



CSC Investor Highlights

2ND QUARTER REPORT

Investor Highlights -- Fiscal 1998 (Quarter Ended September 26, 1997)

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CSC's Business

Computer Sciences Corporation provides a full range of services to industry and government worldwide:

- [Management consulting](#)
- [Systems consulting, design and integration](#)
- [Systems operations and outsourcing](#)

Corporations enlist CSC's expertise to attain strategic goals, while both industry and governments use its services to increase productivity and efficiency.

CSC operates in a strong, global market environment and is continuing to benefit from the growing demand for management consulting and information technology solutions worldwide.

CSC had \$6 billion in revenue for the 12 months ended 9/26/97. The company has more than 44,000 employees and more than 600 offices

LETTER TO SHAREHOLDERS - Sept. 26, 1997

We reported that earnings per share for our fiscal 1998 second quarter increased 17.5% to 74 cents per share from 63 cents per share for last year's second quarter. Last year's 63 cents per share excludes a charge related to the August 1, 1996 acquisition of Continuum; after the charge, earnings per share were 18 cents.

Net income for the current quarter of \$58.6 million increased 18.8% over last year's pre-charge earnings of \$49.3 million. After the charge, net income was \$14 million for last year's second quarter. Revenues for the fiscal 1998 second quarter rose 16.5% to \$1.58 billion from \$1.36 billion for the prior year period.

For the current six month period, net income increased 17.5% to \$111.1 million from last year's pre-charge earnings of \$94.6 million. With the charge, net income was \$59.3 million for the year ago period. Net income for the first six months of the year includes a net special credit of \$1.7 million. Revenues for the six months totaled \$3.07 billion, up 15.4% from \$2.66 billion for the first half of the 1997 fiscal year.

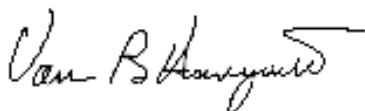
For the quarter just ended, U.S. commercial revenue rose to \$679.8 million, an increase of 29.7% from the \$524.1 million last year. The growth resulted from increases in our outsourcing activities, about half of which came from large contracts with DuPont and CNA, and our management consulting and systems integration businesses.

European revenue for the quarter increased 17.7% to \$408.9 million from \$347.4 million for last year's second fiscal quarter. Other international revenue for the quarter totaled \$102.8 million, up 12.2% from the \$91.6 million posted in the prior year's second quarter.

worldwide.

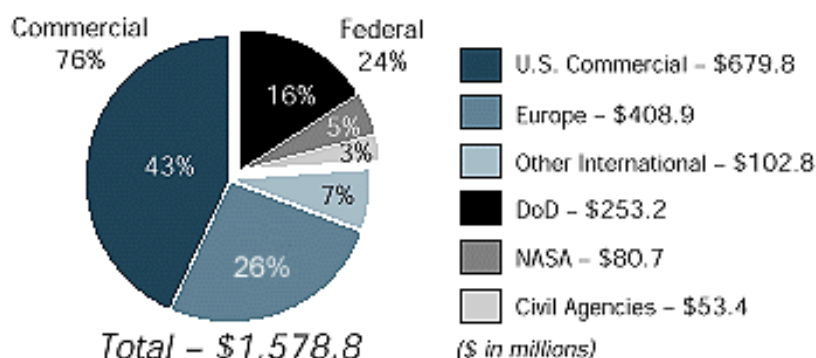
U.S. federal revenue was \$387.3 million versus \$392.2 million for the fiscal 1997 second quarter. We have won nearly \$800 million in new federal contracts so far this year and expect improving federal revenue during the rest of the year. Just in the last three months, we were part of a team that won the General Services Administration (GSA) Telecommunications Services contract, and received a key Department of Transportation contract. Notably, two weeks ago, we won the GSA's Virtual Data Center Services contract, which is the federal government's first true outsourcing award.

Our results for the second quarter were excellent, with strong revenue growth and improved margins, and as we look ahead, new business prospects are strong.



Van B. Honeycutt
Chairman, President and Chief Executive Officer

2ND Quarter FY 1998 Revenues by Major Market



INVESTMENT DATA

NYSE: CSC
Recent Closing Price: \$71 1/16 (11/10/97)
52-Week Range: \$64 1/8 - 86 1/2
Shares Outstanding: 77.6 million
Shareholders: Approx. 72,700 Total
Institutional Ownership: 66.7%
Average Daily Trading Volume:
2nd Quarter FY98 - 345,055 Shares

MANAGEMENT CONSULTING

MORE



Dramatically improves client organizations' operations. Often streamlines basic business processes. Examples:

- Merrill Lynch** -- CSC was engaged by the company's retail financial services group to assist with two major technology initiatives: the Trusted Global Advisor (TGA) system, a state-of-the-art network and information system to connect Merrill Lynch's 13,000 financial consultants; and Merrill Lynch OnLine, a personalized and secure information channel available to more than three million client users through the Internet.
- Gamog N.V.** -- A major natural gas distributor in the Netherlands, Gamog called upon CSC to help the company reduce its processing time and gas pipeline infrastructure management costs. CSC is now working closely with a project team composed of Gamog managers to develop the blueprint for a new network design.

