

TABLE OF CONTENTS

<u>Item</u>		<u>Page</u>
	<u>PART I - FINANCIAL INFORMATION</u>	
1.	<u>Financial Statements (unaudited)</u>	<u>1</u>
2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>54</u>
3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>73</u>
4.	<u>Controls and Procedures</u>	<u>73</u>
	<u>PART II - OTHER INFORMATION</u>	
1.	<u>Legal Proceedings</u>	<u>73</u>
1A.	<u>Risk Factors</u>	<u>74</u>
2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>78</u>
3.	<u>Defaults Upon Senior Securities</u>	<u>78</u>
4.	<u>Mine Safety Disclosure</u>	<u>78</u>
5.	<u>Other Information</u>	<u>79</u>
6.	<u>Exhibits</u>	<u>79</u>

PART I

ITEM 1. FINANCIAL STATEMENTS

Index to Condensed Consolidated Financial Statements

	Page
<u>Condensed Consolidated Statements of Operations for the Three and Six Months Ended September 30, 2019 and September 30, 2018 (unaudited)</u>	<u>2</u>
<u>Condensed Consolidated Statements of Comprehensive (Loss) Income for the Three and Six Months Ended September 30, 2019 and September 30, 2018 (unaudited)</u>	<u>3</u>
<u>Condensed Consolidated Balance Sheets as of September 30, 2019 and March 31, 2019 (unaudited)</u>	<u>4</u>
<u>Condensed Consolidated Statements of Cash Flows for the Six Months Ended September 30, 2019 and September 30, 2018 (unaudited)</u>	<u>5</u>
<u>Condensed Consolidated Statements of Changes in Equity for the Three and Six Months Ended September 30, 2019 and September 30, 2018 (unaudited)</u>	<u>6</u>
<u>Notes to Consolidated Financial Statements (unaudited)</u>	
<u>Note 1—Summary of Significant Accounting Policies</u>	<u>8</u>
<u>Note 2—Recent Accounting Pronouncements</u>	<u>12</u>
<u>Note 3—Acquisitions</u>	<u>13</u>
<u>Note 4—Divestitures</u>	<u>17</u>
<u>Note 5—Earnings Per Share</u>	<u>19</u>
<u>Note 6—Sale of Receivables</u>	<u>20</u>
<u>Note 7—Leases</u>	<u>21</u>
<u>Note 8—Fair Value</u>	<u>24</u>
<u>Note 9—Derivative and Hedging Activities</u>	<u>26</u>
<u>Note 10—Intangible Assets</u>	<u>29</u>
<u>Note 11—Goodwill</u>	<u>30</u>
<u>Note 12—Debt</u>	<u>31</u>
<u>Note 13—Revenue</u>	<u>32</u>
<u>Note 14—Restructuring Costs</u>	<u>33</u>
<u>Note 15—Pension and Other Benefit Plans</u>	<u>36</u>
<u>Note 16—Income Taxes</u>	<u>37</u>
<u>Note 17—Stockholders' Equity</u>	<u>38</u>
<u>Note 18—Stock Incentive Plans</u>	<u>40</u>
<u>Note 19—Cash Flows</u>	<u>42</u>
<u>Note 20—Segment Information</u>	<u>43</u>
<u>Note 21—Commitments and Contingencies</u>	<u>46</u>

DXC TECHNOLOGY COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)

(in millions, except per-share amounts)	Three Months Ended		Six Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Revenues	\$ 4,851	\$ 5,013	\$ 9,741	\$ 10,295
Costs of services (excludes depreciation and amortization and restructuring costs)	3,679	3,518	7,301	7,385
Selling, general, and administrative (excludes depreciation and amortization and restructuring costs)	489	569	996	1,009
Depreciation and amortization	467	484	937	955
Goodwill impairment losses	2,887	—	2,887	—
Restructuring costs	32	157	174	342
Interest expense	104	83	195	168
Interest income	(67)	(33)	(97)	(65)
Gain on arbitration award	(632)	—	(632)	—
Other income, net	(109)	(97)	(227)	(191)
Total costs and expenses	6,850	4,681	11,534	9,603
(Loss) income from continuing operations before income taxes	(1,999)	332	(1,793)	692
Income tax expense	116	73	154	202
(Loss) income from continuing operations	(2,115)	259	(1,947)	490
Income from discontinued operations, net of taxes	—	—	—	35
Net (loss) income	(2,115)	259	(1,947)	525
Less: net income (loss) attributable to non-controlling interest, net of tax	4	(3)	9	4
Net (loss) income attributable to DXC common stockholders	\$ (2,119)	\$ 262	\$ (1,956)	\$ 521
(Loss) income per common share:				
Basic:				
Continuing operations	\$ (8.19)	\$ 0.93	\$ (7.44)	\$ 1.72
Discontinued operations	—	—	—	0.12
	\$ (8.19)	\$ 0.93	\$ (7.44)	\$ 1.84
Diluted:				
Continuing operations	\$ (8.19)	\$ 0.92	\$ (7.44)	\$ 1.69
Discontinued operations	—	—	—	0.12
	\$ (8.19)	\$ 0.92	\$ (7.44)	\$ 1.81

The accompanying notes are an integral part of these condensed consolidated financial statements.

DXC TECHNOLOGY COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME (unaudited)

(in millions)	Three Months Ended		Six Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Net (loss) income	\$ (2,115)	\$ 259	\$ (1,947)	\$ 525
Other comprehensive (loss) income, net of taxes:				
Foreign currency translation adjustments, net of tax ⁽¹⁾	(71)	(66)	(206)	(408)
Cash flow hedges adjustments, net of tax ⁽²⁾	(2)	2	2	(30)
Available-for-sale securities, net of tax ⁽³⁾	1	—	2	(1)
Pension and other post-retirement benefit plans, net of tax:				
Amortization of prior service cost, net of tax ⁽⁴⁾	(3)	(5)	(4)	(6)
Pension and other post-retirement benefit plans, net of tax	(3)	(5)	(4)	(6)
Other comprehensive loss, net of taxes	(75)	(69)	(206)	(445)
Comprehensive (loss) income	(2,190)	190	(2,153)	80
Less: comprehensive income (loss) attributable to non-controlling interest	6	(2)	(13)	(1)
Comprehensive (loss) income attributable to DXC common stockholders	\$ (2,196)	\$ 192	\$ (2,140)	\$ 81

⁽¹⁾ Tax expense related to foreign currency translation adjustments was \$25 and \$13 for the three and six months ended September 30, 2019, respectively. There was no tax expense related to foreign currency translation adjustments during the three and six months ended September 30, 2018.

