

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

**CSC**

# 4th QUARTER FY 2011 EARNINGS PRESENTATION

May 25, 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 website 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.

As previously disclosed, in fiscal year 2011 the Company initiated an investigation into certain accounting errors in the Company's Managed Services Sector, primarily involving accounting irregularities in our Nordic region. On January 28, 2011, the Company was notified by the SEC that the SEC had commenced a formal civil investigation relating to these matters, with which the Company is cooperating. On May 2, 2011, the Audit Committee of our Board of Directors commenced its own independent investigation into these matters with the assistance of independent counsel and forensic accountants. The investigation of the accounting irregularities in the Nordic region is not sufficiently complete so as to allow the Audit Committee and the Company to determine the appropriateness of filing the Company's financial statements for the year ended April 1, 2011. Consequently, the Company will not be able to file its Form 10-K for the 2011 fiscal year before the required filing date of May 31, 2011. The Company currently anticipates that the Form 10-K will be filed on or before June 15, 2011. Investors are advised that all financial results and other financial data described herein should be considered preliminary and are subject to change to reflect any necessary additional corrections or adjustments, or changes in accounting estimates, that are identified in connection with these matters. The Company is unable to predict the effect, if any, the foregoing matters may have on its business, financial condition or results of operations.

# 4th QUARTER FY 2011 EARNINGS



CSC



**Mike Laphen**

Chairman, President, and  
Chief Executive Officer

## Message

**FY 2011 Perspective**

**Looking forward, FY 2012**

**FY 2012 Guidance**

# 4th QUARTER FY 2011 EARNINGS

**CSC**

**Mike Mancuso**

Vice President and  
Chief Financial Officer



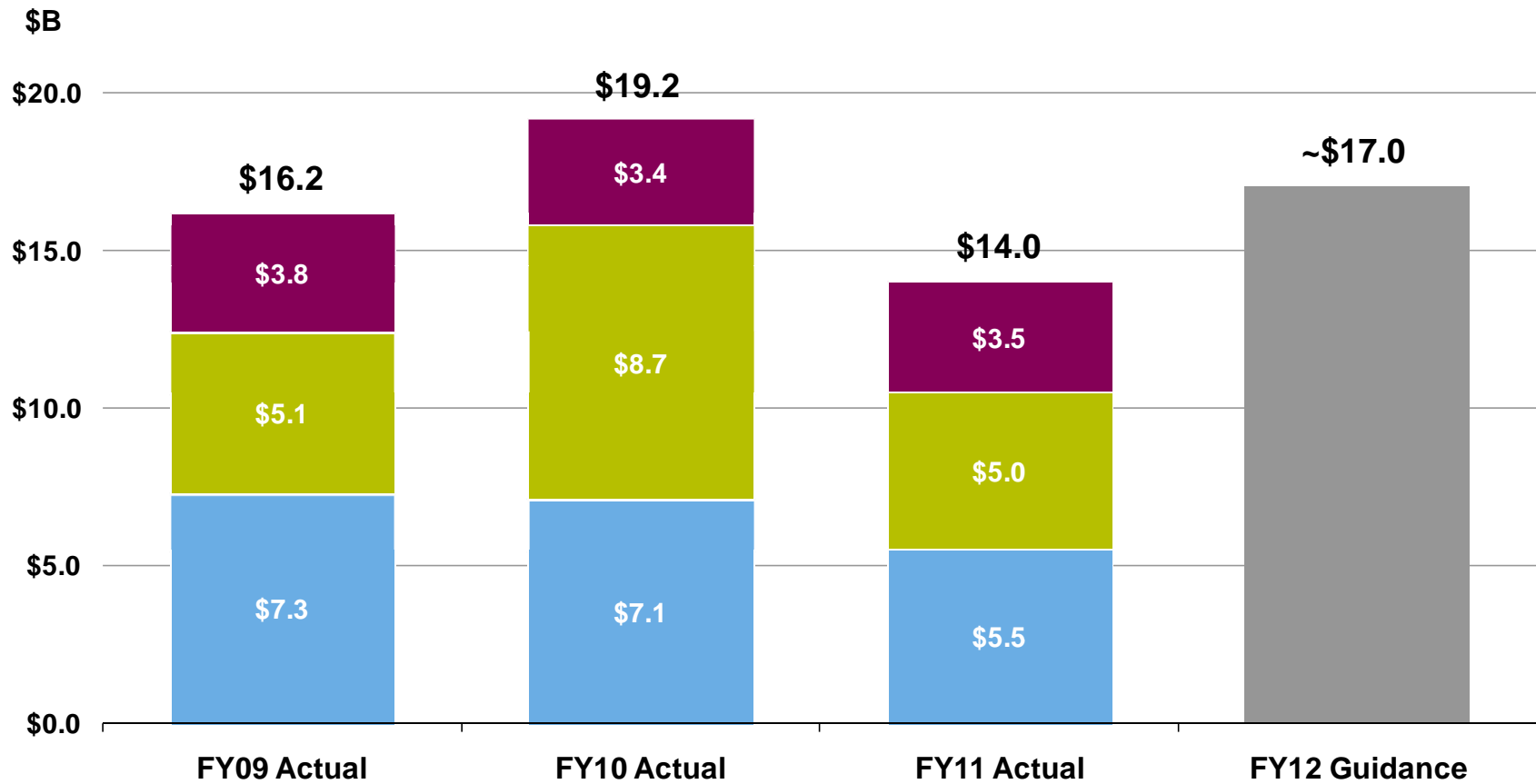
## Guidance Overview

	Guidance Feb 9 2011	Changes		Revised Guidance May 2 2011*	Preliminary Results
		NHS	ETR/Other		
