International Inc, the guarantors identified therein, the lenders identified therein, and Bank of America, N.A., as Administrative Agent.		10-K	September 13, 2004	10.21
10.8	First Amendment dated as of May 18, 2005 to the Credit Agreement dated as of May 3, 2004, among CACI International Inc, the guarantors identified therein, the lenders identified therein, and Bank of America, N.A., as Administrative Agent.		8-K	May 18, 2005	99
10.9	The Amended and Restated Asset Purchase Agreement dated February 16, 2006 between CACI International Inc, CACI, INC.-FEDERAL, CACI Acquisition, Inc., Information Systems Support, Inc., Young Yong Lee, AE Kyung Lee, Jack A. Garson, as Voting Trustee.		8-K	March 1, 2006	99b
10.10	Amended and Restated Severance Compensation Agreement dated December 13, 2006 between Paul M. Cofoni and CACI International Inc.*		10-Q	February 9, 2007	10.2
10.11	Amended and Restated Severance Compensation Agreement dated December 18, 2006 between William M. Fairl and CACI International Inc.*		10-Q	February 9, 2007	10.3
10.12	Second Amendment, dated as of May 9, 2007, to the Credit Agreement dated as of May 3, 2004, among CACI International Inc, the guarantors identified therein, the lenders identified therein, and Bank of America, N.A., as Administrative Agent.		8-K	May 11, 2007	10.1

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Exhibit No.	Description	Filed with this Form 10-K	Incorporated by Reference		
			Form	Filing Date	Exhibit No.
10.13	Purchase Agreement, dated May 10, 2007, among CACI International Inc and J.P. Morgan Securities Inc., Banc of America Securities LLC, Morgan Stanley & Co. Incorporated, Raymond James & Associates, Inc., SunTrust Capital Markets, Inc. and Wachovia Capital Markets, LLC.		8-K	May 16, 2007	10.1
10.14	Stock Purchase Agreement by and among CACI International Inc, CACI, INC. FEDERAL and The Wexford Group International, Inc. and the Stockholders of The Wexford Group International, Inc., dated May 30, 2007.		10-K	August 29, 2007	10.20
10.15	Amended and Restated Employment Agreement dated July 1, 2007 between J.P. London and CACI International Inc.*		10-K	August 29, 2007	10.21
10.16	Employment Agreement dated July 1, 2007 between Paul M. Cofoni and CACI International Inc.*		10-K	August 29, 2007	10.22
10.17	Severance Compensation Agreement dated July 1, 2007 between William M. Fairl and CACI International Inc.*		10-K	August 29, 2007	10.24
10.18	Severance Compensation Agreement dated October 1, 2007 between Thomas A. Mutryn and CACI International Inc.*		S-1/A	October 9, 2007	10.25
10.19	Severance Compensation Agreement dated October 1, 2007 between Randall C. Fuerst and CACI International Inc.*		S-1/A	October 9, 2007	10.26
10.20	Stock Purchase Agreement by and among Athena Holding LLC, Athena Holding Corp., Athena Innovative Solutions, Inc., CACI International Inc and CACI, INC. FEDERAL, dated September 19, 2007.		S-1/A	October 9, 2007	10.27
10.21	Severance Compensation Agreement dated June 16, 2008 between Gregory R. Bradford and CACI International Inc.*		10-K	August 27, 2008	10.23
10.22	Third Amendment, dated as of August 28, 2008, to the Credit Agreement dated as of May 3, 2004, among CACI International Inc, the guarantors identified therein, the lenders identified therein, and Bank of America, N.A., as Administrative Agent.		8-K	September 4, 2008	10.5
10.23	Commitment Agreement dated as of August 28, 2008 to the Credit Agreement dated as of May 3, 2004, among CACI International Inc, the guarantors identified therein, the lenders identified therein, and Bank of America, N.A., as Administrative Agent.		8-K	September 4, 2008	10.4

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Exhibit No.	Description	Filed with this Form 10-K	Incorporated by Reference		
			Form	Filing Date	Exhibit No.
10.24	Fourth Amendment, dated as of May 27, 2009, to the Credit Agreement dated as of May 3, 2004, between CACI International Inc, the guarantors identified therein, the lenders identified therein, and Bank of America, N.A., as Administrative Agent.		8-K	June 2, 2009	10.6
10.25	CACI International Inc 2006 Stock Incentive Plan, as amended.*		S-8	February 4, 2009	10.1
10.26	Form of Performance Restricted Stock Unit Grant Agreement for Grantees Who are Grandfathered Executives.*		S-8	February 4, 2009	10.2
10.27	Form of Performance Restricted Stock Unit Grant Agreement for Grantees who are Not Eligible for Grandfathered Retirement.*		S-8	February 4, 2009	10.3
10.28	Form of Restricted Stock Unit Grant Agreement for Grantees Who are Grandfathered Executives.*		S-8	February 4, 2009	10.4
10.29	Form of Restricted Stock Unit Grant Agreement for Grantees Who are Not Eligible for Grandfathered Retirement.*		S-8	February 4, 2009	10.5
10.30	Form of Stock-Settled Stock Appreciation Rights Grant Agreement.*		S-8	February 4, 2009	10.6
10.31	Form of Non-Employee Director Restricted Stock Unit Grant Agreement.*		S-8	February 4, 2009	10.7
10.32	CACI International Inc Supplemental Executive Retirement Plan for Paul M. Cofoni, President and Chief Executive Officer.*		10-Q	February 5, 2009	10.1
21.1	Significant Subsidiaries of the Registrant.	X			
23.1	Consent of Independent Registered Public Accounting Firm.	X			
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities and Exchange Commission.	X			
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities and Exchange Commission.	X			
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350.	X			
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350.	X			
99.1	Certification of Chief Executive Officer pursuant to Regulation 303A.12(b) of the New York Stock Exchange.	X			

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

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Report of Management on Internal Control Over Financial Reporting

August 26, 2009

To the Stockholders

CACI International Inc

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

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

The Company s management, with the participation of its Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of CACI International Inc s internal control over financial reporting based on the framework and criteria established in *Internal Control-Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, our management has concluded that CACI International Inc s internal control over financial reporting was effective as of June 30, 2009.

Ernst & Young LLP, an independent registered public accounting firm, has audited the Company s consolidated financial statements included herein and has reported on the Company s internal control over financial reporting as of June 30, 2009.

/s/ PAUL M. COFONI
Paul M. Cofoni
President and
Chief Executive Officer

/s/ THOMAS A. MUTRYN
Thomas A. Mutryn
Executive Vice President and
Chief Financial Officer

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Report of Independent Registered Public Accounting Firm

on Internal Control Over Financial Reporting

Board of Directors and Stockholders

CACI International Inc

We have audited CACI International Inc s internal control over financial reporting as of June 30, 2009, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). CACI International Inc s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Report of Management on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company s internal control over financial reporting based on our audit.

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

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

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

In our opinion, CACI International Inc maintained, in all material respects, effective internal control over financial reporting as of June 30, 2009, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of CACI International Inc as of June 30, 2009 and 2008, and the related consolidated statements of operations, shareholders equity, cash flows, and comprehensive income for each of the three years in the period ended June 30, 2009 of CACI International Inc, and our report dated August 25, 2009 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

McLean, Virginia

August 25, 2009

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Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders

CACI International Inc

We have audited the accompanying consolidated balance sheets of CACI International Inc as of June 30, 2009 and 2008, and the related consolidated statements of operations, shareholders equity, cash flows, and comprehensive income for each of the three years in the period ended June 30, 2009. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of CACI International Inc at June 30, 2009 and 2008, and the consolidated results of its operations and its cash flows for each of the three years in the period ended June 30, 2009, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), CACI International Inc s internal control over financial reporting as of June 30, 2009, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated August 25, 2009, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

McLean, Virginia

August 25, 2009

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CACI INTERNATIONAL INC

CONSOLIDATED STATEMENTS OF OPERATIONS

(amounts in thousands, except per share data)

	Fiscal year ended June 30,		
	2009	**2008**	**2007**
Revenue	$ 2,730,162	$ 2,420,537	$ 1,937,972
Costs of revenue:			
Direct costs	1,871,884	1,625,591	1,267,677
Indirect costs and selling expenses	627,572	584,600	485,359
Depreciation and amortization	46,592	47,517	39,083
Total costs of revenue	2,546,048	2,257,708	1,792,119
Income from operations	184,114	162,829	145,853
Interest expense and other	23,062	30,066	25,791
Interest income	(739)	(4,868)	(5,206)
Income before income taxes	161,791	137,631	125,268
Income taxes	66,311	54,308	46,736
Net income	$ 95,480	$ 83,323	$ 78,532
Basic earnings per share	$ 3.19	$ 2.77	$ 2.56
Diluted earnings per share	$ 3.14	$ 2.72	$ 2.51
Weighted-average basic shares outstanding	29,976	30,058	30,643
Weighted-average diluted shares outstanding	30,427	30,606	31,256

See Notes to Consolidated Financial Statements.

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CACI INTERNATIONAL INC

CONSOLIDATED BALANCE SHEETS

(amounts in thousands, except per share data)

	June 30, 2009	June 30, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	$ 208,488	$ 120,396
Accounts receivable, net	477,025	441,732
Deferred income taxes	18,191	16,776
Prepaid expenses and other current assets	21,128	23,921
Total current assets	724,832	602,825
Goodwill	1,083,750	1,067,472
Intangible assets, net	97,829	126,028
Property and equipment, net	30,923	25,361
Supplemental retirement savings plan assets	40,791	41,759
Accounts receivable, long-term, net	8,677	8,782
Deferred income taxes		8,747
Other long-term assets	20,672	21,679
Total assets	$ 2,007,474	$ 1,902,653
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 9,464	$ 3,549
Accounts payable	87,300	74,175
Accrued compensation and benefits	137,843	126,649
Other accrued expenses and current liabilities	83,297	85,897
Total current liabilities	317,904	290,270
Long-term debt, net of current portion	628,125	639,074
Supplemental retirement savings plan obligations, net of current portion	40,298	41,740
Other long-term liabilities	27,819	13,684
Total liabilities	1,014,146	984,768
Commitments and contingencies		
Shareholders equity:		
Preferred stock $0.10 par value, 10,000 shares authorized, no shares issued		
Common stock $0.10 par value, 80,000 shares authorized, 39,091 and 38,948 shares issued, respectively	3,909	3,895
Additional paid-in capital	379,783	370,127
Retained earnings	699,567	604,087
Accumulated other comprehensive (loss) income	(3,248)	6,768
Treasury stock, at cost (9,118 and 8,731 shares, respectively)	(86,683)	(66,992)
Total shareholders equity	993,328	917,885
Total liabilities and shareholders equity	$ 2,007,474	$ 1,902,653

See Notes to Consolidated Financial Statements.

