









CSC Investor Highlights

3RD QUARTER REPORT

Investor Highlights -- Fiscal 1999 (Quarter Ended January 1, 1999)

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CSC's Business

Computer Sciences Corporation helps clients in industry and government use information technology to attain strategic and operational objectives. The company develops individualized business solutions in areas such as:

- [Management and information technology consulting](#)
- [Systems consulting and integration](#)
- [Operations support and information services outsourcing](#)

Since its formation in 1959, CSC has been known for its flexibility in its relationships with clients. The company maintains numerous agreements with hardware and software technology companies and thus is able to identify and manage solutions specifically tailored to each client's needs.

LETTER TO SHAREHOLDERS - February 22, 1999

We reported that earnings per share for our fiscal 1999 third quarter increased 22.7% to 54 cents per share (diluted) from 44 cents per share for last year's third quarter.

Net income for the current quarter was \$87.0 million, an increase of 25.9% over the \$69.1 million reported a year ago. Revenues for the fiscal 1999 third quarter rose 15.9% to \$1.93 billion from \$1.66 billion for the prior year period.

These strong third quarter results reflect our solid operating performance. Strong revenue gains were recorded by our European operations, our consulting and systems integration services, and our financial services vertical market activities.

As expected, we also benefited somewhat from lower net interest costs, due principally to our aggressive cash management program, and a lower income tax rate.

For the nine month period, net income rose 24.5% to \$224.4 million from last year's \$180.3 million, which included a net special credit of \$1.7 million, or 1 cent per share. Excluding the net special credit, earnings per share for the nine months increased 23% to \$1.39 per share from \$1.13 per share (diluted) for the prior year period. Revenues totaled \$5.53 billion, up 16.9% from the \$4.73 billion reported for the first nine months of the 1998 fiscal year.

European revenue for the quarter increased 29.4% to \$608.5 million from \$470.4 million for last year's third fiscal quarter. Consulting engagements and outsourcing contracts in the United Kingdom contributed significantly to revenue as did consulting and systems integration and enterprise-wide solutions at CSC Ploenzke, a leading European information technology consultancy headquartered in Germany. Additionally, CSC France posted increased revenue

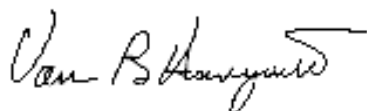
CSC had revenues of \$7.4 billion for the 12 months ended January 1, 1999. The company has 50,000 employees worldwide.

due, in part, to this quarter's acquisition of KPMG Peat Marwick SA, one of France's largest management consulting firms. Other international revenue totaled \$120.5 million for the quarter, up 19.8% from the \$100.6 million posted for the prior year's third quarter.

Revenue from the U.S. federal sector for the quarter increased 8.6% to \$413.4 million from \$380.8 million for the fiscal 1998 third quarter. The revenue growth came from new contracts, additional revenue from previously announced contracts, and from an acquisition made during last year's fourth quarter. The quarter's federal revenue growth reflected a particularly strong contribution from the civil market, and was driven by new contract wins and additional task orders from existing awards. The solid civil market performance was partially offset by the winding down of some contracts for the Department of Defense.

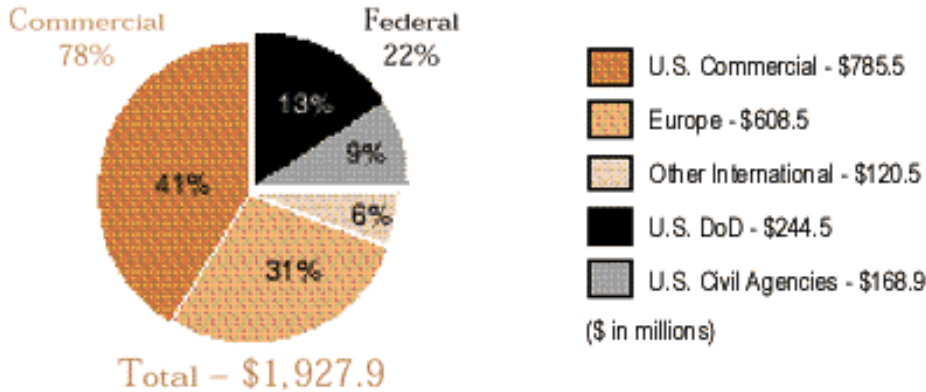
For the quarter just ended, U.S. commercial revenue rose to \$785.5 million, an increase of 10.3% from the \$712.3 million in the third quarter of last year. Last year's results included activities in the company's telecommunications and collections operations which were subsequently sold or phased out. Without these revenues, the quarter-to-quarter revenue increase was 15.8%. The growth came primarily from outsourcing revenue increases and continued expansion in the financial services and healthcare vertical markets and consulting and systems integration activities.

