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COMPUTER ASSOCIATES INTERNATIONAL INC
Form S-3/A
December 13, 2002

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON DECEMBER 13, 2002

REGISTRATION NO. 333-99565

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

AMENDMENT NO. 2
TO
FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

COMPUTER ASSOCIATES INTERNATIONAL, INC.
(Exact Name of Registrant as Specified in Its Charter)

DELAWARE
(State or other Jurisdiction
of Incorporation or Organization)

13-2857434
(I.R.S. Employer
Identification Number)

ONE COMPUTER ASSOCIATES PLAZA
ISLANDIA, NEW YORK 11749
(631) 342-5224
(Address, Including Zip Code, and Telephone Number, Including Area Code,
of Registrant's Principal Executive Offices)

STEVEN M. WOGHIN, ESQ.
SENIOR VICE PRESIDENT AND GENERAL COUNSEL
ONE COMPUTER ASSOCIATES PLAZA
ISLANDIA, NEW YORK 11749
(631) 342-5224
(Name, Address, Including Zip Code, and Telephone Number,
Including Area Code, of Agent For Service)

WITH COPIES TO:

BRUCE C. BENNETT
COVINGTON & BURLING
1330 AVENUE OF THE AMERICAS
NEW YORK, NEW YORK 10019
(212) 841-1000

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC:
From time to time after the effective date of this Registration Statement as
determined by market conditions.

If the only securities being registered on this form are being offered

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pursuant to dividend or interest reinvestment plans, please check the following box. / /

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, please check the following box. /X/

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. / /

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION RELATING TO THESE SECURITIES IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

SUBJECT TO COMPLETION, DATED DECEMBER 13, 2002

PROSPECTUS

[LOGO]

\$660,000,000

COMPUTER ASSOCIATES INTERNATIONAL, INC.

5% CONVERTIBLE SENIOR NOTES DUE MARCH 15, 2007
AND SHARES OF COMMON STOCK ISSUABLE UPON
CONVERSION OF THE SENIOR NOTES

This prospectus covers resales by selling security holders of our 5% convertible senior notes due March 15, 2007 and shares of our common stock into which the notes are convertible.

Our 5% convertible senior notes have the following provisions:

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Interest Payments: March 15 and September 15 of each year

Conversion Rate: 41.0846 shares per \$1,000 principal amount of notes (subject to adjustment), equal to a conversion price of \$24.34 per share

Repurchase Options: - by noteholders upon a Fundamental Change as described in this prospectus

- by us on or after March 21, 2005 at the redemption price set forth in this prospectus

The notes are senior, unsecured obligations that rank equally with our existing and future unsecured and unsubordinated indebtedness. See "Description of Notes--Ranking."

Prior to this offering, the notes have been eligible for trading on the PORTAL Market of the Nasdaq Stock Market. Notes sold by means of this prospectus are not expected to remain eligible for trading on the PORTAL Market. We do not intend to list the notes for trading on any national securities exchange or on the Nasdaq Stock Market.

Our common stock trades on The New York Stock Exchange under the symbol "CA." The last reported sales price on December 12, 2002 was \$13.91 per share.

SEE "RISK FACTORS" ON PAGE 4 OF THIS PROSPECTUS TO READ ABOUT FACTORS YOU SHOULD CONSIDER BEFORE PURCHASING THE NOTES OR OUR COMMON STOCK.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is _____, 2002.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, or SEC, using a "shelf" registration or continuous offering process. Under this shelf registration process, selling holders may from time to time sell the securities described in this prospectus in one or more offerings.

This prospectus provides you with a general description of the securities that the selling holders may offer. A selling holder may be required to provide you with a prospectus supplement containing specific information about the selling holder and the terms of the securities being offered. That prospectus supplement may include additional risk factors or other special considerations applicable to those securities. A prospectus supplement may also add, update or change information in this prospectus. If there is any inconsistency between the information in this prospectus and any prospectus supplement, you should rely on the information in that prospectus supplement. You should read both this prospectus and any prospectus supplement together with the additional information described under the heading "Where You Can Find More Information About Us and this Offering."

Unless we have indicated otherwise, "Computer Associates International, Inc.," "Computer Associates," "CA," "the Company," "we," "us" and "our" refer to Computer Associates International, Inc. and its subsidiaries, unless the context requires or this prospectus states otherwise. Unless we have indicated otherwise, references hereafter in this prospectus to "\$" or "dollar" are to the lawful currency of the United States.

SUMMARY

THIS SUMMARY HIGHLIGHTS INFORMATION CONTAINED ELSEWHERE OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS. THIS SUMMARY IS NOT COMPLETE AND DOES NOT CONTAIN ALL OF THE INFORMATION THAT YOU SHOULD CONSIDER BEFORE INVESTING IN OUR SECURITIES. YOU SHOULD CAREFULLY READ THE ENTIRE PROSPECTUS, INCLUDING THE RISK FACTORS, THE FINANCIAL STATEMENTS AND THE DOCUMENTS INCORPORATED BY REFERENCE.

