



CSC

# 1st QUARTER FY 2011 EARNINGS PRESENTATION

August 11, 2010

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This presentation includes certain non-GAAP financial measures, such as operating income, operating margin, operating costs, free cash flow, and free cash flow as a percentage of net income attributable to CSC common shareholders. 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 and on our Web site at [www.csc.com](http://www.csc.com). 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.

# 1st QUARTER FY 2011 EARNINGS



CSC

**Mike Laphen**

Chairman, President, and  
Chief Executive Officer

# 1st Quarter FY 2011 Highlights



# Investor Topics



## Reaffirming FY 2011 Guidance

New Business Bookings	\$18B+
Revenue Growth	4% to 7% (\$16.8B – \$17.2B)
Operating Income Margin Expansion	25 to 50 Basis Points
EPS	\$5.30 to \$5.40
Free Cash Flow	>90% of Net Income*

\*Net Income attributable to CSC common shareholders

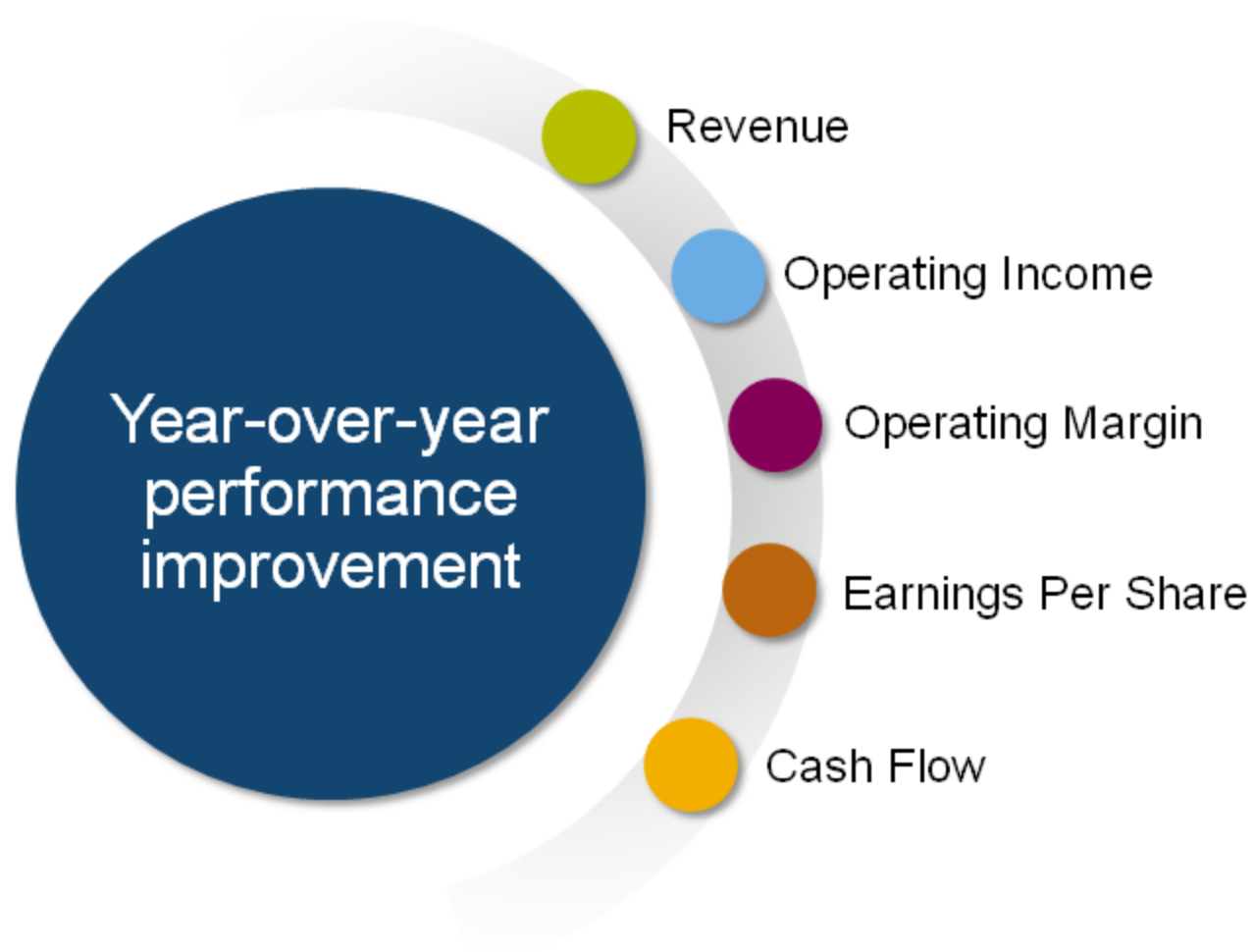
**CSC**

## Mike Mancuso

Vice President and  
Chief Financial Officer

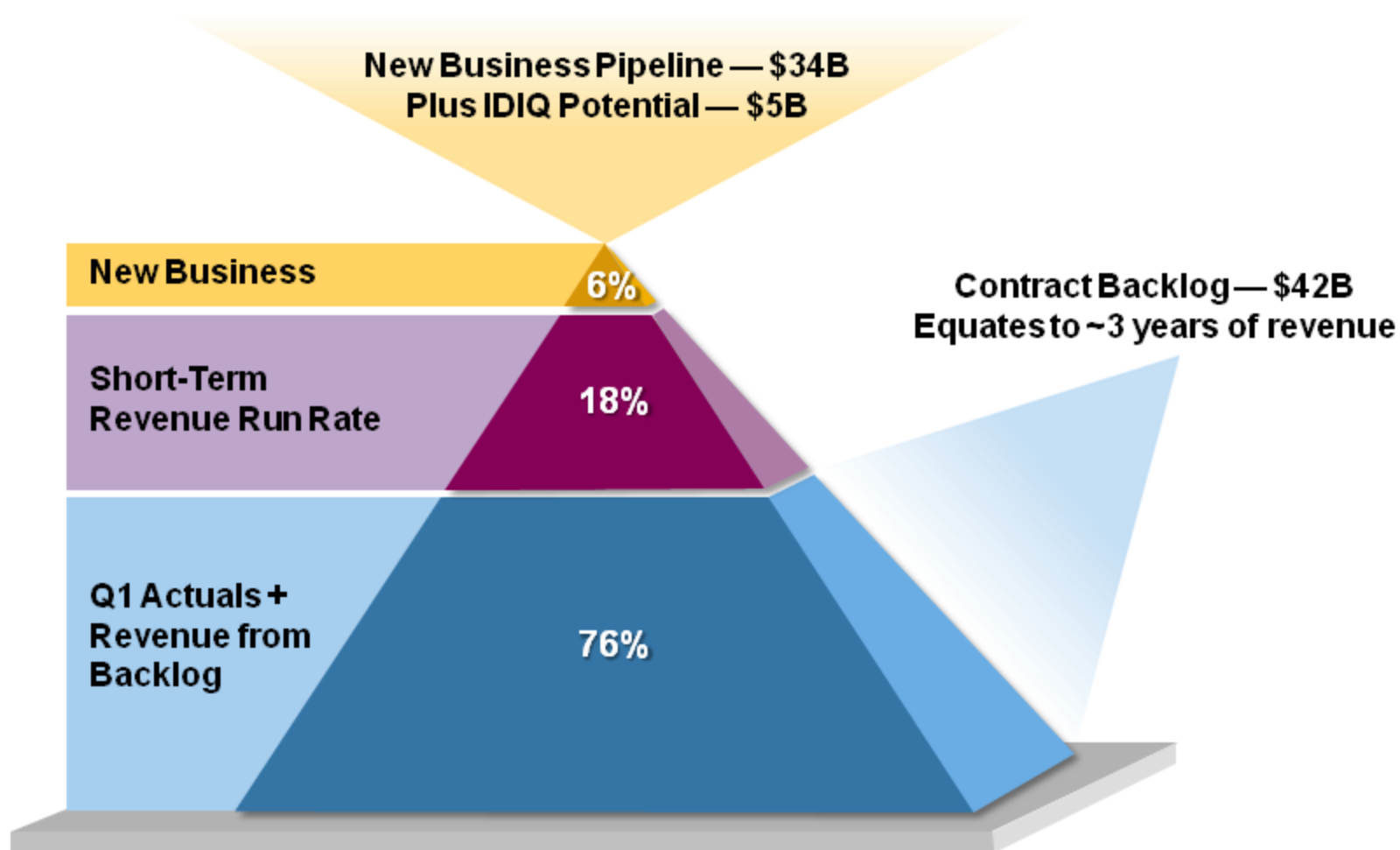


# 1st Quarter FY 2011 Highlights



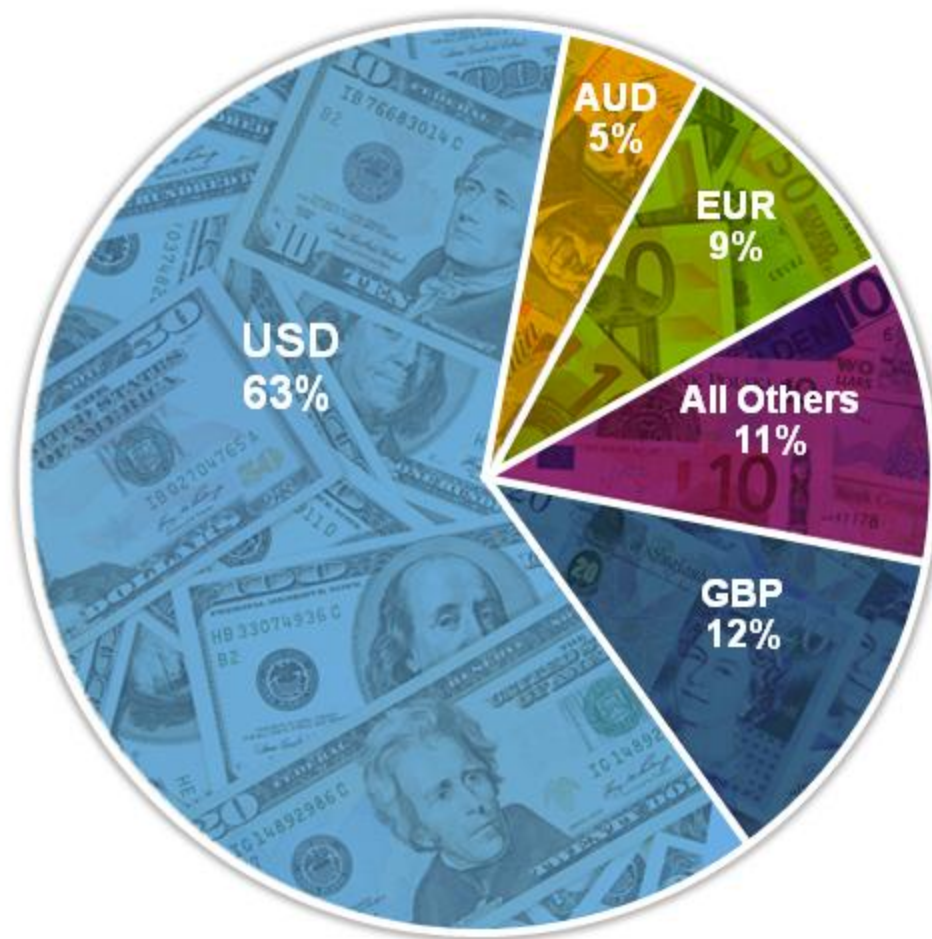
# FY 2011 Backlog to Revenue

**Based on Mid-Point of Guidance — \$17B**



## Revenue by Currency

**FY 2010 Actual — \$16.1B**



## Currency Comparison

Q1 FY11 % Revenue	Q1 FY11 Avg Rate (US\$)	Q1 YoY	08/09 Spot Rate (US\$)	FY11 YoY	
US \$	65%				
British Pounds	11%	1.49	(3%)	1.59	(2%)