Since the beginning of fiscal 1999, we have announced over \$4 billion in U.S. commercial, federal and international awards, and our prospects continue strong for the fourth quarter and for next year. It is important to note that this total does not include the December 1998 award by the Internal Revenue Service to modernize our nation's income tax system, the value of which cannot be estimated at this time. This contract is one of the largest awards in our history and will be a major contributor to our future federal growth.



Van B. Honeycutt
Chairman, President and Chief Executive Officer

3RD Quarter FY 1999 Revenues by Major Market



INVESTMENT DATA
 NYSE: CSC
 Recent Closing Price: 70(2/22/99)
 52-Week Range: 44 3/4 - 74 7/8
 Shares Outstanding: 158.8 million
 Registered Shareholders: Approx. 10,200
 Institutional Ownership: 75%
 Average Daily Trading Volume:
 3rd Quarter FY99 - 984,298
 Market Cap: \$11.1 billion
 (2/22/99)

MANAGEMENT CONSULTING



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



AmerUs -- Life insurance and annuity service provider, AmerUs, engaged CSC to develop solutions to handle an expanded customer base and a spike in call volume. Through e-Wave SM, CSC's global program for providing Internet business solutions, both a secured extranet and internet site were created that provide agents and brokers with complete policy information, and the public with product and agent information. Various processes have been streamlined and key information is now at the point of sale.

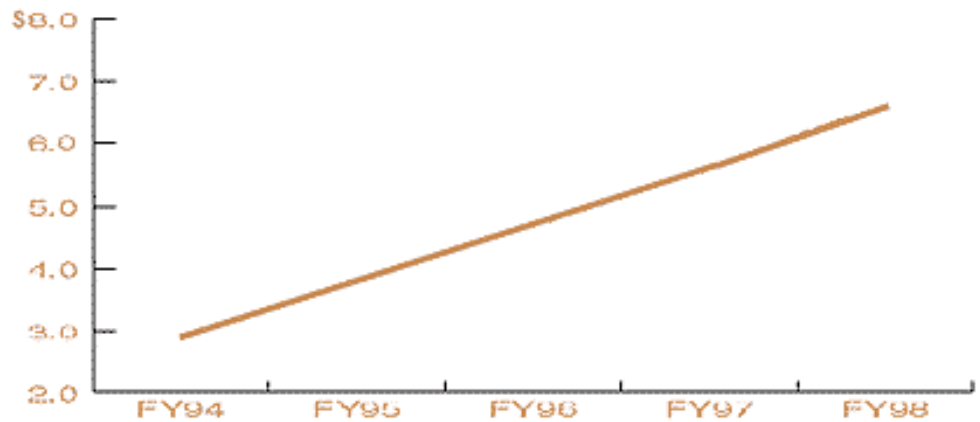
SYSTEMS CONSULTING, DESIGN AND INTEGRATION

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



U.S. Postal Service (USPS) -- CSC will support the development and implementation of enterprise-wide I/T solutions for the USPS payroll portfolio. As the prime contractor, CSC will provide comprehensive business consulting and I/T services to improve the payroll and benefit function of the USPS, one of the world's largest employers with a payroll of almost one million people.

CSC Revenue Growth FY 1994-1998* \$ in billions



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



Internal Revenue Service (IRS) -- The CSC PRIME Alliance, a world class team of seven companies with unprecedented tax and commercial business experience, was selected to enter into a strategic partnership with the IRS to modernize the nation's tax system. Under the new concept, the IRS will focus on understanding and




solving taxpayers' problems and helping them meet their obligations under the law.

