Publication Date : August 31, 2006

CA Inc

Company Info

Ticker	CA
Meeting	Annual September 18, 2006
Record Date	July 31, 2006
Incorporated	Delaware

Develops, delivers, and licenses information technology (IT) management software products and services
(GICS:45103020)

Shareholder Returns

	1 yr%	3 yr%	5 yr%
Company	0.99	26.32	0.40
S&P 500	4.91	14.39	0.54
GICS peers	17.80	21.69	3.94

Annualized shareholder returns. Peer group is based on companies inside the same "Global Industry Classification Standard" code

CGQ Rating

Index Score	30.7
Industry Score	93.5

CA outperformed 30.7% of the companies in the S&P 500 and 93.5% of the companies in the Software & Services group.

ISS calculate governance rankings for more than 8,000 companies worldwide based on up to 63 corporate governance variables.

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Item	Code*	Proposal	Mgt. Rec.	ISS Rec.
1.1	**M0201**	**Elect Director Alfonse M. D'Amato**	**FOR**	**WITHHOLD**
1.2	M0201	Elect Director Gary J. Fernandes	FOR	FOR
1.3	M0201	Elect Director Robert E. La Blanc	FOR	FOR
1.4	M0201	Elect Director Christopher B. Lofgren	FOR	FOR
1.5	M0201	Elect Director Jay W. Lorsch	FOR	FOR
1.6	M0201	Elect Director William E. McCracken	FOR	FOR
1.7	M0201	Elect Director Lewis S. Ranieri	FOR	FOR
1.8	M0201	Elect Director Walter P. Schuetze	FOR	FOR
1.9	M0201	Elect Director John A. Swainson	FOR	FOR
1.10	M0201	Elect Director Laura S. Unger	FOR	FOR
1.11	M0201	Elect Director Ron Zambonini	FOR	FOR
2	M0101	Ratify Auditors	FOR	FOR
3	**S0332**	**Amend Terms of Existing Poison Pill**	**AGAINST**	**FOR**

*S indicates shareholder proposal

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Corporate Governance Profile

Governance Provisions:

- The full board of directors is elected annually
- Shareholders do not have cumulative voting rights in director elections
- The company has a poison pill in place
- A simple majority vote of shareholders is required to amend the charter or bylaws
- A simple majority vote of shareholders is required to approve a merger
- Shareholders may act by written consent
- Shareholders may not call special meetings
- The board may amend the bylaws without shareholder approval
- There is not a dual class capital structure in place
- The poison pill contains a trigger provision of 20% or greater
- Executives are subject to stock ownership guidelines
- There is no disclosure of stock ownership guidelines for outside directors
- The company expenses stock option grants on its income statement

Non-Shareholder Approved Incentive Plans:

- All stock-based incentive plans have been approved by shareholders

State Statutes:

- The company is incorporated in a state with anti-takeover provisions
- The company is incorporated in a state without a control share acquisition statute
- The company is incorporated in a state without a cash out statute
- The company is subject to a freezeout provision
- The company is incorporated in a state without a fair price provision
- The company is incorporated in a state without stakeholder laws
- The state of incorporation does not endorse poison pills

ISS Corporate Governance Rating

Governance Factor	Positive	Negative
The audit committee is comprised solely of independent outside directors	x	
The average annual burn rate over the past three fiscal years is 2% or less, or is within one standard deviation of the industry mean	x	
The board is controlled by a supermajority of independent outsiders (independent outsiders greater than 90%)	x	
Executives are subject to stock ownership guidelines	x	
There is no disclosure of stock ownership guidelines for outside directors		x
The company has a poison pill in place		x
There is no disclosure of a policy that directors are required to submit a letter of resignation upon a job change		x
There is no disclosure of mandatory holding periods for restricted stock after vesting		x

Performance Summary

	1 year	3 year	5 year
Annualized Shareholder Returns - Company	0.99%	26.32%	0.40%
Annualized Shareholder Returns - S&P 500 Index	4.91%	14.39%	0.54%
Annualized Shareholder Returns - Company GICS peer group	17.80%	21.69%	3.94%

Equity Capital

Type	Votes per share	Issued
Common Stock	1.00	568,957,640

Ownership - Common Stock	Number of Shares	Percent of Class
Officers & Directors	5,081,258	0.89
Institutions	459,774,669	80.81

Audit Summary

Accountants	KPMG LLP
Auditor Tenure	7 years
Audit Fees	
Audit Fees :	$ 21,769,000.00
Audit-Related Fees:	$390,000.00
Tax Compliance/Preparation*:	$0.00
Other Fees:	$9,000.00
Percentage of total fees attributable to non-audit ("other") fees:	0.04%

* Note: Only includes tax compliance/tax return preparation fees. If the proxy disclosure does not indicate the nature of the tax services, those fees will appear in the "other" column.