Revenue	~\$16.2B	(\$0.1B)		\$16.1B	\$16.0B
Diluted EPS	\$5.20	(\$0.34)	(\$0.11)	\$4.75	\$4.73 <small>(includes \$0.22 from Disco Ops)</small>
Margin	8.0% – 8.5%	~(40 bps)		7.7%	7.6%
FCF % of NI**	>90%	~(35%)	~25%	80%	84%

\*Includes Discontinued Operations

\*\*Net Income attributable to CSC Common Shareholders

# New Business Bookings



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

## Profit and Loss Statement — 4th Quarter

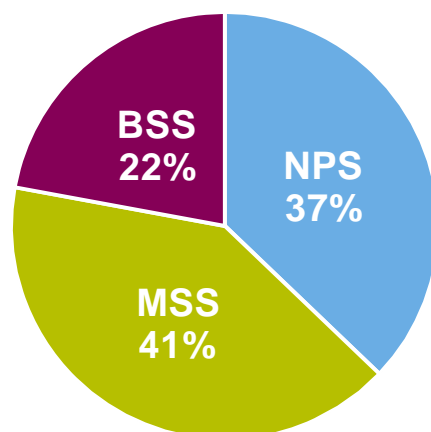
\$M	Q4 FY11 Preliminary	Q4 FY10 Actual	Favorable/ (Unfavorable)
Total Revenue	\$ 4,202	\$ 4,201	\$ 1
OI	338	425	(87)
OI Margin	8.04%	10.12%	-208 bps
Corporate G&A	33	45	12
Net Interest Expense	29	87	58
Other Income, Net	(6)	(5)	1
Income from Continuing Operations Before Taxes	282	298	(16)
Tax Rate	42.6%	11.4%	(31.2%)
Net Income Attributable to CSC Common Shareholders	171	259	(88)
Diluted EPS from Continuing Operations (GAAP)	\$ 1.01	\$ 1.66	\$ (0.65)

## Profit and Loss Statement — Full Year

\$M	FY11 Preliminary	FY10 Actual	Favorable/ (Unfavorable)
Total Revenue	\$ 16,042	\$ 15,921	\$ 121
OI	1,217	1,395	(178)
OI Margin	7.59%	8.76%	-117 bps
Corporate G&A	138	168	30
Net Interest Expense	131	225	94
Other Income, Net	(20)	(20)	-
Income from Continuing Operations Before Taxes	968	1,022	(54)
Tax Rate	25.1%	18.8%	(6.3%)
Net Income Attributable to CSC Common Shareholders	740	817	(77)
Diluted EPS from Continuing Operations (GAAP)	\$ 4.51	\$ 5.27	\$ (0.76)

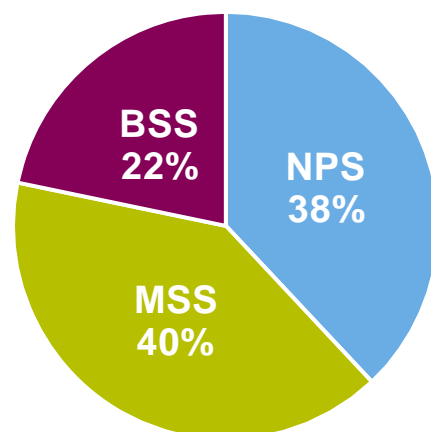
## Revenue by Lines of Business — Full Year

FY11



\$M	FY11		YoY Growth	
	Revenue	(GAAP)	(CC)	
NPS	\$ 6,002	(1.5)%	(1.5)%	
MSS	6,583	2.0%	2.1%	
BSS	3,570	2.5%	2.7%	
Corporate	(113)			
<b>Total</b>	<b>\$ 16,042</b>	<b>0.8%</b>	<b>0.9%</b>	

FY10



\$M	FY10	
	Revenue	
NPS	\$ 6,095	
MSS	6,451	
BSS	3,483	
Corporate	(108)	
<b>Total</b>	<b>\$ 15,921</b>	

**BSS** Business Solutions and Services

**NPS** North American Public Sector

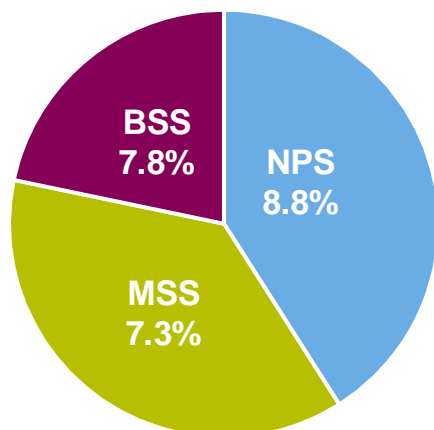
**MSS** Managed Services Sector

\*Percentages exclude Corp. and other eliminations

# Operating Income by Lines of Business — Full Year

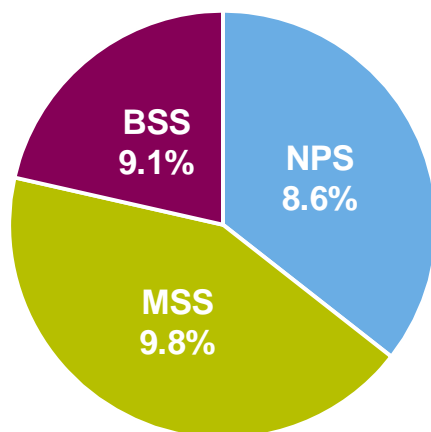
## Margin

FY11 7.6%



\$M		FY11
NPS	\$	528
MSS		481
BSS		280
Corporate and Elim.		(72)
<b>Total</b>	<b>\$</b>	<b>1,217</b>