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CACI INTERNATIONAL INC

CONSOLIDATED STATEMENTS OF CASH FLOWS

(amounts in thousands)

	Fiscal year ended June 30,		
	2009	**2008**	**2007**
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 95,480	$ 83,323	$ 78,532
Reconciliation of net income to net cash provided by operating activities:			
Depreciation and amortization	46,592	47,517	39,083
Amortization of deferred financing costs	2,841	2,531	1,603
Stock-based compensation expense	16,821	17,639	13,019
Deferred income tax expense	13,363	6,087	2,062
Changes in operating assets and liabilities, net of effect of business acquisitions:			
Accounts receivable, net	(36,055)	(27,001)	24,952
Prepaid expenses and other current assets	(5,555)	578	(5,778)
Accounts payable and other accrued expenses	12,330	3,160	12,850
Accrued compensation and benefits	5,030	22,237	359
Income taxes payable and receivable	2,177	902	(2,006)
Deferred rent expense	(1,585)	(1,563)	(1,574)
Supplemental retirement savings plan obligations and other long-term liabilities	(359)	4,676	4,929
Net cash provided by operating activities	151,080	160,086	168,031
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(12,369)	(13,589)	(7,898)
Cash paid for business acquisitions, net of cash acquired	(26,532)	(315,855)	(106,212)
Other	133	101	(2,063)
Net cash used in investing activities	(38,768)	(329,343)	(116,173)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of convertible notes, net of transaction costs			292,654
Proceeds from borrowings under bank credit facilities	628	9,790	
Principal payments made under bank credit facilities	(4,547)	(17,033)	(28,543)
Proceeds from note receivable		3,891	
Purchase of call options, net of proceeds from sale of warrants			(27,870)
Proceeds from employee stock purchase plans	5,550	4,231	5,378
Proceeds from exercise of stock options	2,129	4,079	8,524
Repurchases of common stock	(23,705)	(1,972)	(50,275)
Other	(1,318)	1,088	8,083
Net cash (used in) provided by financing activities	(21,263)	4,074	207,951
Effect of exchange rate changes on cash and cash equivalents	(2,957)	(103)	1,223
Net increase (decrease) in cash and cash equivalents	88,092	(165,286)	261,032
Cash and cash equivalents, beginning of year	120,396	285,682	24,650
Cash and cash equivalents, end of year	$ 208,488	$ 120,396	$ 285,682

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Cash paid for income taxes, net of refunds	$ 50,223	$ 44,799	$ 38,703
Cash paid for interest	$ 19,537	$ 25,774	$ 22,499
Non-cash financing and investing activities:			
Landlord-financed leasehold improvements	$ 5,276		

See Notes to Consolidated Financial Statements.

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CACI INTERNATIONAL INC

CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY

(amounts in thousands)

	Preferred Stock		Common Stock				Accumulated Other	Treasury Stock		
	Shares	Amount	Shares	Amount	Additional Paid-in Capital	Retained Earnings	Comprehensive Income (Loss)	Shares	Amount	Total Shareholders Equity
BALANCE, June 30, 2006		$	38,403	$ 3,840	$ 314,573	$ 442,702	$ 5,840	7,784	$ (21,596)	$ 745,359
Net income						78,532				78,532
Stock-based compensation expense					13,019					13,019
Exercise of stock options and vesting of restricted stock units			348	35	14,577					14,612
Purchase of call options, net of proceeds from sale of warrants					(27,870)					(27,870)
Tax benefit of call options					32,816					32,816
Currency translation adjustment							4,333			4,333
Change in fair value of interest rate swap agreements							(834)			(834)
Initial effect of adoption of SFAS No.158, *Employers Accounting for Defined Benefit Pension and Other Post-Retirement Plans*							(734)			(734)
Repurchases of common stock								1,091	(50,275)	(50,275)
Treasury stock issued under stock purchase plans					92			(103)	4,797	4,889
BALANCE, June 30, 2007			38,751	3,875	347,207	521,234	8,605	8,772	(67,074)	813,847
Net income						83,323				83,323
Stock-based compensation expense					17,639					17,639
Exercise of stock options and vesting of restricted stock units			197	20	4,235					4,255
Adoption of FIN 48					(630)	(470)				(1,100)
Currency translation adjustment							(465)			(465)
Change in fair value of interest rate swap agreements							(1,350)			(1,350)
Repurchases of common stock								43	(1,972)	(1,972)
Treasury stock issued under stock purchase plans					1,676			(84)	2,054	3,730
Effect of SFAS No. 158							(22)			(22)
BALANCE, June 30, 2008			38,948	3,895	370,127	604,087	6,768	8,731	(66,992)	917,885
Net income						95,480				95,480
Stock-based compensation expense					16,821					16,821
Exercise of stock options and vesting of restricted stock units			143	14	(240)					(226)
FIN 48 Adjustment					(6,682)					(6,682)
Currency translation adjustment							(9,616)			(9,616)
Change in fair value of interest rate swap agreements							(332)			(332)
Repurchases of common stock								482	(23,705)	(23,705)
Treasury stock issued under stock purchase plans					(243)			(95)	4,014	3,771
Effect of SFAS No. 158							(68)			(68)

BALANCE, June 30, 2009	$ 39,091	$ 3,909	$ 379,783	$ 699,567	$ (3,248)	9,118	$ (86,683)	$ 993,328

See Notes to Consolidated Financial Statements.

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CACI INTERNATIONAL INC

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(amounts in thousands)

	Fiscal year ended June 30,		
	2009	**2008**	**2007**
Net income	$ 95,480	$ 83,323	$ 78,532
Change in foreign currency translation adjustment	(9,616)	(465)	4,333
Effect of changes in actuarial assumptions and recognition of prior service cost under Statement of Financial Accounting Standards No. 158	(68)	(22)	(734)
Change in fair value of interest rate swap agreements	(332)	(1,350)	(834)
Comprehensive income	$ 85,464	$ 81,486	$ 81,297

See Notes to Consolidated Financial Statements.

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CACI INTERNATIONAL INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND BASIS OF PRESENTATION

Business Activities

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

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

Principles of Consolidation

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

The Company generates almost all of its revenue from three different types of contractual arrangements: cost-plus-fee contracts, time-and-materials contracts, and fixed price contracts. Revenue on cost-plus-fee contracts is recognized to the extent of costs incurred plus an estimate of the applicable fees earned. The Company considers fixed fees under cost-plus-fee contracts to be earned in proportion to the allowable costs incurred in performance of the contract. For cost-plus-fee contracts that include performance based fee incentives, and that are subject to the provisions of Statement of Position 81-1, *Accounting for Performance of Construction-Type and Certain Production-Type Contracts* (SOP 81-1), the Company recognizes the relevant portion of the expected fee to be awarded by the customer at the time such fee can be reasonably estimated, based on factors such as the Company s prior award experience and communications with the customer regarding performance. For such cost-plus-fee contracts subject to the provisions of U.S. Securities and Exchange Commission (SEC) Staff Accounting

Bulletin (SAB) No. 104, *Revenue Recognition* (SAB 104), the Company recognizes the relevant portion of the fee upon customer approval. Revenue on time-and-material contracts is recognized to the extent of billable rates times hours delivered for services provided, to the extent of material cost for products delivered to customers, and to the extent of expenses incurred on behalf of the customers. Shipping and handling fees charged to the customers are recognized as revenue at the time products are delivered to the customers.

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

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CACI INTERNATIONAL INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

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

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

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CACI INTERNATIONAL INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

The Company s U.S. government contracts (96.0 percent of total revenue in the year ended June 30, 2009) are subject to subsequent government audit of direct and indirect costs. Incurred cost audits have been completed through June 30, 2004. Management does not anticipate any material adjustment to the consolidated financial statements in subsequent periods for audits not yet completed.

Costs of Revenue

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

Cash and Cash Equivalents

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

Investments in Marketable Securities

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

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

Allowance For Doubtful Accounts

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

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CACI INTERNATIONAL INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Goodwill

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

SFAS No. 142 requires that goodwill be tested for impairment at the reporting unit level at least annually or if impairment indicators are present. The evaluation includes comparing the fair value of the relevant reporting unit to the carrying value, including goodwill, of such unit. If the fair value exceeds the carrying value, no impairment loss is recognized. However, if the carrying value of the reporting unit exceeds its fair value, the goodwill of the reporting unit is impaired. Impairment is measured by comparing the derived fair value of the goodwill to its carrying value.

The Company performs its annual testing for impairment of goodwill and other intangible assets as of June 30 of each year. Based on testing performed as of June 30, 2009, there were no indications of impairment.

Long-Lived Assets (Excluding Goodwill)

The Company follows the provisions of SFAS No. 144 in accounting for long-lived assets such as property and equipment and intangible assets subject to amortization. SFAS No. 144 requires that long-lived assets be reviewed for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss is recognized if the sum of the long-term undiscounted cash flows is less than the carrying amount of the long-lived asset being evaluated. Any write-downs are treated as permanent reductions in the carrying amount of the assets. The Company believes that the carrying values of its long-lived assets as of June 30, 2009 and 2008 are fully realizable.

Property and Equipment

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

External Software Development Costs

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

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CACI INTERNATIONAL INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Internal Software Development Costs

The Company follows the provisions of Statement of Position 98-1, *Accounting for the Costs of Computer Software Developed or Obtained for Internal Use* (SOP 98-1), as issued by the American Institute of Certified Public Accountants in accounting for development costs of software to be used internally. SOP 98-1 requires that both internal and external costs incurred to develop internal-use computer software during the application development stage be capitalized and subsequently amortized over the estimated economic useful life of the software. The Company amortizes such costs over periods ranging from 5 to 10 years.

Supplemental Retirement Savings Plan

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

A Rabbi Trust is a grantor trust established to fund compensation for a select group of management. The assets of this trust are available to satisfy the claims of general creditors in the event of bankruptcy of the Company. The assets held by the Rabbi Trust are invested in both corporate owned life insurance (COLI) products and in non-COLI products. The COLI products are recorded at cash surrender value in the consolidated financial statements as supplemental retirement savings plan assets and the non-COLI products are recorded at fair value in the consolidated financial statements as supplemental retirement savings plan assets. The amounts due to participants are recorded at fair value as supplemental retirement savings plan obligations.

Deferred Financing Costs

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

Income Taxes

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

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CACI INTERNATIONAL INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Costs of Acquisitions

Through June 30, 2009, costs incurred by legal, financial and other professional advisors that are directly related to successful acquisitions are capitalized as a cost of the acquisition, while costs incurred by the Company for unsuccessful or terminated acquisition opportunities are expensed when the Company determines that the opportunity will no longer be pursued.

Research and Development Costs

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

Foreign Currency Translation

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

Earnings Per Share

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

diluted shares is presented in note 23.

Derivative Instrument and Hedging Activities

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

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CACI INTERNATIONAL INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

its resulting designation. The Company uses the change in variable cash flow method to measure the effectiveness of its hedges. The Company classifies the cash flows associated with its derivative instruments in the same category as the cash flows for the debt being hedged.

From time to time, the Company will enter into interest rate hedging agreements to manage exposure to fluctuations in rates on its variable rate debt. These agreements effectively allow the Company to exchange variable rate debt for fixed rate debt, or to place an upper limit on variable rate debt through the use of an interest rate cap. The Company enters into such derivative instrument agreements only to hedge cash flows. The Company does not hold or issue such financial instruments for trading purposes, nor is it a party to leveraged derivatives. As of June 30, 2009, the Company was party to two interest rate swap agreements and one interest rate cap agreement (see note 13).

Fair Value of Financial Instruments

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

The fair value of the Company s long-term debt under its bank credit facilities is estimated by discounting the future cash flows at rates currently offered to the Company for similar debt instruments of comparable maturities by the Company s lenders. The fair value of this long-term debt approximates its carrying value at June 30, 2009. The fair value of the Notes is based on quoted market prices. The fair value of the Company s interest rate swaps is based on current market pricing models. See note 13.