⁽²⁾ There was no tax benefit related to cash flow hedge adjustments during the three and six months ended September 30, 2019. Tax benefit related to cash flow hedge adjustments was \$17 and \$10 for the three and six months ended September 30, 2018, respectively.

⁽³⁾ Tax expense related to available-for-sale securities was \$0 and \$1 for the three and six months ended September 30, 2019, respectively. There was no tax expense related to available-for-sale securities during the three and six months ended September 30, 2018.

⁽⁴⁾ Tax benefit related to amortization of prior service costs was \$1 and \$1 for the three and six months ended September 30, 2019, respectively, and \$1 and \$1 for the three and six months ended September 30, 2018, respectively.

The accompanying notes are an integral part of these condensed consolidated financial statements.

DXC TECHNOLOGY COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)

(in millions, except per-share and share amounts)	As of	
	September 30, 2019	March 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,880	\$ 2,899
Receivables and contract assets, net of allowance for doubtful accounts of \$60 and \$60	4,611	5,181
Prepaid expenses	671	627
Other current assets	328	359
Total current assets	8,490	9,066
Intangible assets, net of accumulated amortization of \$3,916 and \$3,399	6,293	5,939
Operating right-of-use assets, net	1,482	—
Goodwill	5,784	7,606
Deferred income taxes, net	330	355
Property and equipment, net of accumulated depreciation of \$4,182 and \$3,958	3,555	3,179
Other assets	3,582	3,429
Total Assets	\$ 29,516	\$ 29,574
LIABILITIES and EQUITY		
Current liabilities:		
Short-term debt and current maturities of long-term debt	1,471	1,942
Accounts payable	1,603	1,666
Accrued payroll and related costs	684	652
Current operating lease liabilities	489	—
Accrued expenses and other current liabilities	2,943	3,355
Deferred revenue and advance contract payments	1,571	1,630
Income taxes payable	213	208
Total current liabilities	8,974	9,453
Long-term debt, net of current maturities	7,698	5,470
Non-current deferred revenue	234	256
Non-current operating lease liabilities	1,139	—
Non-current income tax liabilities and deferred tax liabilities	1,269	1,184
Other long-term liabilities	1,332	1,486
Total Liabilities	20,646	17,849
Commitments and contingencies		
DXC stockholders' equity:		
Preferred stock, par value \$.01 per share, 1,000,000 shares authorized, none issued as of September 30, 2019 and March 31, 2019	—	—
Common stock, par value \$.01 per share, 750,000,000 shares authorized, 257,626,331 issued as of September 30, 2019 and 270,213,891 issued as of March 31, 2019	3	3
Additional paid-in capital	10,793	11,301
(Accumulated deficit) retained earnings	(1,668)	478
Accumulated other comprehensive loss	(428)	(244)
Treasury stock, at cost, 2,018,148 and 1,788,658 shares as of September 30, 2019 and March 31, 2019	(150)	(136)
Total DXC stockholders' equity	8,550	11,402
Non-controlling interest in subsidiaries	320	323
Total Equity	8,870	11,725
Total Liabilities and Equity	\$ 29,516	\$ 29,574

The accompanying notes are an integral part of these condensed consolidated financial statements.

DXC TECHNOLOGY COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

(in millions)	Six Months Ended	
	September 30, 2019	September 30, 2018
Cash flows from operating activities:		
Net (loss) income	\$ (1,947)	\$ 525
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	946	1,002
Goodwill impairment losses	2,887	—
Operating right-of-use expense	340	—
Share-based compensation	48	41
Gain on dispositions	(4)	(65)
Unrealized foreign currency exchange gains	(50)	(12)
Other non-cash charges, net	2	(18)
Changes in assets and liabilities, net of effects of acquisitions and dispositions:		
Decrease (increase) in assets	167	(483)
Decrease in operating lease liability	(340)	—
Decrease in other liabilities	(464)	(141)
Net cash provided by operating activities	1,585	849
Cash flows from investing activities:		
Purchases of property and equipment	(192)	(133)
Payments for transition and transformation contract costs	(158)	(183)
Software purchased and developed	(126)	(125)
Payments for acquisitions, net of cash acquired	(1,921)	(43)
Business dispositions	—	(65)
Cash collections related to deferred purchase price receivable	371	445
Proceeds from sale of assets	40	57
Short-term investing	(75)	—
Other investing activities, net	14	(1)
Net cash used in investing activities	(2,047)	(48)
Cash flows from financing activities:		
Borrowings of commercial paper	2,879	1,158
Repayments of commercial paper	(2,866)	(1,158)
Borrowings on long-term debt, net of discount	2,198	483
Principal payments on long-term debt	(519)	(2,036)
Payments on finance leases and borrowings for asset financing	(421)	(475)
Borrowings for USPS spin transaction	—	1,114
Proceeds from bond issuance	—	753
Proceeds from stock options and other common stock transactions	10	36
Taxes paid related to net share settlements of share-based compensation awards	(12)	(20)
Repurchase of common stock and advance payment for accelerated share repurchase	(650)	(447)
Dividend payments	(107)	(105)
Other financing activities, net	(32)	11
Net cash provided by (used in) financing activities	480	(686)
Effect of exchange rate changes on cash and cash equivalents	(37)	(64)
Net (decrease) increase in cash and cash equivalents	(19)	51
Cash and cash equivalents at beginning of year	2,899	2,729
Cash and cash equivalents at end of period	\$ 2,880	\$ 2,780

The accompanying notes are an integral part of these condensed consolidated financial statements.