FY10 8.8%

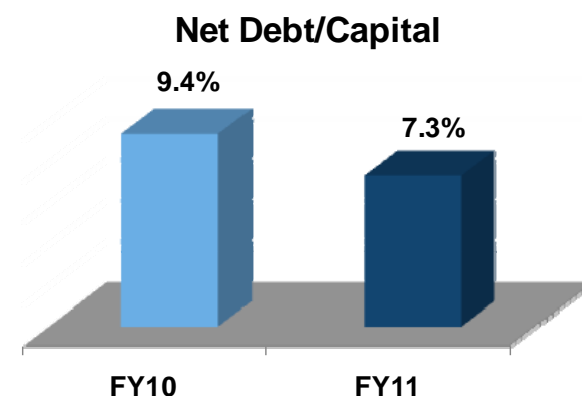
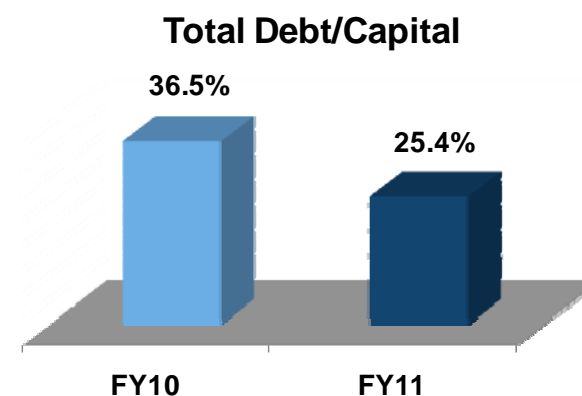


\$M		FY10
NPS	\$	524
MSS		633
BSS		316
Corporate and Elim.		(78)
<b>Total</b>	<b>\$</b>	<b>1,395</b>