Euros	11%	1.28	(6%)	1.32	(7%)
Australian \$	6%	0.89	17%	0.92	7%
Danish Krone	3%	0.17	(6%)	0.18	(7%)
All Others	4%				
	100%				

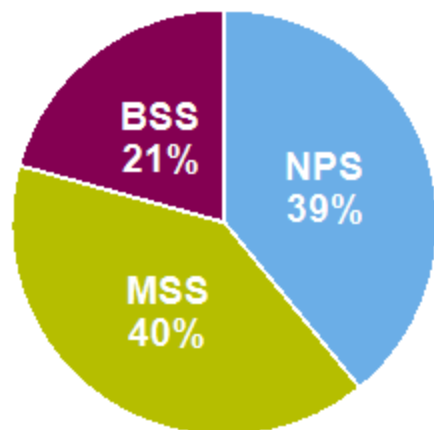
Revenue Impact – Pts

~(0 pts)

~(1 pts)

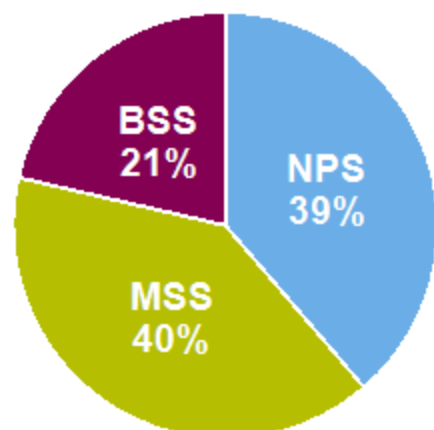
# Revenue by Lines of Business

Q1 FY11



\$M	Q1 FY11 Revenue	YoY Growth (GAAP)	YoY Growth (CC)
NPS	\$ 1,552	2.2%	2.2%
MSS	1,598	2.2%	2.3%
BSS	821	(2.0)%	(1.8)%
Corporate	(29)		
<b>Total</b>	<b>\$ 3,942</b>	<b>1.1%</b>	<b>1.2%</b>

Q1 FY10



\$M	Q1 FY10 Revenue
NPS	\$ 1,519
MSS	1,564
BSS	838
Corporate	(23)
<b>Total</b>	<b>\$ 3,898</b>

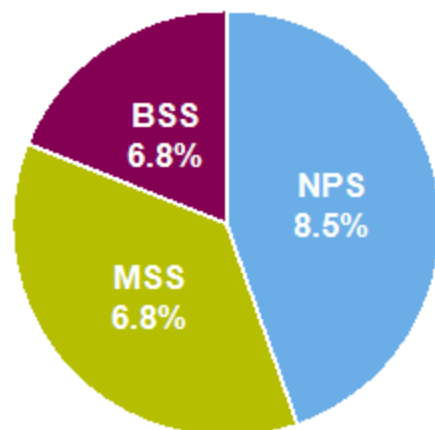
- BSS Business Solutions and Services
- NPS North American Public Sector
- MSS Managed Services Sector

