



**Consolidated Statements of Income**  
(preliminary unaudited)

	<b>Second Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>Oct. 3, 2008</b>	<b>Sept. 28, 2007</b>	<b>Oct. 3, 2008</b>	<b>Sept. 28, 2007</b>
<u>(In millions except per-share amounts)</u>				
Revenues	\$4,238.7	\$4,017.2	\$8,675.8	\$7,855.1
Costs of services (excludes depreciation and amortization)	3,406.7	3,253.8	7,008.0	6,351.9
Selling, general and administrative	285.3	241.1	562.8	481.7
Depreciation and amortization	312.1	292.2	629.3	571.2
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)
Total costs and expenses	4,053.6	3,845.6	8,317.3	7,513.8
Income before taxes	185.1	171.6	358.5	341.3
Taxes on income	(266.6)	95.8	(213.8)	157.4
Net income	<u>\$ 451.7</u>	<u>\$ 75.8</u>	<u>\$ 572.3</u>	<u>\$ 183.9</u>
Basic	<u>\$ 2.98</u>	<u>\$ 0.44</u>	<u>\$ 3.78</u>	<u>\$ 1.06</u>
Diluted	<u>\$ 2.95</u>	<u>\$ 0.43</u>	<u>\$ 3.74</u>	<u>\$ 1.04</u>
Average common shares outstanding for:				
Basic EPS	151.396	172.018	151.288	172.947
Diluted EPS	153.107	175.264	153.085	176.439
Operating income	\$ 282.2	\$ 271.2	\$ 564.1	\$ 522.6

**Selected Balance Sheet Data**

(preliminary unaudited)

<u>(In millions)</u>	<u>Oct. 3, 2008</u>	<u>March 28, 2008</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 741.6	\$ 698.9
Receivables	4,243.6	4,564.7
Prepaid expenses and other current assets	1,828.5	1,764.5
Total current assets	<u>6,813.7</u>	<u>7,028.1</u>
Property and equipment, net	2,576.8	2,764.6
Outsourcing contract costs, net	792.5	925.4
Software, net	516.3	527.4
Goodwill, net	3,867.6	3,975.2
Other assets	611.0	659.0
Total assets	<u><u>\$15,177.9</u></u>	<u><u>\$15,879.7</u></u>
<b>Liabilities</b>		
Short-term debt and current maturities of long-term debt	\$ 1,108.2	\$ 838.4
Accounts payable	539.1	798.1
Accrued payroll and related costs	836.6	926.6
Other accrued expenses	1,345.0	1,638.7
Deferred revenue	928.0	1,078.5
Income taxes payable and deferred income taxes	322.1	414.9
Total current liabilities	<u>5,079.0</u>	<u>5,695.2</u>
Long-term debt, net	2,665.1	2,635.3
Income tax liabilities	852.0	1,235.6
Other long-term liabilities	842.9	851.8
Stockholders' Equity	<u>5,738.9</u>	<u>5,461.8</u>
Total liabilities and stockholders' equity	<u><u>\$15,177.9</u></u>	<u><u>\$15,879.7</u></u>
Debt as a percentage of total capitalization	39.7%	38.9%

## Consolidated Statements of Cash Flows

(preliminary unaudited)

(In millions)	Six Months Ended	
	Oct. 3, 2008	Sept. 28, 2007
Cash flows from operating activities:		
Net income	\$ 572.3	\$ 183.9
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization and other non-cash charges	680.9	604.4
Stock based compensation	33.8	35.5
Provision or losses on accounts receivable	11.8	2.1
Foreign currency exchange loss	(19.0)	(8.8)
Gain (loss) on dispositions, net of taxes	1.6	(3.3)
Changes in assets and liabilities, net of effects of acquisitions:		
Decrease (increase) in assets	159.0	(441.4)
Decrease in liabilities	(1,095.4)	(464.2)
Net cash provided by (used in) operating activities	345.0	(91.8)
Investing activities:		
Purchases of property and equipment	(362.1)	(433.3)
Outsourcing contracts	(72.6)	(61.4)
Acquisitions	(62.8)	(1,315.6)
Software	(98.8)	(78.3)
Other investing cash flows	39.5	8.2
Net cash used in investing activities	(556.8)	(1,880.4)
Financing activities:		
Net borrowings (repayments) of commercial paper, net	472.1	(0.4)
Borrowings under lines of credit	280.2	305.6
Repayments on lines of credit	(161.4)	(215.9)
Principal payments on long-term debt	(316.1)	(19.5)
Proceeds from debt issuance		1,391.3
Proceeds from stock options, and other common stock transactions	12.3	73.2
Repurchase of common stock, net of settlement	(3.3)	(153.1)
Excess tax benefit from stock-based compensation	1.3	8.9
Other financing cash flows	2.1	2.9
Net cash provided by financing activities	287.2	1,393.0
Effect of exchange rate changes on cash and cash equivalents	(32.7)	19.9
Net increase (decrease) in cash and cash equivalents	42.7	(559.3)
Cash and cash equivalents at beginning of year	698.9	1,050.1
Cash and cash equivalents at end of period	\$ 741.6	\$ 490.8