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

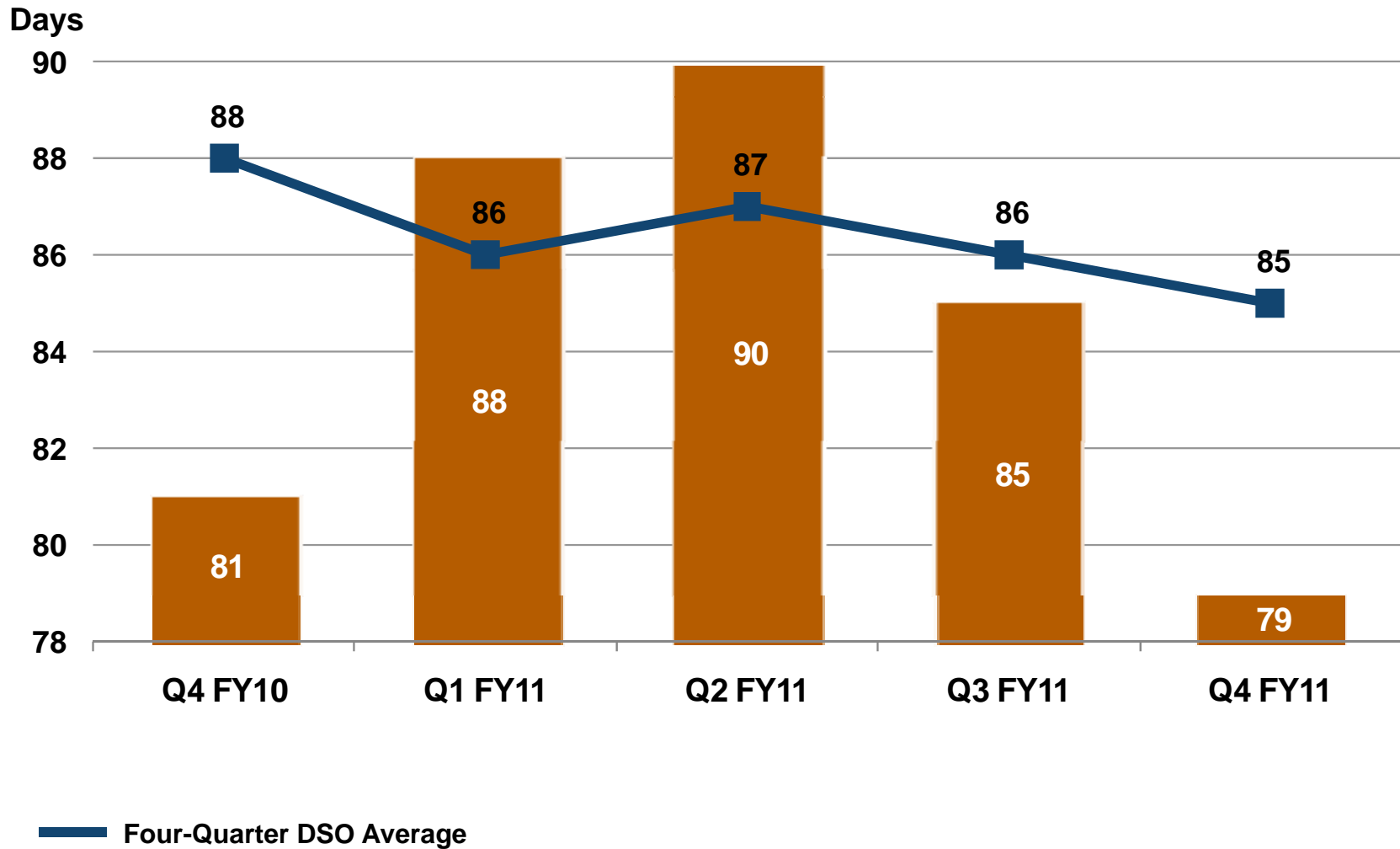
## Selected Balance Sheet Items

\$	FY11	FY10
<b>Assets</b>		
Cash and Cash Equivalents	\$ 1,837	\$ 2,784
Accounts Receivable*	3,640	3,747
Prepays/WIP	2,001	1,789
Goodwill	4,038	3,866
PP&E, Net	2,496	2,241
<b>Liabilities and Equity</b>		
Accounts Payable	\$ 517	\$ 409
Other Accrued Expenses	1,291	1,344
Deferred Revenue	987	1,189
Total Interest-Bearing Debt	2,579	3,744
Equity	7,560	6,508



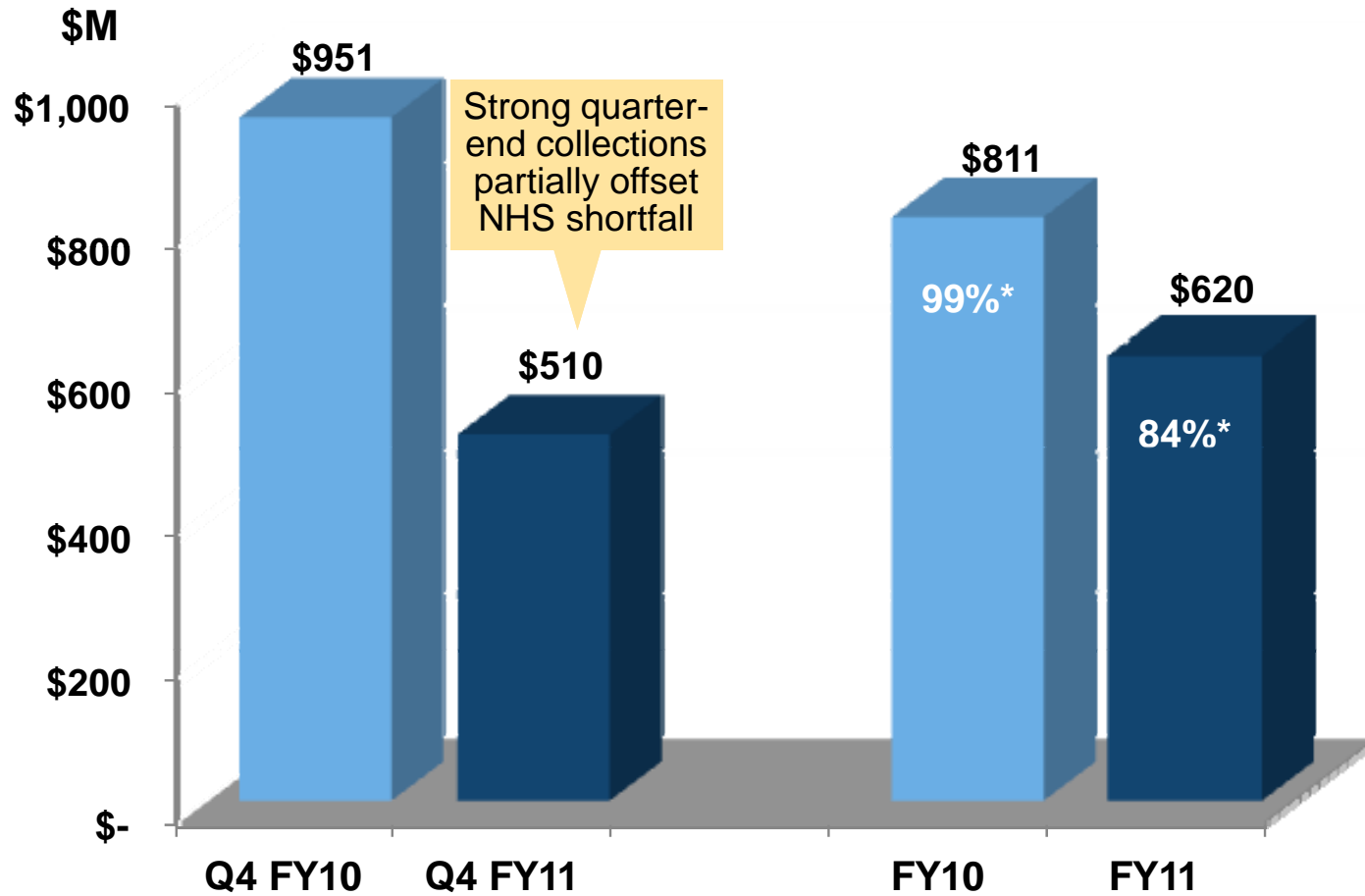
\*Excludes tax receivables of: FY11 \$79M, FY10 \$102M