Concentrations of Credit Risk

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

Comprehensive Income

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

As of June 30, 2009 and 2008, accumulated other comprehensive (loss) income included a loss of $1.4 million and a gain of $8.2 million, respectively, related to foreign currency translation adjustments. Accumulated other comprehensive loss as of June 30, 2009 also included $1.0 million of losses related to the fair value of the interest rate swaps and $0.8 million related to unrecognized post-retirement medical plan costs.

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CACI INTERNATIONAL INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported periods. The significant management estimates include estimated costs to complete fixed-price contracts, estimated award fees for contracts accounted for under SOP 81-1, amortization periods for long-lived intangible assets, recoverability of long-lived assets, reserves for accounts receivable, reserves for contract related matters, fair values of options granted and loss contingencies. Actual results could differ from these estimates.

Commitments and Contingencies

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

Reclassifications

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

NOTE 3. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

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

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* (SFAS No. 157). SFAS No. 157 establishes a framework for measuring fair value under 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. SFAS No. 157 was effective for the Company on July 1, 2008. The adoption of SFAS No. 157 did not have a material impact on the Company s results of operations or financial position. See note 22.

In September 2006, the FASB issued SFAS No. 158, *Employers Accounting for Defined Benefit Pension and Other Post-Retirement Plans an amendment of FASB Statements No. 87, 88, 106 and 132(R),* (SFAS No. 158), which requires companies to recognize in their balance sheets any under- or over-funded status of defined benefit post-retirement plans and applies to the post-retirement medical benefits offered to certain current and former executives, and to the supplemental retirement plan covering the Company s current chief executive officer. The Company adopted the provisions of SFAS No. 158 effective June 30, 2007 by recording $1.2 million of unrecognized prior service costs and net losses as accrued benefits. This additional liability, which was $1.3 million as of June 30, 2009, is recorded in other long-term liabilities in the accompanying consolidated balance sheet. The offset, net of income tax effects, is recorded as a reduction to accumulated other comprehensive income (loss) within stockholders equity.

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CACI INTERNATIONAL INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities Including an amendment of FASB Statement No. 115* (SFAS No. 159). SFAS No. 159 permits entities to choose to measure certain financial instruments and other items at fair value. The fair value option generally may be applied instrument by instrument, is irrevocable, and is applied only to entire instruments and not to portions of instruments. SFAS No. 159 was effective for the Company on July 1, 2008. The adoption of SFAS No. 159 did not have a material impact on the Company s results of operations or financial position as the Company made no fair value elections.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), *Business Combinations* (SFAS No. 141R). SFAS No. 141R establishes principles and requirements for how companies recognize and measure identifiable assets acquired, liabilities assumed, and any noncontrolling interest in connection with a business combination; recognize and measure the goodwill acquired in a business combination or a gain from a bargain purchase; and determine what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS No. 141R is effective for the Company for business combinations for which the acquisition date is on or after July 1, 2009. The Company does not expect the adoption of SFAS No. 141R to have a material impact on its results of operations or financial position.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements-an amendment of ARB No. 51* (SFAS No. 160). SFAS No. 160 applies to all companies that prepare consolidated financial statements, except not-for-profit organizations, but will affect only those entities that have an outstanding noncontrolling interest in one or more subsidiaries or that deconsolidate a subsidiary. SFAS No. 160 is effective for the Company on July, 1, 2009. Earlier adoption is prohibited. The Company does not expect the adoption of SFAS No. 160 to have a material impact on its results of operations or financial position.

In February 2008, the FASB issued FASB Staff Position (FSP) No. FAS 157-2, *Effective Date of FASB Statement No. 157* (FSP No. 157-2). The FSP amends SFAS No. 157 to delay the effective date for non-financial assets and liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis. For items within its scope, the FSP defers the effective date of SFAS No. 157 to fiscal years beginning after November 15, 2008. The Company does not expect the adoption of FSP No. 157-2 to have a material effect on its results of operations or financial position.

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities an Amendment of FASB Statement No. 133 (SFAS No. 161),* which requires expanded disclosures about derivative and hedging activities. This statement changes the disclosure requirements for derivative instruments and hedging activities by requiring companies to provide enhanced disclosures about how and why they use derivative instruments, how derivative instruments and related hedged items are accounted for under SFAS No. 133 and its related interpretations, and how derivative instruments and related hedged items affect a company s financial position, financial performance, and cash flows. SFAS No. 161 is effective for fiscal periods beginning after November 15, 2008, with earlier adoption encouraged. The Company has included additional disclosure required by SFAS No. 161 in note 13.

In April 2008, the FASB issued FSP No. 142-3, *Determination of the Useful Life of Intangible Assets* (FSP 142-3), which amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142. FSP 142-3 is effective for the Company on July 1, 2009. The Company does not expect the adoption of FSP No. 142-3 to have a material effect on its results of operations or financial position.

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

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CACI INTERNATIONAL INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

require the Company to separately account for the liability and equity (conversion option) components of the Notes and to recognize interest expense on the Notes using an interest rate in effect for comparable debt instruments that do not contain conversion features. The interest rate to be used under the new standard of 6.9 percent is significantly higher than the rate which is currently used, which is equal to the coupon rate of 2.125 percent. FSP 14-1 is effective for the Company on July 1, 2009 and will require retrospective application to the date the Notes were issued. Had this new standard been effective for the fiscal year ended June 30, 2009, the Company s interest expense would have increased by $9.5 million, and its diluted earnings per share would have decreased by $0.19 per share. FSP 14-1 will have no direct effect on the Company s cash flow.

In June 2008, the FASB issued EITF Bulletin No. 07-5, *Determining Whether an Instrument (or Embedded Feature) is Indexed to an Entity s Own Stock* (EITF 07-5). EITF 07-5 provides guidance on how a company should determine if certain financial instruments (or embedded features) are considered indexed to its own stock, including instruments similar to the conversion option of the Notes, convertible note hedges, and warrants to purchase Company stock. This standard requires that a two-step approach be used to evaluate an instrument s contingent exercise provisions and settlement provisions in determining whether the instrument is considered to be indexed to its own stock, and exempt from the application of SFAS No. 133. EITF 07-5 is effective for the Company on July 1, 2009. The Company has evaluated its financial instruments that are indexed to its common stock and concluded that they are excluded from the provisions of SFAS No. 133. Accordingly, the Company does not expect that the new standard will have a material effect on its results of operations or financial position.

In December 2008, the FASB issued FSP 132(R)-1, *Employers Disclosures about Postretirement Benefit Plan Assets,* (FSP 132(R)-1). This new standard requires detailed disclosures about investment strategies, fair value measurements and concentrations of risk regarding plan assets of a company s defined benefit plan or other postretirement plan. FSP 132(R)-1 is effective for the Company s fiscal year ending June 30, 2010. The Company does not expect FSP 132(R)-1 to have a significant impact on the disclosures about its retirement benefits.

In April 2009, the FASB issued FSP No. FAS 107-1 and APB 28-1, *Interim Disclosures About Fair Value of Financial Instruments*, which provides new disclosure requirements for the fair value of financial instruments in interim periods when the fair values are practicable to estimate. This new standard is effective for interim and annual periods ending after June 15, 2009. This new standard, adopted by the Company effective June 30, 2009, did not materially change the Company s disclosures of fair value.

In May 2009, the FASB issued SFAS No. 165, *Subsequent Events* (SFAS No. 165), effective for financial periods ending after June 15, 2009. SFAS No. 165 established principles and requirements for subsequent events, including the period after the balance sheet date during which management of a reporting entity shall evaluate events for potential disclosure in the financial statements, the circumstances that warrant disclosure, and the specific disclosure requirements for transactions that occur after the balance sheet date. The Company adopted SFAS No. 165 as of June 30, 2009. The implementation of SFAS No. 165 did not have a material effect on the Company s results of operations and financial position. The Company evaluated all events and transactions that occurred after June 30, 2009 and through August 26, 2009. During this period the Company did not have any subsequent events requiring recognition under this standard.

In June 2009, the FASB issued SFAS No. 167 *Amendments to FASB Interpretation No. 46(R)* (SFAS No. 167). SFAS No. 167 amends FIN 46 (revised December 2003), *Consolidation of Variable Interest Entities* (FIN 46R), regarding when and how to determine, or re-determine, whether an entity is a variable interest entity. In addition, SFAS No. 167 replaces FIN 46R s quantitative approach for determining who has a

controlling financial interest in a variable interest entity with a qualitative approach. Furthermore, SFAS No. 167 requires

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CACI INTERNATIONAL INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

ongoing assessments of whether an entity is the primary beneficiary of a variable interest entity. SFAS No. 167 is effective for the Company beginning July 1, 2010. The Company is currently evaluating the impact that SFAS No. 167 may have on the Company s financial statements.

In June 2009, the FASB issued SFAS No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles* (SFAS No. 168), which defines authoritative generally accepted accounting principles (GAAP) for nongovernmental entities to be comprised only of the FASB Accounting Standards Codification (the Codification) and, for SEC registrants, guidance issued by the SEC. SFAS No. 168 states that, effective July 1, 2009, the Codification became the authoritative source of U.S. GAAP and superseded all then existing non-SEC accounting and reporting standards. SFAS No. 168 is effective for the Company on July 1, 2009. The Company will change the referencing conventions of GAAP in its financial standards for the three-month period ending September 30, 2009. The adoption of this standard will have no impact on the Company s results of operations or financial position.

NOTE 4. ACQUISITIONS

Year Ended June 30, 2009

During the year ended June 30, 2009, the Company completed acquisitions of three businesses in the United Kingdom. The total consideration paid for these three businesses, including transaction costs, was approximately $28.3 million, using exchange rates in effect on the date of each acquisition. The Company has recognized estimated fair values of the assets acquired and liabilities assumed and has preliminarily allocated $21.8 million to goodwill; $4.2 million to other intangible assets, primarily computer software and customer relationships; and $2.3 million to net tangible assets. These fair values represent management s estimates of the fair values as of the acquisition dates and are based on initial analysis of supporting information. The Company is in the process of completing its detailed valuation of the assets acquired and liabilities assumed. The final results of the valuations may differ from management s estimate currently recorded, and the balances will be adjusted to reflect final results. Management, however, does not expect that any such adjustments will have a material effect on the Company s financial position or results of operations.

In connection with two of the acquisitions, the Company may be required to pay additional consideration of up to a total of approximately $5.0 million, based upon events to occur subsequent to the acquisition date. Such additional consideration, if any, will be recorded as additional purchase price at such time as it is earned.

During the year ended June 30, 2009, the three acquired businesses generated $3.3 million of revenue from the dates of acquisition through the Company s year end.