DXC TECHNOLOGY COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (unaudited)

Three Months Ended September 30, 2019

(in millions, except shares in thousands)	Common Stock		Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Treasury Stock ⁽¹⁾	Total DXC Equity	Non- Controlling Interest	Total Equity
	Shares	Amount							
Balance at June 30, 2019	263,709	\$ 3	\$ 10,916	\$ 494	\$ (351)	\$ (149)	\$ 10,913	\$ 304	\$ 11,217
Net loss				(2,119)			(2,119)	4	(2,115)
Other comprehensive loss					(77)		(77)	2	(75)
Share-based compensation expense			31				31		31
Acquisition of treasury stock						(1)	(1)		(1)
Share repurchase program	(6,220)		(161)	11			(150)		(150)
Stock option exercises and other common stock transactions	137		7				7		7
Dividends declared (\$0.21 per share)				(54)			(54)		(54)
Non-controlling interest distributions and other				—			—	10	10
Balance at September 30, 2019	257,626	\$ 3	\$ 10,793	\$ (1,668)	\$ (428)	\$ (150)	\$ 8,550	\$ 320	\$ 8,870

Three Months Ended September 30, 2018

(in millions, except shares in thousands)	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total DXC Equity	Non- Controlling Interest	Total Equity
	Shares	Amount							
Balance at June 30, 2018	282,829	\$ 3	\$ 11,868	\$ —	\$ (312)	\$ (87)	\$ 11,472	\$ 342	\$ 11,814
Net income				262			262	(3)	259
Other comprehensive loss					(70)		(70)	1	(69)
Share-based compensation expense			18				18		18
Acquisition of treasury stock						(18)	(18)		(18)
Share repurchase program	(1,449)		(58)	(69)			(127)		(127)
Stock option exercises and other common stock transactions	1,139		20				20		20
Dividends declared (\$0.19 per share)				(54)			(54)		(54)
Non-controlling interest distributions and other				(3)			(3)	(3)	(6)
Balance at September 30, 2018	282,519	\$ 3	\$ 11,848	\$ 136	\$ (382)	\$ (105)	\$ 11,500	\$ 337	\$ 11,837

DXC TECHNOLOGY COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (unaudited)

Six Months Ended September 30, 2019

(in millions, except shares in thousands)	Common Stock		Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Treasury Stock ⁽¹⁾	Total DXC Equity	Non- Controlling Interest	Total Equity
	Shares	Amount							
Balance at March 31, 2019	270,214	\$ 3	\$ 11,301	\$ 478	\$ (244)	\$ (136)	\$ 11,402	\$ 323	\$ 11,725
Net loss				(1,956)			(1,956)	9	(1,947)
Other comprehensive loss					(184)		(184)	(22)	(206)
Share-based compensation expense			49				49		49
Acquisition of treasury stock						(14)	(14)		(14)
Share repurchase program	(13,580)		(571)	(79)			(650)		(650)
Stock option exercises and other common stock transactions	992		14				14		14
Dividends declared (\$0.42 per share)				(111)			(111)		(111)
Non-controlling interest distributions and other				—			—	10	10
Balance at September 30, 2019	257,626	\$ 3	\$ 10,793	\$ (1,668)	\$ (428)	\$ (150)	\$ 8,550	\$ 320	\$ 8,870

Six Months Ended September 30, 2018

(in millions, except shares in thousands)	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total DXC Equity	Non- Controlling Interest	Total Equity
	Shares	Amount							
Balance at March 31, 2018	286,393	\$ 3	\$ 12,210	\$ 1,301	\$ 58	\$ (85)	\$ 13,487	\$ 350	\$ 13,837
Cumulative effect of adopting the new revenue standard				114			114		114
Net income				521			521	4	525
Other comprehensive loss					(440)		(440)	(5)	(445)
Share-based compensation expense			40				40		40
Acquisition of treasury stock						(20)	(20)		(20)
Share repurchase program	(5,228)		(251)	(200)			(451)		(451)
Stock option exercises and other common stock transactions	1,354		26				26		26
Dividends declared (\$0.38 per share)				(109)			(109)		(109)
Non-controlling interest distributions and other							—	(12)	(12)
Divestiture of USPS			(177)	(1,491)			(1,668)		(1,668)
Balance at September 30, 2018	282,519	\$ 3	\$ 11,848	\$ 136	\$ (382)	\$ (105)	\$ 11,500	\$ 337	\$ 11,837

⁽¹⁾ 2,018,148 treasury shares as of September 30, 2019.

The accompanying notes are an integral part of these condensed consolidated financial statements.

DXC TECHNOLOGY COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Note 1 - Summary of Significant Accounting Policies

Business

DXC Technology Company ("DXC" or the "Company"), a world leading independent, end-to-end IT services company, manages and modernizes mission-critical systems, integrating them with new digital solutions to produce better business outcomes. The Company's global reach and talent, innovative platforms, technology independence and extensive partner network enable more than 6,000 private and public-sector clients in approximately 70 countries to thrive on change.

Luxoft Acquisition

On June 14, 2019, DXC completed its acquisition of Luxoft Holding, Inc. ("Luxoft"), a global digital strategy and software engineering firm (the "Luxoft Acquisition"). The acquisition builds on DXC's unique value proposition as an end-to-end, mainstream IT and digital services market leader, and strengthens the Company's ability to design and deploy transformative digital solutions for clients at scale. See Note 3 - "Acquisitions" for further information.

Separation of USPS

On May 31, 2018, DXC completed the separation of its U.S. Public Sector business ("USPS" or the "Separation"), and combination with Vencore Holding Corp. ("Vencore") and KeyPoint Government Solutions ("Keypoint") (the "Mergers") to form Perspecta Inc. ("Perspecta"), an independent public company (collectively, the "USPS Separation and Mergers"). Under the terms of the separation agreements, on May 31, 2018, stockholders who held DXC common stock at the close of business on May 25, 2018 (the "Record Date"), received a distribution of one share of Perspecta common stock for every two shares of DXC common stock held as of the Record Date (the "Distribution"). See Note 4 - "Divestitures" for more information.