\* Percentages exclude corp. and other eliminations

# Operating Income by Lines of Business

## Q1 FY11

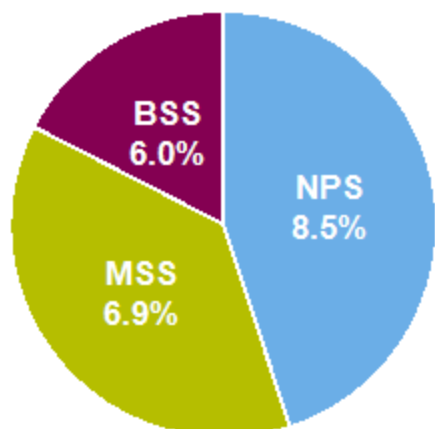
(OI Margin 7.1%)



\$M		Q1 FY11
NPS	\$	132
MSS		108
BSS		56
Corporate and Elim.		(15)
<b>Total</b>	<b>\$</b>	<b>281</b>

## Q1 FY10

(OI Margin 6.8%)



\$M		Q1 FY10
NPS	\$	129
MSS		108
BSS		50
Corporate and Elim.		(22)
<b>Total</b>	<b>\$</b>	<b>265</b>

- BSS Business Solutions and Services
- NPS North American Public Sector
- MSS Managed Services Sector

# Profit and Loss Statement

\$M	Q1 FY11 Actual	Q1 FY10 Actual	Favorable/ (Unfavorable)
Total Revenue	\$ 3,942	\$ 3,898	\$ 44
OI	281	265	16
OI Margin	7.13%	6.81%	32 bps
Corporate G&A	36	40	4
Net Interest Expense	33	48	15
Other (Income)/Expense	(3)	(8)	(5)
IBT	215	185	30
Tax Rate	31.3%	28.3%	(3.0%)
Net Income Attributable to CSC Common Shareholders	143	131	12
Diluted EPS (GAAP)	\$ 0.91	\$ 0.85	\$ 0.06
EPS Normalized at Q1 FY11 ETR		\$ 0.82	\$ 0.09