Year Ended June 30, 2008

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

On October 31, 2007, 100 percent of the outstanding shares of Athena Holding Corp., a holding company which owned 100 percent of the outstanding shares of Athena Innovative Solutions, Inc. (AIS), headquartered in Arlington, Virginia. AIS and its wholly owned subsidiaries provide specialized professional services and solutions to United States intelligence organizations; and

On November 1, 2007, 100 percent of the outstanding shares of Dragon Development Corporation (DDC), headquartered in Columbia, Maryland. DDC provides professional, technical, and engineering services to United States intelligence organizations.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The combined initial purchase consideration to acquire AIS and DDC was approximately $241 million, of which $13.3 million was originally deposited into escrow accounts (the Indemnification Escrow Accounts) pending final determination of the net worth of the assets acquired and to secure the sellers indemnification obligations and $2.4 million was deposited into a separate earn-out escrow account (the Earn-out Escrow Account) to be paid to the former DDC shareholders upon receipt of extension of certain contracts or achievement of a specified gross margin, as defined in the purchase agreement and schedules thereto. Subsequent to the date of acquisition, the Company and the seller of Athena Holding Corp. agreed on the net worth of the assets acquired and as a result, the Company paid an additional $2.9 million of purchase consideration. The Company and the DDC shareholders have also agreed on the net worth of the assets acquired in that acquisition and as a result, the Company paid an additional $0.3 million of purchase consideration. In addition, the Company paid the entire $2.4 million in the Earn-out Escrow Account to the former DDC shareholders based upon contract extensions received since the date of acquisition. During the year ended June 30, 2009, the Company and the former shareholders of DDC agreed to retain $0.3 million of the DDC Indemnification Escrow Account pending resolution of a pre-acquisition matter and all other amounts in both Indemnification Escrow Accounts were distributed.

The combined purchase consideration for the three U.K. acquisitions was approximately $16.0 million.

Year Ended June 30, 2007

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

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

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

The total consideration paid for these two businesses, including transaction costs and the assumption of $4.1 million of debt, was $160.5 million. Of the total consideration, $17.0 million was paid into separate escrow accounts, to secure satisfaction of the sellers representations and warranties as provided for in the acquisition agreements. At the expiration of the representation and warranty period of two years in the case of each acquisition, the remaining escrowed funds were remitted to the respective selling shareholders.

NOTE 5. CASH AND CASH EQUIVALENTS

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

	June 30,	
	2009	2008
Money market funds	$ 206,374	$ 115,131
Cash	2,114	5,265
Total cash and cash equivalents	$ 208,488	$ 120,396

As of June 30, 2009, $74.6 million of the money market funds balance consisted of investments guaranteed by the U.S. government under the Treasury Temporary Guarantee Program for Money Market Funds. This program expires on September 18, 2009.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 6. ACCOUNTS RECEIVABLE

Total accounts receivable, net of allowance for doubtful accounts of approximately $3.5 million and $3.9 million at June 30, 2009 and 2008, respectively, consisted of the following (in thousands):

	June 30,	
	2009	2008
Billed receivables	$ 384,421	$ 349,167
Billable receivables at end of period	71,341	59,240
Unbilled receivables pending receipt of contractual documents authorizing billing	21,263	33,325
Total accounts receivable, current	477,025	441,732
Unbilled receivables, retainages and fee withholdings expected to be billed beyond the next 12 months	8,677	8,782
Total accounts receivable	$ 485,702	$ 450,514

NOTE 7. GOODWILL

For the year ended June 30, 2009, goodwill increased as a result of the acquisitions of three companies in the U.K. (note 4). Many of the acquisitions completed by the Company are structured in a manner whereby goodwill is deductible for income tax purposes. As of June 30, 2009, the Company had $566.4 million of goodwill which is deductible for income tax purposes.

NOTE 8. INTANGIBLE ASSETS

Intangible assets consisted of the following (in thousands):

	June 30,	
	2009	2008
Customer contracts and related customer relationships	$ 233,531	$ 229,649
Covenants not to compete	2,409	2,505
Other	851	753

Intangible assets	236,791	232,907
Less accumulated amortization	(138,962)	(106,879)
Total intangible assets, net	$ 97,829	$ 126,028

Intangible assets are primarily amortized on an accelerated basis over periods ranging from 12 to 120 months. The weighted-average period of amortization for all intangible assets as of June 30, 2009 is 8.2 years, and the weighted-average remaining period of amortization is 5.6 years.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Amortization expense for the years ended June 30, 2009, 2008 and 2007 was $32.1 million, $31.8 million, and $25.7 million, respectively. Expected amortization expense for each of the fiscal years through June 30, 2014 and for periods thereafter is as follows (in thousands):

	Amount
Year ending June 30, 2010	$ 30,033
Year ending June 30, 2011	24,924
Year ending June 30, 2012	15,954
Year ending June 30, 2013	10,726
Year ending June 30, 2014	7,895
Thereafter	8,297
Total intangible assets, net	$ 97,829

NOTE 9. PROPERTY AND EQUIPMENT

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

	June 30,	
	2009	2008
Equipment and furniture	$ 56,120	$ 53,411
Leasehold improvements	36,980	30,193
Building and land		479
Property and equipment, at cost	93,100	84,083
Less accumulated depreciation and amortization	(62,177)	(58,722)
Total property and equipment, net	$ 30,923	$ 25,361

Depreciation expense, including amortization of leasehold improvements, was $11.1 million, $11.5 million and $11.2 million for the years ended June 30, 2009, 2008 and 2007, respectively.

On March 3, 2009, the Company sold its interest in a building and land it owned in Dayton, Ohio.

NOTE 10. CAPITALIZED EXTERNAL SOFTWARE DEVELOPMENT COSTS

A summary of changes in external capitalized software development costs, including costs capitalized and amortized during each of the years in the three-year period ended June 30, 2009, is as follows (in thousands):

	Year Ended June 30,		
	2009	2008	2007
Capitalized software development costs, beginning of year	$ 5,165	$ 9,452	$ 8,296
Costs capitalized	171		3,377
Amortization	(3,335)	(4,287)	(2,221)
Capitalized software development costs, end of year	$ 2,001	$ 5,165	$ 9,452

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 11. ACCRUED COMPENSATION AND BENEFITS

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

	June 30, 2009	2008
Accrued salaries and withholdings	$ 77,242	$ 69,325
Accrued leave	50,260	46,060
Accrued fringe benefits	10,341	11,264
Total accrued compensation and benefits	$ 137,843	$ 126,649

NOTE 12. OTHER ACCRUED EXPENSES AND CURRENT LIABILITIES

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

	June 30, 2009	2008
Vendor obligations	$ 48,988	$ 54,098
Deferred revenue	17,439	16,587
Income taxes payable	9,019	5,992
Accrued sales and property taxes	2,378	2,989
Accrued interest	1,463	1,949
Other	4,010	4,282
Total other accrued expenses and current liabilities	$ 83,297	$ 85,897

NOTE 13. LONG TERM DEBT

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

	June 30,	
	2009	2008
Bank credit facility term loans	$ 331,625	$ 335,125
Convertible notes payable	300,000	300,000
U.K. notes payable	5,336	6,451
Bank credit facility revolver	628	
Mortgage note payable		647
JV bank credit facility		400
Total long-term debt	$ 637,589	$ 642,623
Less current portion	(9,464)	(3,549)
Long-term debt, net of current portion	$ 628,125	$ 639,074

Bank Credit Facility

The Company has a $590.0 million credit facility (the Credit Facility), consisting of a $240.0 million revolving credit facility (the Revolving Facility) and a $350.0 million term loan (the Term Loan). The Credit Facility provides for stand-by letters of credit aggregating up to $25.0 million that reduce the funds available under the Revolving Facility when issued.

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CACI INTERNATIONAL INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Revolving Facility is a seven-year, secured facility that permits continuously renewable borrowings of up to $240.0 million, with an expiration date of May 3, 2011, and annual sub-limits on amounts borrowed for acquisitions. The Revolving Facility contains an accordion feature under which the Revolving Facility may be expanded to $450.0 million with applicable 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 in the Credit Facility. Any outstanding balances under the Revolving Facility are due in full May 3, 2011. As of June 30, 2009, the Company had $0.6 million outstanding under the Revolving Facility and no outstanding letters of credit. Accordingly, $239.4 million was available for borrowing under the Revolving Facility as of that date.

The Term Loan is a seven-year secured facility under which principal payments are due in quarterly installments of $0.9 million at the end of each fiscal quarter through March 2011, and the balance is due in full on May 3, 2011. Subsequent to June 30, 2009, the Company made a $50.0 million prepayment on the Term Loan. See note 26.

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 the federal funds rate plus 0.5 percent, as elected by the Company, in each case plus applicable margins based on the Company s total leverage ratio as determined quarterly. As of June 30, 2009, the effective interest rate, excluding the effect of amortization of debt financing costs, for the outstanding borrowings under the Credit Facility was 3.8 percent.

The Credit Facility contains financial covenants that stipulate a minimum amount of net worth, a minimum fixed-charge coverage ratio, a maximum total leverage ratio, and a maximum senior leverage ratio. Substantially all of the Company s assets serve as collateral under the Credit Facility. As of June 30, 2009, the Company was in compliance with all of the financial covenants of the Credit Facility.

The Company capitalized $8.2 million of debt issuance costs in May 2004 associated with the origination of the Credit Facility and an additional $0.5 million of financing costs to amend the Credit Facility in May 2005 by re-pricing downward the margins that are applied to the interest rate options. In August 2008, the Company capitalized $1.3 million in additional financing costs to amend the Credit Facility to (1) increase the Revolving Facility to $240.0 million from $200.0 million, (2) increase the accordion feature to allow for expansion of the Revolving Facility to $450.0 million from a total expansion potential of $300.0 million, (3) extend the expiration date of the Revolving Facility to May 3, 2011 from May 3, 2009, and (4) provide the Company with additional flexibility with respect to certain of its covenants under the Credit Facility. In May 2009, the Company capitalized $0.3 million in additional financing costs to amend the Credit Facility to facilitate the funding of foreign acquisitions, by introducing a foreign investment basket of up to $55.0 million that will enable CACI and its United States subsidiaries to invest in CACI s foreign subsidiaries for the purpose of paying the purchase price of permitted acquisitions under the Credit Facility. Other key terms of the Credit Facility were not changed with this amendment. All debt financing costs are being amortized from the date incurred to the expiration date of the Credit Facility. The unamortized balance of $2.6 million at June 30, 2009 is included in other long-term assets.

Cash Flow Hedges

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

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CACI INTERNATIONAL INC

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In June 2008, the Company entered into an interest rate cap agreement under which the floating-rate interest payments on a notional amount of debt of $68.0 million are capped at 7 percent (the 2008 Cap). The 2008 Cap became effective June 11, 2008 for a period of two years and provides for quarterly settlements, when applicable.

The Company accounts for its interest rate swap and cap agreements under the provisions of SFAS No. 133 and has determined that its swap and cap agreements qualify as effective hedges. Accordingly, the fair value of the 2007 Swap, which is a liability of $1.7 million as of June 30, 2009, has been reported in other accrued expenses and current liabilities with an offset, net of an income tax effect, included in accumulated other comprehensive (loss) income in the accompanying consolidated balance sheet. The decrease in fair value of the 2007 Swap of $0.5 million, net of an income tax effect of $0.2 million, is reported as other comprehensive loss in the accompanying consolidated statement of comprehensive income for the year ended June 30, 2009. The fair value of the 2008 Cap as of June 30, 2009 and the changes thereof during the fiscal year are insignificant. The amounts paid and received on the 2007 Swap and the 2008 Cap are recorded in interest expense as yield adjustments in the period during which the related floating-rate interest is incurred.