# Days Sales Outstanding (DSO)\*



\*DSO excludes tax receivables

# Free Cash Flow



\*% of Net Income attributable to CSC Common Shareholders

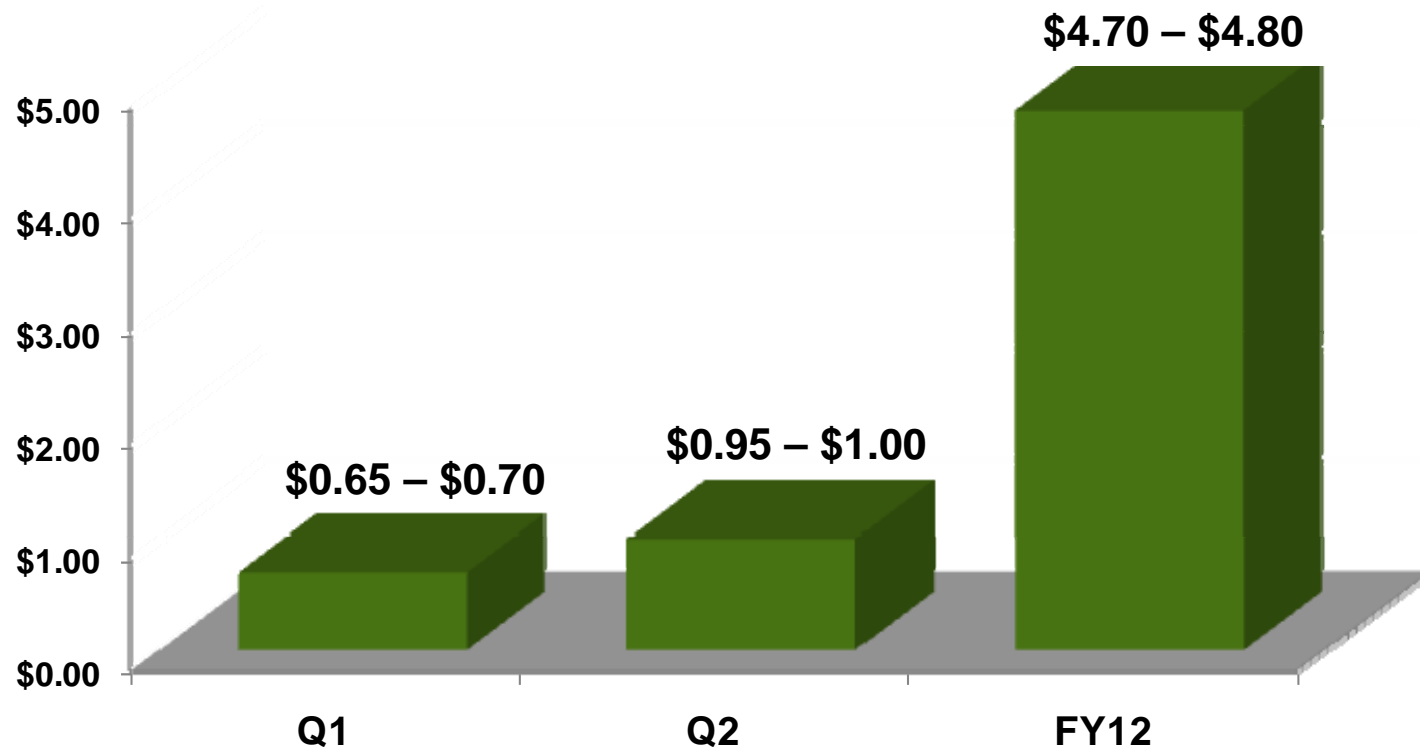
## FY 2012 Guidance\*

New Business Bookings	~\$17.0B
Revenue	\$16.5B – \$17.0B
Operating Income Margin	8.75% – 9.25%
Tax Rate	32.0%
EPS	\$4.70 – \$4.80
Free Cash Flow	>90% of Net Income**

\*Excludes iSOFT acquisition

\*\*Net Income attributable to CSC Common Shareholders

# FY 2012 EPS Guidance



## Summary

### **OUR STRATEGY IS SOUND**

### **WE HAVE WHAT IS NEEDED**

- Leading-edge technologies and capabilities
- Market-recognized leadership position
- Ample resources

