



# Q2 FY 2009 EARNINGS PRESENTATION

November 12, 2008



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This presentation includes certain non-GAAP financial measures, such as operating income, operating costs, free cash flow, DSO and adjusted earnings per share. These non-GAAP financial measures are not meant to be considered in isolation or as a substitute for results prepared in accordance with accounting principles generally accepted in the United States (GAAP). A reconciliation of non-GAAP financial measures included in this presentation to the most directly comparable financial measure calculated and presented in accordance with GAAP is set forth elsewhere in this presentation. CSC management believes that these non-GAAP financial measures provide useful information to investors regarding the Company's financial condition and results of operations as they provide another measure of the Company's profitability and ability to service its debt, and are considered important measures by financial analysts covering CSC and its peers.

# Q2 FY 2009 EARNINGS

Mike Laphen

Chairman, President, and  
Chief Executive Officer

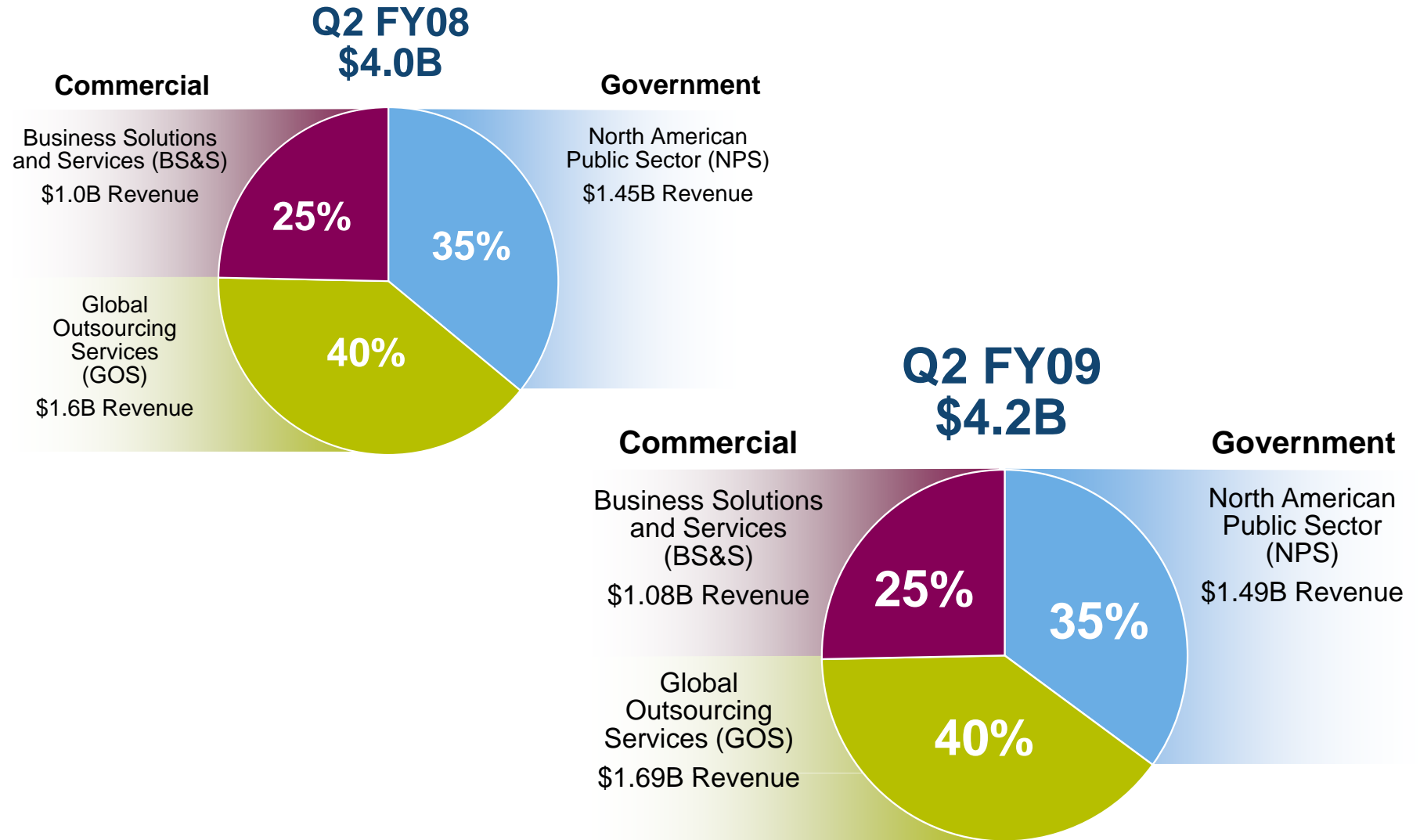


## Good Progress

*Significant Improvement in 2nd Quarter Free Cash Flow, Earnings, and New Business Bookings*

- Delivered year over year top-line growth for first half FY09
  - 2nd quarter revenue of \$4.2B — up 5.5%
- EPS of \$2.95 including positive impact of successful IRS resolution
- Strong free cash flow performance (operating cash flow of \$401M as reported)
  - \$181M improvement in 2nd quarter over prior year
  - Continued DSO improvement - 11 days lower compared to last year
- NHS Lorenzo release 1 installed in two NHS Trusts (early adopter sites)
- New bookings of \$4.6B — a 12% increase over 2nd quarter FY08
- Ensured continued liquidity with revolver drawdown in October
- Operating margin performance of 6.7%, improved sequentially 30 BPS over 1<sup>st</sup> quarter

