



CSC Investor Highlights

3RD QUARTER REPORT

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

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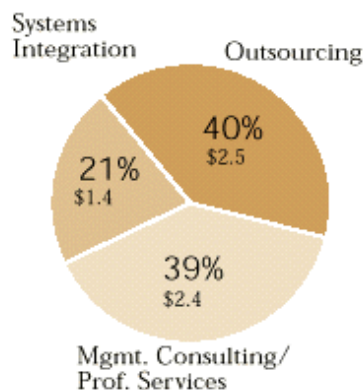
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Revenues by Business Sector

(\$ in billions)



Total CY97 – \$6.3 billion

CSC's Business

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

- [Management consulting/professional services;](#)
- [Information systems consulting, design and integration;](#)
- [Systems operations and outsourcing](#)

Corporations enlist CSC's expertise to attain strategic goals, while both industry and government use our 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.

CSC had \$6.3 billion in revenue for the 12 months ended 12/26/97. The company has 44,000 employees in 600

LETTER TO SHAREHOLDERS - February 10, 1998

We reported that earnings per share for our fiscal 1998 third quarter increased 19.2% to 87 cents per share (diluted) from 73 cents per share for last year's third quarter.

Net income for the current quarter of \$69.1 million increased 20.5% over last year's earnings of \$57.4 million. Revenues for the fiscal 1998 third quarter rose 17.1% to \$1.66 billion from \$1.42 billion for the prior year period.

For the current nine month period, net income advanced 17.5% to \$178.6 million from last year's earnings of \$152.0 million, before a charge taken relating to the August 1, 1996 acquisition of Continuum. After the charge, net income was \$116.7 million for the year ago nine month period. Net income for the first nine months of the current year includes a previously reported net special credit of \$1.7 million. Revenues for the nine months totaled \$4.73 billion, up 15.9% from \$4.08 billion for the same period last year.

For the quarter just ended, U.S. commercial revenue rose to \$712.3 million, an increase of 32.0% from the \$539.7 million last year.

Outsourcing revenue increased in several vertical markets, including our contract with DuPont (chemicals, oil and gas) and contracts with CNA, ING and J. P. Morgan (financial and insurance services).

European revenue for the quarter increased 17.7% to \$470.4 million from \$399.5 million from last year's third fiscal quarter. European revenue growth was led by increases at CSC Ploenzke, a leading European SAP/ Information Technology consultancy, and growth in our United Kingdom operations. CSC's other international revenue for

offices worldwide.

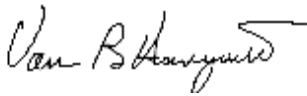
the quarter totaled \$100.6 million, up 10.8% from the \$90.8 million posted in the prior year's third quarter.

U.S. federal revenue was \$380.8 million versus \$391.6 million for the fiscal 1997 third quarter. During the most recent quarter, we have won a number of support services contracts for the Navy, as well as integration and software services contracts with the Health Care Financing Administration. For fiscal 1998 to date, we have been awarded more than \$1 billion in U. S. federal contracts.

Our third quarter results continue this year's solid revenue growth and improving margins, reflecting our strong commercial expansion, both in the U.S. and internationally. Our outsourcing volume has increased and demand is higher for our consulting and systems integration services.

We are particularly pleased with the progress of our relationships with J.P. Morgan and DuPont. In fact, DuPont has engaged CSC to provide systems integration services in addition to our outsourcing services.

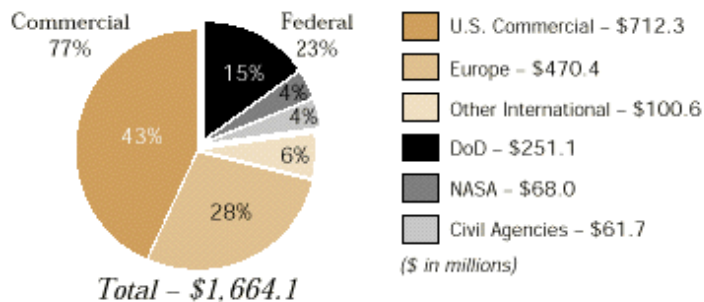
Outsourcing revenue growth was propelled by new customers, including DuPont, CNA and ING. Our consulting and systems integration services have grown rapidly in such areas as 'Year 2000' engagements, electronic commerce, and enterprise-wide solutions such as SAP, PeopleSoft and BAAN. Overall, CSC's commercial markets and prospective contract opportunities continue to be robust.



Van B. Honeycutt
Chairman, President and Chief Executive Officer

CSC declared a 2-for-1 stock split to be paid in the form of a 100 percent stock dividend on March 23, 1998 to shareholders of record as of March 2, 1998.

