The information contained in this transcript, by its nature, reflects facts known to the company and its management at the time of the earnings release and conference call. All information contained in this transcript, including references to other press releases or public filings, should be read in the context of the latest available information in the company's releases or filings.

CACI INTERNATIONAL INC.
Moderator: Paul Cofoni
June 30, 2010
8:30 a.m. ET

Operator: Ladies and gentlemen, thank you for standing by. Welcome to the CACI international FY11 guidance conference call. Today's call is being recorded. At this time all lines are in a listen only mode. Later we will announce the opportunity for questions and instructions will be given at that time. If you should need any assistance during this call please press star then zero and someone will help you. A special reminder to our media guests who are listening in, please remember that during the question and answer portion of this call we are only taking questions from the analysts.

At this time I would like to turn the conference call over to Mr. Dave Dragics, Senior Vice President of Investor Relations for CACI International. Please go ahead, sir.

INTRODUCTION AND SAFEHARBOR STATEMENT

Dave Dragics: Thanks, Allison, and good morning ladies and gentlemen. I'm Dave Dragics, Senior Vice President of Investor Relations of CACI International, and we're very glad you're able to participate with us today.

Now as is our practice on these calls we are providing presentation slides and during our presentation we'll also make every effort to keep all of you on the same page as we are. So let's move to slide number two and before we begin our discussion this morning I'd like to make our customary but important statement regarding our written and oral disclosures and commentary.

There will be statements in this call that do not address historical fact and, as such, constitute forward-looking statements under current law. These statements reflect our views as of today and are subject to important factors that could cause our actual results to differ materially from anticipated results. Now factors that could cause our actual results to differ materially from those we anticipate are listed at the bottom of last evening's guidance release and our described in the company's Securities and Exchange Commission filings. And our Safe Harbor Statement is included on this exhibit and should be incorporated as part of any transcript of this call.

And I also like to point out that our presentation today will include discussion of non-GAAP financial measures and these non-GAAP measures should not be considered in isolation or as a substitute for performance measures prepared in accordance with GAAP.

Now let's go to the next slide please and to open up our discussion this morning here is Paul Cofoni, president and chief executive officer of CACI International. Paul?

CEO OPENING COMMENTS

Paul Cofoni: Thank you, Dave, and good morning everyone. Thank you all for joining us today as we discuss our Fiscal 2011 Guidance. With me today are Tom Mutryn, our Chief Financial Officer; Bill Fairl, President of U.S. Operations; Randy Fuerst, Chief Operating Officer of U.S. Operations; and Greg Bradford, Chief Executive of CACI Limited in the U.K.

Slide four, please. Today we conclude one fiscal year and tomorrow we begin a new one. We expect Fiscal 2010 will be another great year for CACI and the third consecutive year in which we have delivered on our commitments to double digit growth of earnings per share and mid- to high-single-digit organic growth. We've delivered on these commitments despite the challenges in our market space presented by adverse economic conditions, acquisition reform, the tightening rules on organizational conflicts of interest and insourcing. Our perseverance through all this turbulence brings us to today and the reiteration of our guidance for fiscal 2010. In mid-August we will report our full year results and provide you with the details on another outstanding year for CACI.

Last night we issued our annual guidance for Fiscal 2011. This guidance reflects the management team's confidence in and commitment to our strategy for growth and our ability to execute that strategy. We expect that in Fiscal 2011 we will continue to meet our financial goals of double digit earnings per share growth in mid- to high-single-digit organic revenue growth. We also expect to see an improvement in operating margin. And our industry leading day sales outstanding combined with another year of expected operational excellence will drive strong cash flows in Fiscal 2011.

The repurchase authorization of up to one million shares announced yesterday represents the confidence that both the board and management have in CACI's future prospects. We believe the current trading range of CACI stock provides an exceptional investment value.

Let's go to slide five. We have confidence in our Fiscal 2011 guidance for the following reasons.

First, we believe that the threats to our national security will remain high. The conflicts in Southwest Asia and asymmetric threats around the world,

including inside U.S. borders, are driving the demand for CACI solutions and services. These services include technology and expertise for intelligence data collection, management and analysis as well as consulting and training—all of which help to detect and pre-empt terrorists and insurgent threats and protect the war fighter. Additionally, our core services focused on IT modernization and transformation of government are a large part of our business base and are well positioned for current and future government efficiency initiatives such as those announced just this week by OMB and the Department of Defense.

Second, the proposed federal budget for the government's Fiscal 2011 contains funding in key areas that are aligned with our strengths. The President's proposed Fiscal '11 Department of Defense budget is 4 percent higher than fiscal 2010. The requested operations and maintenance part of the DoD proposed appropriations, the area where we derive the majority of our revenue, is 8.5 percent higher than Fiscal 2010.

Third, demand for CACI's direct labor in such areas as intelligence support, where we currently have 200 openings, the expanding professional services requirement of our S3 contract, and our recent new exciting land of a prime position on the Special Operations Command Global Battlestaff and Programs Support contract, are the underpinnings of our expected growth in Fiscal 2011.

Let's go to slide six please. All these growth drivers for next year are the result of superb execution of our focus growth strategy. Let me remind you what that strategy is:

First, to provide mission critical services for national security priorities in well funded areas of the government. We are passionate about our operational excellence, our ability to consistently deliver to our clients the valuable services and solutions they need. In doing so, our program managers and their teams are incentivized not just to meet the terms of the contract but also to anticipate our clients' needs. We expect to continue our excellence in operation services and innovative solutions in Fiscal 2011.

Second, to build on our competitive advantages and long-term trusted client relationships in our areas of focus: defense, intelligence, homeland security, IT modernization and the transformation of government.

Third, is to capitalize on new opportunities in existing and adjacent markets, through organic growth, strategic hires and acquisitions. We expect that our M&A program, supported by a strong balance sheet, will also help fuel our growth in Fiscal 2011. We are very selective in our M&A pursuits, with emphasis on companies with compatible cultures operating in well-funded markets with high growth rates and strong margins. There are ample, excellent

acquisition candidates to pursue. And with the recent stabilization of the capital markets, we're back at it full force.

We enter Fiscal 2011 firmly committed to executing our growth strategy and meeting our financial goals. Now to give you more details on the financial aspects of our guidance, here's Tom Mutryn.

Tom?

FINANCIAL OVERVIEW

Tom Mutryn: Thank you, Paul, and good morning, everyone. Please go to slide number seven.

First let me update you on our Fiscal '10 outlook. We are wrapping up the year and we will have our accounting completed in mid-August. We currently expect both our 2010 revenue and earnings to be within our current guidance ranges, and, at the midpoint of the ranges, they represent a year-over-year 13 percent increase in revenue and an 18 percent net increase in net income.