The Company uses derivative financial instruments as part of a strategy to manage exposure to market risks associated with interest rate fluctuations. The Company does not hold or issue derivative financial instruments for trading purposes. The Company does not consider its risk of loss in the event of nonperformance by any counterparty under derivative financial instrument agreements to be significant. Although the derivative financial instruments expose the Company to market risk, fluctuations in the value of the derivatives are mitigated by expected offsetting fluctuations in the matched exposures.

In accordance with SFAS No. 133, all derivative instruments are required to be recorded in the consolidated balance sheets as assets or liabilities, measured at estimated fair value. Fair value estimates are based on relevant market information, including market rates. For a derivative designated as a cash-flow hedge, the effective portion of the change in the fair value of the derivative is recorded in accumulated other comprehensive income (loss) and is recognized in earnings when the hedged item affects earnings when applicable.

The effect of derivative instruments in the consolidated statements of operations and accumulated other comprehensive income (loss) for the years ended June 30, 2009, 2008 and 2007 is as follows (in millions):

	Derivatives in SFAS No. 133 cash flow hedging relationships Interest Rate Swaps		
	2009	2008	2007
Loss recognized in other comprehensive income (loss) (effective portion)	$ (332)	$ (1,350)	$ (834)
(Loss) gain reclassified to earnings from accumulated other comprehensive income (loss) (effective portion)	$ (1,795)	$ 710	$ 1,117
Gain recognized in earnings (ineffective portion)			
	$ (1,795)	$ 710	$ 1,117

As of June 30, 2009, the Company estimates the amount of unrecognized losses on cash flow hedges to be reclassified to earnings during the next 12 months is approximately $1.7 million.

The fair values and the classification of derivatives within the consolidated balance sheets are disclosed in note 22.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Convertible Notes Payable

Effective May 16, 2007, the Company issued the Notes in a private placement. The Notes were issued at par value and are subordinate to the Company s senior secured debt. Interest on the Notes is payable on May 1 and November 1 of each year.

Holders may convert their notes at a conversion rate of 18.2989 shares of CACI common stock for each $1,000 of note principal (an initial conversion price of $54.65 per share) under the following circumstances: 1) if the last reported sale price of CACI stock is greater than or equal to 130 percent of the applicable conversion price for at least 20 trading days in the period of 30 consecutive trading days ending on the last trading day of the preceding fiscal quarter; 2) during the five consecutive business day period immediately after any ten consecutive trading day period (the note measurement period) in which the average of the trading price per $1,000 principal amount of convertible note was equal to or less than 97 percent of the average product of the closing price of a share of the Company s common stock and the conversion rate of each date during the note measurement period; 3) upon the occurrence of certain corporate events constituting a fundamental change, as defined in the indenture governing the Notes; or 4) during the last three-month period prior to maturity. CACI is required to satisfy 100 percent of the principal amount of these notes solely in cash, with any amounts above the principal amount to be satisfied in common stock. As of June 30, 2009, none of the conditions permitting conversion of the Notes had been satisfied.

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

The fair value of the Notes as of June 30, 2009 was $283.2 million based on quoted market values.

The contingently issuable shares are not included in CACI s diluted share count for the fiscal years ended June 30, 2009 and 2008, because CACI s average stock price during those periods was below the conversion price. Debt issuance costs of $7.8 million are being amortized to interest expense over seven years. Upon closing of the sale of the Notes, $45.5 million of the net proceeds was used to concurrently repurchase one million shares of CACI s common stock.

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

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

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

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

U.K. Notes Payable

On April 2, 2008, in connection with its May 2006 acquisition of Sophron Partners Limited, CACI Limited issued loan notes totaling 3.2 million pounds sterling for earn-out consideration that is no longer contingent. These notes mature on June 30, 2010 and the note holders can redeem up to 50 percent of the outstanding balance between January 1, 2010 and April 5, 2010, or up to 100 percent of the outstanding balance between April 6, 2010 and June 30, 2010. The notes bear interest at 6.25 percent from July 1, 2009 until redeemed.

Mortgage Note Payable

On March 3, 2009 the Company sold its interest in real property located in Dayton, Ohio and paid $0.6 million due under the mortgage note payable secured by the property.

JV Bank Credit Facility

In connection with its investment in eVenture Technologies, LLC (eVentures), a joint venture between the Company and ActioNet, Inc. (see note 17), eVentures entered into a $1.5 million revolving credit facility (the JV Facility). The JV Facility is a four-year, guaranteed facility that permits continuously renewable borrowings of up to $1.5 million with an expiration date of the earliest of September 14, 2011; the date of any restatement, refinancing, or replacement of the Credit Facility without the lender acting as the sole and exclusive administrative agent; or termination of the Credit Facility. Borrowings under the JV Facility bear interest at the lender s prime rate plus 1.0 percent. eVentures pays a fee of 0.25 percent on the unused portion of the JV Facility. As of June 30, 2009 eVentures had no borrowings outstanding under the JV Facility.

The aggregate maturities of long-term debt at June 30, 2009 are as follows (in thousands):

Year ending June 30,	
2010	$ 9,464
2011	328,125
2012	
2013	
2014	300,000
Total long-term debt	$ 637,589

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 14. LEASES

The Company conducts its operations from leased office facilities, all of which are classified as operating leases and expire over the next 13 years. Future minimum lease payments due under non-cancelable leases as of June 30, 2009, are as follows (in thousands):

Year ending June 30:	
2010	$ 37,283
2011	32,846
2012	27,272
2013	23,695
2014	21,799
Thereafter	92,808
Total minimum lease payments	$ 235,703

The minimum lease payments above are shown net of sublease rental income of $0.4 million scheduled to be received over the next 3 years under non-cancelable sublease agreements.

Rent expense incurred under operating leases for the years ended June 30, 2009, 2008, and 2007 totaled $40.2 million, $39.2 million, and $37.0 million, respectively.

NOTE 15. OTHER LONG-TERM LIABILITIES

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

	June 30, 2009	2008
Deferred rent, net of current portion	$ 8,058	$ 4,372
Deferred income taxes	7,019	963
FIN 48 reserves	4,588	3,907
Accrued post-retirement obligations	3,047	2,612
Deferred acquisition consideration	2,730	
Minority interest in eVentures	1,875	994

Other	502	836
Total other long-term liabilities	$ 27,819	$ 13,684

Deferred rent liabilities result from recording rent expense on a straight-line basis over the life of the respective lease and recording incentives for tenant improvements in accordance with SFAS No. 13, *Accounting for Leases*, and FASB Technical Bulletin No. 85-3, *Accounting for Operating Leases with Scheduled Rent Increases*. The increase of $3.7 million as of June 30, 2009 as compared to June 30, 2008 was primarily for incentives for tenant improvements on two new leases.

Accrued post-retirement obligations include projected liabilities for benefits the Company is obligated to provide under a long-term care, a group health, and an executive life insurance plan, each of which is unfunded. Plan benefits are provided to certain current and former executives, their dependents and other eligible employees, as defined. The post-retirement obligations also include accrued benefits under a supplemental retirement benefit plan covering the Company s chief executive officer. This plan became effective in August

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2005 and replaced the retirement benefits that were forfeited to a former employer. The costs under this plan were approximately $0.2 million during the year ended June 30, 2009.

The deferred acquisition consideration of $2.7 million at June 30, 2009 is related to amounts retained by the Company to secure the Seller s indemnification obligation associated with one of the U.K. acquisitions made in the year ended June 30, 2009.

NOTE 16. BUSINESS SEGMENT, CUSTOMER AND GEOGRAPHIC INFORMATION

Segment Information

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

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CACI INTERNATIONAL INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Domestic Operations	International Operations (in thousands)	Total
Year Ended June 30, 2009			
Revenue from external customers	$ 2,650,769	$ 79,393	$ 2,730,162
Net income	90,554	4,926	95,480
Net assets	935,405	57,923	993,328
Goodwill	1,031,980	51,770	1,083,750
Total long-term assets	1,216,339	66,303	1,282,642
Total assets	1,909,072	98,402	2,007,474
Capital expenditures	11,692	677	12,369
Depreciation and amortization	44,788	1,804	46,592
Year Ended June 30, 2008			
Revenue from external customers	$ 2,327,730	$ 92,807	$ 2,420,537
Net income	76,923	6,400	83,323
Net assets	855,373	62,512	917,885
Goodwill	1,032,214	35,258	1,067,472
Total long-term assets	1,252,253	47,575	1,299,828
Total assets	1,802,603	100,050	1,902,653
Capital expenditures	12,263	1,326	13,589
Depreciation and amortization	44,952	2,565	47,517
Year Ended June 30, 2007			
Revenue from external customers	$ 1,857,450	$ 80,522	$ 1,937,972
Net income	74,047	4,485	78,532
Net assets	757,764	56,083	813,847
Goodwill	830,931	17,889	848,820
Total long-term assets	1,055,097	27,847	1,082,944
Total assets	1,706,793	85,154	1,791,947
Capital expenditures	6,651	1,247	7,898
Depreciation and amortization	36,996	2,087	39,083

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

Customer Information

The Company earned approximately 95 percent of its revenue from various agencies and departments of the U.S. government for each of the years ended June 30, 2009, 2008 and 2007. Revenue by customer sector was as follows (dollars in thousands):

	Year Ended June 30,					
	2009	%	2008	%	2007	%

Department of Defense	$ 2,078,338	76.1%	$ 1,807,546	74.7%	$ 1,393,735	71.9%
Federal civilian agencies	542,090	19.9	491,275	20.3	431,752	22.3
Commercial and other	88,228	3.2	101,839	4.2	91,946	4.7
State and local governments	21,506	0.8	19,877	0.8	20,539	1.1
Total revenue	$ 2,730,162	100.0%	$ 2,420,537	100.0%	$ 1,937,972	100.0%

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CACI INTERNATIONAL INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Geographic Information

Revenue and net assets are attributed to geographic areas based on the location of the reportable segment s management and are disclosed above.

NOTE 17. INVESTMENT IN eVENTURE TECHNOLOGIES, LLC

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

NOTE 18. OTHER COMMITMENTS AND CONTINGENCIES

General Legal Matters

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

Iraq Investigations

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

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

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 subcontract provides for unit price decreases as the number of units purchased under the subcontract increases. As of June 30, 2009, the Company had purchased a sufficient number of units over the subcontract term to allow it to realize the lowest unit cost available.

Government Contracting

Payments to the Company on cost-plus-fee contracts are provisional and are subject to adjustment upon audit by the DCAA. The DCAA is currently in the process of auditing the Company s incurred cost submissions for the years ended June 30, 2005 and June 30, 2006. In the opinion of management, audit adjustments that may result from audits not yet completed or started are not expected to have a material effect on the Company s

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CACI INTERNATIONAL INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

financial position, results of operations, or cash flows as the Company has accrued its best estimate of potential disallowances. Additionally, the DCAA continually reviews the cost accounting and other practices of government contractors, including the Company. In the course of those reviews, cost accounting and other issues are identified, discussed and settled.

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

Claim Associated with Prior Acquisition

In connection with an acquisition of assets accounted for as a purchase business combination completed several years ago, the Company was notified by the seller of a $1.5 million close-out liability assessed by the Defense Contract Management Agency arising from a contract that expired approximately three years prior to the completion of the asset purchase. The seller claims that the Company is responsible for this contract close-out liability. The Company disagrees with the seller s claim. Pursuant to the terms of the asset purchase agreement, the seller has the right to seek arbitration of this issue. If the seller files for arbitration, the Company will vigorously defend the claim. The Company has accrued its best estimate of the potential outcome.

