

CACI INTERNATIONAL INC /DE/
Form 10-K
August 29, 2011
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended June 30, 2011

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
(State or other jurisdiction of incorporation or organization)

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

1100 North Glebe Road, Arlington, VA 22201

(Address of principal executive offices)

(703) 841-7800

(Registrant's telephone number, including area code)

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

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

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

Indicate by check mark 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.

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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 Accelerated filer Non-accelerated filer Smaller reporting company

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

The aggregate market value of common shares held by non-affiliates of the registrant on December 31, 2010 was \$1,567,662,785, 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 24, 2011, the registrant had 30,391,311 shares of common stock issued and outstanding.

Table of Contents

DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates by reference certain information from the registrant's proxy statement for its 2011 annual meeting of stockholders. With the exception of the sections of the 2011 Proxy Statement specifically incorporated herein by reference, the 2011 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. These forward-looking statements are based on assumptions and assessments made by the Company's management in light of its experience and its perception of historical trends, current conditions, expected future developments and other factors it believes to be appropriate. These forward-looking statements are subject to a number of risks and uncertainties that include but are not limited to the factors set forth under Item 1A, Risk Factors in this Annual Report on Form 10-K.

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

Table of Contents

CACI International Inc

FORM 10-K

TABLE OF CONTENTS

PART I

Item 1.	<u>Business</u>	4
Item 1A.	<u>Risk Factors</u>	13
Item 1B.	<u>Unresolved Staff Comments</u>	24
Item 2.	<u>Properties</u>	25
Item 3.	<u>Legal Proceedings</u>	25
Item 4.	<u>[Reserved]</u>	28

PART II

Item 5.	<u>Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	29
Item 6.	<u>Selected Financial Data</u>	31
Item 7.	<u>Management's Discussion and Analysis of Financial Condition & Results of Operations</u>	31
Item 7A.	<u>Quantitative and Qualitative Disclosure About Market Risk</u>	42
Item 8.	<u>Financial Statements and Supplementary Data</u>	42
Item 9.	<u>Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u>	42
Item 9A.	<u>Controls and Procedures</u>	42

PART III

Item 10.	<u>Officers, Directors and Executive Officers of the Registrant</u>	44
Item 11.	<u>Executive Compensation</u>	44
Item 12.	<u>Security Ownership of Certain Beneficial Owners and Management</u>	44
Item 13.	<u>Certain Relationships and Related Transactions</u>	44
Item 14.	<u>Principal Accounting Fees and Services</u>	44

PART IV

Item 15.	<u>Exhibits and Financial Statement Schedules</u>	45
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<u>SIGNATURES</u>	97
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Table of Contents

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. With revenue for the year ended June 30, 2011 (FY2011) of \$3.6 billion, we serve clients in the U.S. federal government and commercial markets, primarily throughout North America and internationally on behalf of U.S. customers, as well as in the United Kingdom (U.K.). We deliver professional services and information technology (IT) 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, sustain long-term client relationships and 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.

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Our primary customers are agencies of the U.S. government. Our services are primarily 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, 2011, CACI had approximately 13,700 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 29.3 percent of our commercial

Table of Contents

revenue. Some of the contracts performed by our domestic operations involve assignment of employees to international locations. At June 30, 2011, approximately 900 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, healthcare, 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 solutions and 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.

Table of Contents

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

In 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 70.7 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, logistics planning, digital marketing, and web-based data capture and forms processing areas. 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 both organically and 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. Our work for U.S. government agencies may combine a wide range of skills drawn

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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. As with other government contractors, our business is subject to government client funding decisions and actions that are beyond our control.

Table of Contents

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

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

In order to effectively perform on our existing client contracts and secure new client contracts within the U.S. government, we must maintain expert knowledge of agency policies, operations and challenges. We combine this comprehensive knowledge 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. Government and commercial clients typically base their decisions regarding contract awards on their assessment of the quality of past performance, responsiveness to proposal requirements, price, and other factors. Commercial bids are frequently negotiated as to terms and conditions for schedule, specifications, delivery and payment. The terms, conditions and form of contract of government bids, however, are in most cases specified by the client. In situations in which the client-imposed contract type and/or terms appear to expose us to inappropriate risk or do not offer us a sufficient financial return, 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, such terminations have been rare and, generally, have not materially affected operations.

Our contracts and subcontracts are composed of a wide range of contract types, including firm fixed-price, cost reimbursement, time-and-materials (T&M), 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 FY2011, the ten top revenue-producing contracts accounted for 44.0 percent of our revenue, or \$1.6 billion.

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In FY2011, 94.9 percent of our revenue came from U.S. government prime contracts or subcontracts consisting of 79.9 percent from DoD contracts and 15.0 percent from U.S. government civilian agency clients. The remaining 5.1 percent of revenue came from commercial businesses, 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 FY2011, DoD revenue grew by 16.7 percent, or \$408.3 million. Most of the DoD revenue growth was attributable to existing operations.