MORE



OPERATIONS SUPPORT AND INFORMATION SERVICES OUTSOURCING

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

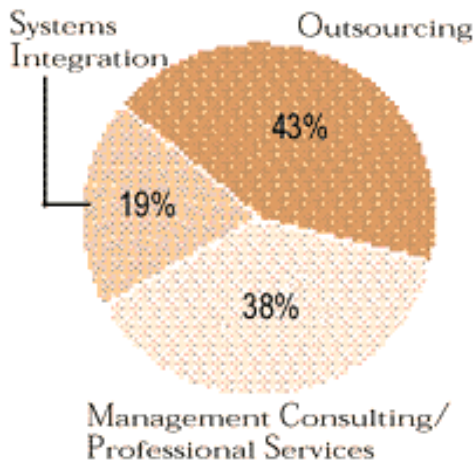
-  **Premier, Inc.** -- This strategic alliance of approximately 230 hospital and healthcare systems has engaged CSC to support its internal information technology operations. CSC will provide applications development, including intranet, e-commerce, and some contract management, as well as hardware, networks and desktop management.
-  **General Dynamics (GD)** -- U.K. based Computing Devices Co. Ltd, a unit of GD, has engaged CSC to manage all of its data processing systems, including all desktop and midrange computing, applications, help-desk and network functions. The contract marks the first international award to CSC by GD.
-  **Budget Group, Inc.** -- CSC and Budget have signed a letter of intent to enter into a global technology partnership. CSC will combine its outsourcing and business transformation skills to help streamline and consolidate Budget Group's I/T operations, and will help Budget Group more effectively use I/T to improve financial performance. All of Budget Group's global I/T operations including data centers, networks, user support, applications and maintenance will be run and managed by CSC.

RESEARCH COVERAGE

A.G. Edwards (Mark Jordan)
Bear, Stearns (Jim Kissane)
Brown Brothers Harriman (Greg Gieber)
BT Alex. Brown
(Ed Caso)
CIBC Oppenheimer & Co. (Andrew Burns)
CS First Boston
(Mark Wolfenberger)
Donaldson, Lufkin & Jenrette
(Thomas Rooney)
ING Baring Furman Selz
(Brian Maimone)
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)
Prudential Securities (Thomas E. Browne, Jr.)
SG Cowen & Co. (Hugh Shytle) Sound View Financial Group
(Gary Helmig)
Standard & Poors Corporation
(Brian Goodstadt)
Value Line (David Rosenfield)
Volpe Brown Whelan Co.

(Chris Paul)
 Warburg Dillion Road
 (Moshe Katri)
 Wheat, First Securities (Jeff Newman)

Revenues by Business Sector*



* Estimate based on FY98 revenues

Consolidated Condensed Balance Sheets

In millions	Jan. 1, 1999 (unaudited)	Apr. 3, 1998
Assets:		
Current assets	\$ 2,300.8	\$ 1,982.6
Property and equipment, net	1,027.9	957.2
Excess of cost of businesses acquired over related net assets, net	614.3	538.4
Other assets	643.1	568.6
Total assets	\$ 4,586.1	\$ 4,046.8
Liabilities and stockholders' equity:		
Current liabilities	\$ 1,982.3	\$ 1,214.8
Long-term liabilities	303.6	830.7
Stockholders' equity	2,300.2	2,001.3
Total liabilities and stockholders' equity	\$ 4,586.1	\$ 4,046.8

Consolidated Condensed Statements of Cash Flows (unaudited)

In millions	Nine Months Ended	
	Jan. 1, 1999	Dec. 26, 1997
Cash flows from operating activities:		
Net income	\$ 224.4	\$ 180.3
Adjustments to reconcile net income to net cash provided:		
Special items, net of income taxes		7.0
Depreciation and amortization	322.5	283.3
Provision for losses on accounts receivable	5.4	3.6
Changes in assets and liabilities, net of effects of acquisitions:		
Increase in assets	(433.7)	(307.2)
Increase in liabilities	181.4	121.2
Net cash provided by operating activities	300.0	288.2
Net cash used in investing activities	(511.0)	(466.4)
Net cash provided by financing activities	98.8	164.2
Effect of exchange rate changes on cash and cash equivalents	5.5	(2.7)
Net decrease in cash and equivalents	(106.7)	(16.7)
Cash and equivalents at beginning of year	274.7	110.7
Cash and equivalents at end of period	\$ 168.0	\$ 94.0