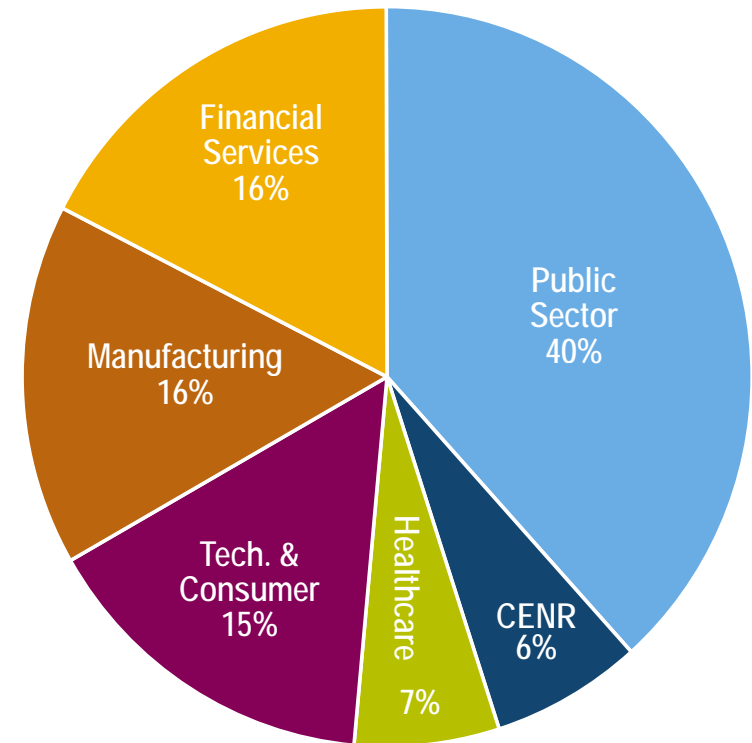
# Revenue by Lines of Business\*



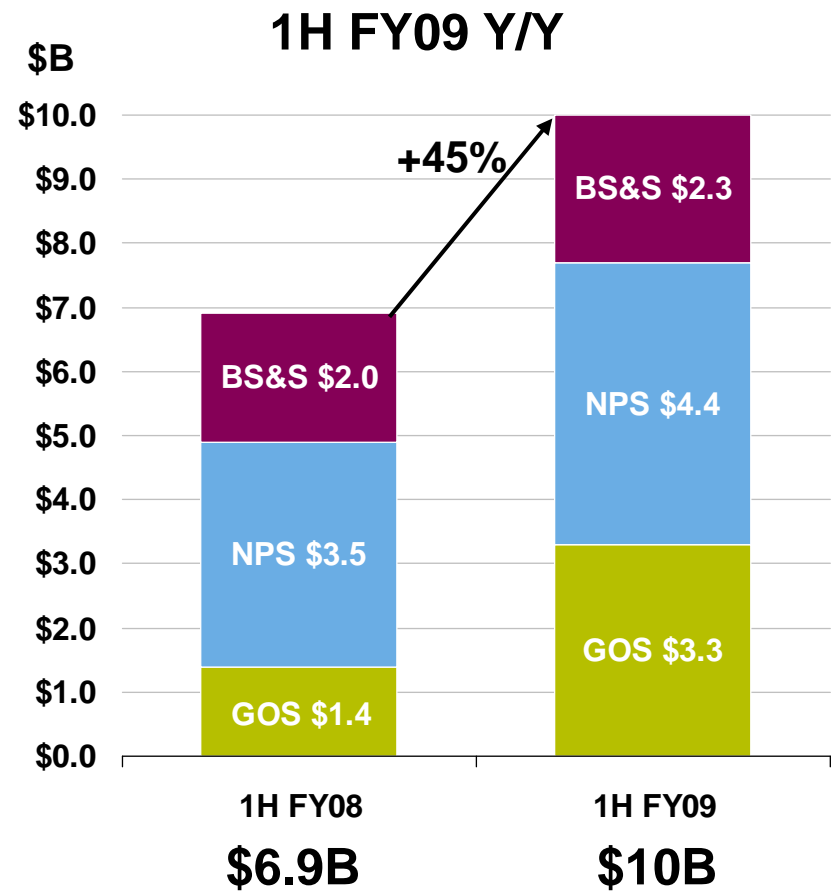
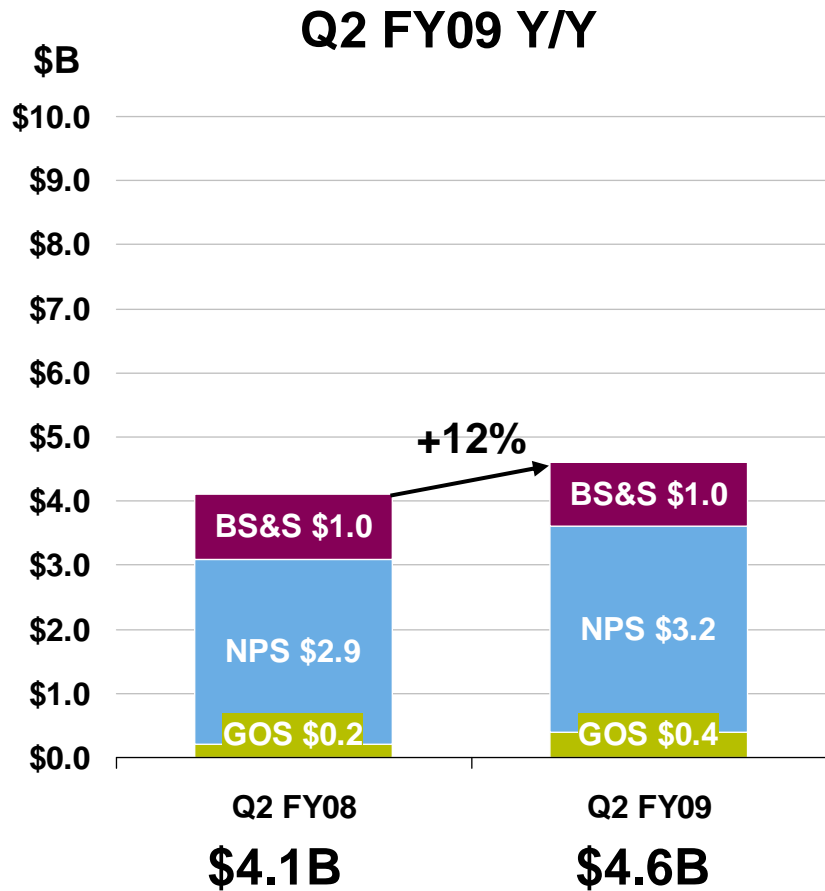
\* Percentages exclude corporate and other eliminations.

## Revenue Growth in 5 of Our 6 Industry Verticals

\$M	Q2 FY09	Y/Y Growth
Public Sector	\$1,681	4.6%
Financial Services	\$ 692	(3.2%)
Manufacturing	\$ 688	10.1%
Tech. and Consumer	\$ 628	0.8%
Healthcare	\$ 279	32.2%
Chemical, Energy, & Natural Resources	\$ 271	8.6%
<b>Total</b>	<b>\$4,239</b>	<b>5.5%</b>



# Strong New Business Bookings — by Lines of Business\*

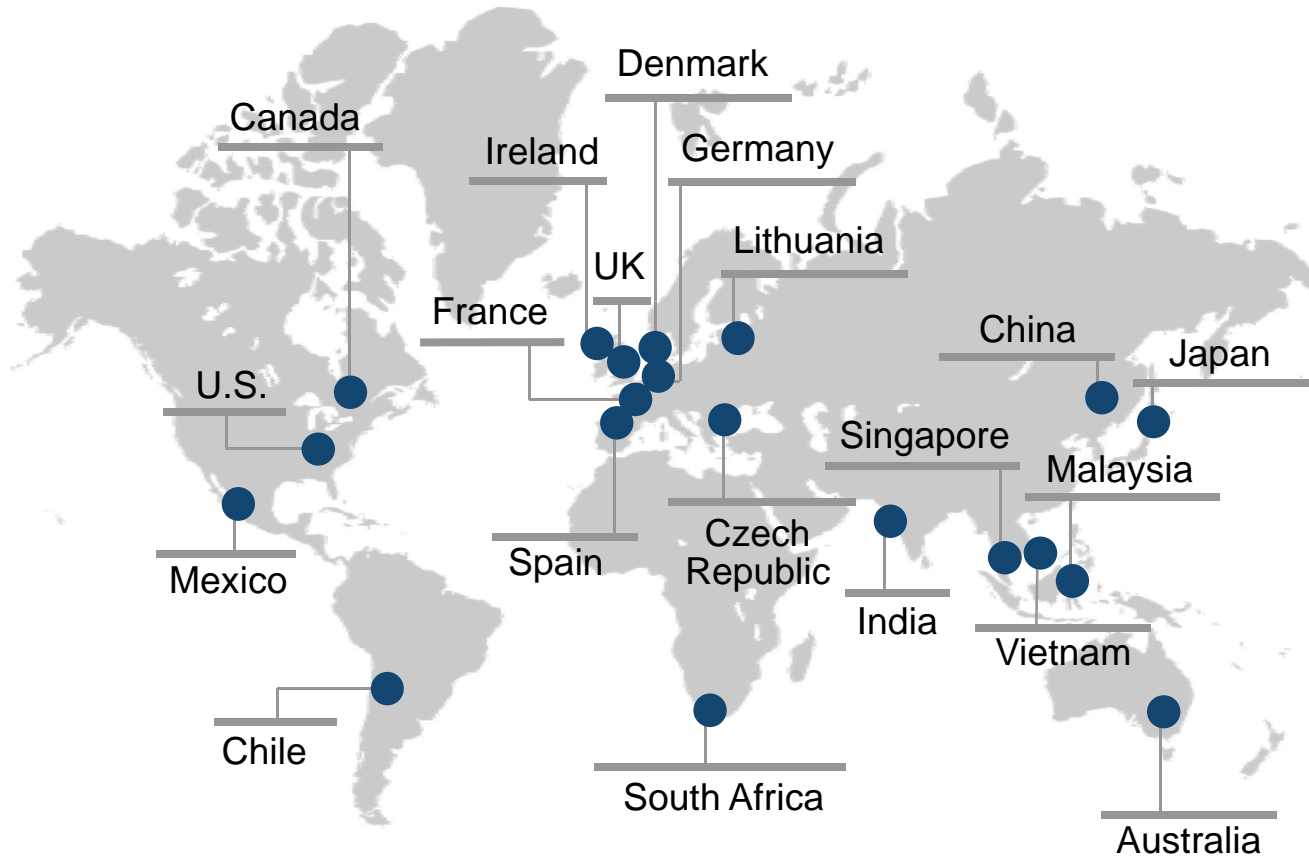


■ BS&S Business Solutions & Services  
■ NPS North American Public Sector  
■ GOS Global Outsourcing Services

