

The logo for CSC, consisting of the letters 'CSC' in white on a red rectangular background.

**CSC**

# 3rd QUARTER FY 2011 EARNINGS PRESENTATION

February 9, 2011

All written or oral statements made by CSC at this meeting or in these presentation materials that do not directly and exclusively relate to historical facts constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995.

These statements represent CSC’s expectations and beliefs, and no assurance can be given that the results described in such statements will be achieved. These statements are subject to risks, uncertainties, and other factors, many outside of CSC’s control, that could cause actual results to differ materially from the results described in such statements. For a description of these factors, please see CSC’s most recent Annual Report on Form 10-K, and subsequently filed Form 10-Qs.

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.

# 3rd QUARTER FY 2011 EARNINGS



CSC



**Mike Laphen**

Chairman, President, and  
Chief Executive Officer

## Summary

- Our strategic direction is sound
- Our markets are healthy and provide opportunity for top-line growth
- Our balance sheet continues to strengthen
- Our financial performance is expected to return to its positive trajectory for the 4th quarter and beyond

## 3rd QUARTER FY 2011 EARNINGS

**CSC**

**Mike Mancuso**

Vice President and  
Chief Financial Officer



## 3rd Quarter Results

### Positives

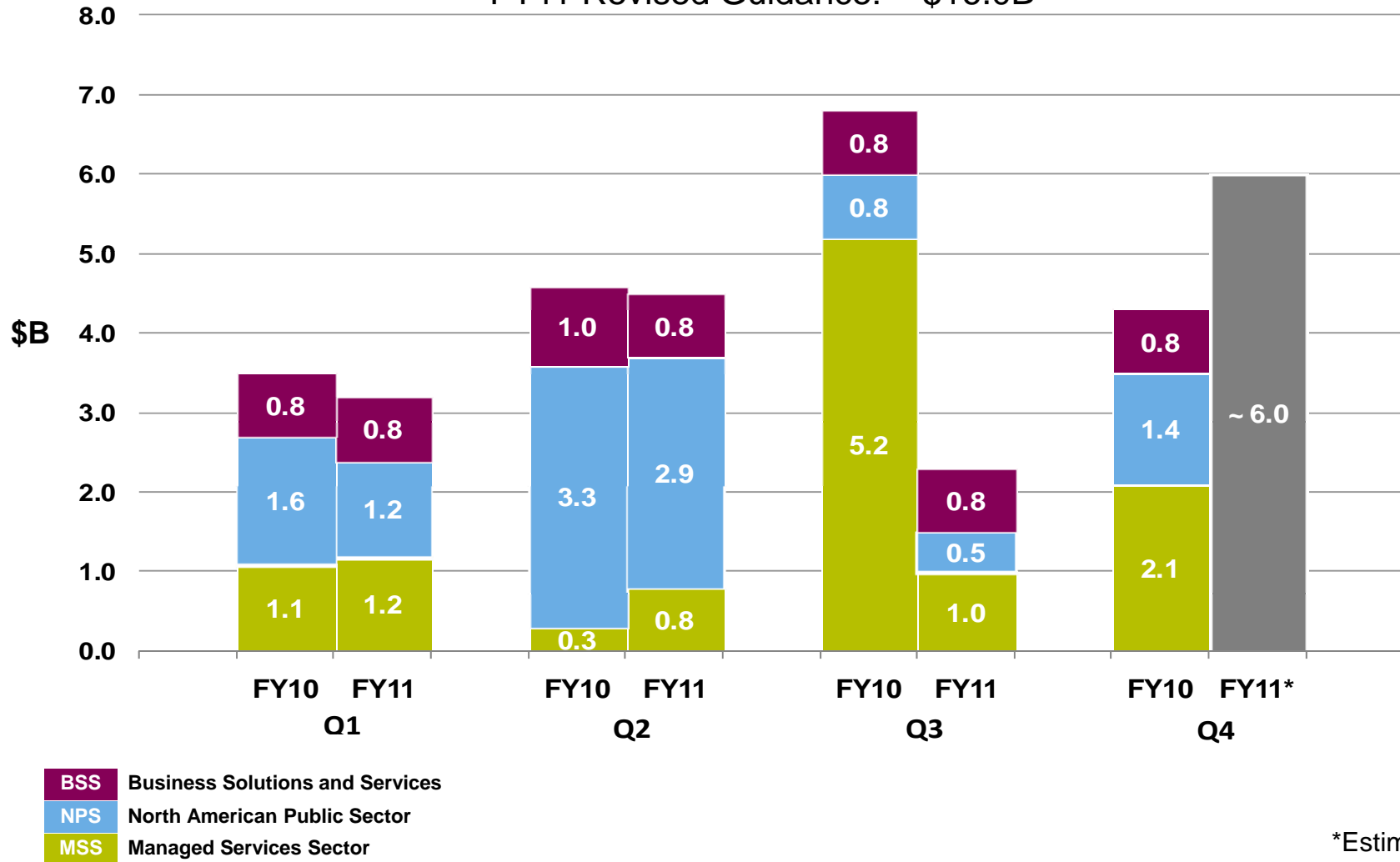
- Commercial Revenue Growth
- Free Cash Flow
- Balance sheet
- EPS
- Dividend increase
- Share repurchase