Director Profiles

	Classification						Committee (C = chair, F= financial expert)				
Nominees											
Name	**Company**	**ISS**	**Affiliation**	**Term Ends**	**Tenure**	**Age**	**Audit**	**Comp**	**Nom**	**Outside Boards**	**Outside CEO**
Ron Zambonini	Independent	Independent Outsider		2007	1	59				3	
Laura S. Unger	Independent	Independent Outsider		2007	2	45	☑		☑	1	
John A. Swainson	Not Independent	Insider	CEO	2007	2	52				1	
Walter P. Schuetze	Independent	Independent Outsider		2007	4	74	C F			1	
Lewis S. Ranieri[1]	Independent	Independent Outsider	Chair	2007	5	59		C		4	
William E. McCracken	Independent	Independent Outsider		2007	1	63		☑		1	
Jay W. Lorsch	Independent	Independent Outsider		2007	4	73		☑	C	0	
Christopher B. Lofgren	Independent	Independent Outsider		2007	NEW	47				0	
Robert E. La Blanc	Independent	Independent Outsider		2007	4	72	☑		☑	2	
Gary J. Fernandes	Independent	Independent Outsider		2007	3	62		☑		1	
Alfonse M. D'Amato	Independent	Independent Outsider		2007	7	69	☑		☑	0	

Notes

1 . Lewis S. Ranieri, chairman of the board, is the presiding director for the executive sessions of the board. Source: CA, Inc., most recent Proxy Statement, p. 17.

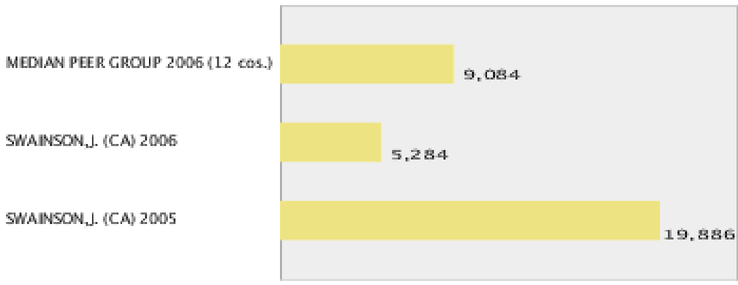
Summary Information

Average age	61
Average tenure	3
Average outside boards per director	1.3
Percent of directors who have attended an ISS Accredited Program	9%
Percent of directors who are outside CEOs	0%
Directors with less than 75% attendance	
Directors who do not own company stock	Ron Zambonini, Laura S. Unger, William E. McCracken

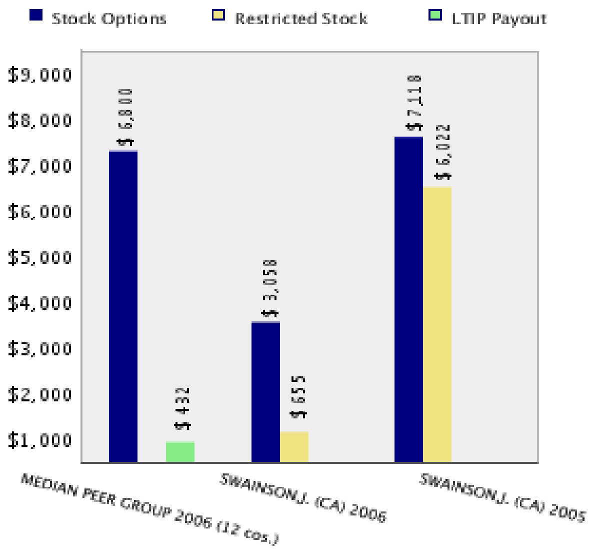
Independence

	Number of Directors	Number of Insiders	Number of Affiliated	Percent Independent
Board	11	1	0	91%
Audit	4	0	0	100%
Compensation	4	0	0	100%
Nominating	4	0	0	100%