We anticipate that Fiscal '11 will be a year of solid growth on both the top and bottom lines. Our revenue guidance of $3.25 to $3.4 billion is 5 to 10 percent greater than the midpoint of our Fiscal '10 revenue guidance. Our FY11 net income guidance of $116 to $122 million is 10 to 15 percent greater than the midpoint of our FY10 guidance, consistent with our stated goal of double digit net income growth.

Slide eight please. Let me take a few minutes explaining the process we use to develop our plan. It is truly built from the bottom up. Beginning in April, our operating groups begin forecasting the coming year's activity on a task order by task order basis. We schedule labor by person by hour, by category along with associated subcontract activity for each of the 2,500 plus active contracts and task orders. Anticipated new work is similarly scheduled and factored according to our expectations of winning and starting the new work. We classify the coming year's revenue in four categories: existing funded contracts; existing contracts waiting additional funding; contracts which are up for re-compete and we need an extension or recompete win; and new work. At the same time, we build our indirect expenses from the bottom up. Given this level of focus and effort, we 're able to develop a plan for the coming year in which we have a high degree of confidence.

Go to slide number nine please. Key assumptions implicit in our guidance are as follows:

- Both our direct labor and our other direct costs are expected to increase in the 5 to 10 percent range, with direct labor growing faster than ODCs.

- We expect that our operating margin will improve from this year and will be at least 6.4 percent. We expect our margin to increase due to three major factors:
    - First a favorable mix as direct labor grows faster than our other direct costs.
    - Second variable cash and stock bonus expenses will be more in line with historic patterns.
    - And third the realization of benefits associated with a number of our margin improvement initiatives.
- We expect our affective tax rate to be approximately 39.5 percent with no gains or losses in the assets in our deferred compensation plan.
- We expect that our capital expenditures will total approximately $15 million.
- Interest expense is expected to increase by $4 million as we plan to enter into a new multi-year credit facility.

And I'd like to remind you that our guidance does not include any impact from future acquisition or share repurchases.

We expect another year of solid cash flow with operating cash flow forecast in excess of $100 million. Free cash flow of at least $135 million, or $4.30 per share, translates to a 9 to 10 percent free cash flow yield per diluted share. Adjusted earnings per share for Fiscal '11, which removes non-cash expenses—stock compensation, depreciation, amortization, and no- cash interest expense—is expected to range from $4, excuse me, $5.40 to $5.60 per share.

Similar to prior years we expect a sequential reduction in earnings per share from our Fiscal '10 fourth quarter to our first quarter 2011. And, similar to prior years, we expect to see steady increases in earnings per share as we move from the first quarter to the fourth quarter, with favorable year-over-year comparisons each quarter.

Now here's Bill who will provide further insight into our domestic operation. Bill?

OPERATIONS OVERVIEW

Bill Fairl: Thanks, Tom, and welcome to everyone on the call. Go to slide 10 please.

This morning I will comment on our key U.S. Operations forward indicators for Fiscal Year '11 to give you insight into why we're so confident in our ability to deliver another solid year of top and bottom line growth in Fiscal Year '11. And I'll start by picking up on Tom's discussion on how we build our plans each year.

As he mentioned, we build it from the bottom up with work falling into one of four categories: our existing funded contracts; existing contracts which are awaiting additional funding, recompetes; and new work. As we enter Fiscal Year '11, nearly 80

percent of our projected Fiscal Year '11 business will come from contracts which we already hold. Now I want to stress that point: nearly 80 percent of our expected Fiscal Year '11 year is going to come from contracts which we already have. Moreover, we already have in hand nearly 60 percent of the funding we will need to achieve our Fiscal Year '11 financial goals. Both of these Fiscal Year '11 forward indicators compare favorably with what they were the same time last year. This is the number one reason why we're so confident in our ability to deliver in Fiscal Year '11.

Moving on to our opportunity pipeline, I can safely say it's the best it's ever been. I say this with a great deal of confidence due to our increased visibility and to the quantity and quality of the potential bids in our pipeline. As we've discussed during recent calls, our account management initiative is really making a difference. We have multi-year visibility into our pipeline by account and by our major business units. We have early identification of bid opportunities giving us long lead times to develop and communicate our value propositions.

All of these result in an abundance of opportunities in our pipeline. Specifically, as of last week, we had approximately $5 billion in submitted proposals under evaluation – nearly 90 percent of them for new business. Last year at this same time, it was about $3-1/2 billion—so a big increase there. I expect a majority of these to be awarded by the end of calendar 2010. In addition, we expect to submit more than $8 billion in new proposals during the next two quarters, and a little more than half of those anticipated proposals are for recompetes. This number compares very favorable to last year as well.

I'm going to take a minute here and give you what I think is a great example of what I'm talking about – about our account management and opportunity pipeline. Back in May, we announced that we were one of four winners on a prime position on a $1.5 billion multiple-award contract for the U.S. Special Operations Command in the global ballast staff and program support effort. Now this didn't happen by accident. This was a multi-year pursuit on our part, using our account strategy here. We got in there. We studied what the incumbent profile looked like; talked to our clients; saw that we had an opportunity to present them with a new value proposition; went out and won the darn thing – couldn't be happier about this. This is an area where there is solid current and outyear client funding. It provides us with excellent opportunities for CACI labor growth. It's new work for us and we won it on our value proposition, not on our low price.

I'll also tell you that just when the contract was awarded, that the clients were telling us, "Hey, expect a lot of task orders to come out over the next year." In excess of 70 task orders are going to come out on this thing. So far, we're about a month or so into this thing – maybe two months. They're living up to their word. Our guys are busy – our guys and gals are busy down there, responding to task order requests. They've made a few awards and I would say we're winning our share – perhaps a little bit more than our share – very pleased with it – a great opportunity for CACI labor growth.

We have been and we will continue to be aggressive in customer centric in winning our recompete business. We demonstrate this commitment with a highly-structured program of client visits coupled with our best-in-class customer survey program. Take these two things together, these initiatives strengthen our customer relationships by giving our clients early and easy ways to provide feedback.

Last year at this time, I told you our Fiscal '09 recompete win rate was the best it had been in the last five years. Today, I'm pleased to report that our Fiscal Year '10 recompete win rate is just as good.

Hiring – that's another key performance area where we've had a solid year in Fiscal Year '10. And it's another great momentum builder for Fiscal Year '11. We continue to recruit and provide the highly specialized and cleared employees our intelligence clients need to carry out their national security missions.