As a result of the Separation, the Condensed Consolidated Statements of Operations, Condensed Consolidated Balance Sheets, and related financial information reflect USPS's operations, assets and liabilities as discontinued operations for all periods presented. The cash flows of USPS have not been segregated and are included in the Condensed Consolidated Statement of Cash Flows for the six months ended September 30, 2018.

Basis of Presentation

In order to make this report easier to read, DXC refers throughout to (i) the interim unaudited Condensed Consolidated Financial Statements as the "financial statements," (ii) the Condensed Consolidated Statements of Operations as the "statements of operations," (iii) the Condensed Consolidated Statement of Comprehensive Income (Loss) as the "statements of comprehensive income," (iv) the Condensed Consolidated Balance Sheets as the "balance sheets," and (v) the Condensed Consolidated Statements of Cash Flows as the "statements of cash flows." In addition, references throughout to numbered "Notes" refer to the numbered Notes in these Notes to Condensed Consolidated Financial Statements, unless otherwise noted.

The accompanying financial statements include the accounts of DXC, its consolidated subsidiaries, and those business entities in which DXC maintains a controlling interest. Investments in business entities in which the Company does not have control, but has the ability to exercise significant influence over operating and financial policies, are accounted for by the equity method. Other investments are accounted for by the cost method. Non-controlling interests are presented as a separate component within equity in the balance sheets. Net earnings attributable to the non-controlling interests are presented separately in the statements of operations and comprehensive income attributable to non-controlling interests are presented separately in the statements of comprehensive income. All intercompany transactions and balances have been eliminated. Certain amounts reported in the previous year have been reclassified to conform to the current year presentation.

The financial statements of the Company have been prepared in accordance with the rules and regulations of the U.S. Securities and Exchange Commission for quarterly reports and accounting principles generally accepted in the United States ("GAAP"). Certain disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules. These financial statements should therefore be read in conjunction with the audited consolidated financial statements and accompanying notes included in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2019 ("fiscal 2019").

Use of Estimates

The preparation of financial statements in conformity with GAAP, requires the Company's management to make estimates and assumptions that affect amounts reported in the financial statements. The Company bases its estimates on assumptions regarding historical experience, currently available information and anticipated developments that it believes are reasonable and appropriate. However, because the use of estimates involves an inherent degree of uncertainty, actual results could differ from those estimates. In the opinion of the Company's management, the accompanying financial statements of DXC contain all adjustments, including normal recurring adjustments, necessary to present fairly the Company's financial statements. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the full fiscal year.

Leases

Effective April 1, 2019, the Company adopted ASU 2016-02, "Leases, Topic ASC 842" using the modified retrospective method. Refer to Note 2 - "Recent Accounting Pronouncements" and Note 7 - "Leases" for further discussion of the impact of adoption and other required disclosures. The Company determines if an arrangement is a lease at inception by evaluating whether the arrangement conveys the right to use an identified asset and whether DXC obtains substantially all economic benefits from and has the ability to direct the use of the asset. Operating leases are included in operating right-of-use ("ROU") assets, net, current operating lease liabilities and non-current operating lease liabilities in DXC's balance sheets. Finance leases are included in property and equipment, net, short term debt and current maturities of long-term debt and long-term debt, net of current maturities in DXC's balance sheets.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. Operating ROU assets and operating lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term.

As most of the Company's leases do not provide an implicit rate, DXC uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The incremental borrowing rate is the rate of interest that DXC would have to pay to borrow, on a collateralized basis, an amount equal to the lease payments, in a similar economic environment and over a similar term. The rate is dependent on several factors, including the lease term, currency of the lease payments and the Company's credit ratings.

Operating ROU assets also includes any lease payments made and excludes lease incentives. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Operating ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised. Lease arrangements generally do not contain any residual value guarantees or material restrictive covenants.

Lease expense for lease payments is recognized on a straight-line basis over the lease term. Variable lease expense is related to the Company's leased real estate for offices and primarily includes labor and operational costs. DXC subleases certain leased office space to third parties when it determines there is excess leased capacity. Sublease income was not material for all periods presented. The Company combines lease and non-lease components under its lease agreements.

Goodwill Impairment Analysis

Effective July 1, 2019, the Company adopted ASU 2017-04, "Intangibles-Goodwill and Other (Topic 350), Simplifying the Test for Goodwill Impairment" using the prospective method. Refer to Note 2 - "Recent Accounting Pronouncements" and Note 11 - "Goodwill" for further discussion of impact of adoption and other required disclosures. The Company tests goodwill for impairment on an annual basis, as of the first day of the second fiscal quarter, and between annual tests if circumstances change, or if an event occurs that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The Company has defined its reporting units as its reportable segments. A significant amount of judgment is involved in determining whether an event indicating impairment has occurred between annual testing dates. Such indicators include: a significant decline in the Company's stock price, a significant decline in expected future cash flows, a significant adverse change in legal factors or in the business climate, unanticipated competition, the disposal of a significant component of a reporting unit and the testing for recoverability of a significant asset group within a reporting unit.

The Company initially conducts an assessment of qualitative factors in order to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. This qualitative assessment considers all relevant factors specific to the reporting units, including macroeconomic conditions; industry and market considerations; overall financial performance and relevant entity-specific events.

If the Company determines that it is not more likely that the carrying amount for a reporting unit is less than its fair value, then subsequent quantitative goodwill impairment testing is not required. If the Company determines that it is more likely than not that the carrying amount for a reporting unit is greater than its fair value, then it proceeds with a subsequent quantitative goodwill impairment test.

The Company has the option to bypass the initial qualitative assessment stage and proceed directly to the quantitative goodwill impairment test. The quantitative goodwill impairment test compares each reporting unit's fair value to its carrying value. If the reporting unit's fair value exceeds its carrying value, no further procedures are required. However, if a reporting unit's fair value is less than its carrying value, then an impairment charge is recorded in the amount of the excess.