THE COMPANY

The Company is a leading eBusiness software company. The Company's solutions address a wide range of eBusiness Process Management, eBusiness Information Management and eBusiness Infrastructure Management in six focus areas: Enterprise Management, Storage, Security, Application Life Cycle Management, Data Management and Application Development, and Portal and Business Intelligence. The Company's portfolio of software products and its professional services organization dedicated to understanding the needs of its customers

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reflect a commitment to meeting the technology requirements of eBusinesses in every sector of the economy.

GENERAL

Built upon a common services infrastructure, the Company's array of eBusiness Process Management, eBusiness Information Management and eBusiness Infrastructure Management solutions are available for use on a variety of mainframe and distributed systems. Because of its independence from hardware manufacturers, the Company provides customers with integrated solutions that are platform neutral.

The Company's products can be used with all major hardware platforms, operating systems and application development environments. The operating environments include, among others, z/OS (mainframe) from IBM, Windows NT/2000/XP from Microsoft, UNIX, as provided by various hardware vendors such as Sun Microsystems, Hewlett-Packard, IBM and Compaq, and Linux from companies such as Red Hat, Caldera and SuSe.

The Company maintains a philosophy of internally developing products, exemplified by its flagship product family Unicenter, which management believes is the industry's de facto standard for enterprise systems management software (as evidenced by the Company's position as market leader in IDC's Enterprise System Management Software Market Forecast and Analysis, 2000-2004), coupled with the acquisition of key technology, the integration of the two, and the establishment of strategic alliances with key business partners. The Company's service philosophy is similarly marked by a commitment to the development of an internal service staff, the acquisition of third-party service organizations, the integration of the two, and long-standing alliances with leading service providers.

RECENT DEVELOPMENT

On November 18, 2002, the Company issued a press release announcing the retirement of Charles B. Wang as Chairman and as a member of the Company's Board of Directors, effective immediately. The press release also announced that the Company's Board had elected President and Chief Executive Officer Sanjay Kumar to succeed Mr. Wang as Chairman. The Board has also named Mr. Wang to the honorary position of Chairman Emeritus.

OUR PRINCIPAL EXECUTIVE OFFICES

We are a corporation organized and existing under the laws of the State of Delaware. Our principal executive office is located at One Computer Associates Plaza, Islandia, New York 11749, and our telephone number is (631) 342-5224.

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THE NOTES

Interest.....	We will pay interest on the principal amount of the notes on March 15 and September 15 of each year, commencing on September 15, 2002.
Conversion.....	You may convert all or some of the notes at any time prior to the close of business on the business day

	<p>immediately preceding March 15, 2007 at a conversion price of \$24.34 per share. The initial conversion price is equivalent to a conversion rate of 41.0846 shares per \$1,000 principal amount of notes. The conversion price is subject to adjustment. Upon conversion, you will not receive any cash representing accrued interest. For more information, see "Description of the Notes--Conversion of Notes." Conversion in full of the notes will not materially dilute existing shareholders. See "Description of the Notes--Potential Dilution Upon Conversion of the Notes."</p>
Ranking.....	<p>The notes are senior unsecured indebtedness and rank equally with all of our existing and future senior unsecured indebtedness. The notes are effectively subordinated to all of our existing and future secured indebtedness to the extent of the assets securing that indebtedness and to any indebtedness of our subsidiaries to the extent of the assets of those subsidiaries. As of September 30, 2002, we had approximately \$3.1 billion of total consolidated indebtedness, including \$660 million outstanding under the notes and approximately \$2.5 billion of other senior indebtedness. As of September 30, 2002, the aggregate principal amount of our secured indebtedness was approximately \$6.4 million. For more information, see "Description of the Notes--Ranking."</p>
Global Notes; Book-Entry System.....	<p>We issued the notes in registered form without interest coupons and in minimum denominations of \$1,000. We have deposited global notes with, or on behalf of, The Depository Trust Company, which we refer to as DTC. DTC and its participants maintain records that show beneficial ownership in the notes, and those interests can be transferred only through those records. See "Description of Notes--Book-Entry System."</p>
Optional Redemption at Our Option.....	<p>We may redeem some or all of the notes on or after March 21, 2005 at the redemption prices set forth in this prospectus plus accrued and unpaid interest to, excluding, the redemption date. For more information, see "Description of the Notes--Optional Redemption by the Company."</p>
Repurchase of Notes at Your Option Upon a Fundamental Change.....	<p>If we undergo a Fundamental Change, as described in this prospectus, you will have the option to require us to repurchase for cash all or any portion of your notes previously called for redemption. We will pay a repurchase price equal to 100% of the principal amount of the notes to be repurchased plus accrued and unpaid interest to, but excluding, the repurchase date. For more information, see "Description of the Notes--Repurchase at Option of the Holder Upon a Fundamental Change."</p>
Governing Law.....	<p>The laws of the State of New York govern the indentures and the notes.</p>