## Non-GAAP Financial Measures

The following tables reconcile operating income and free cash flow to the most directly comparable financial measure calculated and presented in accordance with accounting principles generally accepted in the United States (GAAP). 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. Management uses operating income to evaluate business unit financial performance and it is one of the measures used in assessing management performance. One of the limitations associated with the use of operating income (as compared to reported earnings) is that it does not reflect the complete financial results of the Company. CSC compensates for these limitations by providing a reconciliation between operating income and reported earnings.

### GAAP Reconciliations

(In millions)

Operating Income (preliminary and unaudited)	Second Quarter Ended		Six Months Ended	
	Oct. 3, 2008	Sept. 28, 2007	Oct. 3, 2008	Sept. 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 expense (income)	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	<u>\$ 451.7</u>	<u>\$ 75.8</u>	<u>\$ 572.3</u>	<u>\$ 183.9</u>

Free Cash Flow (preliminary unaudited)	Second Quarter Ended		Six Months Ended	
	Oct. 3, 2008	Sept. 28, 2007	Oct. 3, 2008	Sept. 28, 2007
Free cash flow	\$ 166.3	\$ (15.2)	\$ (162.8)	\$ (676.0)
Net cash used in investing activities	228.3	1,636.7	556.8	1,880.4
Acquisitions, net of cash acquired	(0.4)	(1,315.6)	(62.8)	(1,315.6)
Capital lease payments	6.8	8.0	13.8	19.4
Net cash provided by (used in) operating activities	<u>\$ 401.0</u>	<u>\$ 313.9</u>	<u>\$ 345.0</u>	<u>\$ (91.8)</u>
Net cash used in investing activities	<u>\$(228.3)</u>	<u>\$(1,636.7)</u>	<u>\$(556.8)</u>	<u>\$(1,880.4)</u>
Net cash (used in) provided by financing activities	<u>\$ (11.6)</u>	<u>\$ (25.8)</u>	<u>\$ 287.2</u>	<u>\$ 1,393.0</u>

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 Financial Measures (continued)****Earnings per Share Reconciliation (preliminary unaudited)**

The following table is presented to illustrate the impact of the special items on earnings per share. It also provides a reconciliation of the earnings per share amount relating to earnings per share for continuing operations. The earnings per share amounts presented below include non-GAAP measures. This table should be read in conjunction with the Consolidated Statements of Income within this release on which the GAAP earnings per share measures are presented. Earnings per share before special items provides a basis for comparing current operating performance to past and future operating performance. 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. Management uses earnings before special items to evaluate business unit financial performance and it is one of the measures used in assessing management performance. One of the limitations associated with the use of earnings before special items (as compared to reported earnings) is that it does not reflect the complete financial results of the Company. CSC compensates for these limitations by providing a reconciliation between earnings before special items and reported earnings.

	<b>Second Quarter Ended</b>			
	<b>October 3, 2008</b>		<b>September 28, 2007</b>	
	<b>Amount</b>	<b>EPS (diluted)</b>	<b>Amount</b>	<b>EPS (diluted)</b>
Net income and EPS (diluted), as reported	\$451.7	\$2.95	\$ 75.8	\$0.43
Income from total operations	451.7	2.95	75.8	0.43
Add back: Special items			19.3	0.11
Income from continuing operations before special items	<u>\$451.7</u>	<u>\$2.95</u>	<u>\$ 95.1</u>	<u>\$0.54</u>
Average common shares outstanding for diluted EPS		153.107		175.264
	<b>Six Months Ended</b>			
	<b>October 3, 2008</b>		<b>September 28, 2007</b>	
	<b>Amount</b>	<b>EPS (diluted)</b>	<b>Amount</b>	<b>EPS (diluted)</b>
Net income and EPS (diluted), as reported	\$572.3	\$3.74	\$183.9	\$1.04
Income from total operations	572.3	3.74	183.9	1.04
Add back: Special items			52.7	0.30
Income from continuing operations before special items	<u>\$572.3</u>	<u>\$3.74</u>	<u>\$236.6</u>	<u>\$1.34</u>
Average common shares outstanding for diluted EPS		153.085		176.439