EPS 11% growth at FY10 normalized

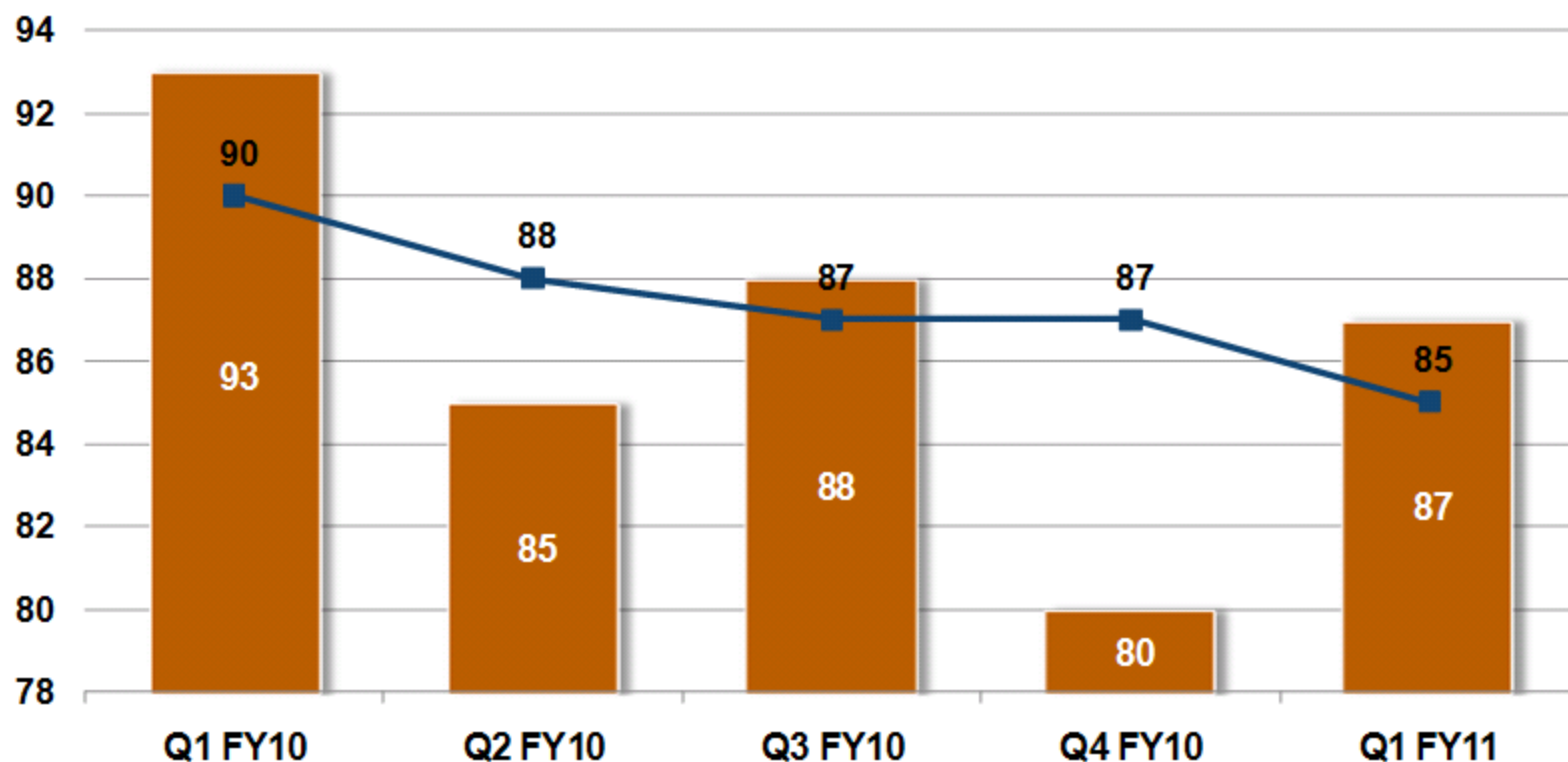
## Selected Balance Sheet Items

\$M	Q1 FY11	Q1 FY10
<b>Assets</b>		
Cash and Cash Equivalents	\$ 2,435	\$ 1,920
Accounts Receivable*	3,769	3,968
Prepays/WIP	1,883	1,888
Goodwill	3,784	3,865
PP&E, Net	2,243	2,403
<b>Liabilities and Equity</b>		
Accounts Payable	\$ 410	\$ 434
Other Accrued Expenses	1,153	1,185
Deferred Revenue	1,099	977
Total Interest-Bearing Debt	3,814	4,237
Equity	6,552	6,083
Total Debt/Capital	36.8%	41.1%
Net Debt/Capital	13.3%	22.5%