I'm also happy to report our voluntary attrition rate continues to improve. It's now the lowest it's been since we started tracking this performance metric six years ago. Looking into Fiscal Year '11, we currently have approximately 400 firm open hiring recs. That's the highest number of firm open hiring requisitions we've had in recent years. It is another reason why we're so confident in our plan to grow mid- to high-single-digits on the top line and double digits on the bottom line.

Go to slide 12 please; looking ahead, we believe our solid Fiscal Year '10 performance will lay the foundation for strong Fiscal Year '11. The key performance metric trends for U. S. operations are pointing solidly in the right direction. Those are funding orders, re-compete run rates, our opportunity pipeline, our hiring, our retention, and here's a really important one—what I'm calling operational excellence.

I'll give you just a couple of examples here. First, is our industry leading DSOs. Now that just doesn't happen by accident. You've really got to be close with your clients, delivering day-in-day-out as Paul mentioned earlier. Everything right—that's how you get DSOs. It's a terrific indicator of operational excellence.

I'll also point out that we have more 2,500 active contracts and task orders. We don't have a single troubled program—not a single troubled program, including all of our fixed price contracts. Every one of those is profitable; not a single troubled program.

We have a terrific record over the years of managing fixed price contracts. We're diligent in our cost control and we have an outstanding track record of entering new markets by successfully identifying, acquiring, and integrating new enterprises into CACI.

So put these together with our strength and our presence in high priority government funding business area of defense, intelligence, homeland security, and IT

modernization as well as our focus on the administrations priorities in cyber security, smart power, and IT modernization, and you can see why we're excited about we expect — or about what we expect to be a terrific Fiscal Year '11 for us.

Paul, that concludes my remarks.

CEO CLOSING COMMENTS

Paul Cofoni: Thanks, Bill, that's a great report, and, Tom, thank you for the details you provided.

So, in summary, we're excited about Fiscal Year 2011. We have conviction in our growth strategy. We deliver solutions that are vital to our governments most critical missions. These include intelligence data collection, management, and analysis, as well as training and consulting, all of which help detect and preempt terrorist and insurgent activities and protect the war fighter. We have an exceptional track record of superior execution and successful delivery of our programs as Bill just pointed out. We have no troubled programs. We believe our services will support the government's transformation efforts to bring greater efficiencies and value to our customers and the taxpayers.

We see the recent announcements from the Office of Management and Budget and the Department of Defense to improve efficiency as a perfect chance to show our strengths in these areas. And Fiscal Year 2011, we expect to successfully achieve double-digit earnings per share growth, mid- to high-single-digit organic revenue growth, improved operating margin, and continued strong cash flow. Finally, the repurchase authorization of up to 1 million shares announced yesterday represents the confidence that both the board and management have in CACI's future prospects.

I want to close by thanking the 13,000 men and women of CACI who come to work each and every day dedicated to give 110 percent of themselves to the missions of our clients. With that, Allison, we can open the line for questions.

Operator: Ladies and gentlemen, if you've a question at this time please press star then one on your touchtone telephone. Our first question comes from Cai von Rumohr of Cowen. Please go ahead.

QUESTION ON WHAT FACTORS WILL INCREASE DIRECT LABOR AND IMPROVE THE OPERATING MARGIN

Paul Cofoni: Morning, Cai.

Cai von Rumohr: Yes, good morning, guys. Could you give us a little more color on the improvement in margins? Tom, you mentioned you expect direct labor to outgrow ODCs, if you grow seven percent. I mean, are we just — is it going to be modestly

better? And give us a little more color on the drivers as to why the direct labor is up more than ODCs.

Tom Mutryn: Yes, Cai, as I said we expect both our direct labor and ODCs to grow between the 5 and 10 percent range, with direct labor growing faster. Again, we purposely gave a range as opposed to being very specific because, as you know, while a good portion of our business is highly predictable, there's a portion of the business which is kind of less predictable, given the nature of the work we do.

And so, at the end of the day, right now we're expecting our direct labor to grow faster than ODCs—which is a positive mix issue—versus the negative mix issues we've seen in previous years, if you will. And as a result of that, that will contribute to an improving operating margin.

Cai von Rumohr: Right, but I guess the question is: so what's driving that? You've gone through a number of years—I think six or seven—where your margins went down. And now, this is reversing. Direct labor is growing faster the ODCs. Is this a mix shift away from S3, and on a granular basis, what's making the ODCs grow faster?

Bill Fairl: Cai, this is Bill Fairl. I'll give you just a little color on that. We looked at this ourselves, as you might imagine, as went through our plan build-up that we talked about in our prepared remarks. We've identified in excess of $100 million of ODCs that we've had in Fiscal Year '10 — will have in Fiscal Year '10 that will not be recurring in Fiscal Year '11. It's a mix. We have some work that is moving to a different contract vehicle. We won't get those ODCs anymore. We won't see that revenue. No real degradation in [the] bottom line there.

S3—you mentioned S3. We had a real nice pick up late in calendar year '09 on the S3 program for the surge requirements for Afghanistan. That is not projected to recur next year. That was around $50 million or so. So those two plus a few more in excess of $100 million of ODCs that will not be recurring as we stand here today in fiscal year '11.

And then, on the other side—on the direct labor side—I mentioned during my prepared remarks we currently have over 400 firm open hiring recs, and that's the highest that number has been. So that's another great indicator—that direct labor is going to grow really strong in Fiscal Year '11—those two things together.

Paul Cofoni: I think roughly half of those 400, Bill, are related to the intelligence market space, which historically have higher labor rates associated with them.

Bill Fairl: Yes.

QUESTION HOW LOWER COMPENSATION EXPENSE AND MARGIN IMPROVEMENT INITIATIVES WILL IMPROVE THE OPERATING MARGIN

Operator: Our next question comes from Joe Nadol, of JP Morgan. Please go ahead.

Paul Cofoni: Morning Joe.

Joe Nadol: Good morning. I'd like to actually drill down into margins but also into the other areas. Tom, you said that comp was going to be down, I guess, given the good results you expect this year. The comp is good this year. Is that related to the higher share account you expect for next year? And also, if you could quantify that in any way with the tail wind there. And also, you mentioned benefits from initiatives. Just wondering if you could give a little more color on that?

Tom Mutryn: Yes. Okay, Joe. In terms of compensation expense, we, like most companies, have a variable compensation expense—kind of related to cash and stock compensation expense. And this year—Fiscal Year '10—has been higher than an average year, given the fact that our net income exceeded our initial guidance in our initial plan. We do not expect that to reoccur next year. We always plan targeted bonus levels. That will add approximately 20 basis points, or in excess of 20 basis points to our operating margin. So there is some favorable tailwind as we get into Fiscal '11 with regards variable to stock and cash compensation expense.