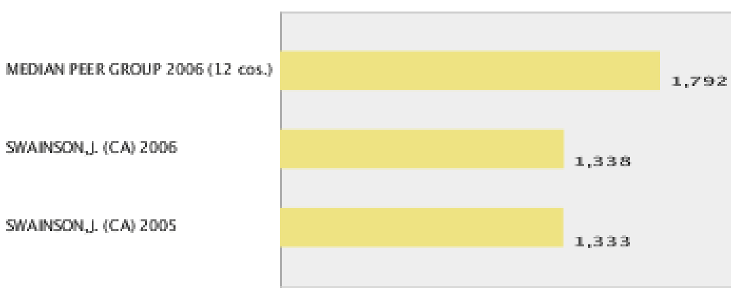
Executive Compensation



Total direct compensation (TDC)
This chart shows the comparison of total direct compensation for the company's CEO and the median of a peer group [1]. Year over year comparison is shown for the company, if available. If the CEO is a new hire, year over year comparison will not be available. Total direct compensation is the sum of cash and equity compensation as disclosed in the most recent available proxy statement.



Total Long-term Incentives ($'000s)
This chart shows the breakout of the types of long-term incentives received (stock options, restricted stock and long-term incentive plan(LTIP) payouts) by the CEO for the company and the median of a peer group [1]. Year over year comparison is shown for the company, if available.



Cash Compensation (Base + Bonus) ($'000s)
This chart shows the comparison of total cash compensation for the company's CEO and the median of a peer group [1]. Year over year comparison is shown for the company, if available. Total cash compensation is the sum of base salary and bonus as disclosed in the most recent proxy statement.

Change in Total Direct Compensation vs. Fiscal Year Shareholder Returns

	% change in TDC(2006-2005)	1-yr TSR (%)	3-yr TSR (%)
SWAINSON,J. (CA)	-73.43	1.00	26.31
Peer Group (Average)	-19.49	11.17	24.25

Notes:
Footnote 1- ISS's methodology for selecting the peer group of 12 companies is based on the six-digit Global Industry Classification Standard (GICS) and the fiscal year revenue closest to the company. The peer group does not represent the financial or compensation peer groups that may be disclosed in the company's proxy statement. References made to the peer group of 12 companies are only relevant to this page. GICS represents the global industry classification standard indices developed by Standard & Poor's and Morgan Stanley Capital International.
Source:Equilar

Note

As of July 20, 2006, Walter H. Haefner beneficially owned 22.11 percent of the company's common stock.

Proposals

Items 1.1-1.11: Elect Directors — SPLIT

The Corporate Governance Committee serves as the nominating committee.

Board Independence

A substantial majority of the board members are independent outsiders. The key board committees include no insiders or affiliated outsiders.

Option Backdating Issue

Option backdating has serious implications and in some cases have resulted in financial restatements, delisting of companies or termination of executives or directors. Institutional investors are deeply concerned when there is an option backdating allegation. In this case, CA started an internal investigation on its option grant practices and found that certain option grants made between 1996 to 2001 had not been communicated to employees in a timely manner. As a result, CA reported that it will recognize additional stock-based compensation expense of $342 million on a pretax basis.

As disclosed in the company's 10-K, prior to fiscal year 2002, the Stock Option and Compensation Committee generally approved grants to executives and other employees receiving options, the terms of which were generally set on the date that the Committee acted, including the exercise price, vesting schedule and term. However, in a number of cases, these approvals involved pools of options that were not allocated to specific individuals at the time of such approvals. It also appears that communication of these grants by management to individual employees was not made until some time after the Committee acted, including in some cases up to two years after such Committee action. In almost all cases, this earlier date had an exercise price that was lower than the market price of the company's common stock on the date the award was formally communicated to employees. The grants which were not communicated on a timely basis were made primarily to non-executive employees and this grant practice was changed after fiscal year 2001.

In response to the above issue, the company stated that the problem was not option backdating but delayed communication of grants to employees by management, following the Stock Option and Compensation Committee's authorization of the grants, during fiscal years prior to 2002. The company's internal review did not find any deficiencies in its internal controls and procedures with respect to the granting of options during fiscal 2002 through fiscal year 2006. The company believes that its current policies and procedures with respect to the granting of options are sound.

ISS has concerns with the internal controls and procedures of option grants prior to 2002. The duration of the misdated options is five years and the magnitude of restatement is approximately 9% of 2005 revenue. ISS is concerned that the board would approve option grants that were not allocated to specific individuals. While the company's current practice is to communicate promptly after an option grant is approved by the Committee, the company has not adopted any option grant practices to prevent any misdating or timing of options in the future. ISS recommends a vote to WITHHOLD from members of the compensation committee who failed to provide adequate oversight to the option grant process for the concerned period. Several Compensation Committee members are no longer present on the board with the exception of director nominee, Alfonse M. D'Amato. Mr. D'Amato joined the board towards the end of fiscal year 1999 and was part of the Stock Option and Compensation Committee in 2000.