Table of Contents

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:

Federal government budget trends, pressures and opportunities

Administration and congressional changes Legislative initiatives in the housing, financial, automotive, energy and health industries; lower revenue; recent budget submissions; and the ongoing weak economy have contributed to historically high actual and projected domestic budget increases and federal deficits. The efforts to control spending in the federal government's FY11 appropriation process and the debt ceiling debate have compounded the pressures to reduce federal spending, especially in the non-security areas. These trends may limit funding of complex programs with long payout periods.

Budget pressures We believe that deficit spending is at a level which may be unsustainable, and that spending reductions, entitlement reform, new revenue generation or some combination thereof may be necessary. Spending cuts and revenue increases may need to occur while the economy remains under significant stress. If the economic recovery stagnates or reverses, budget pressures could magnify.

Annual appropriations process Ongoing delays in the approval of annual federal government budgets appear to be causing uncertainty in various federal agencies, resulting in delays in contract awards and uncertainty in the contracting community. This trend is especially pronounced in the civilian agencies, many of which have operated under continuing resolutions for several years.

Budget opportunities

Information technology services As federal government agencies seek to make spending reductions, opportunities to achieve cost reductions through improved operational efficiency will receive higher priority. Many IT initiatives emerging in both DoD and Office of Management and Budget (OMB) directed programs for civilian agencies are based on infrastructure consolidation and cost effective upgrades. These consolidation and upgrade initiatives include infrastructure, applications and information. With greater technology infrastructure needs, we believe the demand will likely increase for information technology virtualization and the use of cloud computing technologies to achieve cost and performance efficiencies, along with smaller footprints and power needs. We expect our clients to shift resources to optimizing data, information and knowledge in shorter time frames. We continue to expect to see funding of transformational activity that yield results in a shorter timeframe to maximize investments with more stable and predictable information system outcomes. As the amount of data and information grows, and persistent threats to our national security continue, the demands for applications will grow as well, putting a higher value on faster and more efficient/effective technologies. We expect this demand to result in an increasing need for cyber security solutions. An additional area of cyber emphasis is the security of the supply chain. While technology provides part of the answer, the integration of processes and personnel using forward-looking systems and sound architectures is more likely to provide cost savings and performance efficiencies.

DoD Services We continue to see a stable flow of funds to the intelligence, defense and security areas that directly support mission critical operations. While DoD is instituting a 10 percent reduction in funding for service support contractors in knowledge-based areas for each of the next three years, these reductions are affecting only a small percentage of the services market. We expect most of these reductions to be in areas where DoD is looking to consolidate functions and organizations.

Table of Contents

Overseas contingency operations (OCO Supplemental) funding in support of Iraq and Afghanistan operations The deployment of troops to Iraq is scheduled to end on December 31, 2011. Although negotiations are continuing for a longer term presence, U.S. ground combat operations have ended. The withdrawal of troops from Afghanistan has begun. The turnover of all combat operations to Afghanistan's forces is scheduled for 2014. We expect intelligence gathering, processing and analysis to continue and remain important to the mission of the commanders in the field. Further, logistics and force protection operations will continue. We anticipate a reduction in the OCO Supplemental to begin in 2012 and continue into the future. Going forward, we anticipate a continuing need to re-set and modernize equipment and infrastructure as forces return from South West Asia. This need will likely fuel a continuing demand for logistics services and network-enabled mission capabilities that provide increased efficiency and cost-effectiveness.

Federal business and acquisition policy

Government acquisition reforms A number of statutory acquisition reform provisions and initiatives continue to be considered at the legislative level. These reforms may lead to increased oversight of contractor support services, with a focus on specific role definitions, transparency, additional reporting, managed risks, avoidance of potential conflicts of interest, and the mix between contractor staff and government personnel.

Oversight and transparency Oversight at the Congressional level and audit scrutiny at the agency level have increased with the increased use of government contractors since 2001. Some high profile cases of alleged and proven contractor fraud and abuse has placed greater emphasis on making programs transparent to avoid overspending and to focus on performance and best value. Added program oversight and transparency often delay procurements while the government evaluates program performance. Further, companies have increased costs associated with audits of business management systems. While delays are inevitable, and often costly, we believe they will result in better requirements definition, greater demand for stronger value-based solutions/services, and the diversion of spending from poorly performing areas to well performing areas.

Contract type One trend is a movement away from T&M and award fee contracts to more fixed price and cost reimbursable contracts. Better requirements definition and value based solutions should allow for more fixed price contracts where the contractor assumes more of the risk. Our fixed priced risk review and emphasis on qualified program managers should allow us to understand the risks and maintain margins. For cost reimbursable contracts, we may experience pricing pressures. Pricing is taking on an increasing role in best value determinations with more detailed pricing oversight. Further, technically acceptable lowest price is becoming more prevalent.

Contract award protests We continue to experience a number of protests of contracts awarded to us, especially those involving large, multiple award, IDIQ contracts. The award of our single-award Transformation and Systems Consolidation (TASC) contract with the Department of Homeland Security was protested. After a brief period of performance by CACI, the customer was not able to implement the General Accounting Office's required corrective action and the contract was subsequently terminated by the customer for their convenience during our fiscal year ended June 30, 2011. We are in the process of preparing our termination settlement proposal which upon submission will be negotiated with the customer. The protest process causes delays in awarding contracts, and sometimes task orders, affecting our backlog and revenue. However, once awarded, these multiple award IDIQ contracts allow the government to issue task order requests to a selected group of qualified companies and, often, more rapidly award task orders.