### Negatives

- Award delays (North American Public Sector [NPS])
- Lingering effects of Nordics issues (Operating Income)
- NHS uncertainty

# New Business Trend

FY10 Bookings: \$19.2B  
 FY11 Revised Guidance: ~ \$16.0B



## Profit and Loss Statement — 3rd Quarter

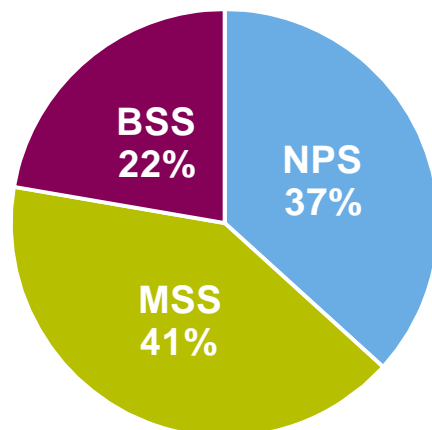
\$M	Q3 FY11 Actual	Q3 FY10 Actual	Favorable/ (Unfavorable)
Total Revenue	\$ 4,008	\$ 3,953	\$ 55
OI	298	377	(79)
OI Margin	7.44%	9.54%	-210 bps
Corporate G&A	34	48	14
Net Interest Expense	35	44	9
Other Income, Net	(2)	(6)	(4)
IBT	231	291	(60)
Tax Rate	-5.2%	25.8%	31.0%
Net Income Attributable to CSC Common Shareholders	242	211	31
Diluted EPS (GAAP)	\$ 1.54	\$ 1.36	\$ 0.18

## Profit and Loss Statement — Year to Date

\$M	Q3 FY11 Actual	Q3 FY10 Actual	Favorable/ (Unfavorable)
Total Revenue	\$ 11,925	\$ 11,892	\$ 33
OI	887	982	(95)
OI Margin	7.44%	8.26%	-82 bps
Corporate G&A	105	123	18
Net Interest Expense	101	138	37
Other Income, Net	(40)	(15)	25
IBT	721	736	(15)
Tax Rate	19.0%	22.6%	3.6%
Net Income Attributable to CSC Common Shareholders	569	558	11
Diluted EPS (GAAP)	\$ 3.64	\$ 3.62	\$ 0.02

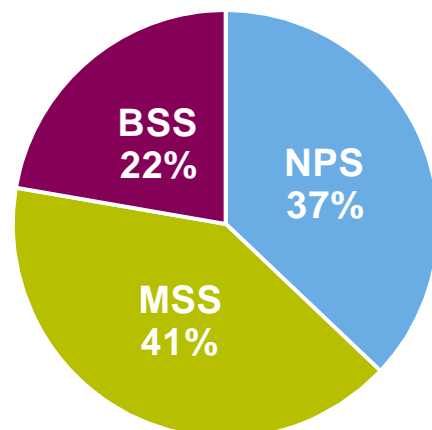
## Revenue by Lines of Business

Q3 FY11



\$M	Q3 FY11 Revenue	YoY Growth (GAAP)	YoY Growth (CC)
NPS	\$ 1,482	0.3%	0.3%
MSS	1,653	2.2%	3.2%
BSS	899	1.4%	2.8%
Corporate	(26)		
<b>Total</b>	<b>\$ 4,008</b>	<b>1.4%</b>	<b>2.1%</b>