3RD Quarter FY 1998 Revenues by Major Market



INVESTMENT DATA

NYSE: CSC

Recent Closing Price: 92 ³/₁₆
(2/10/98)

52-Week Range: \$57 ⁷/₈ - 92 ³/₁₆

Shares Outstanding: 78.0 million (Pre-Split)

Shareholders: Approx. 84,000 Total

Institutional Ownership: 77%

Average Daily Trading Volume:

3rd Quarter FY98 - 444,885 Shares

Market Cap: 7.2 billion (2/10/98)

MANAGEMENT CONSULTING AND PROFESSIONAL SERVICES

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

Motor Coach Industries -- The largest tour bus maker in North America, Motor Coach Industries (MCI), engaged CSC to perform a complete business diagnosis and develop strategies to gain back lost market share. The result was the successful launch of a new product line and the return to a leading position in the industry.

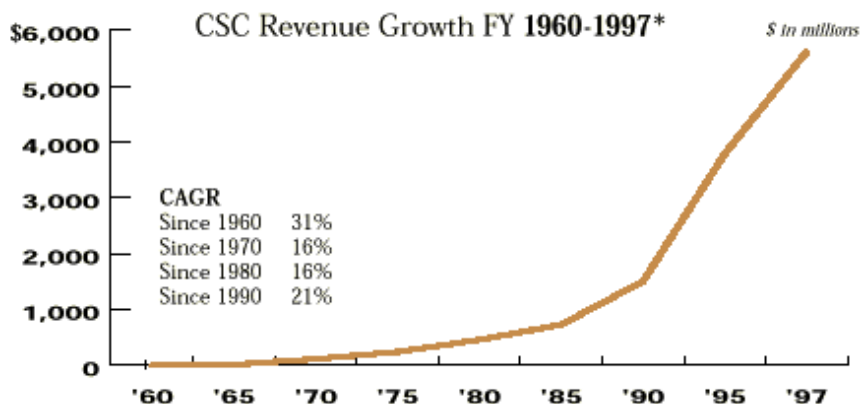
Merrill Lynch -- CSC was engaged to assist with two major technology initiatives: the Trusted Global Advisor (TGA) system, a state-of-the-art network and information system to connect Merrill Lynch's 13,000 financial consultants; and Merrill Lynch OnLine, a personalized and secure information channel available to more than three million client users through the Internet.

SYSTEMS CONSULTING, DESIGN AND INTEGRATION

Design, develop and build information technology systems. Combine hardware, software and communications into more productive systems. Examples:

NASA -- CSC will serve as the principal technical integration subcontractor on a team tasked with implementing an agency- wide financial management system for NASA under the Integrated Financial Management Program (IFMP) contract.

ADC Telecommunications -- In partnership with CSC and SAP, ADC, a \$1-billion manufacturer of transmission and networking equipment, embarked on an aggressive project to replace its legacy systems with enterprise-wide systems. Today, with over 1,400 initial users, the system supports critical business processes at 15 ADC facilities in the United States, Mexico and Finland.



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.

New South Wales Department of Community Services, Australia -- CSC will establish a wide- area network for the department that will connect 140 local area networks with 3,000 desktops in department offices, community services centers and residential care facilities for the developmentally disabled.

CNA Financial Corporation -- CNA entered into a multi-faceted information technology services agreement with CSC that aims to enhance the company's position at the forefront of the insurance industry. The partnership agreement includes a life insurance business process service and a 10-year technology management contract.

Deutsche Leasing AG -- CSC will manage 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.



RESEARCH COVERAGE

- A.G. Edwards (John Puricelli)
- Barrington Research
- (Frank Sparacino)
- Bear, Stearns (Jim Kissane)
- BT Alex. Brown (Ed Caso)
- CIBC Oppenheimer & Co.
- (Andrew Burns)
- 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)
 Robinson-Humphrey (David Keil)
 Salomon Smith Barney (Rick Weingarten)
 Sound View Financial Group

(Gary Helmig)
 Standard & Poors Corporation

(Brian Goodstadt)
 UBS Securities, Inc.

(Moshe Katri)
 Value Line (David Rosenfield)
 Volpe Brown Whelan Co. (Chris Paul)
 Wheat, First Securities (Jeff Newman)

Consolidated Condensed Balance Sheets

<i>In thousands</i>	<i>Dec. 26, 1997</i>	<i>Mar. 28, 1997</i>
	<i>(unaudited)</i>	
<i>Assets:</i>		
Current assets	\$ 1,864,922	\$ 1,612,427
Property and equipment, net	932,660	888,069
Excess of cost of businesses acquired over related net assets, net	543,303	561,670
Other assets	661,741	518,692
Total assets	\$ 4,002,626	\$ 3,580,858
<i>Liabilities and stockholders' equity:</i>		
Current liabilities	\$ 1,164,030	\$ 1,087,113
Long-term liabilities	934,161	824,185
Stockholders' equity	1,904,435	1,669,560
Total liabilities and stockholders' equity	\$ 4,002,626	\$ 3,580,858

Consolidated Condensed Statements of Cash Flows (unaudited)