RISK FACTORS

Investing in the notes involves risk. Please refer to the risk factors below and those described in our Annual Report on Form 10-K for the year ended

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March 31, 2002 and in our Quarterly Reports on Form 10-Q for the quarters ended June 30, 2002 and September 30, 2002 which are incorporated by reference into this prospectus. Any of those risk factors, or others, many of which are beyond our control, could adversely affect our revenue, profitability and/or cash flow in the future. In such case, our ability to make payments on the notes could be impaired, the trading price of the notes and our common stock could decline, and you could lose all or part of your investment. This prospectus also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below, elsewhere in this prospectus and in the documents incorporated by reference in this prospectus. Our business, results of operations and financial condition are subject to a number of risk factors, including the following:

RISKS RELATING TO COMPUTER ASSOCIATES

Please see the risk factors described in our Annual Report on Form 10-K for the year ended March 31, 2002 and in our Quarterly Reports on Form 10-Q for the quarters ended June 30, 2002 and September 30, 2002 for a description of the risks relating to Computer Associates.

RISKS RELATED TO THE NOTES

WE EXPECT THAT THE TRADING VALUE OF THE NOTES WILL BE SIGNIFICANTLY AFFECTED BY THE PRICE OF OUR COMMON STOCK AND OTHER FACTORS.

The market price of the notes is expected to be significantly affected by the market price of our common stock. This may result in greater volatility in the trading value of the notes than would be expected for nonconvertible debt securities we issue.

CHANGES IN OUR CREDIT RATING OR THE CAPITAL MARKETS COULD ADVERSELY AFFECT THE PRICE OF THE NOTES.

The selling price or any premium offered for the notes will be based on a number of factors, including:

- our ratings with major credit rating agencies;
- the prevailing interest rates being paid by other companies similar to us for similar securities; and
- the overall condition of the financial markets.

The condition of the capital markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Fluctuations in these factors could have an adverse effect on the price of the notes.

In addition, credit rating agencies continually revise their ratings for the companies that they follow, including us. On March 1, 2002, Moody's announced that it downgraded our senior unsecured rating from Baa1 to Baa2. The credit rating agencies also evaluate our industry as a whole and may change their credit ratings for us based on their overall view of our industry. We cannot be sure that credit rating agencies will maintain their ratings on the notes. A negative change in our ratings could have an adverse effect on the price of the notes.

WE MAY NOT HAVE THE ABILITY TO RAISE THE FUNDS NECESSARY TO FINANCE THE FUNDAMENTAL CHANGE PURCHASE.

Upon the occurrence of a Fundamental Change involving our company, holders

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of the notes may require us to purchase their notes. However, it is possible that we would not have sufficient funds at that time to make the required purchase of the notes. Any future credit agreements or other

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agreements relating to other indebtedness to which we become a party may contain restrictions and provisions prohibiting us from repurchasing any notes. In addition, certain important corporate events, such as leveraged recapitalizations that would increase the level of our indebtedness, may not constitute a Fundamental Change under the indenture. See "Description of the Notes--Repurchase at Option of Holders Upon a Fundamental Change."

OUR STOCK PRICE MAY CONTINUE TO BE VOLATILE.

Our stock price is subject to significant fluctuations in response to, among other things, variations in quarterly operating results, the gain or loss of significant contracts, changes in earnings estimates by analysts or in rating outlooks by ratings agencies, announcements of technological innovations or new products by us or our competitors, changes in domestic and international economic and business conditions, general conditions in the software and computer industries and other events or factors. Moreover, the stock market in general has experienced extreme price and volume fluctuations that have affected the market price of many companies in industries similar or related to ours and that have been unrelated to the operating performance of these companies. These market fluctuations in the past have adversely affected and may continue to adversely affect the market price of our common stock.

CALL SPREAD REPURCHASE OPTIONS AND OTHER TRANSACTIONS MAY AFFECT THE VALUE OF THE NOTES.

We have entered into an arrangement with affiliates of Banc of America Securities LLC and Salomon Smith Barney Inc. to limit the market risks associated with our obligations under the notes by purchasing call spread repurchase options from them. For a summary of these arrangements, see "Description of the Notes--Call Spread Repurchase Options." In connection with these hedging arrangements, Banc of America Securities LLC and Salomon Smith Barney Inc. have taken positions in our common stock in secondary market transactions and have entered into various derivative transactions after the pricing of the notes. Banc of America Securities LLC and Salomon Smith Barney Inc. are likely to modify their hedge positions from time to time prior to conversion, redemption or maturity of the notes by purchasing and selling shares of our common stock, other securities of the Company or other instruments they may wish to use in connection with such hedging. We cannot assure you that such activity will not affect the market price of our common stock.