Table of Contents

More frequent recompetes of contracts DoD has announced an intention to increase competition when possible and conduct more frequent recompetitions of existing contracts. While the intent is to control government costs, we are concerned that the government may have insufficient staff to manage the existing workload.

Human capital While the emphasis on insourcing of work to government employees has declined as the government has concluded that limited to no cost savings result, the overhang from the initiative continues to affect some areas. The administration has now focused its efforts to reserve for federal government employees certain jobs defined as inherently governmental, closely associated with inherently governmental, and critical functions. We continue to expect all departments and agencies to determine their optimum scenario for what should be performed by federal government employees and what should be done by contractors.

Organizational conflict of interest (OCI) The government has begun to finalize its revised policy on OCI. The conflict avoidance is targeted at acquisition, requirements and acceptance determination activities. While Congress seems to have continuing interest in stricter firewalling, the impact in the services industry has been minimal.

Small business participation expectations According to the Small Business Administration (SBA), as a whole, the government continues to miss its goal of awarding 23 percent of its contracting dollars to small businesses. Increased emphasis to meet small business goals will make it more difficult for larger companies unable to win the large multiple award IDIQ contracts to compete for prime contract dollars.

Other uncertainties and trends in the business environment

Strategic sourcing The OMB has issued a 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 and reduce government costs. 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. These contracts provide advantages to larger companies with more reach, management tools, and flexibility.

Security clearances and job specifications Many of our federal government contracts require us to have security clearances and employ personnel with specific levels of education and work experience. Depending on the level, security clearances can be difficult and time-consuming to obtain, and competition for skilled personnel in the information technology services industry is intense.

Macro economic trends Our operations are also affected by local, national and global economic conditions. The consequences of a global economic downturn or a continued weak U.S. economy may include a lower level of government spending in the areas in which we provide our services. Instability in the financial markets, as a result of an economic weakness or other factors, may also affect the cost of capital and our ability to raise capital. Further, financial market performance can impact our tax structure and, consequently, our financial results.

Recent Significant Acquisitions

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

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The October 2009 acquisition of all of the outstanding stock of a business in the United States which provides commercial security technology services for \$62.8 million. In addition, the purchase agreement provided that we might have been required to pay additional consideration (Contingent Consideration)

Table of Contents

of up to \$32.5 million based upon events to occur subsequent to the acquisition date. Subsequent to June 30, 2011, we and the sellers agreed to settle the Contingent Consideration for a payment of \$15.5 million. Simultaneously, an entity controlled by the primary selling shareholder entered into an agreement with us to purchase certain equipment we customarily offer for sale. In addition, the parties are negotiating a joint sales and marketing agreement.

The February 2010 acquisition of all of the outstanding stock of SystemWare Incorporated, which provides signal acquisition and analysis systems for cyber security and counterintelligence application, for \$23.6 million paid to date and the opportunity to earn additional consideration of up to \$6.0 million, based on earnings of the acquired entity during the twelve months ending January 31, 2012.

The November 2010 acquisition of TechniGraphics, Inc., a provider of imaging and geospatial services to the U.S. government, for \$104.6 million.

The November 2010 acquisition of Applied Systems Research, Inc., a provider of technical services and products to the U.S. government, for \$25.1 million.

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.

Table of Contents

Patents, Trademarks, Trade Secrets and Licenses

We own eight 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 19 registered trademarks and service marks and applications in the U.S. and 31 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, 2011, which consists primarily of contracts with the U.S. government, was \$6.8 billion, of which \$1.8 billion was for funded orders. Total backlog as of June 30, 2010 was \$6.8 billion. We presently anticipate, based on current revenue projections, that the majority of the funded backlog as of June 30, 2011 will result in revenue during the fiscal year ending June 30, 2012.

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 revenue in any future period or at all.

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.

Table of Contents**Revenue by Contract Type**

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

	2011		Year ended June 30, 2010		2009	
			(dollars in thousands)			
Time and materials	\$ 1,423,184	39.8%	\$ 1,467,556	46.6%	\$ 1,310,001	48.0%
Cost reimbursable	1,277,326	35.7	1,033,480	32.8	875,653	32.1
Firm fixed-price	877,270	24.5	648,095	20.6	544,508	19.9
Total	\$ 3,577,780	100.0%	\$ 3,149,131	100.0%	\$ 2,730,162	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 94.9 percent of our total revenue in FY2011 and 94.8 percent of our total revenue in FY2010 from federal government contracts, either as a prime contractor or a subcontractor. We derived 79.9 percent of our total revenue in FY2011 and 77.8 percent of our total revenue in FY2010 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, 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 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

Table of Contents

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 demand for and priority of funding for combat operations in Afghanistan, decreases to 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;

a federal government shutdown resulting from the failure to pass budget appropriations or continuing resolutions, as well as other 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

reduction of the federal government's use of information technology or professional services.

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

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

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;