\*Excludes tax receivables of: Q1 FY10 \$8M, Q1 FY11 \$62M

# Days Sales Outstanding (DSO)\*

Days



— Four-Quarter DSO Average

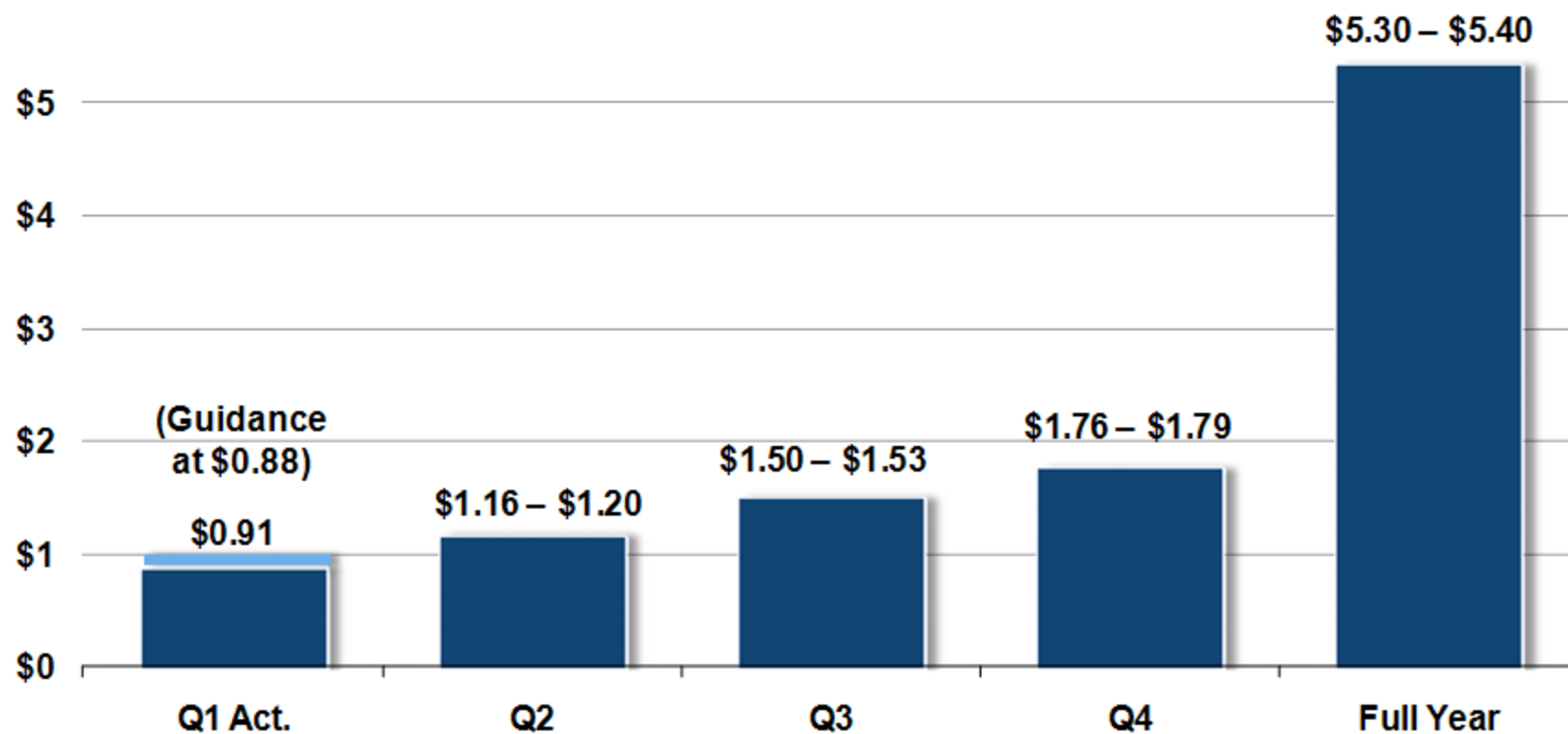
\*DSO excludes tax receivables

## Selected Cash Flow Items

\$M	Q1 FY11	Q1 FY10
Net Income	\$ 148	\$ 133
Depreciation and Other	281	227
<b>Cash Flow from Earnings</b>	<b>429</b>	<b>360</b>
Change in Working Capital	(489)	(657)
<b>Operating Cash Flow</b>	<b>(60)</b>	<b>(297)</b>
Capital Expenditures*	258	165
<b>Free Cash Flow</b>	<b>\$ (318)</b>	<b>\$ (462)</b>

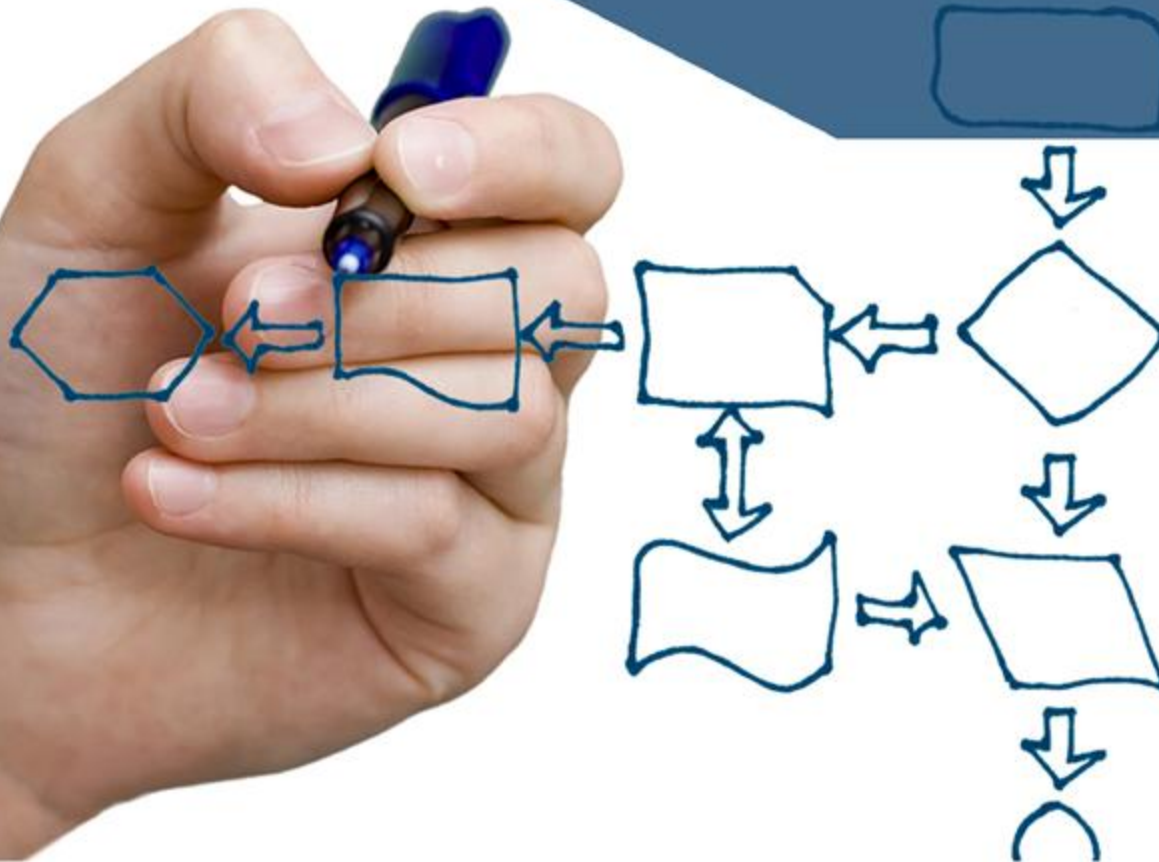
\*Capital expenditures figures include capital lease payments and exclude cash used/received for acquisitions/dispositions