Furthermore, as in the past, we intend to continue our practice of acquiring our common stock to satisfy our obligations under various employee benefit plans and for other corporate purposes. Therefore, we expect to acquire shares of our common stock and enter into other transactions related to our common stock during the term of the notes. Depending on, among other things, future market conditions, the aggregate amount and the composition of such positions, the aggregate amount of any such acquisitions are likely to vary over time.

The effect, if any, of any of these transactions and activities on the market price of our common stock or the notes will depend in part upon market conditions and cannot be ascertained at this time, but any of these activities could materially and adversely affect the value of our common stock and the

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value of the notes.

POTENTIAL CONFLICT OF INTEREST BETWEEN AN INITIAL PURCHASER AND ITS AFFILIATE AS COUNTERPARTY TO THE CALL SPREAD REPURCHASE OPTIONS

Banc of America Securities LLC, one of the initial purchasers in the initial distribution of the notes, is a selling holder hereunder. See "Selling Holders." Its affiliate, Bank of America N.A., is one of the parties to the call spread repurchase options entered into concurrently with the offering of the notes. See "Description of Notes--Call Spread Repurchase Options." We understand that Bank of America N.A., in its status as a party to the call spread repurchase options, has purchased shares of our common stock in secondary market transactions and will enter into various derivative transactions to hedge their exposure under the call spread repurchase options. We further understand that Bank of

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America N.A. is likely to modify its hedge positions throughout the duration of the call spread repurchase options by purchasing and selling shares of our common stock, other securities of ours or other instruments that they may wish to use in connection with such hedging. See "Description of Notes--Call Spread Repurchase Options--Hedging and Related Activities by the Option Sellers."

It is possible that the interests of Banc of America Securities LLC as selling holder hereunder and Bank of America N.A. as party to the call spread repurchase options could conflict. For example, Banc of America Securities LLC, as selling holder, will likely seek to maximize the price it can obtain for its notes upon resale. On the other hand, it is possible that in entering into or terminating any hedging transactions with respect to the call spread repurchase options, Bank of America N.A. may seek to obtain a lower price for the securities or other instruments they wish to use, including the notes or our common stock, to the extent Bank of America N.A. may choose to transact in these securities as part of their hedging activities. However, we are not aware of the transactions, if any, that Bank of America N.A. may enter into from time to time to hedge its exposure with respect to the call spread repurchase options or to modify existing hedges, nor do we have any ability to in any way affect whether, and if so how, Bank of America N.A. may undertake to hedge their exposure to us under the call spread repurchase options. We understand that Bank of America N.A. will conduct its hedging activities in accordance with applicable law.

We understand that Banc of America Securities LLC and Bank of America N.A. operate independently. We further understand that Banc of America Securities LLC is proposing to sell its notes registered hereunder in the ordinary course of business and not to assist Bank of America N.A. in hedging its obligations with respect to the call spread repurchase options.

WHERE YOU CAN FIND MORE INFORMATION ABOUT US AND THIS OFFERING

We have filed with the SEC a registration statement on Form S-3 under the Securities Act, to register the notes and common stock offered by this prospectus. This prospectus does not contain all of the information included in the registration statement and the exhibits and the schedules to the

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registration statement. We strongly encourage you to read carefully the registration statement and the exhibits and the schedules to the registration statement.

Any statement made in this prospectus concerning the contents of any contract, agreement or other document is only a summary of the actual contract, agreement or other document. If we have filed any contract, agreement or other document as an exhibit to the registration statement, you should read the exhibit for a more complete understanding of the document or matter involved. Each statement regarding a contract, agreement or other document is qualified in its entirety by reference to the actual document.

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may obtain any document we file with the SEC at the SEC's public reference rooms in Washington, D.C., Chicago, Illinois and New York, New York. You may obtain information on the operation of the SEC's public reference facilities by calling the SEC at 1-800-SEC-0330. You can request copies of these documents, upon payment of a duplicating fee, by writing to the SEC at its principal office at 450 Fifth Street, N.W., Washington, D.C. 20549-1004, or at its regional office at 233 Broadway, New York, NY 10279. Our SEC filings are also accessible through the Internet at the SEC's website at <http://www.sec.gov>.