\* Totals may differ due to rounding



# Global Expansion Is on Track



- 60+ World Sourcing Centers
- Opened six World Sourcing delivery centers — Lithuania, China, Vietnam, Malaysia and two in the U.S.
- Four state-of-the-art centers across India
- Recognized as a “leader” by industry analysts

## Going Forward

- Continue to exercise caution given the macroeconomic environment
  - Maintain focus on expense management
  - Manage and mitigate potential exposure to client credit risk
  - Manage our cash internally, rather than rely on commercial paper market
- Respond to the opportunities provided by economic turmoil
  - Focus on high-value solutions that provide economic benefit to clients
  - Prepare for client needs within marketplace of increased regulation and consolidation
  - Prepare for shifts in government spending priorities

# Q2 FY 2009 EARNINGS

Don DeBuck

Vice President, Interim Chief Financial Officer,  
and Controller



## Q2 FY09 Highlights

- Consolidated Revenue — second quarter revenues of \$4.2B, or growth of 5.5% as reported (in constant currency, revenues increased 4.4%)
- Operating Income — second quarter operating income was \$282M, resulting in an OI margin of 6.7% compared to 6.8% last year
- EPS (see next slide)
  - Second quarter EPS as reported was \$2.95 (GAAP) including a \$2.27 impact from IRS resolution and other tax adjustments
  - Approximately \$.04 adverse impact in 2nd quarter from currency and IRS settlement advisory costs
- Free cash flow — ahead of plan
  - Second quarter free cash flow was an inflow of \$166M, an improvement of \$181M compared to the same quarter last year
- DSO
  - DSO decreased to 91, reflecting an 11 day decrease from the same quarter last year