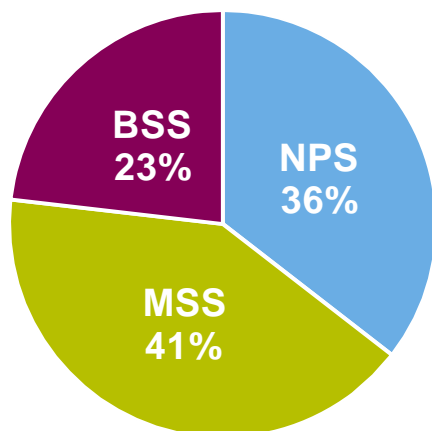
### **WE ARE COMMITTED TO DELIVERING ON OUR POTENTIAL**

**CSC**

# Supplemental Information

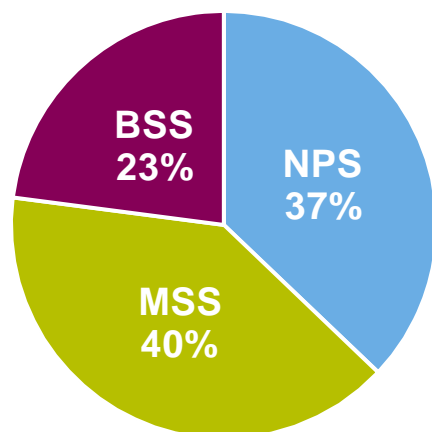
## Revenue by Lines of Business — 4th Quarter

Q4 FY11



\$M	Q4 FY11	YoY Growth	
	Revenue	(GAAP)	(CC)
NPS	\$ 1,503	(4.4)%	(4.4)%
MSS	1,751	3.6%	1.4%
BSS	981	1.0%	(1.4)%
Corporate	(33)		
<b>Total</b>	<b>\$ 4,202</b>	<b>0.0%</b>	<b>(1.4)%</b>

Q4 FY10



\$M	Q4 FY10 Revenue
NPS	\$ 1,572
MSS	1,690
BSS	971
Corporate	(32)
<b>Total</b>	<b>\$ 4,201</b>

**BSS** Business Solutions and Services

**NPS** North American Public Sector

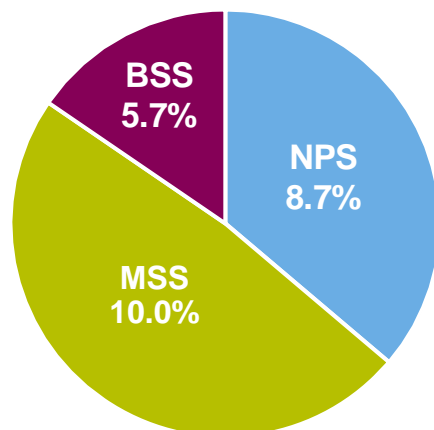
**MSS** Managed Services Sector

\*Percentages exclude Corp. and other eliminations

# Operating Income by Lines of Business — 4th Quarter

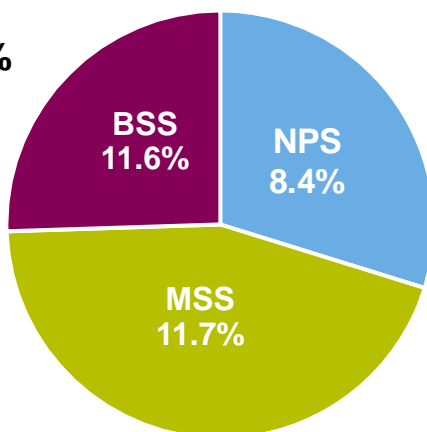
## Margin

Q4 FY11 8.0%



\$M		Q4 FY11
NPS	\$	131
MSS		175
BSS		56
Corporate and Elim.		(24)
<b>Total</b>	<b>\$</b>	<b>338</b>

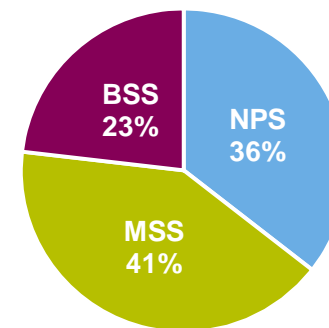
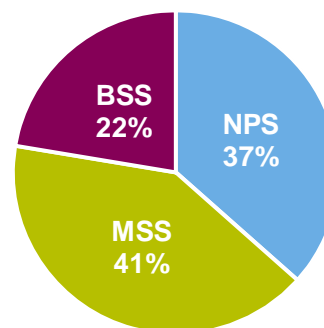
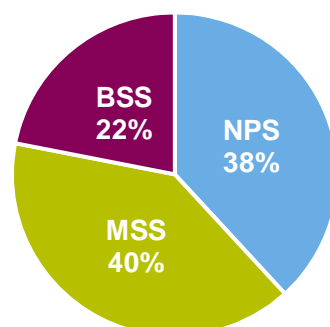
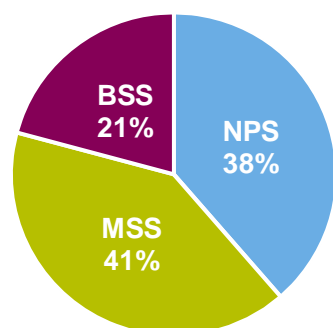
Q4 FY10 10.1%



\$M		Q4 FY10
NPS	\$	132
MSS		198
BSS		113
Corporate and Elim.		(18)
<b>Total</b>	<b>\$</b>	<b>425</b>

- BSS** Business Solutions and Services
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## FY11 Revenue by Lines of Business\*