The SEC permits us to "incorporate by reference" into this prospectus the information contained in documents that we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of this prospectus. Information in this prospectus supersedes information incorporated by reference that we filed with the SEC prior to the date of this prospectus, while information that we file later with the SEC will automatically update and supersede this information. We incorporate by reference the

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documents listed below and any future filings we will make with the SEC under Sections 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act until the offering is completed:

- (1) our Annual Report on Form 10-K for the year ended March 31, 2002;
- (2) our Quarterly Reports on Form 10-Q for the quarters ended June 30, 2002 and September 30, 2002;
- (3) our Current Reports on Form 8-K filed November 18, 2002 and December 13, 2002;
- (4) our Form 8-A filed February 17, 1982, which in turn incorporates by reference the description of Computer Associates Common Stock, par value \$.10 per share, in Computer Associates' registration statement on Form S-1 (Registration No. 2-74618) filed under the Securities Act; and
- (5) our Current Report on Form 8-K filed June 18, 1991 and the portion of our Annual Report on Form 10-K for the fiscal year ended March 31, 1995 amending the rights agreement incorporated by reference in that Form 8-K, which includes a description of our preferred stock purchase rights associated with our common stock.

You may request a copy of these filings, at no cost to you, by writing or telephoning us at: One Computer Associates Plaza, Islandia, New York 11749, Attention: Investor Relations; telephone: (631) 342-5224. If you request a copy

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of any or all of the documents incorporated by reference, we will send you the copies you request. However, we will not send exhibits to the documents, unless the exhibits are specifically incorporated by reference in the documents.

YOU SHOULD RELY ONLY ON THE INFORMATION PROVIDED IN THIS PROSPECTUS OR INCORPORATED BY REFERENCE INTO THIS PROSPECTUS AND ANY PROSPECTUS SUPPLEMENT. WE HAVE NOT AUTHORIZED ANYONE TO PROVIDE YOU WITH DIFFERENT INFORMATION. WE ARE NOT MAKING AN OFFER OR SOLICITING A PURCHASE OF THESE SECURITIES IN ANY JURISDICTION IN WHICH THE OFFER OR SOLICITATION IS NOT AUTHORIZED OR IN WHICH THE PERSON MAKING THE OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO OR TO ANYONE TO WHOM IT IS UNLAWFUL TO MAKE THE OFFER OR SOLICITATION. YOU SHOULD NOT ASSUME THAT THE INFORMATION IN THIS PROSPECTUS OR THE PROSPECTUS SUPPLEMENT IS ACCURATE AS OF ANY DATE OTHER THAN THE DATE ON THE FRONT OF THE DOCUMENT.

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FORWARD-LOOKING STATEMENTS

This prospectus contains or incorporates by reference certain forward-looking statements and information relating us that are based on our beliefs and assumptions as well as information currently available to management. When used or incorporated by reference in this document, the words "anticipate," "believe," "estimate," "expect" and similar expressions are intended to identify forward-looking statements. These statements are included or incorporated by reference in this prospectus, including in the sections entitled "Summary," "The Company," and "Business". Such statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions, some of which are included or incorporated by reference in this prospectus under "Risk Factors." Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described as anticipated, believed, estimated, or expected. We do not intend to update these forward-looking statements after the registration statement of which this prospectus forms a part becomes effective.

USE OF PROCEEDS

The selling holders will receive all of the net proceeds of the resale of the notes and our common stock issuable upon conversion of the notes. We will not receive any of the proceeds from the resale of any of these securities.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth the ratios of earnings to fixed charges of the Company for the periods indicated:

	FISCAL YEAR ENDED MARCH 31,				
	1998	1999	2000	2001	2002
Ratio of Earnings to Fixed Charges.....	10.66x	6.08x	4.79x	n/a	n/a
	(IN MILLIONS)				
Deficiency of Earnings to Fixed Charges.....	n/a	n/a	n/a	\$663	\$1,381

For purposes of this computation, earnings are defined as pre-tax earnings

or loss from continuing operations of the Company plus fixed charges. Fixed charges are the sum of (i) interest expensed, (ii) amortization of deferred financing costs and debt discounts and (iii) the portion of operating lease rental expense that is representative of the interest factor (deemed to be one-third). The ratio of earnings to fixed charges of the Company was less than 1.00 for the years ended March 31, 2001 and 2002 and the six months ended September 30, 2002; thus, earnings available for fixed charges were inadequate to cover fixed charges for such periods. The deficiency in earnings to fixed charges for the years ended March 31, 2001 and 2002 and the six months ended September 30, 2002 was \$663 million, \$1,381 million and \$178 million, respectively. Earnings were impacted for the years ended March 31, 2001 and 2002 and the six months ended September 30, 2002 by a change to our business model in October 2000, which resulted in deferred revenues (on subscription-based fee contracts) of \$1,875 million as at March 31, 2001, \$3,226 million as at March 31, 2002 and \$3,287 million as at September 30, 2002. While the new business model causes the Company to change the way it recognizes revenue, it does not necessarily change the Company's overall expected cash generated from operations, since customers are expected to continue to pay fees over the contract period. In addition, costs continue to be recorded in the same fashion as under the Company's old business model. The ratio of earnings to fixed charges should be read in conjunction with the financial statements and other financial data included or incorporated by reference in this prospectus.