When the Company performs the quantitative goodwill impairment test for a reporting unit, it estimates the fair value of the reporting unit using both the income approach and the market approach. The income approach incorporates the use of a discounted cash flow method in which the estimated future cash flows and terminal values for each reporting unit are discounted to present value using a discount rate. Cash flow projections are based on management's estimates of economic and market conditions, which drive key assumptions of revenue growth rates, operating margins, capital expenditures and working capital requirements. The discount rate is based on the specific risk characteristics of each reporting unit, the weighted-average cost of capital and its underlying forecasts. The market approach estimates fair value by applying performance-metric multiples to the reporting unit's prior and expected operating performance. The multiples are derived from comparable publicly traded companies that have operating and investment characteristics similar to those of the reporting unit. If the fair value of the reporting unit derived using one approach is significantly different from the fair value estimate using the other approach, the Company reevaluates its assumptions used in the two models. Assumptions are modified as considered appropriate under the circumstances until the two models yield similar and reasonable results. The fair values determined by the market approach and income approach, as described above, are weighted to determine the fair value for each reporting unit. The weighting ascribed to the market approach fair value assigned to each reporting unit is influenced by two primary factors: 1) the number of comparable publicly traded companies used in the market approach, and 2) the similarity of the operating and investment characteristics of the reporting units to the comparable publicly traded companies used in the market approach.

DXC TECHNOLOGY COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - continued

If DXC performs a quantitative goodwill impairment test for all of its reporting units in conjunction with its annual goodwill testing, it also compares the sum of all of its reporting units' fair values to the Company's market capitalization (per-share stock price multiplied by the number of shares outstanding) and calculates an implied control premium representing the excess of the sum of the reporting units' fair values over the market capitalization. The Company evaluates the reasonableness of the control premium by comparing it to control premiums derived from recent comparable business combinations. If the implied control premium is not supported by market data, the Company reconciles its fair value estimates of the reporting units to a market capitalization supported by relevant market data. As a result, when DXC's stock price and thus market capitalization is low relative to the sum of the estimated fair value of its reporting units, this reconciliation can result in reductions to the estimated fair values for the reporting units.

Property and Equipment

Property and equipment, which includes assets under capital leases, are stated at cost less accumulated depreciation. Depreciation is computed predominantly on a straight-line basis over the estimated useful lives of the assets or the remaining lease term, whichever is shorter. The estimated useful lives of DXC's property and equipment are as follows:

Buildings	Up to 40 years
Computers and related equipment	4 to 7 years
Furniture and other equipment	3 to 15 years
Leasehold improvements	Shorter of lease term or useful life up to 20 years

In accordance with its policy, the Company reviews the estimated useful lives of its property and equipment on an ongoing basis. As a result, effective April 1, 2019, the Company changed its estimate of the useful lives of its computers and related equipment from an average of four to five years to an average of four to seven years, which better reflects the estimated periods during which these assets will remain in service. This change resulted in a \$56 million and \$111 million decrease to depreciation expense for the three and six months ended September 30, 2019, respectively.

DXC TECHNOLOGY COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - continued

Note 2 - Recent Accounting Pronouncements

During the six months ended September 30, 2019, DXC adopted the following Accounting Standards Updates ("ASU") issued by the Financial Accounting Standards Board:

Date Issued and ASU	Date Adopted and Method	Description	Impact
<p>February 2016 ASU 2016-02 "Leases (Topic 842)"</p>	<p>April 1, 2019 Modified retrospective</p>	<p>This update is intended to increase transparency and comparability among organizations by recognizing virtually all lease assets and lease liabilities on the balance sheet and disclosing key information about lease arrangements. Early adoption of this update is permitted. This update must be adopted using a modified retrospective transition at the beginning of the earliest period presented or at the adoption date recognizing a cumulative adjustment to the opening balance of retained earnings in the period of adoption and provides for certain practical expedients.</p>	<p>The Company adopted this update utilizing the simplified transition method allowing the Company to not restate comparative periods and apply Topic 842 beginning on April 1, 2019. During adoption, the Company implemented changes in its systems, including the implementation of new lease accounting software, internal controls, business processes, and accounting policies related to both the implementation of, and ongoing compliance with, the new guidance. The adoption resulted in following impacts.</p> <p>The Company recorded increases of \$1.7 billion in assets and \$1.8 billion in liabilities as of April 1, 2019, due to the recording of operating right-of-use assets and operating lease liabilities for lease obligations that were historically classified as operating leases. The Company's cumulative adjustment to the opening balance of retained earnings was not material. Additionally, the update did not have a material impact on the statements of operations or statements of cash flows.</p> <p>DXC elected the practical expedient package permitted under Topic 842, which among other things, permits the Company not to reassess historical conclusions related to contracts that contain leases, lease classification and initial direct costs for leases that commenced prior to the adoption date. DXC applied the lessee component election, allowing the Company to account for lease and non-lease components as a single lease component. In addition, DXC made an accounting policy election to keep leases with an initial term of 12 months or less that do not contain a 'reasonably certain' purchase option off the balance sheets.</p> <p>Refer to Note 7 - "Leases" for additional information.</p>
<p>February 2018 ASU 2018-02 - "Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income"</p>	<p>April 1, 2019 Retrospective</p>	<p>This update provides an option to reclassify stranded tax effects within accumulated other comprehensive income ("AOCI") to retained earnings in each period in which the effect (or portion thereof) of the change in the U.S. federal corporate income tax rate in the Tax Cuts and Jobs Act is recorded.</p>	<p>The Company adopted this update and opted to not elect to reclassify any stranded tax effects within AOCI to retained earnings, and as such, the adoption of ASU 2018-02 did not have an effect on its condensed consolidated financial statements. In accordance with its accounting policy, the Company uses the portfolio approach and will release income tax effects from AOCI once the reason the tax effects were established cease to exist (e.g., when available-for-sale debt securities are sold or if a pension plan is liquidated).</p>

DXC TECHNOLOGY COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - continued

