

COMPUTER ASSOCIATES INTERNATIONAL INC
Form DFAN14A
August 10, 2001

SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No. ____)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14A-6(E)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Rule 14a-12

COMPUTER ASSOCIATES INTERNATIONAL, INC.

(Name of Registrant as Specified in its Charter)

RANGER GOVERNANCE, LTD.

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of filing fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

EXPLANATORY NOTE

Ranger Governance, Ltd., a Texas limited partnership ("Ranger"), is filing the materials contained in this Schedule 14A with the Securities and Exchange Commission in connection with a solicitation of proxies (the "Solicitation") in support of electing Ranger nominees to the board of directors of Computer Associates International, Inc. ("Computer Associates") at the 2001 annual meeting of stockholders of Computer Associates.

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RangerGovernance

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Dear Fellow Computer Associates Shareholder:

We at Ranger Governance believe that Computer Associates is broken, but we have a plan to fix it. The enclosed video details Ranger's comprehensive plan for Computer Associates. We believe our plan will enhance CA's credibility with investors, customers and employees and get CA growing so we can build value for shareholders. Please take a few minutes to view this brief video. I am confident that it will help you to better understand our plan for CA as well as our vision of what the future could hold for CA and its shareholders.

You have probably already received both a white and a GREEN proxy card. If you believe in our plan and want to enact change at CA, please vote the GREEN proxy card. If you have misplaced your proxy, you will be receiving another one in the mail shortly.

Please remember that only your latest dated proxy card counts. Please return only the GREEN proxy card.

Should you have any questions, please contact our proxy solicitor, Morrow & Co, Inc. at 800-607-0088.

Integrity. Innovation. Accountability.

Ranger: A Better Way For CA

Thank you for your consideration.

Sincerely,

/s/Sam Wyly

Sam Wyly
Manager, Ranger Governance

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Street-Name Holders

If you hold your Computer Associates shares with a brokerage firm or bank, only they can exercise voting rights with respect to your shares and only upon receipt of your specific instructions, Accordingly, it is critical that you promptly contact the person responsible for your account and give instructions to vote the GREEN proxy card FOR the election of the Ranger Governance nominees. Please note, your bank or broker will keep your vote CONFIDENTIAL.

Computer Associates Employees

If you hold your shares in the Savings Harvest Plan or Employees Stock Purchase Plan, your vote is CONFIDENTIAL. You may direct the Plan Trustee how to vote your shares by signing, dating and returning the GREEN instruction form provided by the Plan Trustee. Completed instructions must be received by the Savings Harvest Plan Trustee at the address set forth in the GREEN instruction form no later than the close of business on August 27, 2001 for your vote to be counted.

Even if you have sent a white proxy card to Computer Associates, you have every right to change your vote. You may revoke that proxy, and vote for the Ranger Governance slate by signing, dating and mailing the GREEN Proxy. If you have any questions on how to vote your shares, please call our proxy solicitor:

MORROW & CO., INC. at (800)607-0088
=====

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About Ranger Governance, Ltd.

Ranger Governance is a Dallas-based investment company created by entrepreneurs Sam Wyly and Charles Wyly, and an affiliate of Ranger Capital Group, a multi-manager investment fund also based in Dallas. On July 27, 2001, Ranger Governance filed a definitive proxy statement with the Securities and Exchange Commission in connection with Ranger's solicitation of proxies to elect its director nominees at the 2001 annual stockholders meeting of Computer Associates and has mailed copies to stockholders. Ranger is proposing a comprehensive restructuring plan which it believes will maximize shareholder value, position Computer Associates for future growth, and dramatically improve its relations with customers, employees and investors. Ranger urges stockholders to read its proxy statement because it contains important information. More information about Ranger Governance and copies of its definitive proxy statement are available at www.rangergov.com. Copies of Ranger's definitive proxy statement and other Ranger soliciting materials are also available at the Securities and Exchange Commission's website at www.sec.gov.

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Ranger Video Script

Open on MS of Sam...push in slightly

Hello, my name is Sam Wyly, and I want to tell you about Ranger Governance and our efforts to enhance the value of CA for the Company's shareholders, for its customers and for its employees.

I'm sure I don't have to tell you that our company is under performing.

Cut to graphic:

CA's Return vs. Software Industry

CA: Negative 14%

Software Industry: 169%

Include footnote: Total five-year return for period ending March 31, 2001.

Under the current management, return to investors has been negative 14% over the past five years... this is at a time when the average software company index rose 169%.

Cut to Sam

That's right... during the biggest bull market and software boom in history, the current board of Computer Associates has managed to turn each 100 of your

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dollars into only 86.

Unfortunately, the story doesn't end there.

Cut to NYT and Newsday articles

The trouble isn't limited to chronic financial under-performance and a sagging share price.

That is why Ranger wants to work with you to help our company reach its full potential.