ISS recommends voting FOR all directors with the exception of Alfonse M. D'Amato for not providing adequate oversight on the approval process of stock options in 2000.

Vote FOR Items 1.2-1.11.

WITHHOLD a vote on Item 1.1. *US Standard Policy*

Item 2: Ratify Auditors — FOR

The board recommends that KPMG LLP be approved as the company's independent accounting firm for the coming year. Note that the auditor's report contained in the annual report is unqualified, meaning that in the opinion of the auditor, the company's financial statements are fairly presented in accordance with generally accepted accounting principles.

Vote FOR Item 2. *US Standard Policy*

Item 3: Amend Terms of Existing Poison Pill FOR

Mr. Lucian Bebchuk, beneficial owner of 140 shares of the company stock, proposes the following binding proposal:

Pursuant to Section 109 of the Delaware General Corporation Law, 8 Del. C. § 109, and Article IX of the Company's By-Laws, the company's by-laws are hereby amended by adding Article XI as follows:

Section 1.Notwithstanding anything in these By-laws to the contrary, the adoption of any stockholder rights plan, rights agreement or any other form of "poison pill" which is designed to or has the effect of making an acquisition of large holdings of the Company's shares of stock more difficult or expensive ("Stockholder Rights Plan") or the amendment of any such Stockholder Rights Plan which has the effect of extending the term of the Stockholder Rights Plan or any rights or options provided thereunder, shall require the affirmative vote of all the members of the Board of Directors, and any Stockholder Rights Plan so adopted or amended and any rights or options provided thereunder shall expire no later than one year following the later of the date of its adoption and the date of its last such amendment.

Section 2. Section 1 of this Article shall not apply to any Stockholder Rights Plan ratified by the stockholders.

Section 3. Notwithstanding anything in these By-laws to the contrary, a decision by the Board of Directors to amend or repeal this Article shall require the affirmative vote of all the members of the Board of Directors.

This By-law Amendment shall be effective immediately and automatically as of the date it is approved by the vote of stockholders in accordance with Article IX of the company's By-laws.

Proponent Statement

The proponent believes that poison pills adopted by the board without ratification by stockholders can deny stockholders the ability to make their own decisions regarding whether or not to accept a premium acquisition offer for their stock and, under certain circumstances, could reduce stockholder value. Further, the proponent believes that it is undesirable for a poison pill not ratified by the stockholders to remain in place indefinitely without periodic determinations by the board that maintaining the pill continues to be advisable. The proposed By-law amendment would not preclude the board from adopting or maintaining a poison pill not ratified by the stockholders for as long as the board deems necessary consistent with the exercise of its fiduciary duties, but would simply ensure that the board not do so without the unanimous vote of the directors and without considering, within one year following the last decision to adopt or extend the pill, whether continuing to maintain the pill is in the best interests of the company and its stockholders.

Board Statement

The board opposes this by-law proposal for a variety of reasons. This by-law proposal, if adopted, would in the absence of stockholder approval, deny the board, even if acting by unanimous vote, the ability to adopt a stockholder rights plan with a term of more than one year and would also require unanimous board approval to extend a rights plan beyond one year.

From a legal perspective, the board believes that the by-law proposal violates Delaware law in several ways. The by-law proposal contradicts a provision of the Delaware General Corporation Law (Section 157) that expressly grants boards of directors the power to create, issue and fix the duration of rights. This grant of statutory authority can only be limited by the Certificate of Incorporation and there is no such limitation in the company's charter. The by-law proposal improperly infringes upon the rights of the board to manage the business affairs of the company by potentially interfering with the board's exercise of its fiduciary duties in responding to an unfair or inadequate takeover proposal. The proponent chose to litigate its contrary view in the Delaware Court of Chancery. After a hearing held on June 16, 2006, the Chancery Court determined that because the proposal had yet to be voted upon by the stockholders of the company, it was not "ripe" for decision by the Court.