NOTE 19. INCOME TAXES

The domestic and foreign components of income before provision for income taxes are as follows (in thousands):

	Year ended June 30,		
	2009	2008	2007
Domestic	$ 154,409	$ 127,853	$ 118,261
Foreign	7,382	9,778	7,007
Income before income taxes	$ 161,791	$ 137,631	$ 125,268

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

	Year ended June 30,

	2009	2008	2007
Current:			
Federal	$ 41,884	$ 39,309	$ 33,786
State and local	8,404	5,705	8,477
Foreign	2,660	3,207	2,411
Total current	52,948	48,221	44,674
Deferred:			
Federal	11,381	5,421	2,056
State and local	2,287	989	100
Foreign	(305)	(323)	(94)
Total deferred	13,363	6,087	2,062
Total income tax expense	$ 66,311	$ 54,308	$ 46,736

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CACI INTERNATIONAL INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

	Year ended June 30,		
	2009	2008	2007
Expected tax expense computed at federal rate	$ 56,627	$ 48,171	$ 43,844
Nondeductible (nonincludable) items	4,227	2,237	(2,091)
State and local taxes, net of federal benefit	6,886	4,350	6,192
Incremental effect of foreign tax rates	(513)	(538)	(135)
Research and development activity credit	(423)	(160)	(1,030)
Other	(493)	248	(44)
Total income tax expense	$ 66,311	$ 54,308	$ 46,736

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

	June 30,	
	2009	2008
Deferred tax assets:		
Original issue discount related to the Notes	$ 24,144	$ 28,553
Reserves and accruals	22,519	20,543
Stock-based compensation	22,188	18,847
Deferred compensation and post-retirement obligations	18,190	18,289
Depreciation	5,519	4,815
Deferred rent	1,191	2,591
Net operating loss carryforward	431	3,168
Other	676	507
Total deferred tax assets	94,858	97,313
Deferred tax liabilities:		
Goodwill and other intangible assets	(76,052)	(64,036)
Prepaid expenses	(3,823)	(3,399)
Unbilled revenue	(2,808)	(2,835)
Capitalized software	(719)	(2,009)
Other	(284)	(475)
Total deferred tax liabilities	(83,686)	(72,754)
Net deferred tax asset	$ 11,172	$ 24,559

During the years ended June 30, 2009 and 2008, the Company s income tax expense was impacted by non-deductible losses on corporate-owned life insurance policies. During the years ended June 30, 2009 and 2008, the Company recorded $0.4 million and $0.2 million of research and development credits, respectively, in accordance with Internal Revenue Code (IRC) Section 41. Included in the amount recognized in the year ended June 30, 2009 was $0.2 million of research and development credits attributable to the period January 1, 2008 through June 30, 2008 that were not reflected in the results for that period due to the expiration of IRC Section 41 as of December 31, 2007. In December 2008, IRC Section 174 was extended retroactively to January 1, 2008.

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

U.S. income taxes have not been provided for with respect to undistributed earnings of foreign subsidiaries that have been permanently reinvested outside the United States. As of June 30, 2009, the deferred liability associated with these undistributed earnings is $3.7 million.

As of June 30, 2009, the Company had a net operating loss carryforward for federal income tax purposes of $1.1 million, which expires in 2020. The net operating loss carryforward is expected to be fully utilized in fiscal year 2010. The net operating loss carryforward was acquired in connection with the Company s acquisition of National Security Research, Inc. in October 2005, and is subject to the ownership change limitations under IRC Section 382.

Effective July 1, 2007, the Company adopted the provisions of FIN No. 48. The total liability for unrecognized tax benefits as of June 30, 2009 and June 30, 2008 was $11.9 million and $4.6 million, respectively. The Company believes that the total amount of unrecognized tax benefits, if recognized, would not have a material effect on its effective tax rate. A reconciliation of the beginning and ending amount of unrecognized benefits is shown in the table below (in thousands):

	June 30,	
	2009	2008
Beginning of Year	$ 4,612	$ 2,891
Additions based on current year tax positions	7,333	1,956
Reductions based on current year tax positions		
Additions based on prior year tax positions		
Reductions based on prior year tax positions		
Lapse of statute of limitations		
Settlements with taxing authorities		(235)
End of Year	$ 11,945	$ 4,612

The majority of the $7.3 million addition to the balance of unrecognized benefits disclosed above relates to a deduction claimed by the Company associated with certain stock sales by an officer of the Company. The offset was recorded as a reduction in additional paid-in capital.

The Company recognizes net interest and penalties as a component of income tax expense, the amounts of which for the years ended June 30, 2009 and 2008 were not material. Over the next 12 months, the Company does not expect a significant increase or decrease in the unrecognized tax benefits recorded at June 30, 2009. As of June 30, 2009 $4.6 million and $6.7 million of the unrecognized tax benefits are included in other long-term liabilities and as an offset to other long-term assets, respectively, with the remainder included in other balance sheets accounts.

The Company is subject to income taxes in the U.S. and various state and foreign jurisdictions. Tax statutes and regulations within each jurisdiction are subject to interpretation and require significant judgment to apply. The Internal Revenue Service (IRS) has examined the Company s consolidated federal income tax returns through the year ended June 30, 2004. The Company is currently under income tax

examination by the IRS for the years ended June 30, 2005 through 2007 and earlier years in connection with amended returns and carry back claims filed by the Company. In addition, the Company is under income tax examination by four state jurisdictions and one foreign jurisdiction for years ended June 30, 2004 through June 30, 2006. The Company does not expect the resolution of these audits to have a material impact on its results of operations, financial condition, or cash flows.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 20. RETIREMENT SAVINGS PLANS

401(k) Plan

The Company maintains a defined contribution plan under Section 401(k) of the Internal Revenue Code, the CACI $MART Plan (the 401(k) Plan). Employees can contribute up to 75 percent (subject to certain statutory limitations) of their total cash compensation. The Company provides matching contributions equal to 50 percent of the amount of salary deferral employees elect, up to 6 percent of each employee s total calendar year cash compensation, as defined. The Company may also make discretionary profit sharing contributions to the 401(k) Plan. Employee contributions vest immediately. Employer contributions vest in full after three years of employment. Total Company contributions to the 401(k) Plan for the years ended June 30, 2009, 2008, and 2007 were $21.0 million, $18.6 million, and $16.3 million, respectively.

U.K. Pension Plan

CACI Limited maintains a defined contribution Group Person Pension Plan in the U.K. Under CACI Limited s flexible benefits plan, employees can elect the amount of pension contributions that they wish to make out of their flexible benefit entitlements subject to certain U.K. tax limits. The contributions are deemed to be company contributions and vest immediately. Employees may also elect to make personal contributions into the plan. CACI Limited s contributions to this plan and its predecessor plans for the years ended June 30, 2009, 2008, and 2007 were $1.3 million, $1.5 million, and $1.3 million, respectively.

Supplemental Retirement Savings Plan

The Company administers the CACI International Inc Group Executive Retirement Plan (the Supplemental Savings Plan) through which, on a calendar year basis, officers at the vice president level and above can elect to defer for contribution to the Supplemental Savings Plan up to 50 percent of their base compensation and up to 100 percent of their bonuses and commissions. The Company provides a contribution of 5 percent of compensation for each participant s compensation that exceeds the limit as set forth in IRC 401(a)(17) (currently $245,000 per year). The Company also has the option to make annual discretionary contributions. Company contributions vest over a 5-year period, and vesting is accelerated in the event of a change of control of the Company. Participant deferrals and Company contributions will be credited with the rate of return based on the investment options and asset allocations selected by the Participant. Participants may change their asset allocation as often as daily, if they so chose. A Rabbi Trust has been established to hold and provide a measure of security for the investments that finance benefit payments. Distributions from the Plan are made upon retirement, termination, death, or total disability.

Supplemental Savings Plan obligations due to participants totaled $42.7 million at June 30, 2009, of which $2.4 million is included in accrued compensation and benefits in the accompanying consolidated balance sheet. Supplemental Savings Plan obligations decreased by $1.3 million

during the year ended June 30, 2009, consisting of $2.9 million of distributions and $8.7 million of investment losses, offset by participant compensation deferrals of $9.4 million and Company contributions of $0.9 million.

The Company maintains investment assets in a Rabbi Trust to offset the obligations under the Supplemental Savings Plan. The value of the investments in the Rabbi Trust was $40.8 million at June 30, 2009. Investment losses were $8.5 million for the year ended June 30, 2009.

Contribution expense for the Supplemental Savings Plan during the years ended June 30, 2009, 2008, and 2007, was $0.9 million, $0.8 million, and $0.4 million, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 21. STOCK PLANS AND STOCK-BASED COMPENSATION

Stock-based compensation expense is recognized pursuant to the requirements of SFAS No. 123R, *Share Based Payments* (SFAS No. 123R), on a straight-line basis ratably over the respective vesting periods, and is adjusted as required for options subject to graded vesting schedules. Stock-based compensation expense is also adjusted for restricted stock units (RSUs) granted with performance criteria such that expense is recorded for the number of shares expected to vest based on management s estimate of the performance which will be achieved. A summary of the components of stock-based compensation expense recognized during the years ended June 30, 2009, 2008, and 2007, together with the income tax benefits realized, is as follows (in thousands):

	Year ended June 30,		
	2009	2008	2007
Stock-based compensation included in indirect costs and selling expense:			
Stock-settled stock appreciation rights (SSARs) and non-qualified stock option expense	$ 9,926	$ 11,328	$ 7,978
Restricted stock and RSU expense	6,895	6,311	5,041
Total stock-based compensation expense	16,821	17,639	13,019
Income tax benefit recognized for stock-based compensation expense	$ 6,895	$ 6,960	$ 4,860

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

SFAS No. 123R also requires that certain incremental income tax benefits realized upon the exercise or vesting of equity instruments be reported as financing cash flows. During the years ended June 30, 2009, 2008, and 2007, the Company recognized $0.2 million, $1.5 million, and $8.1 million of excess tax benefits, respectively, which have been reported as financing cash inflows in the accompanying consolidated statements of cash flows.

Equity Grants and Valuation

Under the terms of its 2006 Stock Incentive Plan (the 2006 Plan), the Company may issue, among others, non-qualified stock options, restricted stock, RSUs, SSARs, and performance awards, collectively referred to herein as equity instruments. The 2006 Plan was approved by the Company s stockholders in November 2006 and replaced the 1996 Stock Incentive Plan (the 1996 Plan) which was due to expire at the end of a ten-year period. During the periods presented, the exercise price of all SSAR and non-qualified stock option grants and the value of restricted stock and RSU grants were set at the closing price of a share of the Company s common stock on the date of grant, as reported by the New York Stock Exchange. Annual grants under the 2006 Plan (and previous grants under the 1996 Plan) are generally made to the Company s key

employees during the first quarter of the Company s fiscal year and to members of the Company s Board of Directors during the second quarter of the Company s fiscal year. With the approval of its Chief Executive Officer, the Company also issues equity instruments to strategic new hires and to employees who have demonstrated superior performance.