Q3 FY10



\$M	Q3 FY10 Revenue
NPS	\$ 1,477
MSS	1,618
BSS	887
Corporate	(29)
<b>Total</b>	<b>\$ 3,953</b>

**BSS** Business Solutions and Services

**NPS** North American Public Sector

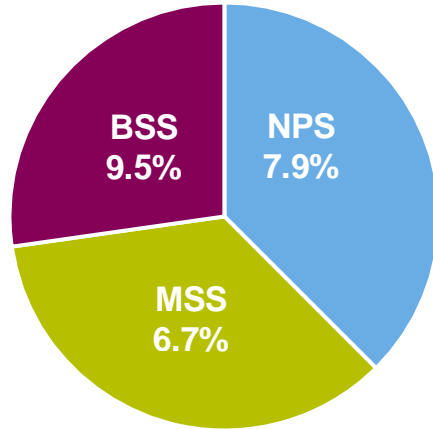
**MSS** Managed Services Sector

\*Percentages exclude Corp. and other eliminations

# Operating Income by Lines of Business

## Q3 FY11

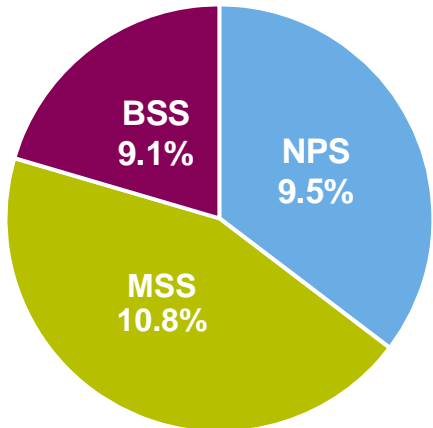
(OI Margin 7.4%)



\$M		Q3 FY11
NPS	\$	117
MSS		110
BSS		85
Corporate and Elim.		(14)
<b>Total</b>	<b>\$</b>	<b>298</b>

## Q3 FY10

(OI Margin 9.5%)



\$M		Q3 FY10
NPS	\$	140
MSS		175
BSS		81
Corporate and Elim.		(19)
<b>Total</b>	<b>\$</b>	<b>377</b>

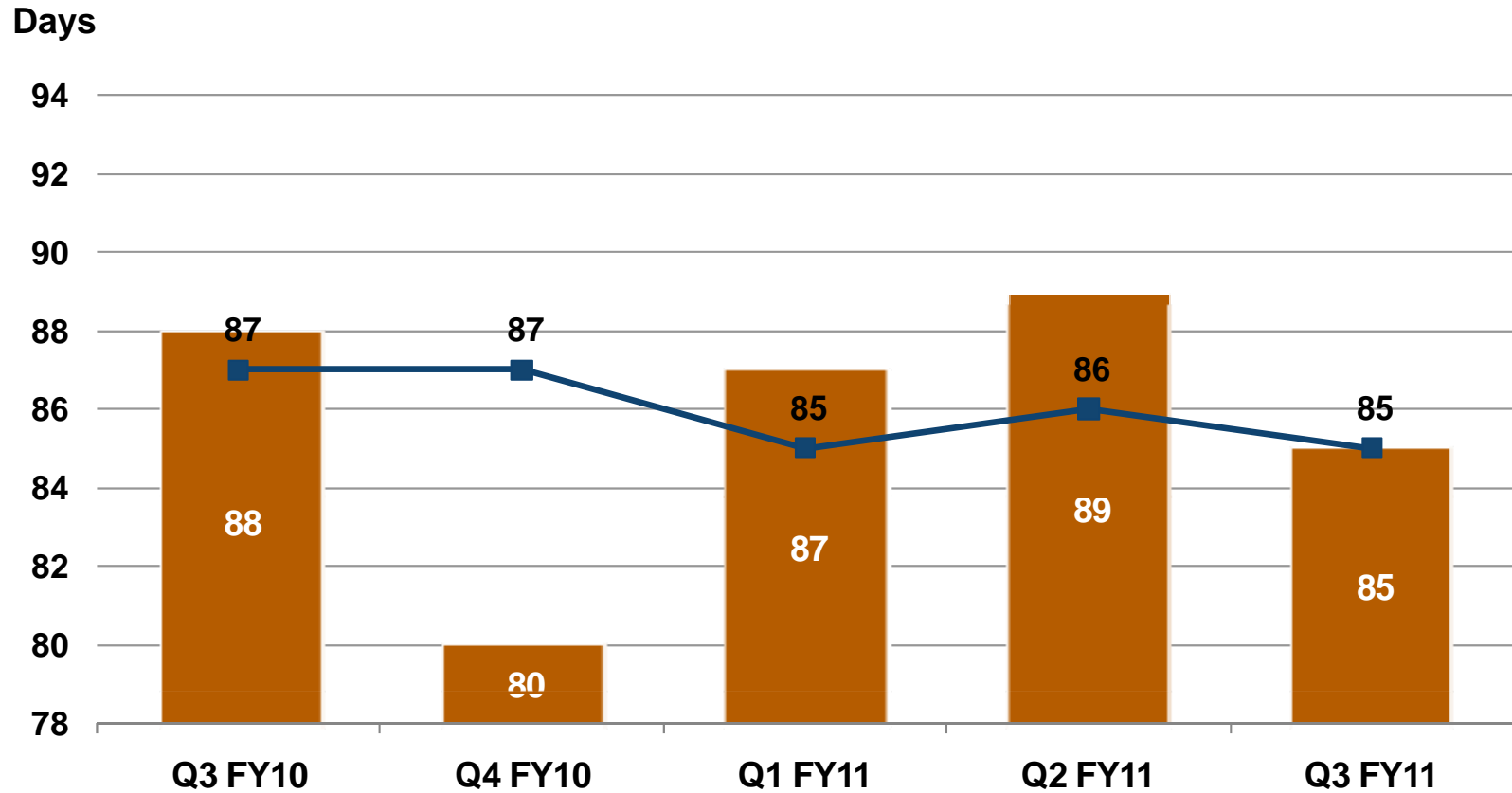
- BSS Business Solutions and Services
- NPS North American Public Sector
- MSS Managed Services Sector