Consolidated Condensed Statements of Income (unaudited)

In millions except per share amounts	Third Quarter		Nine Months Ended	
	Jan. 1, 1999	Dec. 26, 1997	Jan. 1, 1999	Dec. 26, 1997
Revenues	\$ 1,927.9	\$ 1,664.1	\$ 5,529.6	\$ 4,731.7
Costs of services	1,496.1	1,301.9	4,329.4	3,704.3
Selling, general and administrative	179.9	145.5	515.4	432.3
Depreciation and amortization	113.1	98.6	322.5	283.3
Interest, net	8.4	11.5	25.9	32.0
Special charges ^(a)				208.4
Total costs and expenses	1,797.5	1,557.5	5,193.2	4,660.3
Income before taxes	130.4	106.6	336.4	71.4
Taxes on income ^(a)	43.4	37.5	112.0	(108.9)
Net income	\$ 87.0	\$ 69.1	\$ 224.4	\$ 180.3
Earnings per share:				
Basic	\$ 0.55	\$ 0.44	\$ 1.42	\$ 1.17
Diluted	\$ 0.54	\$ 0.44	\$ 1.39	1.14
Common shares outstanding	158.5	155.5	158.0	154.7
Common shares assuming dilution	162.0	158.6	161.7	158.0

(a) As previously disclosed, the results for the first quarter ended June 27, 1997 included a net special credit of \$1.7 million, or 1 cent 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)

In millions	Third Quarter			
	Jan. 1, 1999	Dec. 26, 1997	% of Total FY99	% of Total FY98
U.S. commercial	\$ 785.5	\$ 712.3	41%	43%
Europe	608.5	470.4	31	28
Other international	120.5	100.6	6	6
Global commercial	1,514.5	1,283.3	78	77
Department of Defense	244.5	251.1	13	15
Civil agencies	168.9	129.7	9	8
U.S. federal government	413.4	380.8	22	23
Total revenues	\$ 1,927.9	\$ 1,664.1	100%	100%

In millions	Nine Months Ended			
	Jan. 1, 1999	Dec. 26, 1997	% of Total FY99	% of Total FY98
U.S. commercial	\$ 2,247.9	\$ 1,996.9	41%	42%
Europe	1,640.0	1,260.0	30	27
Other international	343.9	303.1	6	6
Global commercial	4,231.8	3,560.0	77	75
Department of Defense	810.2	772.1	14	16
Civil agencies	487.6	399.6	9	9
U.S. federal government	1,297.8	1,171.7	23	25
Total revenues	\$ 5,529.6	\$ 4,731.7	100%	100%

All statements contained in this quarterly report, or in any document filed by the Company with the Securities and Exchange Commission, or in any press release or other written or oral communication by or on behalf of the Company, 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 the Company'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 of which are outside of the Company's control, that could cause actual results to differ materially from the results described in such statements. These factors include, without limitation, the following: (i) general economic conditions in countries in which the Company does business; (ii) competitive pressures; (iii) changes in the financial condition of the Company's major commercial customers; (iv) changes in the demand for information technology outsourcing and business process outsourcing; (v) changes in U.S. federal government spending levels for information technology services; (vi) the future profitability of the Company's customer contracts; (vii) the Company's ability to consummate strategic acquisitions and alliances; (viii) the Company's ability to attract and retain key personnel; (ix) the Company's ability to continue to develop and expand its service offerings to address emerging business demands and technological trends; and (x) the ability of the Company, and the ability of its customers and suppliers to become Year 2000 ready.

Forward-Looking Statements**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 3315
S. Hackensack, NJ 07660
USA
(201) 329-8660
(800) 526-0801

FINANCIAL COMMUNITY INFORMATION

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

Bill Lackey (310) 615-1700
Director, Investor Relations

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

Lisa Runge (310) 615-1680
Manager, Investor Relations

LITERATURE REQUESTS

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

CSC's automated request line:
(800) 542-3070 or
CSC's facsimile service at:
(800) 962-7328

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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