Prior to June 2007, the Company issued equity instruments to its key employees in the form of non-qualified stock options and either RSUs or shares of restricted stock. Effective in June 2007, the Company began issuing SSARs instead of non-qualified stock options. RSUs and shares of restricted stock granted through June 2008 vested based on the passage of time and continued service as an employee of the Company. Beginning in August

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2008, the Company began also issuing RSUs for which vesting is based on achievement of a performance metric in addition to grantee service (performance-based RSUs). For performance-based RSUs granted as part of the Company s annual grant made in August 2008, vesting is initially dependent upon the net after-tax profit (NATP) reported by the Company for the fiscal year ending June 30, 2010. The maximum number of performance-based RSUs which will vest is based on the achievement of a certain NATP which has been established by the Company s Board of Directors. No performance-based RSUs will vest if NATP is less than a lesser, pre-defined amount. In addition to achieving a certain level of NATP, vesting is contingent upon the grantee s service. Once the NATP for the year ending June 30, 2010 is determined, performance-based RSUs will vest in increments of one-third of the shares underlying the RSUs on an annual basis beginning two years after the grant date. All performance-based RSUs awarded for a given NATP level and for which service requirements are fulfilled will have fully vested four years after the grant date. The Company also issues equity instruments in the form of RSUs under its Management Stock Purchase Plan (MSPP) and Director Stock Purchase Plan (DSPP).

Prior to November 2008, the Company issued equity instruments to members of its Board of Directors in the form of a set number of non-qualified stock options. Effective in November 2008, the Company s shareholders approved a change to grant equity to members of the Board of Directors in the form of a set dollar value of RSUs. The grants vest based on the passage of time and continued service as a Director of the Company.

Upon the exercise of stock options and SSARs, and the vesting of restricted shares and RSUs, the Company fulfills its obligations under the equity instrument agreements by either issuing new shares of authorized common stock or by issuing shares from treasury. In November 2008, the Company s shareholders approved an increase in the number of shares of Company common stock authorized for issuance under the 2006 Plan by 1,500,000 shares. The total number of shares authorized by shareholders for grants under the 2006 Plan was 10,950,000 as of June 30, 2009. The aggregate number of grants that may be made under the 2006 Plan may exceed this approved amount as forfeited SSARs, stock options, restricted stock and RSUs, and vested but unexercised SSARs and stock options that expire, become available for future grants. As of June 30, 2009, cumulative grants of 10,188,913 equity instruments underlying the shares authorized for the Plan have been awarded, and 1,984,089 of these instruments have been forfeited.

Non-qualified stock options granted prior to January 1, 2004 lapse and are no longer exercisable if not exercised within ten years of the date of grant. Equity instruments granted on or after January 1, 2004 have a term of seven years. For SSAR and stock option awards, grantees whose employment has terminated have 60 days after their termination date to exercise vested SSARs and stock options, or they forfeit their right to the instruments. Grantees whose employment is terminated due to death or permanent disability will vest in 100 percent of their equity instrument grants. Also, effective for grants made on or after July 1, 2004, grantees who were age 62 on or before July 1, 2008 who retire on or after age 65 will vest in 100 percent of their equity instrument grants upon retirement, with the exception of performance-based RSUs, which must be held at least until the measurement period is complete. Grantees who were not age 62 on or before July 1, 2008, who retire on or after age 62, vest in a prorated portion of their equity instrument grants upon retirement, based upon their service during the vesting period, with the exception of performance-based RSUs, which must be held until the measurement period is complete.

Stock options vest ratably over a three, four, or five year period, depending on the year of grant. Restricted shares and non-performance based RSUs vest in full three years from the date of grant. SSARs granted as part of the Company s customary annual award vest ratably over a five year period in a manner consistent with the vesting of stock options. On July 2, 2007, the Company made one-time special grants of 25,000 SSARs each to its then newly appointed President of U.S. Operations and its then newly appointed Chief Operating Officer and effective June 20, 2007, the Company made a one-time special grant of 300,000 SSARs to its then newly

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CACI INTERNATIONAL INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

appointed Chief Executive Officer. These special grants of SSARs contain market-based vesting features under which, beginning one year from the date of award, a grantee may exercise portions of his SSARs if the average of the closing prices of a share of the Company s common stock for 20 consecutive trading days equals or exceeds pre-defined amounts. Greater portions of the grants vest as the average of the closing prices increases. Any SSARs that do not vest under the market-based feature will vest in full five years from the date of grant.

During the year ended June 30, 2009, the annual equity grant was made effective August 18, 2008 and was comprised of 291,020 SSARs and 372,085 RSUs.

The fair value of restricted shares and RSUs is determined based on the closing price of a share of the Company s common stock on the date of grant. The fair value of each SSAR or stock option award is estimated on the date of grant using the Black-Scholes valuation model. The fair value of SSARs with market-based vesting features is also measured on the grant date, but is done so using a binomial lattice model. The fair values of both stock options and SSARs are based on the following assumptions:

	For SSARs/Stock Options Granted During the Year Ended June 30,		
	2009	2008	2007
Historical volatility	30.7% - 38.7%	26.5% - 31.9%	28.3% - 35%
Expected dividends	0%	0%	0%
Expected life (in years)	5.5	2.7 - 5.5	3 - 6
Risk-free rate	2.19% - 3.23%	2.90% - 5.01%	4.39% - 5.03%

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

The weighted-average fair value of SSARs and stock options granted during the years ended June 30, 2009, 2008, and 2007, was $17.09, $18.00, and $21.64, respectively, and the weighted-average fair value of restricted stock and RSUs granted during the years ended June 30, 2009, 2008, and 2007, was $48.77, $48.40, and $54.07, respectively.

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Activity for all outstanding SSARs and stock options, and the corresponding exercise price and fair value information, for the years ended June 30, 2009, 2008, and 2007, is as follows:

	Number of Shares	Exercise Price	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value
Outstanding, June 30, 2006	2,397,842	$ 8.16 - 65.04	$ 41.86	$ 17.19
Exercisable, June 30, 2006	1,392,944	8.16 - 64.36	30.21	9.37
Issued	716,200	34.10 - 60.50	52.79	21.64
Exercised	(283,794)	8.16 - 49.43	30.04	12.58
Forfeited	(127,855)	32.86 - 62.48	54.62	22.45
Outstanding, June 30, 2007	2,702,393	8.44 - 65.04	45.40	18.60
Exercisable, June 30, 2007	1,236,243	8.44 - 64.36	31.79	12.85
Issued	861,700	41.58 - 52.14	48.54	18.00
Exercised	(183,469)	9.38 - 47.59	22.23	9.58
Forfeited	(72,775)	10.69 - 62.48	50.97	20.41
Outstanding, June 30, 2008	3,307,849	8.44 - 65.04	47.37	18.91
Exercisable, June 30, 2008	1,267,681	8.44 - 65.04	37.00	14.68
Issued	346,300	37.67 - 49.78	49.13	17.09
Exercised	(71,215)	9.41 - 40.00	29.89	13.54
Forfeited	(172,889)	9.94 - 62.48	50.66	19.27
Expired	(31,000)	8.44 - 49.43	46.79	16.61
Outstanding, June 30, 2009	3,379,045	9.25 - 65.04	47.76	18.84
Exercisable, June 30, 2009	1,335,207	$ 9.25 - 65.04	$ 40.22	$ 16.03

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CACI INTERNATIONAL INC

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Changes in the number of unvested SSARs and stock options and in unvested restricted stock and RSUs during each of the years in the three-year period ended June 30, 2009, together with the corresponding weighted-average fair values, are as follows:

	SSARs and Stock Options		Restricted Stock and Restricted Stock Units	
	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares	Weighted Average Grant Date Fair Value
Unvested at June 30, 2006	1,004,898	$ 23.63	253,730	$ 52.87
Granted	716,200	21.64	102,763	54.07
Vested	(127,093)	15.71	(61,748)	40.88
Forfeited	(127,855)	22.45	(68,180)	45.00
Unvested at June 30, 2007	1,466,150	23.45	226,565	58.70
Granted	861,700	18.00	153,290	48.40
Vested	(223,907)	20.46	(21,243)	55.37
Forfeited	(63,775)	21.62	(12,452)	56.77
Unvested at June 30, 2008	2,040,168	21.53	346,160	54.19
Granted	346,300	17.09	410,699	48.77
Vested	(178,575)	24.59	(115,475)	50.40
Forfeited	(164,055)	19.59	(62,570)	49.71
Unvested at June 30, 2009	2,043,838	$ 20.67	578,814	$ 49.37

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

	Year ended June 30,		
	2009	2008	2007
Cash proceeds received	$ 2,129	$ 4,079	$ 8,524
Intrinsic value realized	$ 989	$ 5,263	$ 6,353
Income tax benefit realized	$ 388	$ 2,047	$ 2,471

The total intrinsic value of RSUs that vested during the years ended June 30, 2009, 2008, and 2007 was $5.3 million, $1.0 million and $4.7 million, respectively, and the tax benefit realized for these vestings was $2.1 million, $0.4 million and $1.8 million, respectively. Also, during the year ended June 30, 2007, the Company recognized a current tax benefit of $6.7 million pertaining to an officer s sale of restricted stock. At

that time, the benefit was reflected as an increase to additional paid-in capital.

The grant date fair value of stock options that vested during each of the years in the three-year period ended June 30, 2009 was $4.4 million, $4.5 million, and $2.0 million, respectively.

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CACI INTERNATIONAL INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Outstanding SSAR and Stock Option Information

Information regarding the SSARs and stock options outstanding and exercisable as of June 30, 2009, is as follows (intrinsic value in millions):

	SSARs and Options Outstanding				SSARs and Options Exercisable			
Range of exercise Price	Number of Instruments	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Intrinsic Value	Number of Instruments	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Intrinsic Value
$0.00-$9.99	54,660	$ 9.69	1.05	$ 1,805	54,660	$ 9.69	1.05	$ 1,805
$10.00-$19.99	11,832	13.94	1.08	340	11,832	13.94	1.08	340
$20.00-$29.99	200,783	21.57	2.04	4,245	200,783	21.57	2.04	4,245
$30.00-$39.99	429,098	34.91	3.68	3,346	422,698	34.87	3.64	3,313
$40.00-$49.99	1,315,239	47.10	5.02	623	282,349	41.14	2.47	623
$50.00-$59.99	663,565	52.73	4.34		74,880	55.07	2.89	
$60.00-$69.99	703,868	63.15	3.11		288,005	63.16	3.03	
	3,379,045	$ 47.76	4.06	$ 10,359	1,335,207	$ 40.22	2.85	$ 10,326

As of June 30, 2009, there was $18.0 million of unrecognized compensation cost related to SSARs and stock options scheduled to be recognized over a weighted-average period of 2.6 years, and $10.7 million of unrecognized compensation cost related to restricted stock and RSUs scheduled to be recognized over a weighted-average period of 2.5 years.