## Earnings per Share

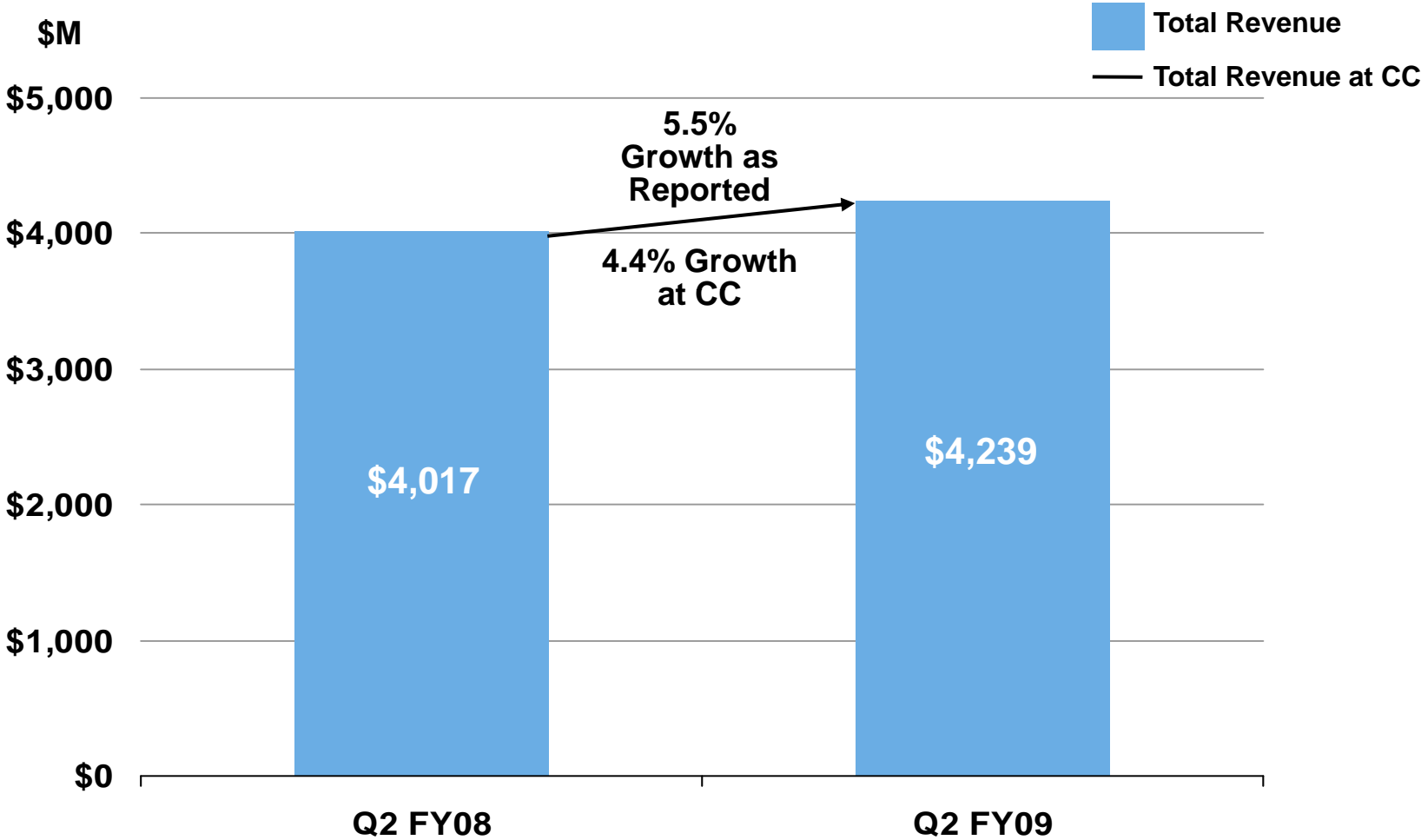
**As reported under GAAP** **\$ 2.95**

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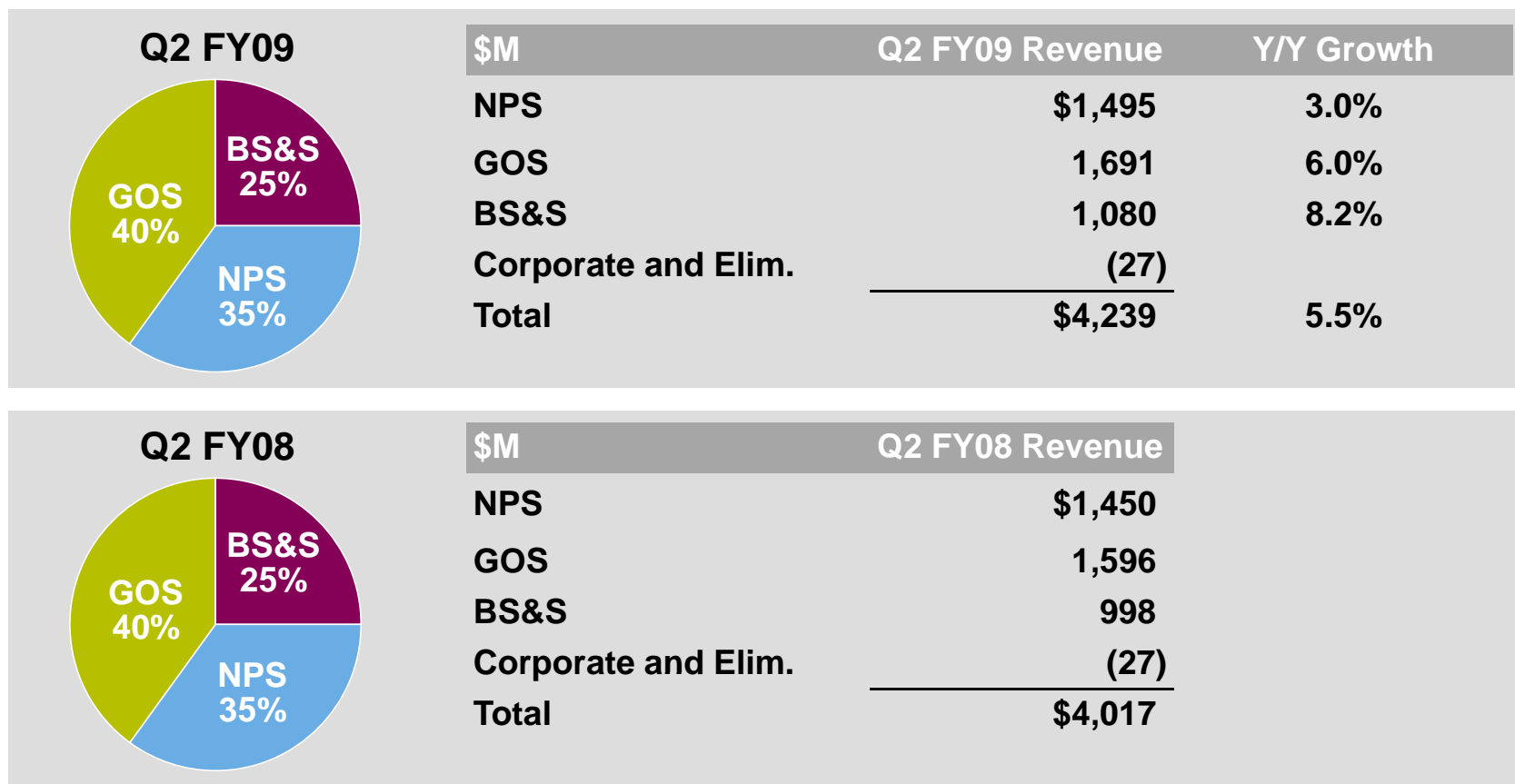
Includes:

IRS benefit	2.43
International tax audits provisions	(0.16)
IRS resolution advisory costs	(0.02)
Adverse FX from guidance	(0.02)

# Total Revenue and Revenue Growth



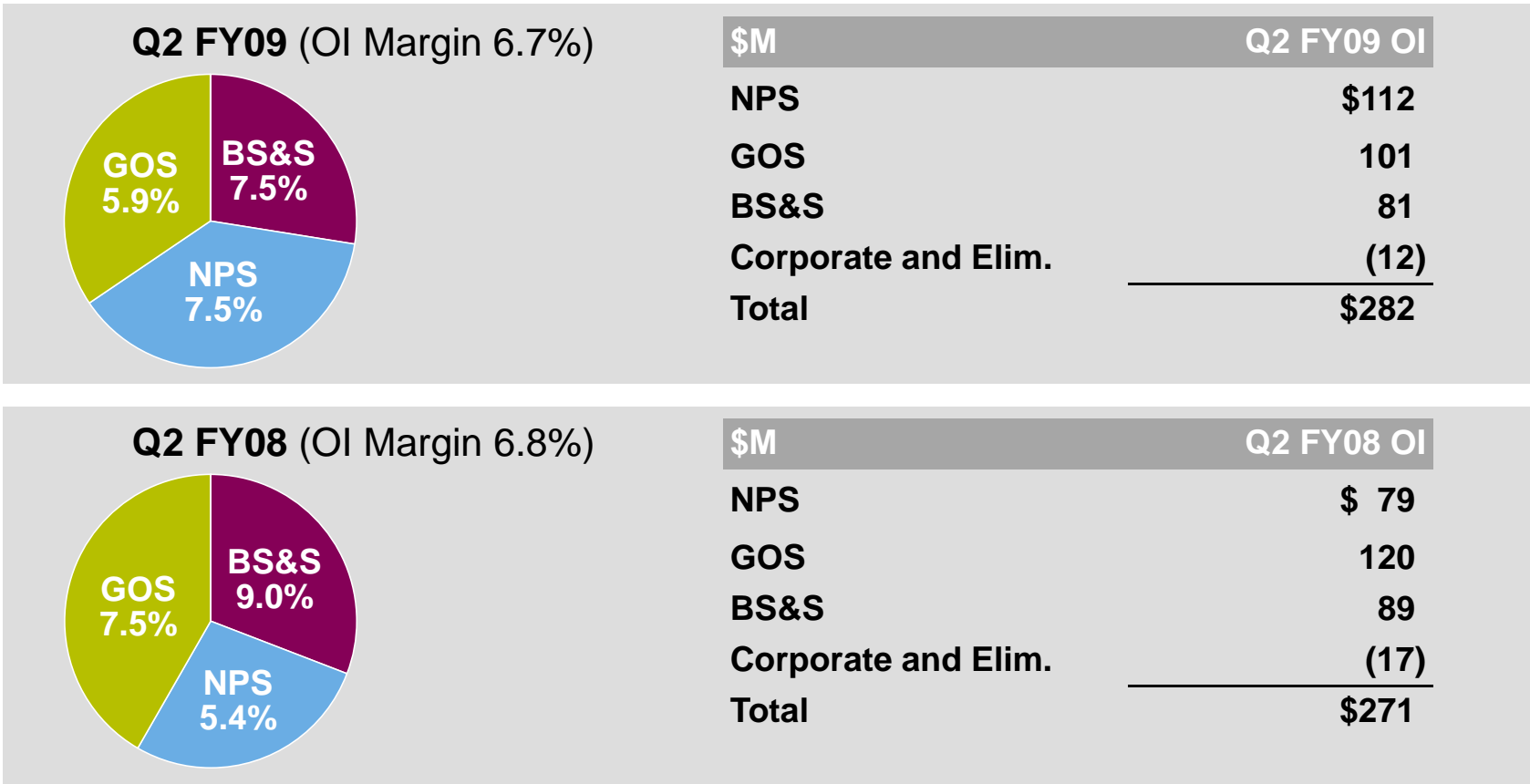
## Revenue by Lines of Business\*



■ BS&S Business Solutions & Services  
■ NPS North American Public Sector  
■ GOS Global Outsourcing Services

\* Percentages exclude corporate and other eliminations

# Operating Income by Lines of Business\*



BS&S Business Solutions & Services  
NPS North American Public Sector  
GOS Global Outsourcing Services

\* Percentages exclude corporate and other eliminations

## Selected Profitability Items

\$M	Q2 FY09	Q2 FY08	Change	Comment
Total revenue	\$ 4,239	\$ 4,017	5.5%	
Operating costs	\$ 3,957	\$ 3,746	5.6%	
% of revenue	93.3%	93.2%		
Operating income (OI)	\$ 282	\$ 271	4.1%	New business, FSS licenses comparisons and legal fees; GOS contract start up
OI margin	6.7%	6.8%		
Other income		\$ (7)		
Special items		\$ 26		
Tax rate	-144%	55.8%		Net tax audit adjustment
EPS	\$ 2.95	\$ 0.43		

## Selected Balance Sheet Items

\$M	Q2 FY09	Q4 FY08	Comment
<b>Assets</b>			
Cash and cash equivalents	\$ 742	\$ 699	Higher than normal Q2 cash balance for liquidity caution
Accounts receivable	4,244	4,565	
Prepays/WIP	1,818	1,765	
Goodwill	3,868	3,975	
PP&E, net	2,577	2,765	
<b>Liabilities and Equity</b>			
Accounts payable	\$ 539	\$ 798	
Accrued expenses	1,345	1,639	
Deferred revenue	928	1,079	
Total interest-bearing debt	3,773	3,474	Higher than normal CP balance for cash
Equity	5,739	5,462	
Total debt/capital	39.7%	38.9%	