The second issue is various margin initiatives, and we've spoke about these in the past. On each of our 2,500 programs, we're always looking for ways to improve their profitability, labor mix, management, the margin rates on our direct labor, our ODCs. As we bid new business, we are looking for a new business which has higher margin content. Bill talked about the U. S. SOCOM win, which should be very nice from a margin perspective.

And lastly we continue to control indirect expenses, which we're doing a good job today but it's you know every day we try to become more effective and efficient and that should add to margin improvement as well.

QUESTION ON WHY CACI GUIDED TO AT LEAST A 6.4% OPERATING MARGIN

Joe Nadol: Your guidance looks like it calls for more of a 6.8 percent margin if I back out your specific guidance for tax rate and interest expense. You say 6.4 [percent] at least but it looks higher than that. And I'm getting EBIT of $223 [million] to $233 [million] if I work backwards from EPS. What's the — I guess what am I missing?

Tom Mutryn: Again, Joe, I don't think you're missing anything. You're doing your model appropriately, I assume.

We provided revenue and bottom line guidance. We were open ended on our operating margin guidance. We said it will be at least 6.4 percent, setting a floor where we have little expectation of it ever going below that number in Fiscal Year '11. And I would leave it to you to plug those variables in the model for the operating margin, and the number you're coming up with is not surprising.

QUESTION ON WHAT WOULD CAUSE CACI TO GENERATE REVENUE AT THE UPPER END OF FY11 REVENUE GUIDANCE

Operator: Our next question comes from Michael Lewis of BB&T Capital Markets please go ahead.

Michael Lewis: Thank you so much for taking my questions here. Tom, when we look at the guidance—the high to low—it looks like the $3.25 billion, in my opinion is pretty much in the bag here. But what are the drivers that you will need to get towards the high end or even to surpass the high end of the current guidance? In other words, is this more related to large recompetes out there or new business generation? I know you talked the Intel open billet—about 200 positions. Can you give us a little bit more information on how you could possibly come in above this range?

Tom Mutryn: Yes, Mike, certainly. We talked about the way we develop our plan. We have an existing contract with funding, existing contracts that need more funding, recompetes, and then new business. Eighty percent of our work is in existing contracts—so we have a good level of comfort on that work. We will exceed our revenue range if we are more successful in winning new work than we're currently planning, or if the funding gets accelerated, or programs get accelerated, or we do a better job of filling open requisitions. All those areas are areas of focus for us and we would love to be able to exceed into those particular metrics. And so, given the pipeline that Bill mentioned, there is a lot of activity out there. And, if we have a greater than anticipated win rate, that should add to our revenue.

QUESTION ON THE CURRENT LEVEL OF FUNDED BACKLOG

Michael Lewis: OK. And then, just a follow-up from Bill's comments. He talked about 60 percent of the funding is currently in hand for this – for next year. Does that imply that you're funded backlog right now is around $2 billion?

Bill Fairl: It's close to that. And we're – you know we're coming to the end of the quarter here and we true up everything at the end of the quarter here so we'll give you the final number when we talk to you again in August I think. But we're close to that.

QUESTIONS ON THE SHARE REPURCHASE PROGRAM

Operator: Our next question from Mark Jordan of Noble Financial. Please go ahead.

Mark Jordan: Good morning, everyone. The first question is relative to the buy-back. Can you say a sense of how aggressive you'll be on that at current pricing? And secondly, is any buy-back assumed in your share count guidance of 31.3?

Tom Mutryn: OK. None of the repurchase is factored into the guidance and the numbers of share. So the number you've got here—31.3—is current expectation, not including a

buy back. In terms of the buy-back itself, the Board has given management the authority to use its judgment on repurchasing up to 1 million shares. It's our feeling that, in the current trading range, there is an exceptional investment value. So we are in a black out period and cannot do anything right now until at least 23rd of August. But it would be reasonable to expect that, after the 23rd of August, we would be acting then to repurchase shares if the trading range is still about where it's been in the last few weeks.

QUESTION ON THE ANTICIPATED INTEREST EXPENSE INCREASE

Mark Jordan: The second question if I may relative to the interest expense guidance, the current line I guess – I believe expires in May, can you tell us what you expect on an all in basis? What's the net increase in your interest rate expense that you are assuming in the new vehicle?

Tom Mutryn: Yes, right now our interest rate on the funded debt--our Term B loan is LIBOR plus 150. The indications we're getting is that a new facility will have interest rate on a Term A loan of approximately LIBOR plus 250 to 300.

QUESTION ON WHAT WOULD BE NEEDED TO ACHIEVE THE EPS GUIDANCE RANGE IF THE OPERATING MARGIN IS LOWER THAN THE IMPLIED LEVEL

Operator: Our next question comes from Jason Kupferberg of UBS. Please go ahead.

Paul Cofoni: Good morning, Jason.

Jason Kupferberg: Hey, good morning. Thanks guys. I just wanted to maybe hit you with one more question on the margins, and then on a different direction with my second question. At times in the past, margins have been to some extent out of your guys control because of factors like contract mix and I think you guys have made it clear in the past that you manage to EPS targets rather than managing to specific margin targets. So, hypothetically if your margins for Fiscal '11 were to come in more around—let's say—6 and ½ percent rather than the 6.7 or the 6.8 [percent] that would seem to be required—all else being equal—to make your EPS guidance, what would be the most likely offset to actually get you into the EPS guidance range if, because of some factors beyond your control or some new contract vehicles that come up that you decide to pursue, if those margins come in more in the mid six range? What I'm trying to just get at is really your confidence level in that EPS range if the margins don't come through quite as high as what might be implied on the surface in the guidance.

Paul Cofoni: Yes. I'll start and maybe Tom will want to add to that. You know, historically the area of ODCs has been very difficult as we've talked before. It's been very difficult for us to get precision around that because of the nature of ODCs. So one thing that could be a driving factor on the margin again is increase in ODCs. Now, we've done sensitivity modeling around this and it would be highly unlikely that even historic levels of ODC growth could drive the margin below 6.4 [percent] and so we're

declaring 6.4 [percent] as sort of our floor. That's my commitment to hit – we bottomed out on margin. Margin will improve. Six four will be up from fiscal 2010 and it can only get better from there.