<p>January 2017</p> <p>ASU 2017-04, "Intangibles - Goodwill and Other (Topic 350): Simplifying the test for Goodwill Impairment"</p>	<p>July 1, 2019 Prospective</p>	<p>This update is intended to simplify goodwill impairment testing by eliminating Step 2 from the goodwill impairment test. Under the new guidance, if a reporting unit's carrying amount exceeds its fair value, the entity will record an impairment loss based on that difference. The impairment loss will be limited to the amount of goodwill allocated to that reporting unit. Previously, if the fair value of a reporting unit was lower than its carrying amount (Step 1), an entity was required to calculate any impairment loss by comparing the implied fair value of goodwill with its carrying amount (Step 2). Additionally, under the new standard, companies that have reporting units with zero or negative carrying amounts will no longer be required to perform the qualitative assessment to determine whether to perform Step 2 of the goodwill impairment test. As a result, reporting units with zero or negative carrying amounts will generally be expected to pass the simplified impairment test; however, additional disclosure will be required of those companies.</p>	<p>DXC early adopted this guidance on a prospective basis as of July 1, 2019. As a result of adopting this ASU, the Company no longer performs Step 2 while completing its goodwill impairment testing, beginning with its annual goodwill impairment testing performed during the second quarter of fiscal 2020.</p> <p>DXC's impairment testing performed during the second quarter of fiscal 2020 resulted in a non-cash impairment charge of \$2,887 million consisting of \$2,625 million and \$262 million in its GBS and GIS reporting units, respectively. See Note 11 - "Goodwill" for additional information.</p>
--	-------------------------------------	--	---

The following ASUs were recently issued but have not yet been adopted by DXC:

Date Issued and ASU	DXC Effective Date	Description	Impact
<p>June 2016</p> <p>ASU 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments"</p>	<p>Fiscal 2021</p>	<p>This update is intended to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in this update replace the existing incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. This update must be adopted using a prospective transition approach for debt securities for which an other-than-temporary impairment has been recognized before the effective date.</p>	<p>DXC is currently evaluating its trade receivables and financial arrangements for the potential impact this update may have on its financial statements in future reporting periods.</p>

Other recently issued ASUs effective after September 30, 2019 are not expected to have a material effect on DXC's consolidated financial statements.

Note 3 - Acquisitions

Fiscal 2020 Acquisitions

Luxoft Acquisition

On June 14, 2019, DXC completed the acquisition of Luxoft, a digital service provider whose offerings encompass strategic consulting, custom software development services, and digital solution engineering for total consideration of \$2.0 billion. The acquisition will combine Luxoft's digital engineering capabilities with DXC's expertise in IT modernization and integration. The purchase agreement ("Merger Agreement") was entered into by DXC and Luxoft on January 6, 2019 and the transaction was closed on June 14, 2019.

The transaction between DXC and Luxoft is an acquisition, with DXC as the acquirer and Luxoft as the acquiree, based on the fact that DXC acquired 100% of the equity interests and voting rights in Luxoft, and that DXC is the entity that transferred the cash consideration.

DXC TECHNOLOGY COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - continued

The Company's preliminary estimates of fair values of the assets acquired and the liabilities assumed are based on the information that was available as of the acquisition date, and the Company is continuing to evaluate the underlying inputs and assumptions used in its valuations. Accordingly, these preliminary estimates are subject to change during the measurement period, which is up to one year from the acquisition date. The preliminary estimated purchase price is allocated as follows:

(in millions)	Estimated Fair Value
Cash and cash equivalents	\$ 113
Accounts receivable	233
Other current assets	15
Total current assets	361
Property and equipment	31
Intangible assets	631
Other assets	91
Total assets acquired	1,114
Accounts payable, accrued payroll, accrued expenses, and other current liabilities	(119)
Deferred revenue	(8)
Long-term deferred tax liabilities and income tax payable	(86)
Other liabilities	(63)
Total liabilities assumed	(276)
Net identifiable assets acquired	838
Goodwill	1,185
Total estimated consideration transferred	\$ 2,023

Goodwill represents the excess of the purchase price over the fair value of identifiable assets acquired and liabilities assumed at the acquisition date. The goodwill recognized with the acquisition was attributable to the synergies expected to be achieved by combining the businesses of DXC and Luxoft, expected future contracts and the acquired workforce. The cost-saving opportunities are expected to include improved operating efficiencies and asset optimization. The total goodwill arising from the acquisition was allocated to Global Business Services ("GBS") and is not deductible for tax purposes. See Note 11 - "Goodwill."

As of September 30, 2019, DXC has not finalized the determination of fair values allocated to various assets and liabilities, including, but not limited to, receivables; other current assets; property and equipment; intangible assets; other assets; deferred income taxes, net and other income tax liabilities; deferred revenue and advanced contract payments; accounts payable and accrued liabilities; other liabilities; loss contracts; non-controlling interest; and goodwill.

During the three months ended September 30, 2019, the Company made a number of refinements to the June 14, 2019 preliminary purchase price allocation. These refinements were primarily driven by the Company recording valuation adjustments that decreased customer related intangibles by \$110 million and, increased trade names by \$113 million and related deferred tax adjustments which resulted in an increase in net identifiable assets of \$24 million.

Current assets and liabilities

The Company valued current assets and liabilities using existing carrying values as an estimate of the approximate fair value of those items at the acquisition date except for certain contract receivables for which the Company determined preliminary fair value based on a cost plus margin approach.

Property and equipment

The acquired property and equipment are summarized in the following table:

(in millions)	Amount
Land, buildings, and leasehold improvements	\$ 8
Computers and related equipment	12
Furniture and other equipment	11
Total	<u>\$ 31</u>

During the three months ended September 30, 2019, DXC updated the fair value allocation to land, buildings and leasehold improvements using the direct capitalization method of the income approach and the cost approach. For all other categories of property and equipment, based on the nature of the assets, the Company determined that the net book value represents the preliminary fair value.