	Q1 FY11 Revenue		Q2 FY11 Revenue		Q3 FY11 Revenue		Q4 FY11 Revenue			
\$M			\$M		\$M		\$M			
NPS	\$	1,519	NPS	\$	1,510	NPS	\$	1,470		
MSS		1,598	MSS		1,581	MSS		1,653		
BSS		821	BSS		868	BSS		900		
Corporate and Elim.		(28)	Corporate and Elim.		(24)	Corporate and Elim.		(28)		
<b>Total</b>		<b>\$3,910</b>	<b>Total</b>		<b>\$3,935</b>	<b>Total</b>		<b>\$3,995</b>		
								<b>Total</b>		<b>\$4,202</b>

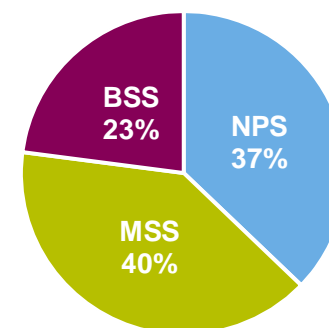
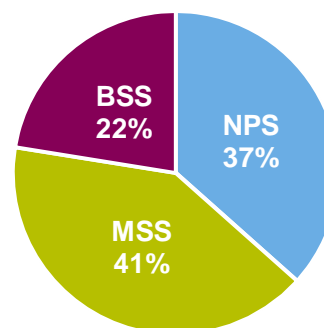
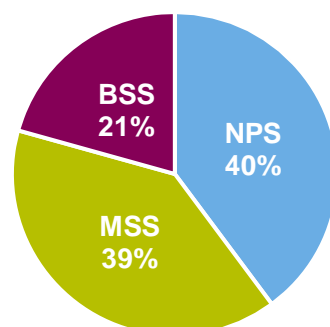
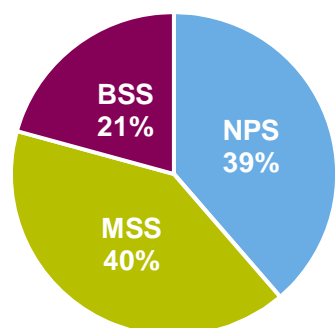
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\*Percentages exclude Corp. and other eliminations

## FY10 Revenue by Lines of Business\*



	Q1 FY10 Revenue		Q2 FY10 Revenue		Q3 FY10 Revenue		Q4 FY10 Revenue			
\$M			\$M		\$M		\$M			
NPS	\$	1,488	NPS	\$	1,591	NPS	\$	1,444		
MSS		1,564	MSS		1,579	MSS		1,618		
BSS		799	BSS		826	BSS		887		
Corporate and Elim.		(23)	Corporate and Elim.		(25)	Corporate and Elim.		(28)		
<b>Total</b>		<b>\$3,828</b>	<b>Total</b>		<b>\$3,971</b>	<b>Total</b>		<b>\$3,921</b>		
								<b>Total</b>		<b>\$4,201</b>

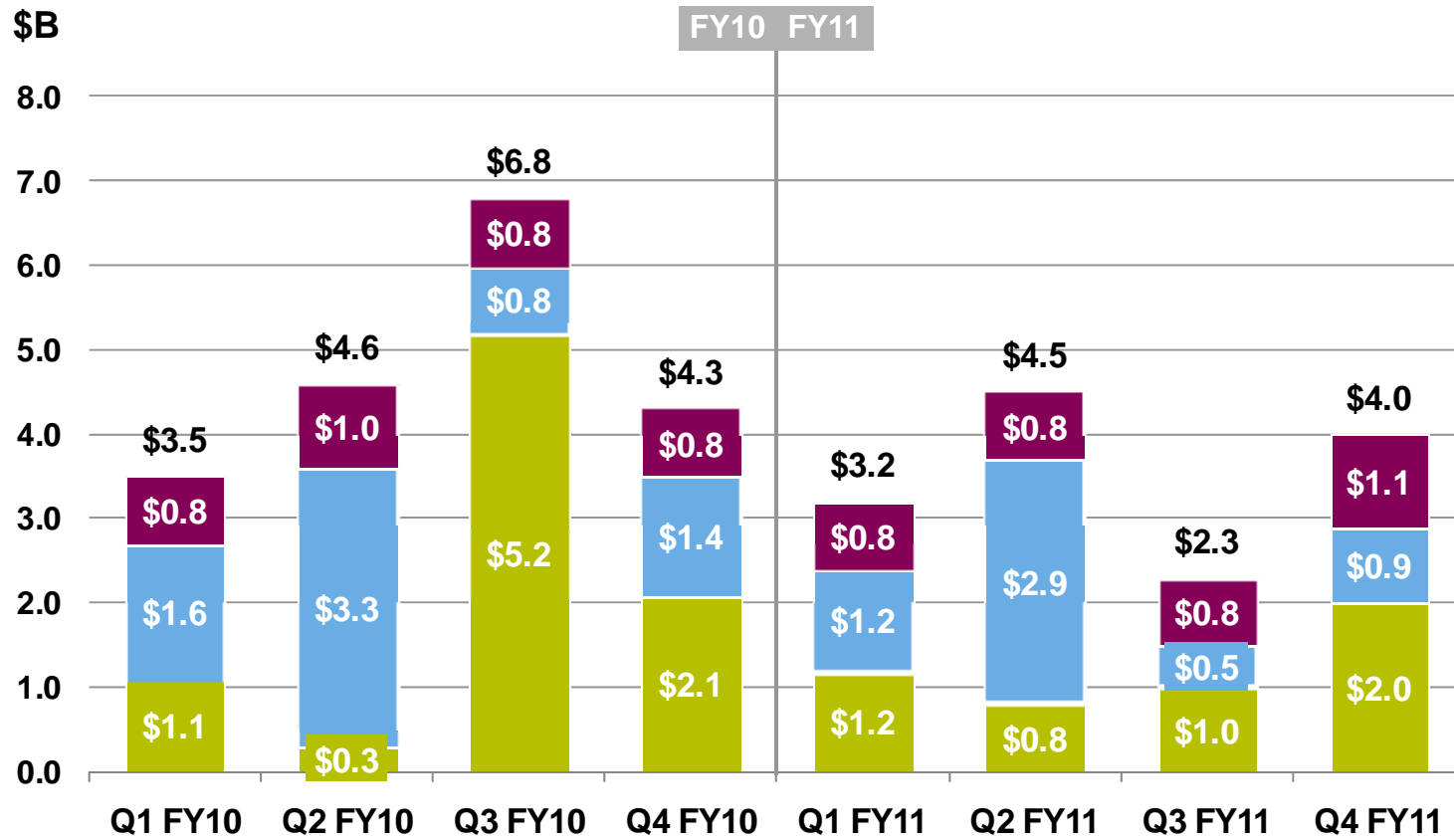
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\*Percentages exclude Corp. and other eliminations