## EPS Guidance by Quarter

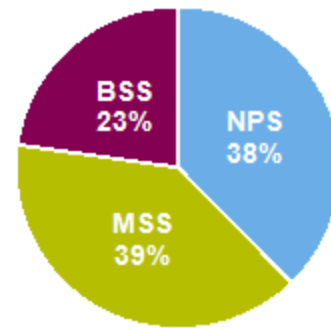
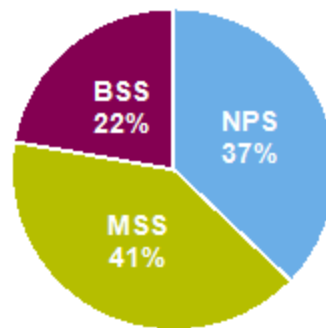
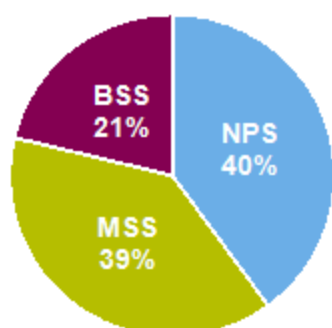
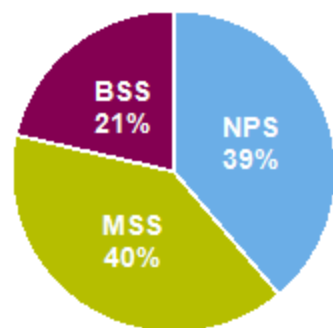


## Summary

- A good start to the year
- Several improvements recorded
- More challenges ahead, but ...
- Optimism abounds, and ...
- We look forward to another solid year

Supplemental  
Information

## FY 2010 Revenue by Lines of Business\*

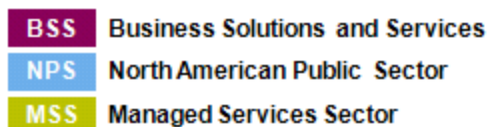
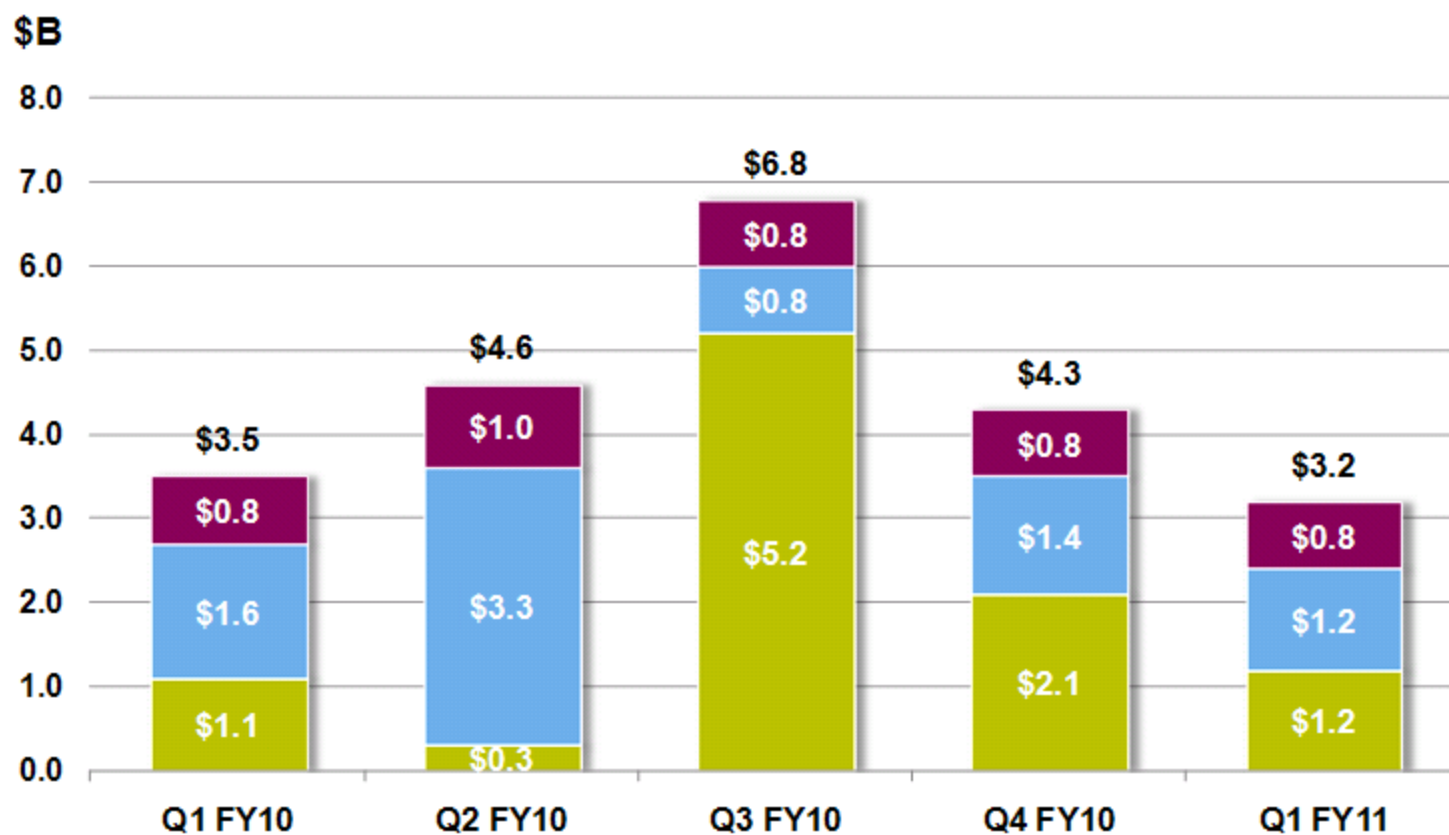