## Selected Balance Sheet Items

\$M	Q3 FY11	Q3 FY10
<b>Assets</b>		
Cash and Cash Equivalents	\$ 1,629	\$ 2,427
Accounts Receivable*	3,741	3,841
Prepays/WIP	2,032	1,935
Goodwill	3,964	3,921
PP&E, Net	2,364	2,330
<b>Liabilities and Equity</b>		
Accounts Payable	\$ 390	\$ 415
Other Accrued Expenses	1,267	1,176
Deferred Revenue	1,085	795
Total Interest-Bearing Debt	2,814	4,307
Equity	7,222	6,680
Total Debt/Capital	28.0%	39.2%
Net Debt/Capital	11.8%	17.1%

\*Excludes tax receivables of: Q3 FY11 \$63M, Q3 FY10 \$94M

# Days Sales Outstanding (DSO)\*



— Four Quarter DSO Average

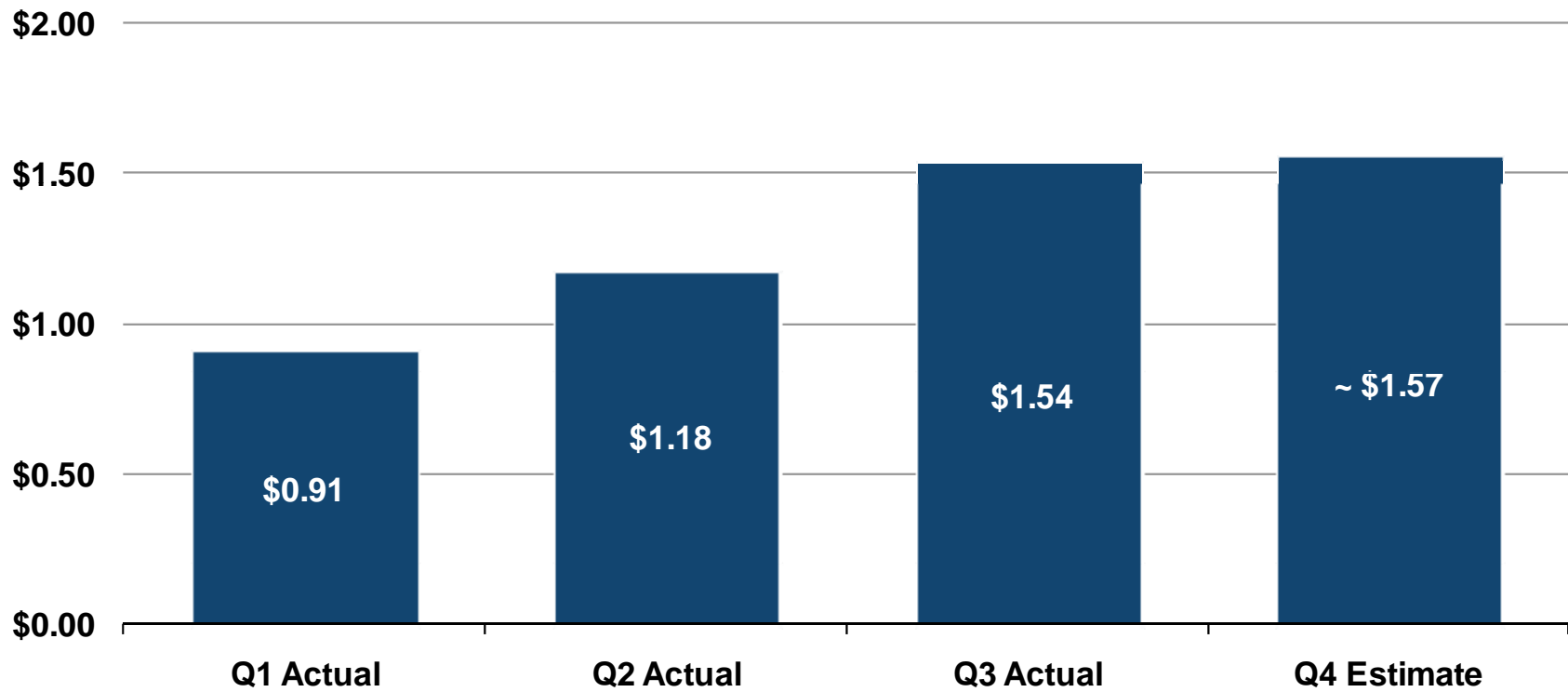
\*DSO excludes tax receivables

## Selected Cash Flow Items

\$M	Q3 FY11	Q3 FY10
Net Income	\$ 243	\$ 216
Depreciation and Other	307	336
<b>Cash Flow from Earnings</b>	<b>550</b>	<b>552</b>
Change in Working Capital	(88)	(420)
<b>Operating Cash Flow</b>	<b>462</b>	<b>132</b>
Capital Expenditures*	209	239