Jason Kupferberg: And so, I guess—but the question is if—let's say it comes in at 6.4 or 6.5, and what are the other levers that you pull, because if that happens—all things being equal—you wouldn't your EPS range, right? So, is it going to be you'd step up your share of buy-backs to get to the EPS or …

Paul Cofoni: No. No. No. There is no – no, there is no – Tom, did you have any other …

Tom Mutryn: I mean, Jason it's got to be an interesting hypothetical question. We gave you the guidance that we believe to be a reasonable expectation of our best professional judgment expectation for Fiscal '11. And we did various sensitivities, playing a kind of what-if game that margins are significantly lower to still meet the numbers; perhaps not. I would have to do some kind of arithmetic on that. But I think, suffice it to say, we have confidence in the numbers that we provided.

Paul Cofoni: Yes, we start – our operating plans build up revenue and profit. And we derive margin from that. So basically it's the – what Bill said earlier—80 percent of this business is firm contracts we already have, and then the balance is within the historical norm of our ability to fill that 20 percent of the basket with new work that either comes from follow-on or things like the SOCOM win which is ramping up very nicely. So, I mean we have a high confidence in the ranges we provided for both revenue and for net income and EPS.

Tom Mutryn: I'd just add one thing, Paul. And that is to Brian's question if it's got down into 6.5 or so how do you make EPS. Well, the answer is the way it would get to 6.5 is we have strong ODC growth. We'll still hire all these people, which is first and foremost. That's what drives our bottom line results here. We have the visibility. As I mentioned earlier, 400 current firm openings here, half of which are for the Intel area, the other half still require security clearances. That's the highest that number has been in recent memory here. We have high, high degree of confidence that we're going to hire these people and that's what's going to drive our bottom line result. So we'll be within the range here. That's our professional estimate for you.

QUESTION ON WHETHER THE CONTINUING RESOLUTION AND PROCUREMENT DELAYS WERE FACTORED INTO THE GUIDANCE

Operator: Our next question comes from Brian Kinstlinger of Sidoti and Company. Please go ahead.

Brian Kinstlinger: Yes, great, thanks. I'm curious on how the likely continuing resolution, which has happened in the past, but how the bottlenecks in the procurement process played into your guidance.

Paul Cofoni: Well, I think we considered the likelihood of a continuing resolution and it's built into the assumptions and factors that we have in our operating plan. It would not be a surprise to us if there were continuing resolution.

Brian Kinstlinger: Right. So it hasn't hurt you all that much in the past. I'm just curious on top of the bottlenecks in the procurement process if it might become more of a factor in your business you know compared to in the past.

Paul Cofoni: No, as Bill pointed out, the funding orders are running at very strong rates—10 percent higher than last year. And that's the fuel we'll have for the next six months. You know, it's likely we would get through continuing resolution time just on the funding that's there. There is nothing in that's a material impact to anything we have forecasted.

QUESTION ON AMOUNT OF REVENUE EXPOSED TO RECOMPETED CONTRACTS DURING FY11

Brian Kinstlinger: And on the recompete, you mentioned that half of the $8 billion that you're going to submit proposals in the next six months are for recompetes. Can you talk about roughly the annual revenue numbers that you're looking – you're facing re-competes in the next two to four quarters that you're talking about.

Bill Fairl: OK, so I'll talk for all of next year, Brian, for Fiscal Year '11, that it will be an average, just slightly above average year for us in terms of amount of revenue that's up for recompete. So, if you think you know our contracts have a four or five year performance period, then you would estimate that on an average year somewhere in the 20 to 25 percent range of your revenue would be up for re-compete. That's what we're looking at next year—perhaps tilted a little bit more toward the 25 percent than the 20 percent.

You didn't ask but I'll say again that this year was an extraordinarily light year for us in terms of recompete activity. So next year it returns to a normal sort of activity maybe slightly biased towards the high side.

QUESTION ON THE PACE OF FUNDING AND AWARD ACTIVITY

Operator: Our next question comes from Joe Vafi of Jefferies and Company. Please go ahead.

Joe Vafi: Hey, guys. Good morning. I know that this is not an earnings call but I was wondering if you could talk a little bit about the overall pace of bookings that you're seeing here as we end the June quarter. And, obviously, we should be entering a stronger seasonal part of the year for booking activity—or award activity—and I was wondering if you could provide some color on what you're seeing out there.

Bill Fairl: Joe, this is Bill Fairl. Of course, when we say bookings we're talking about contact funding orders, and as I said earlier we've got 60 percent of the funding already in hand that we need in Fiscal Year '11. So it's been a strong year, to date. Paul mentioned earlier that the numbers aren't final yet on Fiscal Year '10, but we're looking at strong funding comparisons to Fiscal Year '09, if you will. So, lots of fuel for growth in Fiscal Year '11.

Your observation is correct. If we enter the government's fourth fiscal quarter of the fiscal year and, particularly as we approach September 30th, the funding order activity just goes through the roof. I mean we're here at all hours of the night taking funding orders, if you will. So it's been strong all year long, despite the continuing resolution lasting until December. It's been strong all year long, and I think as we near September 30th—therefore, for our first quarter of Fiscal Year '11, it's going to get really strong on the funding front.

I think you were also asking about contract awards and I—actually I just said it, I'll say it again. Our number one issue for contract awards in Fiscal Year '10 is the fact it's such an extraordinary light year for us in terms of recompete activity. And I'll just give you – I'll give you a number around that. Had it been an average year for us in terms of recompete activity, like 20 to 25 percent of our revenue up for recompete, at our current recompete win rates we're maintaining that, if not doing a little bit better. We would have had an extra billion and a half dollars in contact awards. That's the single biggest factor for us in award activity in Fiscal Year '10. As I mentioned, Fiscal Year '11 is going to return to a normal level of recompete activity. So you'll see that number go up again.

Just recently, we've seen—and I've mentioned the Global Battle program support contract—I mentioned all the task orders coming out. And I also mentioned they made some awards, and I gave you an indication we're doing pretty well so far. We haven't announced the specifics but there have been a number of awards in that area and some other areas—task order kinds of awards, a few contracts. For us, when I look at the ones, we haven't announced them yet, they tend to be high labor content. That's another reason why we feel so strongly about this margin profile for Fiscal Year '11.

QUESTION ON HOW CACI IS GOING TO UTILIZE BID AND PROPOSAL DOLLARS

Joe Vafi: OK, that's helpful, Bill, and then, I guess, how do you see returning to a more normal recompete year? How do you see, perhaps, the ability to continue to fund RFP activity for new—potentially new awards versus deploying resources on recompetes?

Bill Fairl: So that's an excellent question and, as part of our plan build up, we talked mainly about how we build up our revenue and earnings estimates for the year. But we also go through—as you might imagine; you'd be surprised if we didn't do this—we look at our B&P requirements, and do that program by program: the ones coming up for recompete and then the promising new targets. I talked earlier about this account

management system we put in place about four years ago now and how it gives us this great insight and long leads on activities. I talked about the SOCOM win we just had. We apply that same sort of metric each and every year.