Cut to headlines of announcement of Ranger's proxy fight.

On June 21, we launched a bid to replace the incumbent Board with a new and independent board that intends to do the right things for the company, for its employees, for its customers and for you, its owners.

Before I go into the reasons why we believe management must be changed now, let me tell you why we think the Ranger

Video Script
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nominees are well qualified to lead this effort.

First, a little bit about me.

Cut to video or stills and headlines documenting Sam's Career

I've been an entrepreneur and an investor for over 30 years, and have founded several successful enterprises, including, most recently, ten years ago, Maverick Capital... a leading equity hedge fund, which has grown in 10 years from \$15 million in family money to almost \$8 billion.

But my lifelong passion and first real success was in the software industry.

Cut to headlines of UCC sale to CA

The first company I founded, University Computing was merged

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into CA fourteen years ago.

Cut to headlines of Sterling Software sale
to CA

Another company I
founded...Sterling Software...
merged into

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Cut to Sam

CA just last year.

So, I have a special interest in
seeing that Computer Associates
prosper and grows.

I believe that by any
performance measure, this
company has clearly under-
performed, compared to other
software companies and also
compared to what our management
teams were able to accomplish at
Sterling Software.

Cut to graphic:
CA vs. SWW
Source: Bloomberg
Note: SWW was acquired by CA on
4/28/00

Just compare CA's performance to
that of Sterling Software - a
company whose structure and
culture, I believe, created much
better growth. Over the 5-year
period before CA acquired
Sterling, \$100 dollars invested
in CA grew to \$295. But that
same \$100 invested in Sterling
would have grown to \$568 --proof
that the entrepreneurial company
with the

Video Script
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innovative structure and culture
had the best performance.

Cut to Business Week and NYT headlines

What do Business Week and the
New York Times say about this
board, about its performance and
about its pay policy?

Cut to Business Week quote

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Business Week said that CA's board authorized America's worst pay for performance in 2000.

Cut to Business Week graphic

Business Week also named this board one of America's worst.

Cut to NYT headlines

Moreover, CA's "creative accounting" practices and its poor treatment of its employees have both been exposed by the New York Times.

Cut to Newsday headlines

Cut to NYT photo

Cut headlines and clips from NYT

And while all of this has been going on, managers have been given \$1 billion worth

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Cut to headlines from NYT and Newsday

of company stock.

In April, The New York Times wrote an in-depth investigative article that supported many of our worst suspicions about the company and its current managers.

Also, the media continues to report on the controversy surrounding CA's employee practices.

Cut to Sam

Both the New York Times and Newsday have reported on top managers' widespread practice in which employees who'd never had a bad review were fired for "cause," without severance, without health insurance.

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Cut to Steve

To further describe the reasons why we believe that top management must change, here's Steve Perkins, a co-founder of Sterling Commerce, and a Ranger Board

Cut to NYT article

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Nominee.

Thanks Sam. We at Ranger think CA's arrogance is plainly seen in its dealings with Wall Street. Under current management, the NYT has quoted former employees saying that CA should stand for "Creative Accounting."

We believe its accounting practices have strained its credibility with the financial community, and created uncertainty among investors about the value of the company.

Cut to graph showing Pro Forma Pro Rata formula

Source: CA press release 4/16/01

They have changed the way they report revenue every quarter, saying this is necessary to understand where their revenues were coming from under their "New Business Model." Let's see about that.

Overlay revenues using GAAP

Using its new, untested Pro Forma Pro

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Rata formula, CA reported revenues of \$1.3 billion in the 4th quarter of 2000 and an operating profit of [\$0.47] cents/share.

. When reported under the standard rules of General Accepted Accounting Principles however, the

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company's revenues were less than half that, and it lost \$0.29 cents/share in the 4th quarter of 2000.

Cut to Steve

Why did they do this? We believe that there was one very significant reason ... they tried to justify paying themselves egregiously -in the form of an excessive windfall of \$1 billion worth of stock. Your current board approved this payment for non-performance. Sam.

Cut to Sam

Thanks, Steve. The more we looked at this Company the more we realized that it needs a sustainable strategy to become

Cut to headlines from Dallas Morning News

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more competitive... and be more responsive to customers... and it needs it fast.

That's why Ranger Governance has stepped forward with a plan of action which we think will rebuild the company and restore integrity to operations...it will reverse five years of chronic under-performance... it will increase shareholder value.

Cut to Graphic of Nominee Ad

We think our plan builds on CA's winning products, people and customers to re-establish Computer Associates as the leading global provider of software solutions.

Here's what we're doing.

First, we've assembled a slate of independent directors -- people with proven records of performance in software companies and in other companies, who

Cut to graphic of Mark Cuban

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Cut to headlines of sale of Broadcast.com

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to Yahoo!

have strong investment,
regulatory and corporate
governance experience.