<b>Free Cash Flow</b>	<b>\$ 253</b>	<b>\$ (107)</b>

\*Capital expenditures figures include payments for capital leases and other long-term financings and exclude cash used/received for acquisitions/dispositions

## EPS Guidance by Quarter



# Updated FY 2011 Guidance

New Business Bookings	~ \$16B
Revenue	~ \$16.2B
Operating Income Margin	8.0% – 8.5%
EPS	~ \$5.20
Free Cash Flow	>90% of Net Income*

\*Net income attributable to CSC Common Shareholders

## Key Takeaways/Message

- Strategy is sound
  - Focus on cloud, cyber, and healthcare
- NPS growth outlook realistic
- Acquisitions continue to strengthen capabilities/offerings
- Nordics issues are isolated
- NHS discussions progressing
- Will continue to manage for cash



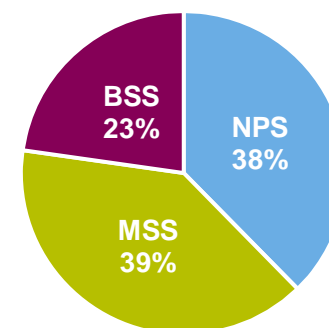
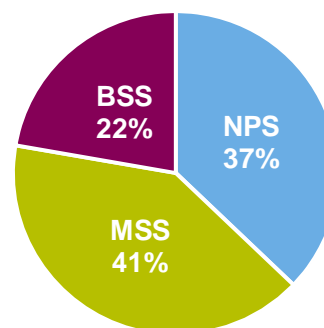
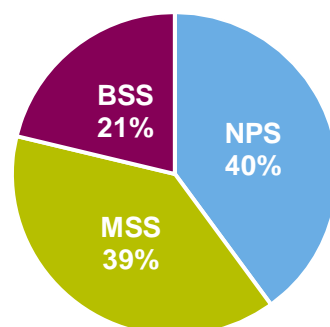
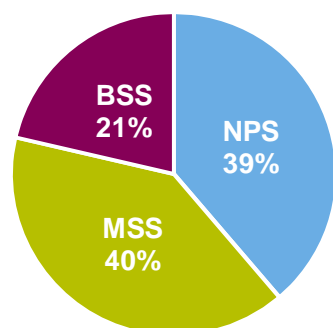
# Supplemental Information