So as we look at next year, it's a great question. We'll be spending a fair amount of money depending on recompetes because our goal is a 100 percent win rate on our re-competes. That's our goal. So we're going to fund those things properly. We have enough money left over after that to pursue what we see as the very promising, the best new business opportunities—those things. We have an outstanding value proposition to the client. We really think we can win this thing and they have the ability to deliver higher margin to us. That's where we put our priorities for funding.

Now, we get all the way—half way through the year; three quarters of the year. We're going strong. Another new opportunity comes along—very, very promising. We've been looking at it all year. We need a few extra bucks. We'll do the return on investments calculation on that, and if we think we can win that thing and that it's going to deliver margin improvement and bottom line to us, we're going to make that investment. That's a fairly easy one to do for us.

QUESTION ON CASH FLOW ASSUMPTIONS FOR FY11

Operator: Our next question comes from the Tobey Summer of SunTrust. Please go ahead.

Paul Cofoni: Good morning, Tobey.

Tobey Sommer: Hi, thanks for taking for my question. Wanted to get a little more color on cash flow assumptions embedded in the guidance in terms of your thoughts on DSOs going forward or any color on capex use.

Tom Mutryn: Yes, so in terms of capex use, we said around $15 million of capex. That's the normal kind of run rate activity to support an enterprise like ourselves—information technology, leasehold improvements, furniture, fixtures and the like—that's reverting to a more normalized level. Last year we had a higher capex as we moved into a new consolidated facility. In terms of cash flow, we've just been doing a very good job of managing our DSOs. Our cash flow this year is coming in quite nice. We can expect next year to be another good year of cash flow. The guidance we gave was at least $150 million.

So, like any kind of metric there are some variabilities. People who are following the industry know that the DCAA and various government contractor authorities are taking a harder look at direct billing privileges and the like, which potentially could impact DSOs and other factors. We've been doing a great job of continuing to reduce our DSOs. I'm not sure if we can continue that path, given the kind of industry-leading level that we have. But with that being said, very strong cash flow from operations and free cash flow.

QUESTION ON HIRING ASSUMPTIONS FOR FY11

Tobey Sommer: OK, great. The second question is if on headcount growth what's embedded in guidance for the year? And 400 openings is a lot. In terms of the hiring environment, are you see that getting tighter or are you confident you'll be able to fill those in a timely manner? Any color there'd be great.

Bill Fairl: Tobey, this is Bill Fairl. In terms of the hiring environment, we haven't seen any dramatic changes here. We're very good at hiring. Our time it takes to fill these positions has just been ticking down steadily over the last few years now. We spent some money and some time a few years ago to build up our corporate recruiting team. Randy and his Business Operations team have joined at the hip with them. So we've really, I think, figured this whole recruiting and hiring process out. We also invested last year, meaning Fiscal Year '10, in the new on-boarding system for our employees to get people in the door quicker, more efficiently. That's all working well for us.

You mentioned the 400 some odd firm openings we have. That's a great forward indicator. That's all staying about the same here because we're winning new business and have opportunities. We're an attractive place for people to want to come to work. People use that term employer of choice. We feel that we're one of those employers. We've been recognized by various government and industry associations in that regard as well.

And our retention rate, voluntary retention rate, is way down—the best it's been in six years. All good indicators. So I don't see any real problems with that there. I think it's good news for us.

Paul Cofoni: Bill, this is Paul here. Tobey, just to put a little emphasis on what Bill just finished with, which is the retention rate. We've improved our retention rate this past year by two whole percentage points. That translates to 260 less people we'll have to hire in Fiscal '11 to meet the needs we have on labor growth. So, one hand feeds the other, so to speak. So it's a combination of a strong recruiting function that is an engine—and really working well—and our continuing efforts at employee engagement, to hold our people to retain our people, so.

QUESTION ON THE IMPLIED SPLIT BETWEEN ORGANIC AND ACQUIRED REVENUE GROWTH IN FY11

Operator: Our next question comes from Ed Caso of Wells Fargo Security. Please go ahead.

Ed Caso: Good morning. Thanks for taking my question. Tom, can you tell us what the implied split is between organic growth and acquired growth in the estimate for next year. I know you don't assume anything forward but you have done some acquisitions in the last 12 months.

Tom Mutryn: Yes, Ed. I don't have the number on hand but I would think that the vast majority of the growth is driven by organic growth. We did one acquisition in October of last year so we won't have much of year over year impact of that. And we did the SystemWare acquisition in the $16 million of revenue on - in February, $20 million of revenue—Bill's correcting me—in February. So we'll get half of that so virtually all the growth is organic.

QUESTION ON WHAT IS CAUSING THE FORECASTED 70 BASIS POINTS IMPROVEMENT IN OPERATING MARGIN

Ed Caso: And maybe just since the question of the day is on operating margin—maybe if you could just walk us from what looks like 6.2 percent for FY10 to, if you back into your EPS estimate, looks like 6.8-6.9[%] . If you can help us. That 70 basis points—maybe how much is better ODC; a better direct labor mix; how much is profit - project margin improvement; how much is SG and A leverage? Just sort of maybe in basis points—kind of split out that 70 basis point improvements so we're all sort of on the same page.

Tom Mutryn: Yes, Ed, I don't have that specific breakout but I will hopefully provide some additional color. I did say earlier that the variable compensation expense was at least 20 basis points as we move from FY10 to FY11. And the rest of the margin improvement is driven by mix. Bill talked about the relative growth of direct labor and ODC; clearly there is a high degree of leverage. And then we spoke about a variety of margin initiatives throughout the enterprise. They, in total, give us confidence—based on our planning process; the bottoms up planning process—that we will get the kind of margins as indicated.

Paul Cofoni: Keep in mind, Ed, when we talked about initiatives for margin improvement, they include both normal cost control cost type initiatives but they also include ways to increase labor content in our direct work. And I'd say it's probably more the latter than the former actually. So much of what Bill has underway in the profit margin improvement areas, has to do with converting more of our revenue toward with labor. And so when we talk about these initiatives, they're both cost containment and labor improvement initiatives.

QUESTION ON POTENTIAL OFFSETS TO FORECASTED MARGIN IMPROVMENT

Operator: Our next question comes from Brian Gesuale from Raymond James. Please go ahead.

Brian Gesuale: Yes, good morning guys.

Paul Cofoni: Hey, how you doing?