## Selected Cash Flow Items — Q2

\$M	Q2 FY09	Fav./(Unfav.) vs. Q2 FY08	Comment
Net income	\$ 452	\$ 376	Tax benefit
Depreciation and other	336	22	
<b>Cash flow from earnings</b>	<b>788</b>	<b>398</b>	
Change in working capital/other	(387)	(311)	Tax benefit in earnings is non-cash
Operating cash flow	401	87	
Capital Expenditures*	(235)	94	
<b>Free cash flow</b>	<b>\$ 166</b>	<b>\$ 181</b>	

\* Capital expenditures figures include capital lease payments and exclude cash used/received for acquisitions/dispositions

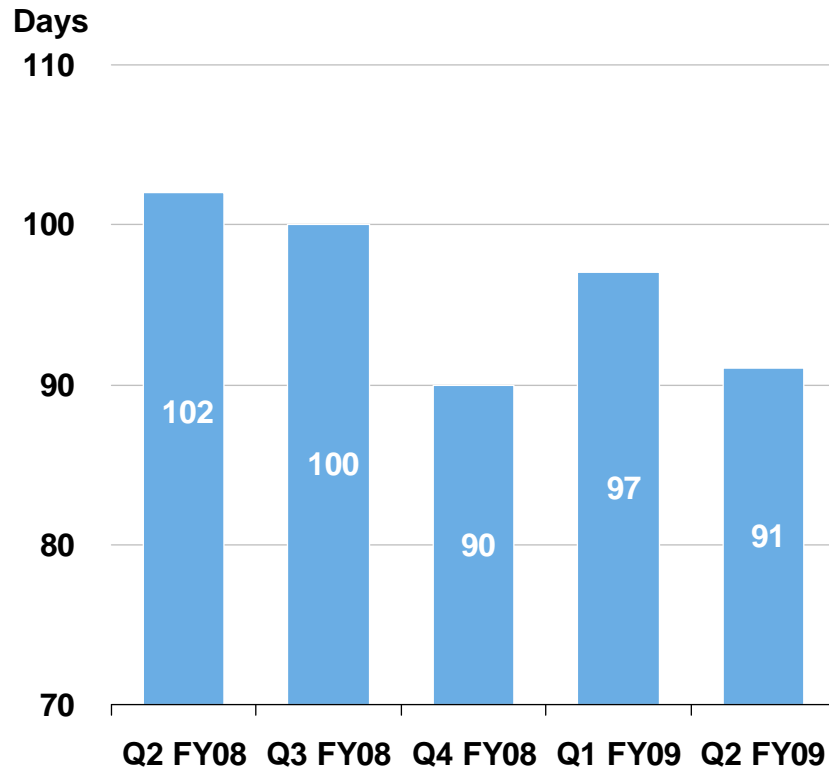
## Selected Cash Flow Items — YTD

\$M	FY09 YTD	Fav./(Unfav.) vs. Q2 FY08	Comment
Net income	\$ 572	\$388	Tax benefit
Depreciation and other	680	65	
<b>Cash flow from earnings</b>	<b>1,252</b>	<b>454</b>	
Change in working capital/other	(907)	(17)	
Operating cash flow	345	437	Tax benefit in earnings is noncash
<b>Cash used for investing</b>			
Capital Expenditures*	(508)	76	
<b>Free cash flow</b>	<b>\$ (163)</b>	<b>\$ 513</b>	

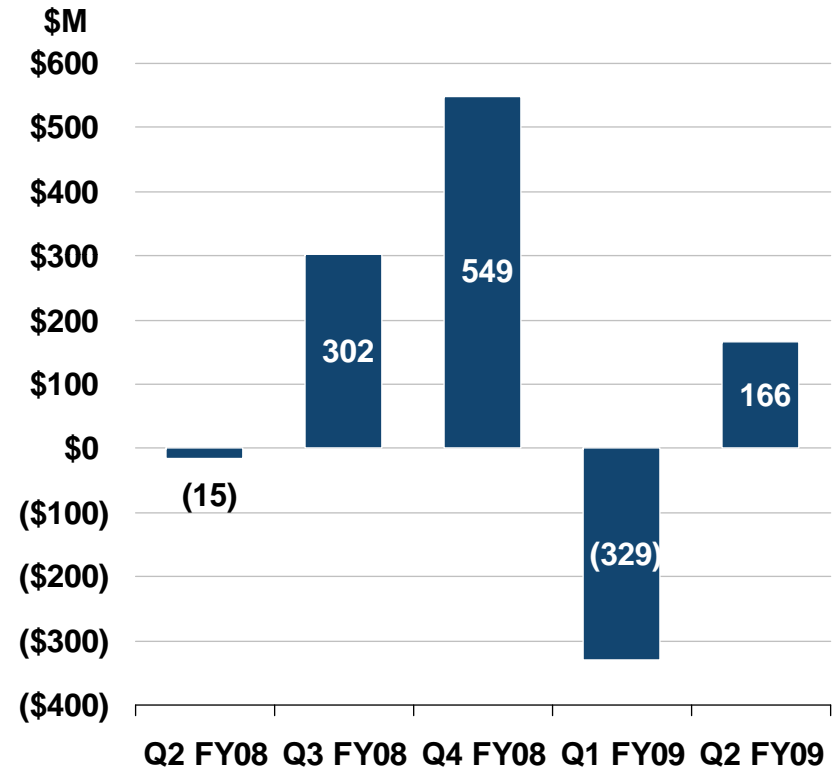
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# DSO and Free Cash Flow

### Quarterly DSO at Quarter End

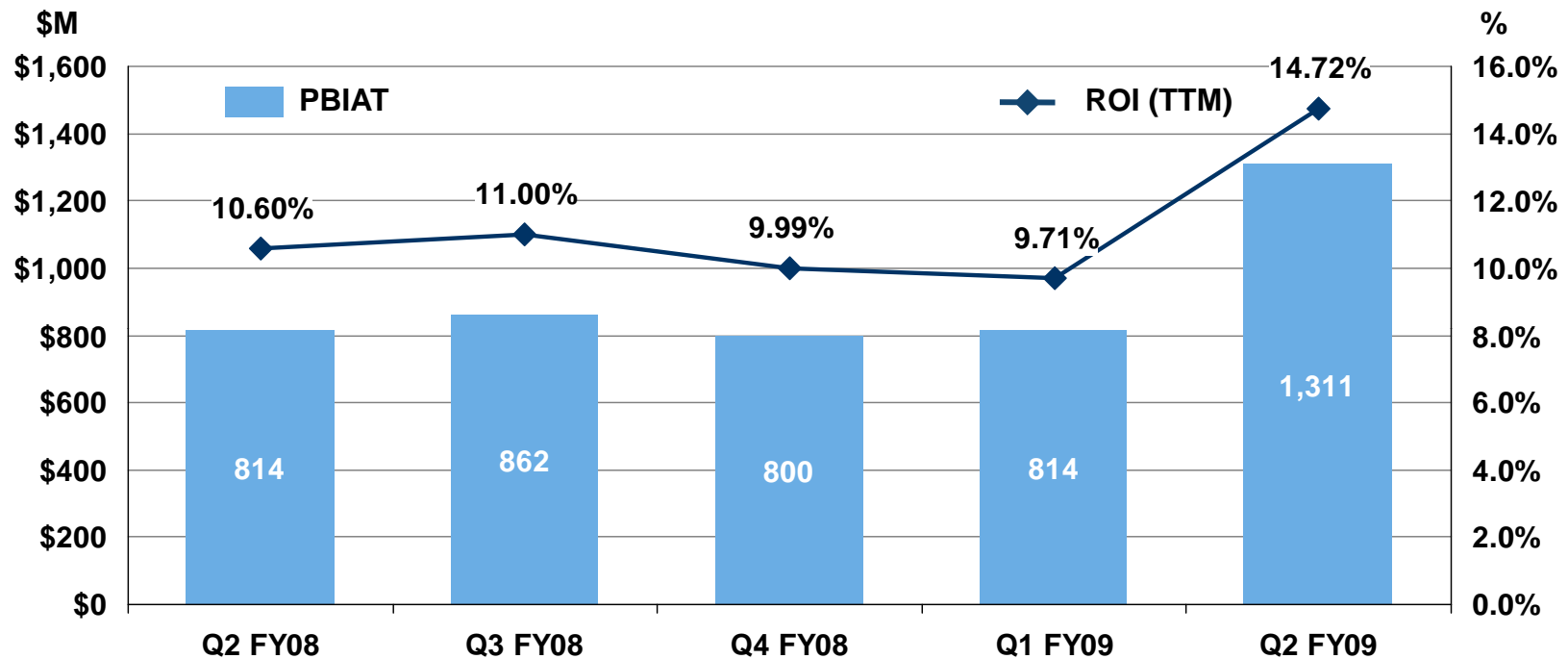


### Quarterly Free Cash Flow



- DSO 11 days lower compared to last year
- Free cash flow improved by more than \$181M over same quarter last year