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SELLING HOLDERS

We originally issued the notes to Banc of America Securities LLC, Salomon Smith Barney Inc., ABN AMRO Rothschild LLC, Mizuho International plc, Robertson Stephens, Inc., RBC Capital Markets Inc. and Tokyo-Mitsubishi International plc as initial purchasers in a transaction exempt from the registration requirements of the Securities Act. The initial purchasers resold the notes in transactions exempt from the registration requirements of the Securities Act to persons reasonably believed by them to be qualified institutional buyers as defined in Rule 144A under the Securities Act.

The selling holders, including their transferees, pledgees, donees or other successors, may from time to time offer and sell pursuant to this prospectus any or all of the notes and the common stock issuable upon conversion of the notes. Any selling holder may also elect not to sell any notes or common stock issuable upon conversion of the notes held by it. Only those notes and shares of common stock issuable upon conversion of the notes listed below or in any supplement hereto may be offered for resale by the selling holders pursuant to this prospectus.

The following table sets forth recent information with respect to the selling holders of the notes and the respective number of notes beneficially owned by each selling holder that may be offered for each selling holder's account pursuant to this prospectus. We prepared this table based on information supplied to us by or on behalf of the selling holders. The selling holders may offer and sell all, some or none of the notes and the common stock issuable upon conversion of the notes listed below by using this prospectus. Because the selling holders may offer all or only some portion of the notes or the common stock listed in the table, no estimate can be given as to the amount of those securities that will be held by the selling holders upon termination of any sales. In addition, the selling holders identified in the table below may have sold, transferred or disposed of all or a portion of their notes or shares of common stock issuable upon conversion of the notes since the date on which they provided the information regarding their ownership of those securities included in this prospectus.

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SELLING HOLDERS	AGGREGATE PRINCIPAL AMOUNT OF NOTES BENEFICIALLY OWNED AND OFFERED	SHARES OF COMMON STOCK BENEFICIALLY OWNED	SHARES OF COMMON STOCK OFFERED	SHA COMM BENEFIC AFTER OF THE
Acacia Life Insurance Company...	430,000	17,666	17,666	0
ACIG Insurance Company.....	520,000	21,363	21,363	0
Aid Association for Lutherans, as successor to Lutheran Brotherhood.....	2,000,000	82,169	82,169	0
AIG DKR Soundshore Opportunity Holding Fund Ltd.....	1,140,000	46,836	46,836	0
AIG DKR Soundshore Strategic Holding Fund Ltd.....	860,000	35,332	35,332	0
Allstate Life Insurance Company.....	1,000,000	76,084	41,084	*
Aloha Airlines Non-Pilots Pension Trust.....	25,000	1,027	1,027	0
Aloha Pilots Retirement Trust...	15,000	616	616	0
Alta Partners Holdings, LDC.....	35,498,000	1,458,421	1,458,421	0
American Country Insurance Company.....	550,000	22,596	22,596	0
American Founders Life Insurance Company.....	370,000	15,201	15,201	0
American Pioneer Life Insurance Company of New York.....	30,000	1,232	1,232	0

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SELLING HOLDERS	AGGREGATE PRINCIPAL AMOUNT OF NOTES BENEFICIALLY OWNED AND OFFERED	SHARES OF COMMON STOCK BENEFICIALLY OWNED	SHARES OF COMMON STOCK OFFERED	SHA COMM BENEFIC AFTER OF THE
American Progressive Life and Health Insurance Co. of New York.....	40,000	1,643	1,643	0
American Public Entity Excess Pool.....	80,000	3,286	3,286	0
American Samoa Government.....	50,000	2,054	2,054	0
Amerisure Mutual Insurance Company.....	210,000	8,627	8,627	0
Ameritas Life Insurance Company.....	870,000	35,743	35,743	0
Arbitex Master Fund, L.P.....	6,900,000	283,483	283,483	0
Associated Electric & Gas Insurance Services Limited....	800,000	32,867	32,867	0
Aventis Pension Master Trust....	230,000	9,449	9,449	0
Baltimore Life Insurance Company.....	300,000	12,325	12,325	0
Banc of America Securities	9,184,000	377,320	377,320	0