The board also outlined the following reasons why the proposal should not be adopted by shareholders:

First, the board believes that a blanket requirement for unanimity for board action, regardless of the circumstances, is simply bad governance. This rationale would provide one director, for whatever reason, an absolute veto right over a decision favored by an overwhelming majority of independent directors, no matter what the then existing circumstances. This would be true even if the one director was the nominee of a dissident stockholder with a particularized special interest, such as that of a potential acquirer, and sought to promote the interests of such dissident stockholder rather than the interests of all stockholders.

The by-law proposal would require unanimity in all instances involving a potential takeover. By taking this absolutist approach, the by-law proposal, if adopted, would allow one director to thwart the will of the remaining directors if they believed, in the exercise of their fiduciary duties, that the adoption, or extension, of a rights plan was in the best interests of the stockholders, given the circumstances then existing. Moreover, if the company is confronted with an unsolicited takeover attempt, the proposal could, under certain circumstances, serve to harm stockholder interests by handicapping the board's ability to identify, negotiate and seek to consummate a financially superior alternative. For example, the inability to assure continued availability of a Rights Plan for a period of time, especially if a lengthy period of regulatory approvals would be expected, could discourage a more favorable competing proposal offering higher value per share from ever materializing. In such circumstances, the board's ability to use the rights plan as negotiating leverage to improve the terms of the unsolicited offer may also be significantly reduced.

Over many years, the company believes that rights plans have proven that they can provide a board with an important and flexible tool for maximizing stockholder value in the face of a takeover and can protect stockholders against abusive takeover tactics. Rights plans have been in existence for nearly two decades and the record shows that they do not prevent potential purchasers from making offers, either to a board of directors or directly to stockholders; instead they are designed to provide a board of directors with the ability to take what it believes are the most effective steps to protect and maximize the value of stockholders' investment by encouraging potential acquirors to negotiate directly with a board of directors.

CA's current rights plan is scheduled to expire on November 30, 2006. Prior to that time, the board will consider whether to adopt a policy with respect to seeking stockholder approval in connection with the adoption or maintenance of a rights plan in the future.

ISS Analysis and Vote Recommendation

In determining the vote recommendation for this bylaw proposal, ISS applies a case-by-case analysis. ISS considers CA's overall corporate governance practices, the terms of the company's current rights plan and the board's adoption (if any) of a poison pill policy. ISS recognizes that, if adopted by shareholders, this binding shareholder proposal will be subject to legal challenges.

In general, ISS supports shareholder proposals requesting that the board submit an existing rights plan (poison pill) to a binding shareholder vote or to redeem it. ISS also supports board policies/bylaws that require the adoption of any future pill be put to a binding shareholder vote. In this case, the bylaw takes aim at unilateral moves by the board of directors to adopt a rights plan. The bylaw would require a unanimous vote of the directors to approve or to extend any pill that is not approved/ratified by shareholders. It would require that any pill adopted by the board without shareholder consent expire within 12 months of the board's action.

Nothing in the proposed bylaw runs afoul of ISS's voting policy on right plans. Under the bylaw, the board may propose a multi-year rights plan and lock it in place via a binding shareholder vote. While the proposal would raise the bar for unilateral board action by requiring unanimity, it does not eliminate the ability of a unified board to respond to an imminent threat. The bylaw would make it difficult for the board to adopt/renew a rights plan following the election of one or more dissident candidates who favor elimination of the rights plan. Nothing would stop the remaining directors, however, from putting a plan that fails to win unanimous boardroom support up to a shareholder vote.

Since adoption of the proposed bylaw would limit the board's discretion, it is relevant to examine the company's track record on governance/boardroom accountability issues. CA (formerly known as Computer Associates) was involved in a massive accounting fraud where senior executives inflated the company's quarterly earnings by backdating contracts. The SEC charged certain senior executives with fraud and sentenced them to jail time. The accounting fraud is further compounded with the option backdating finding, though less severe. While the current CA board has made strides in cleaning up the company's governance practices, it has not addressed the rights plan issue.CA's current rights plan was not put up for shareholder vote. Further, the board does not have a policy with respect to shareholder approval of a rights plan in the future.

In light of these factors, ISS believes that this bylaw proposal warrants shareholder vote.

Vote FOR Item 3. *US Standard Policy*

Additional Information and Instructions

CA Inc
ONE CA PLAZA
ISLANDIA NY 11749
6313423550

Shareholder Proposal Deadline: April 11, 2007
Solicitor: INNISFREE M&A Incorporated

Security ID:US12673P1057 (ISIN), 12673P105 (CUSIP), 2214832 (SEDOL)

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CA Inc

August 31, 2006

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Recommendations - US Standard Policy

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