## Return on Invested Capital\*

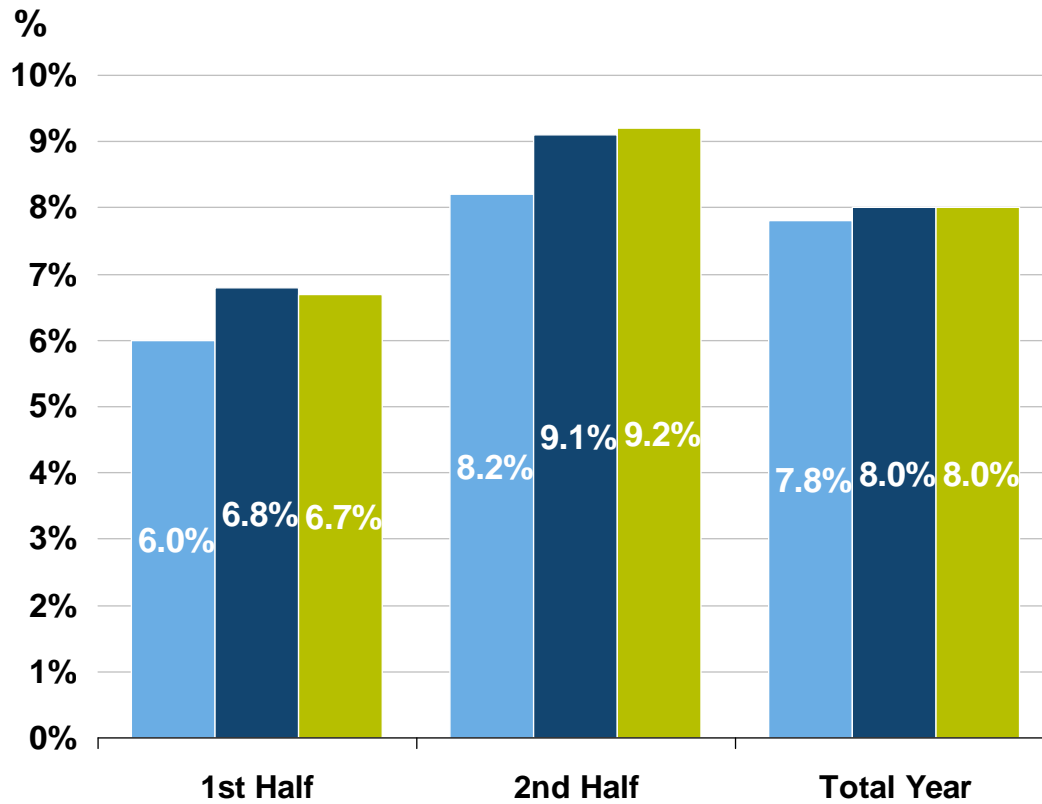


- Second quarter FY09
  - Includes net tax benefit contribution
  - Deliberately kept higher cash and CP balance at quarter end to due to credit market dislocation
- First quarter FY09
  - Includes full year of Covansys in investment base

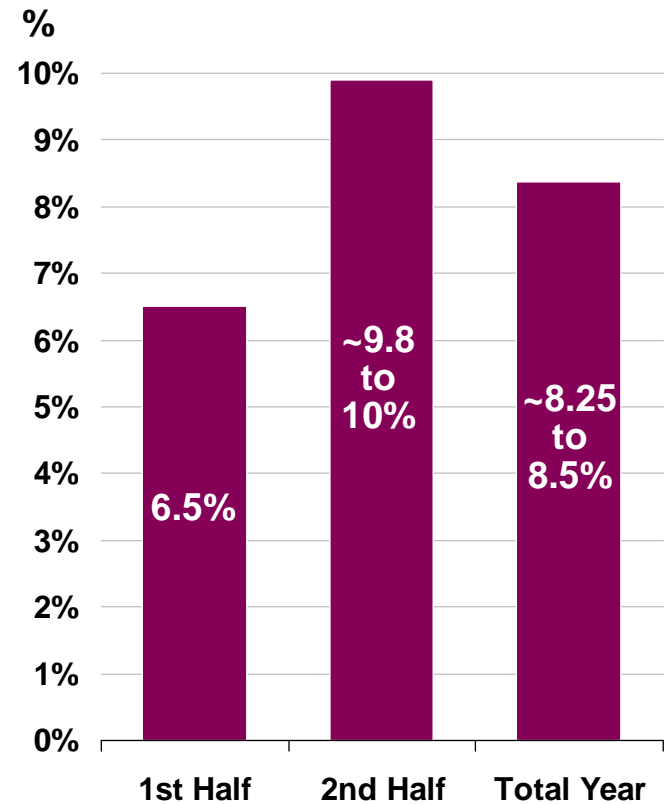
\* ROI is the trailing 12-month (TTM) PBIAT margin multiplied by the Investment Base Turnover.

# Operating Margin

## Historical



## FY 2009



Fiscal Year    2006    2007    2008    2009

## Second Half Operating Margin Improvements

- Head count realignment across all lines of business
- Higher offshore mix
- Directed staff and cost reductions
- GOS improved contract performance

## Guidance

	At Budget FX Translation Rates		At Forward Translation Rates	
	3rd Quarter	Total	3rd Quarter	Total
Revenue	\$4.3–\$4.5B	\$17.0–\$18.0B	\$4.1–\$4.2B	\$16.8–\$17.8B
Growth	~ 4–7%	~ 6–8%	---	~ 4–6%
GAAP EPS	\$1.05–\$1.15	\$6.45–\$6.55	\$1.00–\$1.10	\$6.30–\$6.40
<i>Includes: original Guidance</i>		\$4.20–\$4.30		\$4.05–\$4.15
<i>IRS resolution</i>		\$2.41		\$2.41
<i>Q2 international tax reserves</i>		\$(0.16)		\$ (0.16)

### Projected foreign currency erosion

- Basis for estimate utilizes 6-month forward projections for key currencies
- Primarily impacted by the euro, pound sterling, Australian \$ with partial Indian rupee offset

## U.S. Pension Plans

- Contributory (employees contribute 3% of pay)
- Not all employees participate
- Fiscal 2008 contributions per 2008 Form 10-K
  - CSC: \$126M
  - Participants: \$47.5M
- Career average plan — not final years of service
- About half of participants are in NPS
- Portion of any increase or decrease moderated by cost reimbursable contracts
- Of total underfunded U.S. plans of \$175M per 2008 Form 10-K, a majority is in unfunded plans

## Non-U.S. Plans (Principally UK Plan)

- Contributory (employees contribute 8% of pay)
- Not all employees participate
- Fiscal 2008 contributions per 2008 Form 10-K
  - CSC: \$114.5M
  - Participants: \$9.6M
- Plans are closed to new participants (except for transfer of employees in outsourcing contracts)
- Of total underfunded non-U.S. liability of \$223M per 2008 Form 10-K, approx 15% represents unfunded plans