Cut to graphic of Dr. Wendy Gramm

In addition to Steve, our
nominees include:

Mark Cuban whose history of
entrepreneurial success includes
Broadcast.com... sold to Yahoo!
in 1999.

Cut to graphic of Cece Smith

Dr. Wendy Lee Gramm, a
recognized expert in economic
and regulatory policy; and
former chairman of the Commodity
Futures Trading Commission...

Cut to Sam

Cece Smith, a successful venture
capitalist and former chair of
the Federal Reserve Bank of
Dallas;

Cut to Steve

And a complete roster of other
highly qualified and proven
corporate leaders who have
decades of relevant experience
and

Video Script
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success.

Now back to Steve Perkins for
more on our plan. Steve...

Thanks Sam.

In order to restore credibility
with the financial community,
customers and employees, we will
institute a series of corporate
governance policies based on
what we think are the best
practices of the business world.

I want to assure you that I and the other Ranger candidates will observe the highest standards in discharging our fiduciary duties for the benefit--first and foremost--of you, the shareholders- the owners of CA.

Cut to graphic of four business units

Cut to Steve

We will strategically realign the company into four decentralized business units, which we think will enhance the

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company's ability to effectively compete, innovate, and provide standard-setting customer service.

Cut to organization chart

This new alignment is not a "break-up" of CA; Rather, it is a correction to what we believe is an excessively centralized management structure which is not sufficiently flexible to fully meet customer needs. We believe that this approach to organization structure has been key to the success of companies such as Sterling Software, Texas Instruments, GE and others.

Fade in "Single Point of Contact" under chart

Fade in "National Account Sales Force" under chart

Cut to graphic:

We recognize that larger enterprise customers may prefer a single point of contact within CA's sales organization. We intend to establish a national account sales force with the ability to tap into the expertise and synergies of each of the four

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business units.

Ranger envisions that each of these business units will produce separate income statement, balance sheet and cash flow information.

The Ranger Plan
Continuous product innovation
Expanded Product Offerings
Strategic Acquisitions
Research and Development
No Increased Cost

Cut to Steve

We will also implement a program of continuous product innovation. We plan to expand CA's product offerings through strategic acquisitions and investments in research and development. We believe all this can be done without increased costs.

Overlay "New Corporate Culture" over Steve

Once the individual strengths of each of these business units is understood, we believe that investors will recognize greater value in CA from the sum of its parts.

Cut to Sam

Finally, we plan on building a new

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Cut to rangergov.com screen shot

corporate culture for CA, one that is customer-focused and treats employees with the respect that their hard work and achievement deserve. Sam.

Cut to phone # at Morrow & Co.

Cut to Sam

These are the reasons we think Computer Associates is broken, and this is our plan to fix it.

Push in on Sam holding up the green proxy card

If you want more information or want to ask us a question, please visit our Web site at www.rangergov.com, or call us at 1-800-607-0088

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Cut to for more information graphic
Cut to "Permission for quotes neither
sought nor obtained" and list referenced
articles

We are confident that our team
of highly respected and proven
executives will get CA growing.

Close on disclaimer

All we need is your vote. Please
return the green proxy card,
which you will receive soon, to
vote for the Ranger team and our
Ranger plan.

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Thank you for your time and
consideration.

For Immediate Release

RANGER GOVERNANCE MAILS VIDEO TO COMPUTER ASSOCIATES SHAREHOLDERS

Dallas, TX, August 9, 2001 - Ranger Governance, Ltd. today announced that it has commenced its mailing of a videocassette entitled, The Ranger Plan: A Better Way for CA, to Computer Associates (NYSE: CA) shareholders. The video can be viewed on the Ranger Governance website, www.rangergov.com, by following the link to "Information on Proxy Contest."

The video features Sam Wyly and Steve Perkins, two of Ranger's 10 director nominees, explaining that "during the biggest bull market and software boom in history, the current board of Computer Associates has managed to turn each 100 of your dollars into only 86.*" They also detail Ranger's plan for enhancing credibility and value for CA shareholders.

Sam Wyly said, "We believe our comprehensive plan will enhance CA's credibility with investors, customers and employees and will get CA growing to build value for shareholders. Our video is an innovative way to communicate with CA shareholders, and it illustrates the approach Ranger will bring to the Company. CA's shareholders have, for too long, been given no alternative to the current Board of Directors."

Steve Perkins added, "After watching our video, we think shareholders will clearly understand that Ranger offers them a better way by moving the Company toward and innovative management structure and closer to its current and prospective customers. We are confident that shareholders who view our video will find many reasons to vote for the Ranger nominees on Wednesday, August 29th and help us to transform a company which we believe is not growing into one that is."

* Total return for CA shareholders for the five-year period ending 3/31/01,
Source: Computer Associates Definitive Proxy Statement 7/18/01.

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MORROW & CO., INC. at (800) 607-0088

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