SYSTEMS CONSULTING, DESIGN AND INTEGRATION

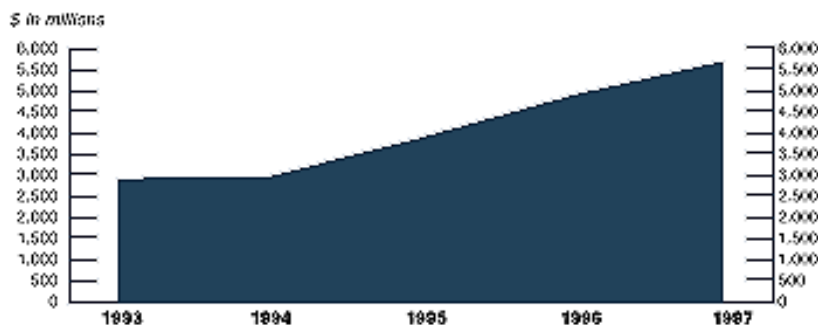
Designs, develops and builds information technology systems. Combines hardware, software and communications into more productive systems.

Examples:

Lockheed Martin Corp. -- CSC will support the development of an AEGIS Combat system for the Spanish F-100 class of frigate. The contract offers unique challenges as it involves both U.S. and Spanish computer processes, display devices, weapons and sensors.

Kaman Aerospace -- Under a contract signed with Kaman Aerospace, CSC will integrate a range of simulation, software development, mission planning and debriefing systems for the Royal Australian Navy's new Intermediate Helicopter Program. The contract also includes a requirement to build a flight simulator.

CSC Revenue Growth FY 1993-1997* (unaudited) CAGR-19%



* CSC's fiscal year ends the Friday closest to March 31.

SYSTEMS OPERATIONS AND OUTSOURCING

Directly operate clients' information systems. CSC often acquires clients' systems and employees. Examples:

DuPont -- CSC is supporting the growth strategies of DuPont's various businesses to help increase shareholder value. CSC will operate DuPont's global information systems and technology infrastructure and provide selected applications and software services.

General Dynamics -- CSC will manage all information technology operations for two of General Dynamics' new business units, GD Defense Systems Inc. and GD Armanent Systems Inc. Specific areas of responsibility will include all mainframe and mid-range computers, as well as applications, desktop, help desk and network functions.

Deutsche Leasing AG -- CSC will take over all information technology services for Deutsche Leasing, Germany's largest full-range leasing company, with the goals of improving performance, reducing costs and introducing innovative new business practices.

Australian Mutual Provident Society (AMP) -- CSC Australia will provide mid-range data processing and desktop services to AMP in Australia. CSC Australia will also purchase, operate and upgrade AMP's wide area network.

MORE



RESEARCH COVERAGE

A.G. Edwards (John Puricelli)
Barrington Research

(Frank Sparacino)
Bear, Stearns (Jim Kissane)
BT Alex. Brown (Ed Caso)
Cowen & Co. (Hugh Shytle)
Deutsche Morgan Grenfell

(Mark Wolfenberger)
Donaldson, Lufkin & Jenrette

(Thomas Rooney)
Goldman Sachs (Greg Gould)
J.P. Morgan Securities (Raimundo Archibold)
Lehman Brothers

(Patrick Burton, Karl Keirstead)
Merrill Lynch (Steve McClellan)
Morgan Stanley\DW (David Togut)
Oppenheimer & Co.

(Andrew Burns)
Prudential Securities

(Thomas Brown)
Robertson Stephens (Stephen Birer)
Robinson Humphrey (David Keil)
Smith Barney (Greg Gieber)
Sound View Financial Group

(Gary Helmig)
Standard & Poors Corporation

(Brian Goodstadt)
UBS Securities, Inc.

(Moshe Katri)
Value Line (David Rosenfield)
Wheat, First Securities (Jeff Newman)

Consolidated Condensed Balance Sheets

<i>In thousands</i>	<i>Sept. 26, 1997</i>	<i>Mar. 28, 1997</i>
	<i>(unaudited)</i>	
Assets:		
Current assets	\$ 1,665,100	\$ 1,612,427
Property and equipment, net of depreciation and amortization	934,577	888,069
Excess of cost of businesses acquired over related net assets, net	546,843	561,670
Other assets	645,072	518,692
Total assets	\$ 3,791,592	\$ 3,580,858
Liabilities and shareholders' equity:		
Current liabilities	\$ 1,041,691	\$ 1,087,113
Long-term liabilities	929,319	824,185
Shareholders' equity	1,820,582	1,669,560
Total liabilities and shareholders' equity	\$ 3,791,592	\$ 3,580,858

Consolidated Condensed Statements of Cash Flows (unaudited)