Stock Purchase Plans

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

The ESPP allows eligible full-time employees to purchase shares of common stock at 95 percent of the fair market value of a share of common stock on the last day of the quarter. The maximum number of shares that an eligible employee can purchase during any quarter is equal to two times an amount determined as follows: 20 percent of such employee s compensation over the quarter, divided by 95 percent of the fair market value of a share of common stock on the last day of the quarter. The ESPP is a qualified plan under Section 423 of the Internal Revenue Code and, for financial reporting purposes, was amended effective July 1, 2005 so as to be considered non-compensatory under SFAS No. 123R. Accordingly, there is no stock-based compensation expense associated with shares acquired under the ESPP. As of June 30, 2009, participants have purchased 641,771 shares under the ESPP, at a weighted-average price per share of $45.02. Of these shares, 84,177 were purchased by

employees at a weighted-average price per share of $41.70 during the year ended June 30, 2009. To satisfy its obligations under the ESPP, the Company will either purchase shares in the open market or issue shares previously acquired and held in treasury. During the year ended June 30, 2009, the Company purchased 84,177 shares in the open market, to fulfill the employees share purchases.

The MSPP provides those senior executives with stock holding requirements a mechanism to receive RSUs in lieu of up to 100 percent of their annual bonus. For the fiscal years ended June 30, 2009 and 2008, RSUs awarded in lieu of bonuses earned are granted at 85 percent of the closing price of a share of the Company s common stock on the date of the award, as reported by the New York Stock Exchange. For bonuses earned during the fiscal year ended June 30, 2007, RSUs were granted at 95 percent of the closing price of a share of the

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CACI INTERNATIONAL INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Company s common stock on the date of grant. RSUs granted under the MSPP vest at the earlier of 1) three years from the grant date, 2) upon a change of control of the Company, 3) upon a participant s retirement at or after age 65, or 4) upon a participant s death or permanent disability. Vested RSUs are settled in shares of common stock. The Company recognizes the value of the discount applied to RSUs granted under the MSPP as stock compensation expense ratably over the three-year vesting period.

The DSPP allows directors to elect to receive RSUs at the market price of the Company s common stock on the date of the award in lieu of up to 100 percent of their annual retainer fees. Vested RSUs are settled in shares of common stock.

Activity related to the MSPP and the DSPP during the year ended June 30, 2009 is as follows:

	MSPP	DSPP
RSUs outstanding, June 30, 2008	32,773	
Granted	39,755	162
Issued	(10,400)	
Forfeited	(1,395)	
RSUs outstanding, June 30, 2009	60,733	162
Weighted average grant date fair value as adjusted for the applicable discount	$ 43.39	
Weighted average grant date fair value		$ 38.58

NOTE 22. FAIR VALUE OF FINANCIAL INSTRUMENTS

SFAS No. 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS No. 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability between market participants in an orderly transaction. The market in which the reporting entity would sell the asset or transfer the liability with the greatest volume and level of activity for the asset or liability is known as the principal market. When no principal market exists, the most advantageous market is used. This is the market in which the reporting entity would sell the asset or transfer the liability with the price that maximizes the amount that would be received or minimizes the amount that would be paid. Under SFAS No. 157, fair value should be based on assumptions market participants would make in pricing the asset or liability. Generally, fair value is based on observable quoted market prices or derived from observable market data when such market prices or data are available. When such prices or inputs are not available, the reporting entity should use valuation models.

With the adoption of SFAS No. 157 effective July 1, 2008, the Company s financial assets and liabilities recorded at fair value on a recurring basis were categorized based on the priority of the inputs used to measure fair value. The inputs used in measuring fair value are categorized into three levels under SFAS No. 157, as follows:

Level 1 Inputs unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 Inputs unadjusted quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs derived from or corroborated by observable market data.

Level 3 Inputs amounts derived from valuation models in which unobservable inputs reflect the reporting entity s own assumptions about the assumptions of market participants that would be used in pricing the asset or liability.

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CACI INTERNATIONAL INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of June 30, 2009, the Company s financial instruments measured at fair value included non-COLI money market investments and mutual funds and the participants obligations held in connection with the Supplemental Savings Plan and the Company s interest rate swap and cap agreements. The following table summarizes the financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2009, and the level they fall within the fair value hierarchy (in thousands):

Description of Financial Instrument	Financial Statement Classification	Fair Value Hierarchy	Fair Value
Non-COLI assets held in connection with Supplemental Savings Plan	Long-term asset	Level 1	$ 5,910
Obligations under Supplemental Savings Plan	Current liability	Level 2	$ 2,360
Obligations under Supplemental Savings Plan	Long-term liability	Level 2	$ 40,298
Interest rate swaps	Current liability	Level 2	$ 1,721
Interest rate cap		Level 2	

Changes in the fair value of the assets held in connection with the Supplemental Savings Plan, as well as changes in the related deferred compensation obligation, are recorded in indirect costs and selling expense.

NOTE 23. EARNINGS PER SHARE

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

	Year ended June 30,		
	2009	2008	2007
Net income	$ 95,480	$ 83,323	$ 78,532
Weighted-average number of basic shares outstanding during the period	29,976	30,058	30,643
Dilutive effect of stock-based awards after application of treasury stock method	451	548	613
Weighted-average number of diluted shares outstanding during the period	30,427	30,606	31,256
Basic earnings per share	$ 3.19	$ 2.77	$ 2.56
Diluted earnings per share	$ 3.14	$ 2.72	$ 2.51

The total number of weighted-average common stock equivalents excluded from the diluted per share computations due to their anti-dilutive effects for the years ended June 30, 2009, 2008 and 2007, were 2.5 million, 2.3 million, and 1.5 million, respectively. The performance-based RSUs granted in August 2008 are excluded from the calculation of diluted earnings per share as the underlying shares are considered to be contingently issuable shares in accordance with SFAS No. 123R and SFAS No. 128, *Earnings per Share*. These shares will be included in the

calculation of diluted earnings per share in the reporting period in which the performance metric is achieved. In addition, the shares underlying the Notes were not included in the computation of diluted earnings per share because the conversion price of $54.65 exceeded the average share price during all periods since issuance through June 30, 2009. The Warrants were also excluded from the computation of diluted earnings per share because the Warrants exercise price of $68.31 was greater than the average market price of a share of Company common stock during the periods in which the Warrants were outstanding.

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CACI INTERNATIONAL INC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 24. COMMON STOCK DATA (UNAUDITED)

The ranges of high and low sales prices of the Company s common stock as reported by the New York Stock Exchange for each quarter during fiscal years ended June 30, 2009 and 2008 were as follows:

	2009		2008	
Quarter	High	Low	High	Low
1st	$ 52.00	$ 41.84	$ 52.83	$ 43.32
2nd	$ 51.97	$ 36.02	$ 55.01	$ 43.15
3rd	$ 47.68	$ 33.96	$ 46.87	$ 38.89
4th	$ 42.84	$ 33.90	$ 53.95	$ 43.70

Since May 4, 2009, the Company s stock has traded on the New York Stock Exchange under the ticker symbol CACI . Previously, the Company s stock traded on the New York Stock Exchange under the ticker symbol CAI .

NOTE 25. QUARTERLY FINANCIAL DATA (UNAUDITED)

This data is unaudited, but in the opinion of management, includes and reflects all adjustments that are normal and recurring in nature, and necessary, for a fair presentation of the selected data for these interim periods. Quarterly condensed financial operating results of the Company for the years ended June 30, 2009 and 2008, are presented below (in thousands except per share data).

	Year ended June 30, 2009			
	First	Second	Third	Fourth
Revenue	$ 654,760	$ 672,507	$ 673,994	$ 728,901
Income from operations	$ 41,318	$ 45,249	$ 44,974	$ 52,573
Net income	$ 20,991	$ 22,092	$ 23,432	$ 28,965
Basic earnings per share	$ 0.70	$ 0.74	$ 0.78	$ 0.97
Diluted earnings per share	$ 0.69	$ 0.73	$ 0.77	$ 0.95
Weighted-average shares outstanding:				
Basic	30,103	29,895	29,939	29,965
Diluted	30,567	30,362	30,410	30,369

	Year ended June 30, 2008			
	First	Second	Third	Fourth
Revenue	$ 553,580	$ 577,784	$ 634,157	$ 655,016
Income from operations	$ 34,679	$ 38,313	$ 43,471	$ 46,366

Net income	$ 18,292	$ 19,190	$ 22,292	$ 23,549
Basic earnings per share	$ 0.61	$ 0.64	$ 0.74	$ 0.78
Diluted earnings per share	$ 0.60	$ 0.63	$ 0.73	$ 0.77
Weighted-average shares outstanding:				
Basic	29,993	30,033	30,076	30,133
Diluted	30,518	30,580	30,587	30,740

NOTE 26. SUBSEQUENT EVENT

On July 8, 2009, the Company made a $50.0 million prepayment on the Term Loan, reducing the outstanding balance to $281.6 million. From time to time, the Company may make additional prepayments, based on cash flows, working capital requirements and other capital needs.

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SCHEDULE II

CACI INTERNATIONAL INC

VALUATION AND QUALIFYING ACCOUNTS

FOR YEARS ENDED JUNE 30, 2009, 2008 AND 2007

(in thousands)

	Balance at Beginning of Period	Additions at Cost	Deductions	Other Changes	Balance at End of Period
2009					
Reserves deducted from assets to which they apply:					
Allowances for doubtful accounts	$ 3,937	$ 1,208	$ (1,047)	$ (597)	$ 3,501
2008					
Reserves deducted from assets to which they apply:					
Allowances for doubtful accounts	$ 3,469	$ 1,642	$ (1,479)	$ 305	$ 3,937
2007					
Reserves deducted from assets to which they apply:					
Allowances for doubtful accounts	$ 4,607	$ 2,326	$ (2,960)	$ (504)	$ 3,469

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

The decrease from June 30, 2008 to June 30, 2009 is primarily due to a decrease in the foreign currency exchange rate between the pound sterling and the United States dollar.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized, on the 26th day of August 2009.

CACI International Inc
Registrant

Date: August 26, 2009

By:

/s/ Paul M. Cofoni
Paul M. Cofoni

President

Chief Executive Officer and Director

(Principal Executive Officer)

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

Signatures	Title	Date
/s/ Paul M. Cofoni **Paul M. Cofoni**	President, Chief Executive Officer and Director (Principal Executive Officer)	August 26, 2009
/s/ Thomas A. Mutryn **Thomas A. Mutryn**	Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)	August 26, 2009
/s/ Carol P. Hanna **Carol P. Hanna**	Senior Vice President, Corporate Controller (Principal Accounting Officer)	August 26, 2009
/s/ Dr. J. P. London **Dr. J. P. London**	Chairman of the Board, Executive Chairman	August 26, 2009
/s/ Dan R. Bannister **Dan R. Bannister**	Director	August 26, 2009
/s/ Gregory G. Johnson **Adm Gregory G. Johnson, USN (Ret.)**	Director	August 26, 2009
/s/ Dr. Richard L. Leatherwood	Director	August 26, 2009

Dr. Richard L. Leatherwood		
/s/ JAMES L. PAVITT	Director	August 26, 2009
James L. Pavitt		
/s/ DR. WARREN R. PHILLIPS	Director	August 26, 2009
Dr. Warren R. Phillips		

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Signatures	Title	Date
/s/ CHARLES P. REVOILE **Charles P. Revoile**	Director	August 26, 2009
/s/ JAMES S. GILMORE, III **James S. Gilmore, III**	Director	August 26, 2009
/s/ WILLIAM S. WALLACE **Gen William S. Wallace, USA (Ret.)**	Director	August 26, 2009
/s/ GORDON R. ENGLAND **Gordon R. England**	Director	August 26, 2009