# New Business Bookings



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

## Selected Cash Flow Items — Full Year

\$M	FY11	FY10
Net Income	\$ 759	\$ 834
Depreciation and Other	1,232	1,227
<b>Cash Flow from Earnings</b>	<b>1,991</b>	<b>2,061</b>
Change in Working Capital	(427)	(418)
<b>Operating Cash Flow</b>	<b>1,564</b>	<b>1,643</b>
Capital Expenditures*	944	832
<b>Free Cash Flow</b>	<b>\$ 620</b>	<b>\$ 811</b>
<b><i>% of Net Income Attributable to CSC Common Shareholders</i></b>	<b>84%</b>	<b>99%</b>

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

## Selected Cash Flow Items — 4th Quarter

\$M	Q4 FY11	Q4 FY10
Net Income	\$ 175	\$ 264
Depreciation and Other	360	334
<b>Cash Flow from Earnings</b>	<b>535</b>	<b>598</b>
Change in Working Capital	225	639
<b>Operating Cash Flow</b>	<b>760</b>	<b>1,237</b>
Capital Expenditures*	250	286
<b>Free Cash Flow</b>	<b>\$ 510</b>	<b>\$ 951</b>
<b><i>% of Net Income Attributable to CSC Common Shareholders</i></b>	<b>298%</b>	<b>367%</b>

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

## Non-GAAP Reconciliation

Operating Income \$M	Q4 FY11		Q4 FY10	
Operating Income	\$	338	\$	425
Corporate G&A		(33)		(45)
Interest Expense		(41)		(94)
Interest Income		12		7
Other Income, Net		6		5
Income from Continuing Operations Before Taxes	\$	282	\$	298
Operating Income \$M	YTD FY11		YTD FY10	
Operating Income	\$	1,217	\$	1,395
Corporate G&A		(138)		(168)
Interest Expense		(168)		(252)
Interest Income		37		27
Other Income, Net		20		20
Income from Continuing Operations Before Taxes	\$	968	\$	1,022

## Non-GAAP Reconciliation (Cont'd)

Free Cash Flow \$M*	Q4 FY11	Q4 FY10
Free Cash Flow	\$ 510	\$ 951
Net Cash Used in Investing Activities	157	276
Acquisitions, Net of Cash Acquired	-	-
Dispositions	65	-
Payment on Capital Leases and Other Long-Term Asset Financing	28	10
Net Cash Provided by Operating Activities	\$ 760	\$ 1,237
Operating Costs \$M	Q4 FY11	Q4 FY10
Operating Costs	\$ 3,864	\$ 3,776
Corporate G&A	33	45
Interest Expense	41	94
Interest Income	(12)	(7)
Other Income, Net	(6)	(5)
Total Costs and Expenses	\$ 3,920	\$ 3,903

\*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	Q4 FY11	Q4 FY10
Debt		
Short-Term Borrowing	\$ 29	\$ 21
Long-Term, Current Maturities	141	54
Long-Term	2,409	3,669
Total Debt	\$ 2,579	\$ 3,744
Cash	1,837	2,784
Net Debt	\$ 742	\$ 960
Total Equity	\$ 7,560	\$ 6,508
Capital	\$ 10,139	\$ 10,252
Debt to Capital	25.4%	36.5%
Net Debt to Capital	7.3%	9.4%

## Components of Operating Costs

\$M	Q4 FY11	Q4 FY10
Cost of Services	\$ 3,386	\$ 3,292
Percentage of Revenue	80.6%	78.4%
SG&A (Excluding Corp. G&A)	202	211
Percentage of Revenue	4.8%	5.0%
Depreciation and Amortization	276	273
Percentage of Revenue	6.6%	6.5%
Operating Costs	3,864	3,776
Percentage of Revenue	92.0%	89.9%
Corporate G&A	33	45
Percentage of Revenue	0.8%	1.1%

## 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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