<i>In thousands</i>	<i>Six Months</i>	
	<i>Sept. 26, 1997</i>	<i>Sept. 27, 1996</i>
Cash flows from operating activities:		
Net income	\$ 111,141	\$ 59,283
Adjustments to reconcile net income to net cash provided:		
Special items, net of income taxes	6,342	35,280
Depreciation and amortization	184,718	152,509
Provision for losses on accounts receivable	2,555	6,689
Changes in assets and liabilities, net of effects of acquisitions:		
Increase in assets	(135,112)	(199,264)
(Decrease) increase in liabilities	(6,752)	35,274
Net cash provided by operating activities	162,892	89,771
Net cash used in investing activities	(360,605)	(347,205)
Net cash provided by financing activities	154,913	185,415
Net decrease in cash and equivalents	(42,800)	(72,019)
Cash and equivalents at beginning of year	110,726	113,873
Cash and equivalents at end of period	\$ 67,926	\$ 41,854

Consolidated Condensed Statements of Income (unaudited)

<i>In thousands except per share amounts</i>	<i>Second Quarter</i>		<i>Six Months Ended</i>	
	<i>Sept. 26, 1997</i>	<i>Sept. 27, 1996</i>	<i>Sept. 26, 1997</i>	<i>Sept. 27, 1996</i>
Revenues	\$ 1,578,824	\$ 1,355,255	\$ 3,067,574	\$ 2,659,147
Costs of services	1,231,109	1,073,502	2,402,375	2,110,710
Selling, general and administrative	148,269	116,306	286,882	232,759
Depreciation and amortization	95,963	80,902	184,718	152,509
Interest, net	11,130	8,606	20,465	15,457
Special charges		48,929 ^(a)	208,393^(b)	48,929 ^(a)
Total costs and expenses	1,486,471	1,328,245	3,102,833	2,560,364
Income before taxes	92,353	27,010	(35,259)	98,783
Taxes on income	33,800	13,004	(146,400)	39,500
Net income	\$ 58,553	\$ 14,006	\$ 111,141	\$ 59,283
Earnings per common share	\$ 0.74	\$ 0.18	\$ 1.41	\$ 0.76
Average shares and equivalents	79,118	78,022	78,819	77,924

(a) As previously disclosed, a special charge of \$48.9 million was recorded for the second quarter ended September 27, 1996, related to the August 1, 1996 acquisition of The Continuum Company, Inc. The charge, net of income taxes, was \$35.3 million or 45 cents per share.

(b) As previously disclosed, the results for the first quarter ended June 27, 1997 included a net special credit of \$1.7 million, or 2 cents per share. The net credit resulted from a \$208.4 million special charge (\$133.3 million after tax) and a \$135.0 million tax benefit, both of which related to developments at an affiliated joint venture during the first quarter.

Revenues By Market Sector (unaudited)

<i>In millions</i>	<i>Second Quarter</i>			
	<i>Sept. 26, 1997</i>	<i>Sept. 27, 1996</i>	<i>% of Total FY98</i>	<i>% of Total FY97</i>
U.S. commercial	\$ 679.8	\$ 524.1	43%	39%
Europe	408.9	347.4	26	25
Other international	102.8	91.6	7	7
Global commercial	1,191.5	963.1	76	71
Department of Defense	253.2	253.4	16	19
NASA	80.7	75.1	5	5
Civil agencies	53.4	63.7	3	5
U.S. federal government	387.3	392.2	24	29
Total revenues	\$ 1,578.8	\$ 1,355.3	100%	100%

<i>In millions</i>	<i>Six Months Ended</i>			
	<i>Sept. 26, 1997</i>	<i>Sept. 27, 1996</i>	<i>% of Total FY98</i>	<i>% of Total FY97</i>
U.S. commercial	\$ 1,284.6	\$ 999.5	42%	37%
Europe	789.6	647.7	26	24
Other international	202.5	174.1	6	7
Global commercial	2,276.7	1,821.3	74	68
Department of Defense	521.0	550.4	17	21
NASA	156.6	150.6	5	6
Civil agencies	113.3	136.8	4	5
U.S. federal government	790.9	837.8	26	32
Total revenues	\$ 3,067.6	\$ 2,659.1	100%	100%

SHAREHOLDER SERVICES

Registered shareholders with questions concerning the transfer or registration of their shares may call our Shareholder Relations office at (800) 542-3070.

For prompt assistance on address changes, consolidation of duplicate accounts or related matters, shareholders should write or call CSC's transfer agent:

ChaseMellon
Shareholder Services LLC
P.O.Box 590
Ridgefield Park, New Jersey 07660
USA
(212) 613-7427
(800) 526-0801

INTERNET

CSC's home page address on the Internet:

<http://www.csc.com>

E-Mail inquiries are also welcomed at:

InvestorRelations@csc.com

FINANCIAL COMMUNITY INFORMATION

Inquiries from institutional investors, financial analysts, and portfolio managers should be directed to:

Spencer Davis (310) 615-1700
Director, Investor Relations

Inquiries from individual shareholders and registered representatives should be directed to:

Lisa M. Prukop (310) 615-1680
Supervisor, Investor Relations

LITERATURE REQUESTS

To receive reports recent financial reports, press releases and other corporate information please call:

CSC's automated request line:
(310) 615-4455 or
CSC's facsimile service at:
(800) 549-0676

INQUIRIES

Investor Highlights is designed for individual investors and professionals who advise them, and does not constitute an offer to buy or sell securities. To obtain additional information, e-mail or write:

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