	Q1 FY10 Revenue	Q2 FY10 Revenue	Q3 FY10 Revenue	Q4 FY10 Revenue
<b>\$M</b>				
NPS	1,519	1,622	1,477	1,607
MSS	1,564	1,579	1,618	1,690
BSS	838	864	887	971
Corporate and Elim.	(23)	(24)	(29)	(32)
<b>Total</b>	<b>\$3,898</b>	<b>\$4,041</b>	<b>\$3,953</b>	<b>\$4,236</b>

BSS Business Solutions and Services  
NPS North American Public Sector  
MSS Managed Services Sector

\*Percentages exclude corp. and other eliminations

# New Business Bookings



## Non-GAAP Reconciliation

Operating Income \$M	Q1 FY11	Q1 FY10
Operating Income	\$ 281	\$ 265
Corporate G&A	(36)	(40)
Interest Expense	(41)	(55)
Interest Income	8	7
Other Income (Expense)	3	8
Income Before Taxes	\$ 215	\$ 185

Free Cash Flow \$M*	Q1 FY11	Q1 FY10
Free Cash Flow	\$ (318)	\$ (462)
Net Cash Used in Investing Activities	253	158
Acquisitions, Net of Cash Acquired	(4)	-
Payment on Capital Leases and Other Long-Term Asset Financing	9	7
Net Cash Provided by Operating Activities	\$ (60)	\$ (297)

\*Capital lease payments and proceeds from the sale of P&E (included in investing activities) are included in the calculation of Free Cash Flow

## Non-GAAP Reconciliation (Cont'd)

Operating Costs \$M	Q1 FY11	Q1 FY10
Operating Costs	\$ 3,661	\$ 3,633
Corporate G&A	36	40
Interest Expense	41	55
Interest Income	(8)	(7)
Other (Income)/Expense	(3)	(8)
Total Costs and Expenses	\$ 3,727	\$ 3,713

Normalized EPS	Q1 FY10	
	GAAP	Normalized for FY11 Q1 ETR
IBT	\$ 185	\$ 185
Tax Rate	28.3%	31.3%
Tax	(52)	(58)
Noncontrolling Interest, Net of Tax	(2)	(2)
Net Income Attributable to CSC Common Shareholders	131	125
EPS	\$ 0.85	\$ 0.82

## Net Debt Reconciliation

\$M	Q1 FY11	Q1 FY10
Debt		
Short-Term Borrowing	\$ 22	\$ 27
Long-Term, Current Maturities	57	34
Long-Term	3,735	4,176
Total Debt	\$ 3,814	\$ 4,237
Cash	2,435	1,920
Net Debt	\$ 1,379	\$ 2,317
Total Equity	\$ 6,552	\$ 6,083
Capital	\$ 10,366	\$ 10,320
Debt to Capital	36.8%	41.1%
Net Debt to Capital	13.3%	22.5%

## Components of Operating Costs

\$M	Q1 FY11	Q1 FY10
Cost of Services	\$ 3,197	\$ 3,156
Percentage of Revenue	81.1%	81.0%
SG&A (Excluding Corp. G&A)	208	207
Percentage of Revenue	5.3%	5.3%
Depreciation and Amortization	256	270
Percentage of Revenue	6.5%	7.0%
Operating Costs	3,661	3,633
Percentage of Revenue	92.9%	93.2%
Corporate G&A	36	40
Percentage of Revenue	.9%	1.0%

## Non-GAAP and Other Definitions

- **Operating Cost:** Equal to the sum of (1) cost of services, (2) business units SG&A, and (3) depreciation and amortization
- **Operating Income:** Revenue minus operating cost, before corporate G&A expenses
- **Operating Income Margin:** Operating Income as a percentage of Revenue
- **DSO:** Total receivables at quarter end divided by revenue per day. Revenue per day equals total revenues for the last quarter divided by the number of days in the fiscal quarter. Total receivables includes unbilled receivables but excludes tax receivables
- **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) payment on capital leases and other long-term asset financing
- **Net Debt:** Calculated as the sum of long-term and short-term debt, less cash and marketable securities
- **Net Debt to Capital:** Calculated as the ratio of net debt to capital (total debt plus equity)



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