Brian Gesuale: Good. This is for Bill. I wanted to talk a little bit about your contract mix, Bill. You mentioned a high, nice direct labor content on the Special Ops work that you've won. Can you talk about how that might be offset when you look at margin expansion goals for you with the heavy burden of renewals coming up? Plus, it's my understanding that there's about eight to ten task orders on the Intel side that will convert from time and material to cost plus contracts later in your fiscal year. Can you walk me through the puts and takes within that mix Bill?

Bill Fairl: OK, so I'll start with the last one. We've talked about—several times on the call here—when we built our plan up for the year, we go through each and every one of our contracts, including recompete status and all that; what's happening to each contract and type of contract—is there a change. That's all in there. So, whatever we have—there's no new trend or unusual trends for us, unlike some others. There's no new trend for us in terms of contract types moving in large numbers from one type to another from T&M or even the fixed pricing. To be honest, I wish we would have more fixed price contracts since we're so darn good at it and we're happy, too. It hasn't happened yet, so far. So that's factored in. Let me say it that way. So I don't see any major impact or anticipated impact on that.

QUESTION ON THE PER SHARE IMPACT IN FY11 OF FORECASTED HIGHER INTEREST EXPENSE AND TAX RATE AND LOWER ODCS

Brian Gesuale: OK. Then this one. Maybe Paul and Tom could verify my math for me a little bit. If I look at what you guys have guided in terms of tax rate and an increase in the interest expense, it looks like you're entering Fiscal Year '11 with $0.25 of a headwind from those two events. I think I also heard Bill talk about somewhere around $150 million of pass through revenue that will likely be nonrecurring. You guys have always stated that was profitable to the earnings per share line but not at the same margin rates. So, if I assume that close to a dime, maybe, will hit you as a headwind as that ODC evaporates next year, is that the right way to look at a $0.35 headwind entering Fiscal '11? It seems as if that math would be appropriate.

Tom Mutryn: Yes, Brian, yes. Those would all be the three factors. Now there's some tailwinds as well. One of the tailwinds, which is material, is a reduction in variable compensation expense. And so that helps us as we go forward into the year, and that seems to be the singular one.

QUESTION ON THE TIMING OF THE NEW TERM LOAN AGREEMENT

Operator: Our next question comes from James Harlow, of Stifel Nicolaus.

James Harlow: Hi. Thank you for taking my call. Most of my questions have been answered but just two quick things. On the new term loan agreement, when is that going to be going into affect?

Tom Mutryn: James, we're in the process of reviewing our options and coming up with a strategy. So we don't have a definitive date but we would plan on putting a new facility in place in the first part of our Fiscal Year '11.

James Harlow: And I would assume you wouldn't expect any changes in the covenants?

Tom Mutryn: We, hopefully, will expect the covenants to be less restrictive than the current ones. We're a much bigger company—very strong cash flow, and I believe we are viewed as a very desirable borrower among the lender community.

QUESTION ON THE WHAT CONTRACTS ARE IMPACTED BY THE FORECASTED DECLINE IN ODC DOLLAR VOLUME

Operator: Our next question comes from Eric Olbeter, of Pacific Crest Securities. Go ahead.

Eric Leeper: This is Eric Leeper for Eric Olbeter today. Just wanted to ask a couple of quick questions on the ODC roll off. You mentioned $50 million from S3 and then somewhere between $50 and $100 million of additional ODCs rolling off. Is that coming from primarily one contract or is there a number of other things? Also, which contract vehicle is going to allow you to improve margins on the replacement work exactly?

Bill Fairl: Eric, it's Bill Fairl. The number's more like $100 million or so. And that S3 task I mentioned is associated with the surge in Afghanistan. That's the single biggest item there. The next biggest one is about $20 million of low margin ODC work—there's still a little profit on it but its low margin—transitioning as well. And then it's three or four other contracts that comprise the majority of this. This is ODC work and, as we've mentioned a number of times, the relative ratio of margin contribution between ODC work for us and our direct labor-based work in some cases approaches 10 to one. So, it's really for us—next year—all about the strong labor growth that we anticipate.

And, again, we've got 80 percent of the contracts in hand, 60 percent of the funding in hand and, as I stand here today, the highest number of firm open hiring recs that we've had in recent memory here. So, that's what gives me so much confidence—gives us so much confidence—in our ability to deliver these bottom line numbers that we're talking about today.

QUESTION ON THE IMPACT OF ANY DELAYS IN FUNDING ON THE GUIDANCE

Eric Leeper: OK, and just a quick follow-up to that. How sensitive is that to timing? Seasonally, your fourth quarter seems to be pretty much the highest. Is there any resiliency in your numbers to a slow down at all? You say you've factored any sort of funding slow down into your numbers but with a lot of the EPS bottom line

contributing in the fourth quarter, how much down side do we see in terms of timing? Is it super sensitive to that or not at all?

Bill Fairl: I assume you're talking about a continuing resolution, perhaps. That question we had earlier. So I'll expand a little bit on that. We have assumed, as we looked at our plan for Fiscal Year '11, that we would actually not have everything all tied up and done in a bow on October 1st; that there would be a continuing resolution—and the last X number of years, generally there's been some sort of continuing resolution. Last year it went almost to the end of the calendar year. So, if we're talking about something in that neighborhood, if you will, we've already taken that into consideration. Any sort of normal delay associated with a continuing resolution that we've seen in recent memory, we can accommodate that within our plan — within the guidance we've given you here today.

QUESTIONS ON CAPITAL ALLOCATION RELATIVE TO THE SHARE REPURCHASE AND POTENTIAL ACQUISITIONS

Operator: Again, ladies and gentlemen, if you've a question at this time, please press star then one on your touchtone telephone. Our next question comes from Josh Sullivan, of Gleacher. Please go ahead.

Josh Sullivan: Thanks for taking my question.

Paul Cofoni: Morning, Josh.

Josh Sullivan: Morning. By doing the share buyback, is that an indication that evaluations of potential M&A opportunities are a little too rich right now and you guys just see better investment in yourself? And then, as a follow-up, if you're assuming that the interest rate—or the interest expense—is going to increase through the year, does that mean you guys are going to keep powder dry for potential opportunities? Thanks?

Paul Cofoni: We, in fact, still see ample new candidates in our pipeline for M&A that are attractively priced. It's a completely separate decision process from the share buyback issue. Share buyback is being looked at based on the current trading range for our stock and our belief that it is way discounted to what it should be. It's a separate statement from what we think about prices for acquisition candidates. We have allocated approximately $50 million to the share buyback.

As you know, we generate over $150 million a year [in operating cash flow]. We currently have cash in excess of $200 million right now. So you should expect that we will continue to be aggressive in the M&A market, especially now that the capital market seems to have stabilized. Evaluations are attractive on candidates and we have an active pipeline of candidates we're looking at right now.