## CSC Pension Plans — Sensitivity Analysis

### Employer Contributions

\$M	U.S.	Non-U.S.
<b>FY 2009</b>		
Expense	\$112	\$67
Contributions	\$120	\$80

If measurement date were 9/30/2008

\$M	U.S.	Non-U.S.
<b>FY 2009</b>	No change to expense or contributions	No change to expense or contributions

\$M	U.S.	Non-U.S.
<b>FY 2010</b>		
Expense	Approx. \$67 (down \$45)	Approx. \$85 (up \$18)
Contributions	Approx. \$169 (up \$49)	Majority of any increase depends on UK trustees' agreement with company

*Note: For U.S. Plans, PPA allows elective funding methodologies that can mitigate future funding increases*

## Key Takeaways

- Strong cash and DSO performance
- Improved liquidity with revolver draw down in October
- Second half margin improvement
- Economic and currency headwinds



# FOCUS ON SUSTAINABLE, PROFITABLE GROWTH

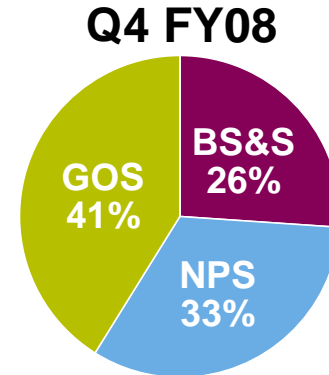
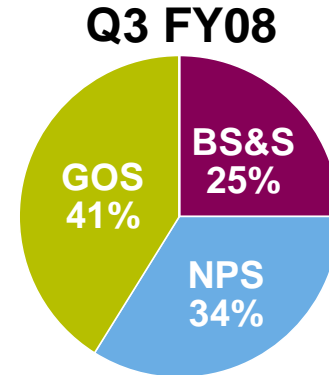
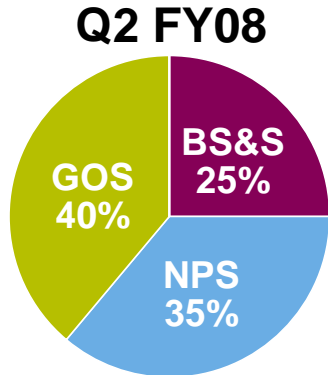
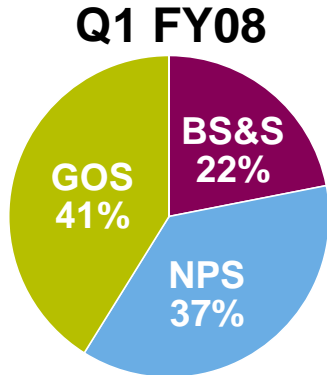




# SUPPLEMENTAL INFORMATION



# FY08 Revenue by Lines of Business\*



\$M	Q1 FY08 Revenue
NPS	\$1,419
GOS	1,595
BS&S	848
Corporate and Elim.	(25)
<b>Total</b>	<b>\$3,837</b>

\$M	Q2 FY08 Revenue
NPS	\$1,450
GOS	1,596
BS&S	998
Corporate and Elim.	(27)
<b>Total</b>	<b>\$4,017</b>

\$M	Q3 FY08 Revenue
NPS	\$1,435
GOS	1,718
BS&S	1,032
Corporate and Elim.	(24)
<b>Total</b>	<b>\$4,160</b>

\$M	Q4 FY08 Revenue
NPS	\$1,475
GOS	1,847
BS&S	1,196
Corporate and Elim.	(35)
<b>Total</b>	<b>\$4,484</b>

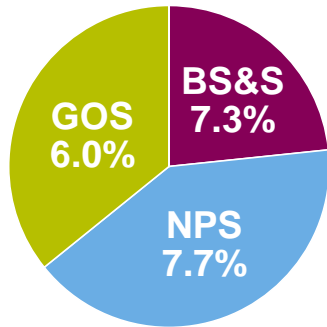
**BS&S** Business Solutions & Services  
**NPS** North American Public Sector  
**GOS** Global Outsourcing Services

\* Percentages exclude corp. and other eliminations.

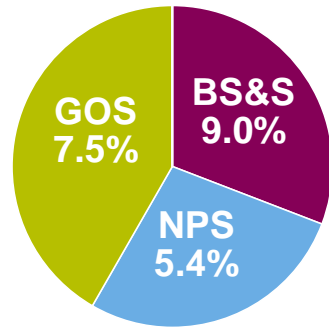


# FY08 Operating Income by Lines of Business

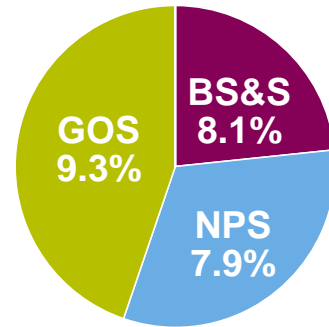
**Q1 FY08 – 6.6%**



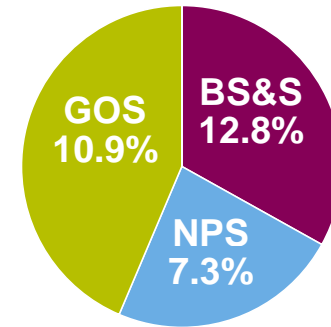
**Q2 FY08 – 6.8%**



**Q3 FY08 – 8.3%**



**Q4 FY08 – 10.0%**



\$M	Q1 FY08 OI
NPS	\$108
GOS	95
BS&S	62
Corporate and Elim.	(14)
<b>Total</b>	<b>\$251</b>

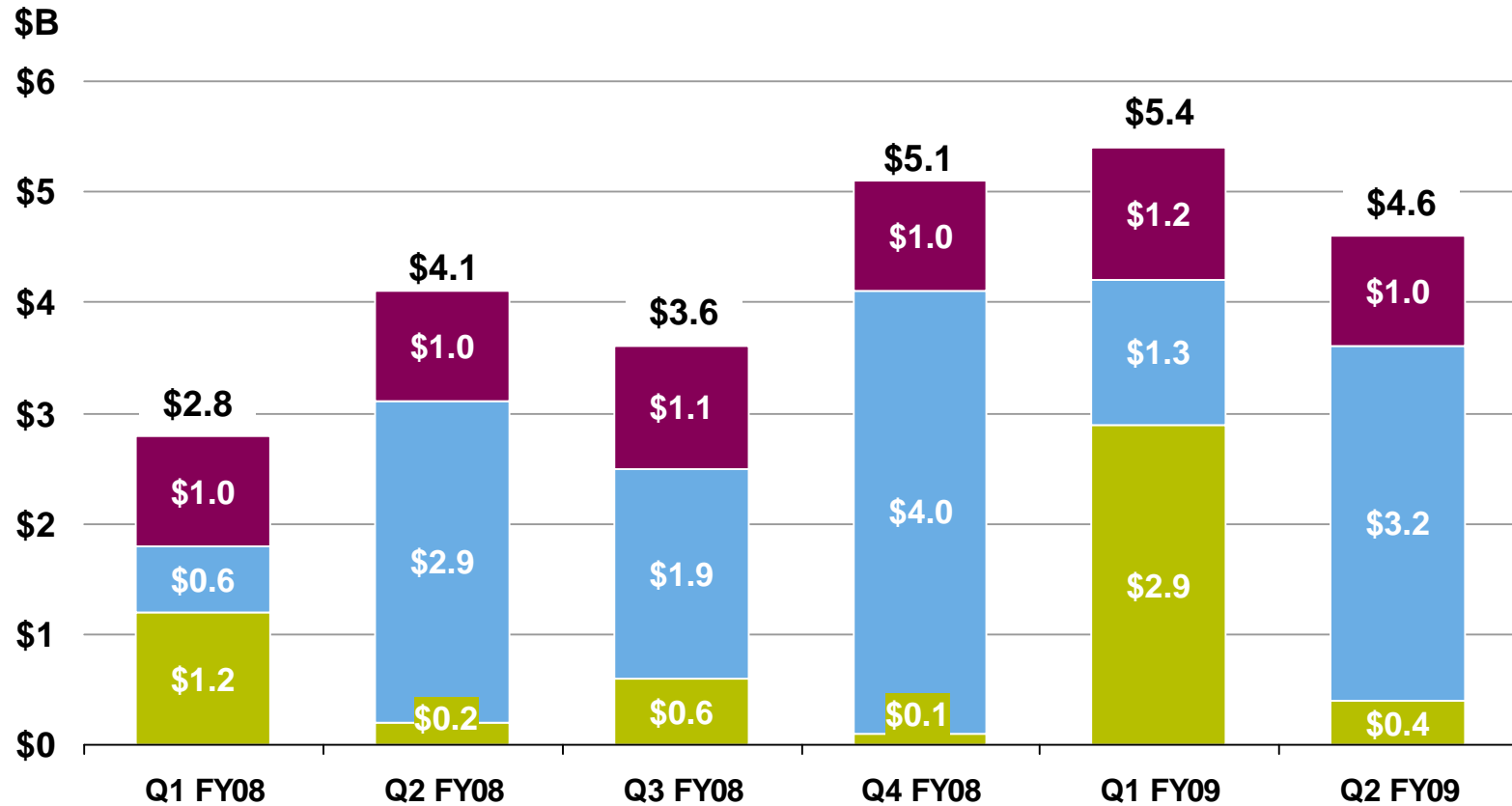
\$M	Q2 FY08 OI
NPS	\$79
GOS	120
BS&S	89
Corporate and Elim.	(17)
<b>Total</b>	<b>\$271</b>