Identified intangible assets

The acquired identifiable intangible assets are summarized in the following table:

(in millions)	Amount	Estimated Useful Lives (Years)
Customer related intangibles	\$ 379	10
Trade names	166	10
Developed technology	75	7
Third-party purchased software	11	2 to 10 years
Total	<u>\$ 631</u>	

Developed technology and third-party purchased software are included in the software category and trade names are included in the other intangible assets category in Note 10 -"Intangible Assets".

The Company estimated the preliminary value of customer relationships using the multi-period excess earnings method under the income approach and the preliminary value of trade names using a relief from royalty method under the income approach. For developed technology, the Company calculated the preliminary fair value based on an industry benchmarking analysis based on recent and relevant transactions and identified the percentage of the total consideration that should be allocated to the identified intangible assets categories and calculated the preliminary estimated value. The Company determined that the net book value of the purchased software represents the preliminary fair value.

Deferred tax liabilities

The Company preliminarily valued deferred tax liabilities based on statutory tax rates in the jurisdictions of the legal entities where the acquired non-current assets and liabilities are taxed.

Unaudited Results

The Company's condensed consolidated statements of operations includes the following revenues and net income attributable to Luxoft since the acquisition date:

(in millions)	Three Months Ended September 30, 2019		Six Months Ended September 30, 2019⁽¹⁾	
Revenues	\$	214	\$	259
Net loss	\$	11	\$	7

⁽¹⁾ Results for the six months ended September 30, 2019, reflect operations subsequent to the acquisition date of June 14, 2019, not the full six-month period.

Fiscal 2019 Acquisitions

Molina Medicaid Solutions Acquisition

On October 1, 2018, DXC completed its acquisition of Molina Medicaid Solutions ("MMS"), a Medicaid Management Information Systems business, from Molina Healthcare, Inc. for total consideration of \$233 million. The combination of MMS with DXC expands DXC's ability to provide services to state agencies in the administration of Medicaid programs, including business processing, information technology development and administrative services.

The purchase price allocation for the MMS acquisition was finalized during the second quarter of fiscal 2020. The purchase price allocation was based upon the current determination of fair values at the date of acquisition as follows: \$87 million to current assets, \$112 million to intangible assets other than goodwill, \$11 million to other assets, \$51 million to current liabilities, \$18 million to other liabilities and \$92 million to goodwill. The goodwill is associated with the Company's Global Business Services ("GBS") segment and is tax deductible. The intangible assets acquired include customer relationships and developed technology which have a 13-year weighted average estimated useful life.

Other Acquisitions

In addition to the MMS acquisition, DXC completed seven acquisitions to complement the Company's Microsoft Dynamics and ServiceNow offerings and to provide opportunities for future growth. The acquired businesses are included in the results of the GBS segment. The purchase consideration of \$232 million includes contingent consideration with an estimated fair value of \$41 million. For acquisitions within the measurement period, the Company's purchase price allocation is preliminary and subject to revision as additional information related to the fair value of assets and liabilities becomes available. The purchase price is allocated to assets acquired and liabilities assumed based upon determination of fair values at the dates of acquisition as follows: \$74 million to current assets, \$71 million to intangible assets other than goodwill, \$9 million to other non-current assets, \$63 million to current liabilities and \$141 million to goodwill. The goodwill is associated with the Company's GBS segment, some of which is tax deductible.

Note 4 - Divestitures

Separation of USPS

During fiscal 2019, the Company completed the USPS Separation and Mergers to form Perspecta, an independent public company.

Implementation of the Separation and DXC's post-Separation relationship with Perspecta is governed by several agreements, including the following:

- a Separation and Distribution Agreement;
- an Employee Matters Agreement;
- a Tax Matters Agreement;
- an Intellectual Property Matters Agreement;
- a Transition Services Agreement;
- a Real Estate Matters Agreement;
- an IT Services Agreement and,
- a Non-US Agency Agreement.

These agreements provide for the allocation of assets, employees, liabilities and obligations (including property, employee benefits, litigation, and tax-related assets and liabilities) between DXC and Perspecta attributable to periods prior to, at and after the Separation. In addition, DXC and Perspecta have service and commercial contracts that generally extend through fiscal 2023. Results for the six months ended September 30, 2019 include \$39 million of revenue and income from continuing operations before taxes associated with the IT services agreement.

Pursuant to the Separation and Distribution Agreement, immediately prior to the Separation, Perspecta made a net cash payment of \$984 million to DXC, which reflects transaction consideration of \$1,050 million less \$66 million in principal amount of debt that was outstanding at a subsidiary of Perspecta. Perspecta financed the payment through borrowings under a new senior secured term loan facility.

DXC's former Chief Executive Officer, J. Michael Lawrie, will serve as DXC's Chairman until his planned retirement on December 31, 2019. Mr. Lawrie became Chairman of Perspecta effective as of the Separation and he continues to serve as Chairman of Perspecta. DXC's Chief Financial Officer, Paul N. Saleh, served as a Director of Perspecta until his term ended on August 13, 2019. Due to Mr. Lawrie's and Mr. Saleh's leadership positions at DXC and Perspecta, Perspecta is considered a related party under ASC 850 "Related Party Disclosures" for periods subsequent to the Separation. Transactions with Perspecta were immaterial to the Company's financial statements for the three and six months ended September 30, 2019 and balances due to and from Perspecta were immaterial to the Company's balance sheet as of September 30, 2019.

DXC TECHNOLOGY COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - continued

The following is a summary of the operating results for USPS which have been reflected within income from discontinued operations, net of tax:

(in millions)	Six Months Ended September 30, 2018⁽¹⁾	
Revenue	\$	431
Costs of services		311
Selling, general and administrative		50
Depreciation and amortization		33
Restructuring costs		1
Interest expense		8
Other income, net		(25)
Total costs and expenses		378
Total income from discontinued operations, before income taxes		53
Income tax expense		18
Total income from discontinued operations	\$	35

⁽¹⁾ Results for the six months ended September 30, 2018 reflect operations through the Separation date of May 31, 2018, not the full six-month period.

There was no gain or loss on disposition recognized as a result of the Separation.