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LLC.....				
Bank Austria Cayman Islands, LTD.....	6,500,000	267,049	267,049	0
Barclays Global Investors Ltd.....	1,000,000	41,084	41,084	0
BCS Life Insurance Company.....	600,000	24,650	24,650	0
Bear Stearns International Limited (BSIL).....	5,000,000	205,423	205,423	0
BN Convertible Securities Top Fund.....	350,000	14,379	14,379	0
Boilermakers Blacksmith Pension Trust.....	1,375,000	56,491	56,491	0
BP Amoco PLC Master Trust.....	1,217,000	49,999	49,999	0
Buckeye State Mutual Insurance Company.....	15,000	616	616	0
CALAMOS Convertible Fund--CALAMOS Investment Trust.....	6,250,000	256,778	256,778	0
CALAMOS Convertible Portfolio --CALAMOS Advisors Trust.....	140,000	5,751	5,751	0
The California Wellness Foundation.....	370,000	15,201	15,201	0
Canyon Capital Arbitrage Master Fund, Ltd.....	8,250,000	338,947	338,947	0
Canyon Value Realization Fund (Cayman), Ltd.....	11,275,000	463,228	463,228	0
Canyon Value Realization Mac 18, Ltd. (RMF).....	1,925,000	79,087	79,087	0
Canyon Value Realization Fund, L.P.....	6,050,000	248,561	248,561	0
Catholic Family Life Insurance Company.....	400,000	16,433	16,433	0
Catholic Mutual Relief Society of America.....	700,000	28,759	28,759	0
Catholic Mutual Relief Society of America Retirement Plan and Trust.....	370,000	15,201	15,201	0
Catholic Relief Insurance Company of America.....	550,000	22,596	22,596	0

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SELLING HOLDERS	AGGREGATE PRINCIPAL AMOUNT OF NOTES BENEFICIALLY OWNED AND OFFERED	SHARES OF COMMON STOCK BENEFICIALLY OWNED	SHARES OF COMMON STOCK OFFERED	SHARES OF COMMON STOCK BENEFICIALLY OWNED AFTER OFFERED
Celina Mutual Insurance Company.....	25,000	1,027	1,027	0
Central States Health and Life Company of Omaha.....	80,000	3,286	3,286	0
CFFX, LLC.....	8,500,000	349,219	349,219	0
Chicago Mutual Insurance Company.....	60,000	2,465	2,465	0
Chrysler Insurance Company.....	2,800,000	115,036	115,036	0
City of Albany Pension Plan.....	110,000	4,519	4,519	0
City of Knoxville Pension	300,000	12,325	12,325	0

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System.....				
The Class I C Company.....	1,000,000	41,084	41,084	0
Clinton Multistrategy Master Fund, Ltd.....	9,250,000	380,032	380,032	0
Clinton Riverside Convertible Portfolio Limited.....	9,250,000	380,032	380,032	0
Colonial Life Insurance Company of Texas.....	50,000	2,054	2,054	0
Colonial Lloyds Insurance Company.....	5,000	205	205	0
Commonwealth Dealers--CDLIC.....	180,000	7,395	7,395	0
Concord Life Insurance Company..	200,000	8,216	8,216	0
CSA Fraternal Life Insurance Company.....	130,000	5,340	5,340	0
Cumberland Insurance Company...	220,000	9,038	9,038	0
Cumberland Mutual Fire Insurance Company.....	900,000	36,976	36,976	0
Daimler Chrysler Corp Emp#1 Pension Plan, DTD 4/1/89.....	4,400,000	180,772	180,772	0
Dakota Truck Underwriters.....	15,000	616	616	0
Delta Airlines Master Trust.....	1,910,000	78,471	78,471	0
Delta Pilots Disability and Survivorship Trust.....	425,000	17,460	17,460	0
Deutsche Bank AG--London.....	4,500,000	184,880	184,880	0
Deutsche Bank Securities Inc....	14,000,000	575,184	575,184	0
DKR Fixed Income Holding Fund Ltd.....	4,500,000	184,880	184,880	0
Dorinco Reinsurance Company.....	710,000	29,170	29,170	0
The Dow Chemical Company Employees' Retirement Plan....	2,500,000	102,711	102,711	0
Drury University.....	35,000	1,437	1,437	0
Drury University.....	10,000	410	410	0
Eagle Pacific Insurance Company.....	230,000	9,449	9,449	0
Educators Mutual Life Insurance Company.....	210,000	8,627	8,627	0
Employee's Retirement of N.O. Sewer/Water Board.....	550,000	22,596	22,596	0
The Estate of James Campbell....	278,000	11,421	11,421	0
Farmers Home Mutual Insurance Company.....	440,000	18,077	18,077	0
Farmers Mutual Protective Association of Texas.....	110,000	4,519	4,519	0

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SELLING HOLDERS	AGGREGATE PRINCIPAL AMOUNT OF NOTES BENEFICIALLY OWNED AND OFFERED	SHARES OF COMMON STOCK BENEFICIALLY OWNED	SHARES OF COMMON STOCK OFFERED	SHA COMM BENEFIC AFTER OF THE
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Federated American Leaders Fund, Inc.....	8,000,000	328,676	328,676	0
Federated Insurance Series (on behalf of its Federated American Leaders Fund II).....	1,200,000	49,301	49,301	0