\$M	Q3 FY08 OI
NPS	\$114
GOS	160
BS&S	83
Corporate and Elim.	(12)
<b>Total</b>	<b>\$345</b>

\$M	Q4 FY08 OI
NPS	\$108
GOS	202
BS&S	153
Corporate and Elim.	(14)
<b>Total</b>	<b>\$449</b>

BS&S Business Solutions & Services  
NPS North American Public Sector  
GOS Global Outsourcing Services

# New Business Bookings\*



FY09 new methodology: As a reminder, we have revised our definition of new business awards. NPS awards no longer include estimates of IDIQ vehicles and consist solely of task orders received. Fiscal 2008 data has been adjusted to conform to this new methodology.

\* Totals may differ due to rounding.

**BS&S** Business Solutions & Services  
**NPS** North American Public Sector  
**GOS** Global Outsourcing Services

## New Bookings Policy Impact on Previous Federal Awards

<b>FY08 \$B</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Total</b>
<b>Previously Announced Awards</b>	<b>3.4</b>	<b>3.8</b>	<b>1.6</b>	<b>2.5</b>	<b>11.2</b>
Less IDIQ Framework Awards	(2.8)	(1.5)	(0.4)	0.0	(4.8)
Plus IDIQ Task Order Awards	0.0	0.7	0.7	1.5	2.9
<b>Bookings Under the New Policy</b>	<b>0.6</b>	<b>2.9</b>	<b>1.9</b>	<b>4.0</b>	<b>9.3</b>

## New Bookings Policy Impact on Previous Commercial Awards

<b>FY08 \$B</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Total</b>
GOS	1.2	0.2	0.6		2.0
BS&S					
<b>Previously Announced Awards</b>	<b>1.2</b>	<b>0.2</b>	<b>0.6</b>		<b>2.0</b>
GOS				0.1	0.1
BS&S	1.0	1.0	1.0	1.0	4.1
<b>Not Previously Announced</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.1</b>	<b>4.2</b>
GOS	1.2	0.2	0.6	0.1	2.1
BS&S	1.0	1.0	1.0	1.0	4.1
<b>Revised Bookings</b>	<b>2.2</b>	<b>1.2</b>	<b>1.7</b>	<b>1.1</b>	<b>6.2</b>

## Non-GAAP Reconciliation

Operating Income \$M	Second Quarter Ended		Six Months Ended	
	October 3, 2008	September 28, 2007	October 3, 2008	September 28, 2007
Operating Income	\$282.2	\$271.2	\$564.1	\$522.6
Minority Interest Expense	(0.7)	(3.6)	(5.3)	(6.8)
Equity Earnings	4.2	4.1	9.7	8.6
Corporate G&A	(51.1)	(41.6)	(92.8)	(74.1)
Interest Expense	(58.8)	(48.8)	(122.7)	(78.0)
Interest Income	9.1	8.8	18.6	18.3
Special Items	-	(25.9)	-	(74.9)
Other (Income) Expense	0.2	7.4	(13.1)	25.6
Income Before Taxes	185.1	171.6	358.5	341.3
Taxes on Income	(266.6)	95.8	(213.8)	157.4
Net Income	451.7	75.8	572.3	183.9
Net Income (Percentage of Revenue)	10.7%	1.9%	6.5%	2.3%

Free Cash Flow \$M (Preliminary and Unaudited)	Six Months Ended	
	October 3, 2008	September 28, 2007
Free Cash Flow	\$(162.8)	\$(676.0)
Net Cash Used in Investing Activities	556.8	1,880.4
Acquisitions, Net of Cash Acquired	(62.8)	(1,315.6)
Capital Lease Payments	13.8	19.4
Net Cash Provided by Operating Activities	345.0	(91.8)

Note: Capital lease payments and proceeds from the sale of property and equipment (included in investing activities) are included in the calculation of free cash flow.

## Non-GAAP Reconciliation (cont'd)

Operating Costs \$M	Second Quarter Ended		Six Months Ended	
	October 3, 2008	September 28, 2007	October 3, 2008	September 28, 2007
Operating Costs	\$ 3,956.5	\$ 3,746.0	\$ 8,111.7	\$ 7,332.5
Minority Interest Expense	0.7	3.6	5.3	6.8
Equity Earnings	(4.2)	(4.1)	(9.7)	(8.6)
Corporate G&A	51.1	41.6	92.8	74.1
Interest Expense	58.8	48.8	122.7	78.0
Interest Income	(9.1)	(8.8)	(18.6)	(18.3)
Special Items	-	25.9	-	74.9
Other (Income)/Expense	(0.2)	(7.4)	13.1	(25.6)
Other Items, Net				
<b>Total Costs and Expenses</b>	<b>\$ 4,053.6</b>	<b>\$ 3,845.6</b>	<b>\$ 8,317.3</b>	<b>\$ 7,513.8</b>

## Non-GAAP Definitions

- **DSO:** Total receivables at quarter end divided by revenue-per-day. Revenue-per-day equals total revenues for the quarter divided by the number of days in the fiscal quarter
- **Free cash flow:** Equal to the sum of (1) operating cash flows, (2) investing cash flows, excluding business acquisitions and dispositions, purchase or sale of available for sale securities, and (3) capital lease payments
- **ROI:** Calculated by multiplying profit margin times investment base turnover. The profit margin used is profit before interest expense and special items and after tax divided by revenues. Investment base turnover equals revenues divided by average debt and equity

## Components of Operating Costs

\$M	Q2 FY09	Q2 FY08	Change	Comment
Cost of services	\$ 3,410	\$ 3,254	4.8%	
Percentage of revenue	80.5%	81.0%		
SG&A (excluding corp. G&A)	234	200	17.4%	New business, CREs, strategy execution
Percentage of revenue	5.5%	5.0%		
Depreciation and amortization	312	292	6.8%	Software amortization
Percentage of revenue	7.4%	7.3%		
Operating costs	\$ 3,957	\$ 3,746	5.6%	
Percentage of revenue	93.3%	93.2%		
Corporate G&A	51	41	23.0%	Branding, Corporate relocation
Percentage of revenue	1.2%	1.0%		