QUESTION ON THE CORRECT INTEREST EXPENSE ASSUMPTIONS FOR FY10 AND FY11

Operator: Our next question comes from Tim Quillin, of Stephens. Please go ahead.

Tim Quillin: Good morning. Just wanted to make sure that the assumption that all of us are making on interest expenses is correct in the sense that Fiscal '10 interest expense should be in the $27 to $28 million range and, in Fiscal '11, we would expect to add $4 million to that number, as opposed to adding $4 million to some lower number.

Tom Mutryn: Yes, that all makes sense. Yes.

Tim Quillin: OK, so it's on top of the $27 [million] to $28 [million].

Tom Mutryn: Correct.

QUESTION ON WHETHER CACI WILL BE TURNING AWAY ODC BUSINESS AS A WAY TO IMPROVE THE OPERATING MARGIN

Tim Quillin: And this may not be a problem but you previously have focused on earnings growth rather than margins. But, Paul, I think you're saying now that you're committed to that 6.4 percent margin level. Does that mean there is a willingness to turn away ODC business?

Paul Cofoni: No, we will not turn away customers. It's not in the culture of our company nor would it be wise business practice. So we do not turn away customer work. We've signed up for this work on a contract. We'll honor our commitments and do that work. What it does mean is that we are going to be working these initiatives to bid more jobs like the SOCOM job with high labor content to raise that labor part faster than the ODC part. We will not turn back work to improve margin. We are committed to an absolute minimum of 6.4 percent in Fiscal '11 on the margin.

QUESTION ON THE ASSUMPTIONS FOR THE FORECASTED GROWTH OF DIRECT LABOR

Operator: Our next question comes from Cai von Rumohr, from Cowen. Please go ahead.

Cai von Rumohr: Yes, thanks so much, guys. This is a follow-up. I think you mentioned that you have $100 million of ODCs that go away. ODCs are tough to project but direct labor should be relatively easy to project. Given that you're saying direct labor will grow faster than ODCs, I assume it's more than just nine versus eight because of the unpredictability of the ODCs. You could be wrong. Are we looking at like 11/12 percent growth in direct labor, and how do we get there sequentially because you're only up about 6.6 percent in the third quarter?

Tom Mutryn: Cai, we said that we expect our direct labor and our ODCs both to grow between five and 10 percent. And so we're sticking to our story here.

Cai von Rumohr: Just so I understand, is that saying that they will together grow five to 10 percent or each of them individually will grow five to 10 percent?

Tom Mutryn: Each of them individually will grow five to 10 percent. Direct labor will grow higher. And direct labor has been growing seven to eight percent on a year-over-year basis as we sit here in for Fiscal Year '10. And so, for us to believe that our direct labor is going to grow into the high range of five to 10 percent next year is a very reasonable assumption.

For ODCs, Bill told you that we're starting out somewhat in a deficit—a $100 million deficit. So with that deficit, we expect additional growth such that our ODCs will grow between five and 10 percent. Implicit in our comments were that the ODCs will be at the lower end of that range of five to 10 percent; hence the disparity between greater direct labor growth and ODC growth.

QUESTION ON THE QUARTERLY PROGRESSION OF REPORTED EPS IN FY11

Cai von Rumohr: Terrific. Then one clarification: you mentioned the year would start out lower in the first quarter. Presumably, by that, you're referring to EPS and not sales, because sales are normally kind of sequentially flat to up?

Tom Mutryn: Yes. We expect a normal year, and a lot of that is driven by holiday schedules and vacations and the like. And, going back over the last many years, our earnings per share in the first quarter is lower than the fourth quarter. And, Paul is mentioning that we have a bit higher compensation expenses – well, because our stock compensation expense is heavily loaded in the first quarter as well.

QUESTION ON THE IMPACT OF DEPARTMENT OF DEFENSE SPENDING INITIATIVES ON CACI'S BUSINESS

Operator: Our next question comes from Shaival Patel, of Credit Suisse. Please go ahead.

Rob Spingarn: Morning, it's Rob Spingarn. Question for you--maybe this isn't the right forum, and I stepped in late so my apologies if I missed this—but how should we think about your business with regard to the initiatives in the Pentagon on shrinking O&M spending?

Paul Cofoni: First of all, I hadn't heard of shrinking O&M spending initiatives in the Pentagon. What we have heard is that the Department of Defense is pursuing a program to try to reduce some $500 billion over ten years, and through efficiencies on contracts and internally, I assume. And those efficiencies, if you read through Secretary Carter's comments—Secretary Gates' and Secretary Carter's comments—you could see they were heavily focused at products and platforms, although they do mention services as well. The focus of their discussion was all around platforms.

Rob Spingarn: Well, it's been on platforms historically. They do talk about certain platforms like shipbuilding and ground vehicles, et cetera. But very clearly, having spent a fair amount of time down there lately, they are looking at the services area acutely.

Paul Cofoni: Sure, and here's our view of that. We would love to be a part of that process because a good deal of what we do—about 15 percent of our revenue—comes from IT modernization and transformation of government, which is all about finding smarter, faster, cheaper ways to do things. We do that with information technology but we also do that with process reengineering activities throughout the business. And so we view this actually as an opportunity for us to use our strength in Lean Six Sigma, our strength in CMMI, Level 3. We now have the whole corporation certified at Level 3. These are the kinds of leading-edge standards that are deployed when you're trying to drive costs out of processes and organizations. So we think that this will lead to opportunities for us.

That's the way we view it. We don't see any projects that we're involved with that are targeted for reduction, specifically, and we see the opportunity there as being exciting.

Rob Spingarn: So you see that as upside?

Paul Cofoni: I do.

Rob Spingarn: OK. Thank you.

Operator: I'm showing no further questions at this time, gentlemen.

CEO CLOSING REMARKS

Paul Cofoni: Very good, Allison. I'd like to thank you for your assistance this morning and I'd like to thank all of the participants on the call. We very much appreciate your interest in our company and we hope that this conversation has been helpful to your understanding of our guidance for Fiscal 2011. We also know that several of you may have more questions and some of the staff, Dave and Tom, for sure, will be available following the call to take any additional questions you might have. I wish you all the very best and thank you again for your participation this morning.

Operator: Ladies and gentlemen, that does conclude today's conference. You may all disconnect and have a wonderful day.

END

The information contained in this transcript, by its nature, reflects facts known to the company and its management at the time of the earnings release and conference call. All information contained in this transcript, including references to other press releases or public filings, should be read in the context of the latest available information in the company's releases or filings.