## Currency Comparison

Q3 FY11 % Revenue	Q3 FY11		Full Year		
	Avg. Rate (US \$)	YoY	02/07 Spot Rate (US \$)	YoY*	
US \$	62%				
British Pounds	11%	1.58	(6%)	1.61	(2%)
Euros	10%	1.36	(10%)	1.36	(6%)
Australian \$	6%	0.99	8%	1.01	11%
Danish Kroner	3%	0.18	(10%)	0.18	(6%)
All Others	8%				
	100.0%				
Revenue Impact — Pts			~(1 pts)		~(0 pts)

\*Change in average full-year rate assuming 02/07 spot rates for Q4 FY11

## FY10 Revenue by Lines of Business\*

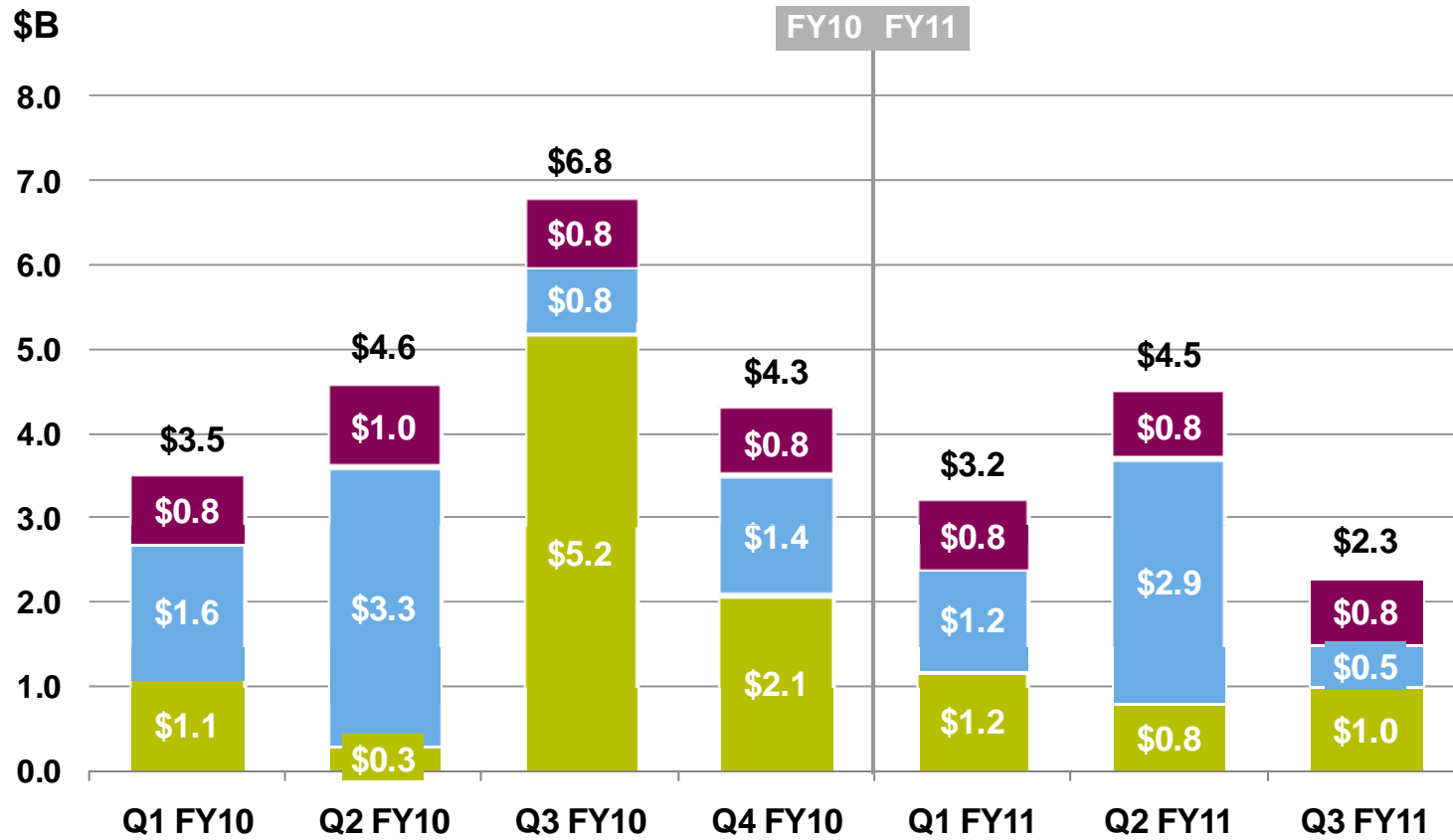


	Q1 FY10 Revenue		Q2 FY10 Revenue		Q3 FY10 Revenue		Q4 FY10 Revenue			
\$M			\$M		\$M		\$M			
NPS	\$	1,519	NPS	\$	1,622	NPS	\$	1,477		
MSS		1,564	MSS		1,579	MSS		1,618		
BSS		838	BSS		864	BSS		887		
Corporate and Elim.		(23)	Corporate and Elim.		(24)	Corporate and Elim.		(29)		
<b>Total</b>		<b>\$3,898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



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

## Non-GAAP Reconciliation

Operating Income \$M	Q3 FY11	Q3 FY10
Operating Income	\$ 298	\$ 377
Corporate G&A	(34)	(48)
Interest Expense	(43)	(50)
Interest Income	8	6
Other Income, Net	2	6
Income Before Taxes	\$ 231	\$ 291

Operating Income \$M	YTD FY11	YTD FY10
Operating Income	\$ 887	\$ 982
Corporate G&A	(105)	(123)
Interest Expense	(126)	(158)
Interest Income	25	20
Other Income, Net	40	15
Income Before Taxes	\$ 721	\$ 736

## Non-GAAP Reconciliation (Cont'd)

Free Cash Flow \$M*	Q3 FY11	Q3 FY10
Free Cash Flow	\$ 253	\$ (107)
Net Cash Used in Investing Activities	277	228
Acquisitions, Net of Cash Acquired	(93)	-
Dispositions	2	2