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Federated Rural Electric Insurance Exchange.....	600,000	24,650	24,650	0
Fidelity Puritan Trust: Fidelity Low-Priced Stock Fund.....	20,470,000	841,001	841,001	0
Field Holdings, Inc.....	60,000	2,465	2,465	0
Financial American Life Insurance Company.....	20,000	821	821	0
First American Properties and Casualty.....	40,000	1,643	1,643	0
First American Specialty.....	40,000	1,643	1,643	0
First Dakota Indemnity Company..	15,000	616	616	0
First Mercury Insurance Company.....	450,000	18,488	18,488	0
First Mercury--Claredon National.....	180,000	7,395	7,395	0
The Fondren Foundation.....	75,000	3,081	3,081	0
Founders Insurance Company.....	20,000	821	821	0
Franklin and Marshall College...	240,000	9,860	9,860	0
Global Bermuda Limited Partnership.....	4,400,000	180,772	180,772	0
Goldman Sachs and Company.....	31,580,000	1,297,451	1,297,451	0
Goldman Sachs & Co. Profit Sharing Master Trust.....	90,000	3,697	3,697	0
Goodville Mutual Casualty Company.....	90,000	3,697	3,697	0
Grain Dealers Mutual Insurance.....	160,000	6,573	6,573	0
Granville Capital Corporation...	8,000,000	328,676	328,676	0
Greek Catholic Union of the USA.....	50,000	2,054	2,054	0
Guaranty Income Life Insurance Company.....	400,000	16,433	16,433	0
Guarantee Trust Life Insurance Company.....	1,100,000	45,193	45,193	0
Guggenheim Portfolio Co. XV, LLC.....	500,000	20,542	20,542	0
Gulf Investment Corporation.....	340,000	13,968	13,968	0
Hannover Life Reassurance Company of America.....	700,000	28,759	28,759	0
Hartford HLS Funds (on behalf of its Hartford American Leaders HLS Fund).....	50,000	2,054	2,054	0
Hawaiian Airlines Employees Pension Plan--IAM.....	10,000	410	410	0
Hawaiian Airlines Pension Plan for Salaried Employees.....	5,000	205	205	0
Hawaiian Airlines Pilots Retirement Plan.....	25,000	1,027	1,027	0
HBK Master Fund L.P.....	39,450,000	1,620,787	1,620,787	0

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SELLING HOLDERS	AGGREGATE PRINCIPAL AMOUNT OF NOTES BENEFICIALLY OWNED AND OFFERED	SHARES OF COMMON STOCK BENEFICIALLY OWNED	SHARES OF COMMON STOCK OFFERED	SHARES OF COMMON STOCK BENEFICIALLY OWNED AFTER OFFERED
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Highbridge International LLC....	26,000,000	1,068,199	1,068,199	0
Hillblom Foundation.....	80,000	3,286	3,286	0
H.K. Porter Company, Inc.....	30,000	1,232	1,232	0
Holy Family Society.....	90,000	3,697	3,697	0
Hotel Union & Hotel Industry of Hawaii Pension Plan.....	380,000	15,612	15,612	0
HSBC Trustee, Zola Managed Trust.....	700,000	28,759	28,759	0
Indiana Lumbermens Mutual Insurance.....	450,000	18,488	18,488	0
Innovest Finanzdienstleistungs AG.....	500,000	20,542	20,542	0
Integrity Mutual Insurance Company.....	310,000	12,736	12,736	0
ISBA Mutual Insurance Company...	220,000	9,038	9,038	0
The James Campbell Corporation..	230,000	9,449	9,449	0
Jefferies & Company Inc.....	8,000	328	328	0
JMG Capital Partners LP.....	9,500,000	390,303	390,303	0
JMG Triton Offshore Fund, Ltd.....	9,500,000	390,303	390,303	0
JP Morgan Securities Inc.....	33,500,000	1,376,334	1,376,334	0
Kanawha Insurance Company.....	1,000,000	41,084	41,084	0
KBC Financial Products USA Inc.....	2,600,000	106,819	106,819	0
KBC Financial Products (Cayman Islands) Ltd.....	13,800,000	566,967	566,967	0
Kettering Medical Center Funded Depreciation Account.....	70,000	2,875	2,875	0
Koch Industries Inc. Master Pension Trust.....	350,000	14,379	14,379	0
Lakeshore International, LTD....	20,100,000	825,800	825,800	0
Landmark Life Insurance Company.....	80,000	3,286	3,286	0
Lebanon Mutual Insurance Company.....	90,000	3,697	3,697	0
Lincoln Heritage Life Insurance Company.....	110,000	4,519	4,519	0
Lincoln Individual/Memorial Life Insurance Company.....	200,000	8,216	8,216	0
Louisiana Workers' Compensation Corporation.....	320,000	13,147	13,147	0
Lyxor Master Fund c/o Zola	1,400,000	57,518	57,518	0