Nine Months

In thousands

Dec. 26, 1997

Dec. 27, 1996

Cash flows from operating activities:

Net income	\$ 180,273	\$ 116,673
Adjustments to reconcile net income to net cash provided:		
Special items, net of income taxes	7,057	13,574
Depreciation and amortization	283,312	241,738
Provision for losses on accounts receivable	3,588	13,281
Changes in assets and liabilities, net of effects of acquisitions:		
Increase in assets	(307,223)	(232,419)
Increase in liabilities	121,197	94,810
Net cash provided by operating activities	288,204	247,657
Net cash used in investing activities	(469,108)	(485,805)
Net cash provided by financing activities	164,186	216,148
Net decrease in cash and equivalents	(16,718)	(22,000)
Cash and equivalents at beginning of year	110,726	113,873
Cash and equivalents at end of period	\$ 94,008	\$ 91,873

Consolidated Condensed Statements of Income (unaudited)

In thousands except per share amounts	Third Quarter		Nine Months Ended	
	Dec. 26, 1997	Dec. 27, 1996	Dec. 26, 1997	Dec. 27, 1996
Revenues	\$ 1,664,092	\$ 1,421,638	\$ 4,731,666	\$ 4,080,785
Costs of services	1,301,898	1,112,815	3,704,273	3,223,525
Selling, general and administrative	145,435	122,593	432,317	355,352
Depreciation and amortization	98,594	89,229	283,312	241,738
Interest, net	11,533	9,311	31,998	24,768
Special charges			208,393 ^(a)	48,929 ^(b)
Total costs and expenses	1,557,460	1,333,948	4,660,293	3,894,312
Income before taxes	106,632	87,690	71,373	186,473
Taxes on income	37,500	30,300	(108,900) ^(a)	69,800
Net income	\$ 69,132	\$ 57,390	\$ 180,273	\$ 116,673
Earnings per share: ^(c)				
Basic	\$ 0.89	\$ 0.75	\$ 2.33	\$ 1.54
Diluted	\$ 0.87	\$ 0.73	\$ 2.28	\$ 1.49
Common shares outstanding	77,751	76,224	77,331	75,749
Common shares assuming dilution	79,297	78,494	78,978	78,114

(a) 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.

(b) 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.

(c) Effective this quarter, the company adopted Statement of Financial Accounting Standards No. 128, "Earnings Per Share."

Revenues By Market Sector (unaudited)

Third Quarter

<i>In millions</i>	<i>Dec. 26, 1997</i>	<i>Dec. 27, 1996</i>	<i>% of Total FY98</i>	<i>% of Total FY97</i>
U.S. commercial	\$ 712.3	\$ 539.7	43%	38%
Europe	470.4	399.5	28	28
Other international	100.6	90.8	6	6
Global commercial	1,283.3	1,030.0	77	72
Department of Defense	251.1	256.2	15	18
NASA	68.0	72.7	4	5
Civil agencies	61.7	62.7	4	5
U.S. federal government	380.8	391.6	23	28
Total revenues	\$ 1,664.1	\$ 1,421.6	100%	100%

Nine Months Ended

<i>In millions</i>	<i>Dec. 26, 1997</i>	<i>Dec. 27, 1996</i>	<i>% of Total FY98</i>	<i>% of Total FY97</i>
U.S. commercial	\$ 1,996.9	\$ 1,539.2	42%	38%
Europe	1,260.0	1,047.2	27	26
Other international	303.1	264.9	6	6
Global commercial	3,560.0	2,851.3	75	70
Department of Defense	772.1	806.6	16	20
NASA	224.6	223.4	5	5
Civil agencies	175.0	199.5	4	5
U.S. federal government	1,171.7	1,229.5	25	30
Total revenues	\$ 4,731.7	\$ 4,080.8	100%	100%

SHAREHOLDER SERVICES

For more information regarding CSC:
Lit. request line (310) 615-4455
Facsimile service (800) 962-7328
Registrar and transfer agent

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

[Spencer Davis](#)

Director, Investor Relations
(310) 615-1700
Institutional investors, financial
analysts and portfolio managers

Lisa Prukop,

Supervisor, Investors Relations
(310) 615-1680
Registered representatives and
individual investors

INVESTMENT CHARACTERISTICS

Dynamic Industry - Industry experts estimate that I/T services will grow at high-teens growth rates through at least the year 2000.

Global Presence - Substantial operations in key international markets have positioned CSC to serve a growing global marketplace.

Competitive Advantage - CSC brings a flexible approach to each client situation; more than 70% of CSC's revenue base is built on multi-year contracts.

Growth History - Acquisitions, outsourcing contracts and other internal growth have played equal roles in driving CSC's growth and securing its position as an industry leader.

INTERNET

CSC's home page address on the Internet:

<http://www.csc.com>

E-Mail inquiries are also welcomed at:

InvestorRelations@csc.com

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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