Payment on Capital Leases and Other Long-Term Asset Financing	23	8
Net Cash Provided by Operating Activities	\$ 462	\$ 131

Operating Costs \$M	Q3 FY11	Q3 FY10
Operating Costs	\$ 3,710	\$ 3,576
Corporate G&A	34	48
Interest Expense	43	50
Interest Income	(8)	(6)
Other Income, Net	(2)	(6)
Total Costs and Expenses	\$ 3,777	\$ 3,662

\*Capital lease payments, repayments of obligations related to assets acquired under long-term financing arrangements, and proceeds from the sale of P&E (included in investing activities) are included in the calculation of Free Cash Flow

## Net Debt Reconciliation

\$M	Q3 FY11	Q3 FY10
Debt		
Short-Term Borrowing	\$ 359	\$ 90
Long-Term, Current Maturities	112	41
Long-Term	2,343	4,176
Total Debt	\$ 2,814	\$ 4,307
Cash	1,629	2,427
Net Debt	\$ 1,185	\$ 1,880
Total Equity	\$ 7,222	\$ 6,680
Capital	\$ 10,036	\$ 10,987
Debt to Capital	28.0%	39.2%
Net Debt to Capital	11.8%	17.1%

## Components of Operating Costs

\$M	Q3 FY11	Q3 FY10
Cost of Services	\$ 3,232	\$ 3,105
Percentage of Revenue	80.6%	78.5%
SG&A (Excluding Corp. G&A)	209	191
Percentage of Revenue	5.2%	4.8%
Depreciation and Amortization	269	280
Percentage of Revenue	6.7%	7.1%
Operating Costs	3,710	3,576
Percentage of Revenue	92.6%	90.5%
Corporate G&A	34	48
Percentage of Revenue	.8%	1.2%

## Non-GAAP and Other Definitions

- **Operating Cost:** Equal to the sum of (1) cost of services, (2) business units SG&A, (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, (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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