The following selected financial information of USPS is included in the statements of cash flows:

(in millions)	Six Months Ended September 30, 2018	
Depreciation	\$	16
Amortization	\$	17
Capital expenditures	\$	—
Significant operating non-cash items:		
Gain on dispositions	\$	24

Note 5 - Earnings (Loss) per Share

Basic EPS is computed using the weighted average number of shares of common stock outstanding during the period. Diluted EPS reflects the incremental shares issuable upon the assumed exercise of stock options and equity awards. The following table reflects the calculation of basic and diluted EPS:

(in millions, except per-share amounts)	Three Months Ended		Six Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Net (loss) income attributable to DXC common shareholders:				
From continuing operations	\$ (2,119)	\$ 262	\$ (1,956)	\$ 486
From discontinued operations	\$ —	\$ —	\$ —	\$ 35
Common share information:				
Weighted average common shares outstanding for basic EPS	258.71	281.37	262.83	282.89
Dilutive effect of stock options and equity awards	—	4.41	—	4.64
Weighted average common shares outstanding for diluted EPS	258.71	285.78	262.83	287.53
Earnings (Loss) per share:				
Basic				
Continuing operations	\$ (8.19)	\$ 0.93	\$ (7.44)	\$ 1.72
Discontinued operations	\$ —	\$ —	\$ —	\$ 0.12
Total	\$ (8.19)	\$ 0.93	\$ (7.44)	\$ 1.84
Diluted				
Continuing operations	\$ (8.19)	\$ 0.92	\$ (7.44)	\$ 1.69
Discontinued operations	\$ —	\$ —	\$ —	\$ 0.12
Total	\$ (8.19)	\$ 0.92	\$ (7.44)	\$ 1.81

For the three months ended September 30, 2019, stock options of 765,883, performance stock units of 434,862 and restricted stock units (RSUs) of 2,354,528 were excluded from the computation of diluted EPS due to the Company's net loss. For the three months ended September 30, 2018 RSUs of 1,419 were excluded in the computation of diluted EPS, which if included, would have been anti-dilutive.

For the six months ended September 30, 2019, stock options of 979,644, performance stock units of 437,507 and RSUs of 1,180,177 were excluded from the computation of diluted EPS due to the Company's net loss. For the six months ended September 30, 2018 RSUs of 713 were excluded in the computation of diluted EPS, which if included, would have been anti-dilutive.

Note 6 - Sale of Receivables

Receivables Facility

The Company has an accounts receivable sales facility (as amended or supplemented to date, the "Receivables Facility") with certain unaffiliated financial institutions (the "Purchasers") for the sale of commercial accounts receivable in the United States. Under the Receivables Facility, the Company and certain of its subsidiaries (the "Sellers") sell accounts receivable to DXC Receivables LLC ("Receivables SPV"), a wholly-owned bankruptcy-remote entity, in a true sale. Receivables SPV subsequently sells certain of the receivables in their entirety to the Purchasers pursuant to a receivables purchase agreement. The financial obligations of Receivables SPV to the Purchasers under the Receivables Facility are limited to the assets it owns and non-recourse to the Company. Sales of receivables by Receivables SPV occur continuously and are settled on a monthly basis. During the second quarter of fiscal 2020, Receivables SPV amended the Receivables Facility to increase the investment limit from \$600 million to \$750 million and extend the termination date to August 19, 2020. Under the terms of the amended Receivables Facility, there is no longer deferred purchase price receivable ("DPP") as the entire purchase price is paid in cash when the receivables are sold to the Purchasers. Prior DPP's were realized by Receivables SPV upon the ultimate collection of the underlying receivables sold to the Purchasers. Cash receipts on the DPP were classified as cash flows from investing activities. The DPP was \$525 million before the amendment was executed. Upon execution of the amendment, the Purchasers extinguished the DPP and returned the related underlying receivables titles to Receivables SPV. The DPP extinguishment was classified as a non-cash investing activity, please refer to Note 19 - "Cash Flows."

The amount available under the Receivables Facility fluctuates over time based on the total amount of eligible receivables generated during the normal course of business after deducting excess concentrations. As of September 30, 2019, the total availability under the Receivables Facility was \$663 million and the amount sold to the Purchasers was \$650 million, which was derecognized from the Company's balance sheet. The Receivables Facility terminates on August 19, 2020, but provides for one or more optional one-year extensions, if agreed to by the Purchasers. The Company uses the proceeds from Receivables SPV's sale of receivables under the Receivables Facility for general corporate purposes.

The fair value of the sold receivables approximated book value due to the short-term nature, and as a result, no gain or loss on sale of receivables was recorded.

While the Company guarantees certain non-financial performance obligations of the Sellers, the Purchasers bear customer credit risk associated with the receivables sold under the Receivables Facility and have recourse in the event of credit-related customer non-payment solely to the assets of the Receivables SPV.

The following table is a reconciliation of the beginning and ending balances of the DPP:

(in millions)	As of and for the Three Months Ended		As of and for the Six Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Beginning balance	\$ 525	\$ 207	\$ 574	\$ 233
Transfers of receivables	—	2,436	1,214	2,976
Collections	—	(1,378)	(1,265)	(1,900)
Change in funding availability	—	(295)	2	(310)
Facility amendments	(525)	(457)	(525)	(457)
Fair value adjustment	—	27	—	(2)
Ending balance	<u>\$ —</u>	<u>\$ 540</u>	<u>\$ —</u>	<u>\$ 540</u>

Federal Receivables Sales Facility

Since July 14, 2017, the Company has given a parent guaranty in connection with a federal receivables sales facility with certain financial institutions, under which certain subsidiaries of the Company previously sold eligible federal government obligor receivables, including billed and certain unbilled receivables. In connection with the Separation, the sellers and servicers of the receivables sold under the Federal Receivables Sales Facility were divested and, effective May 31, 2018, the parent guaranty was terminated.

The following table reflects activity of the Federal Receivables Sales Facility, prior to the Separation:

(in millions)	As of and for the Six Months Ended September 30, 2018⁽¹⁾	
Transfers of receivables	\$	464
Collections	\$	521
Operating cash flow effect	\$	(57)

⁽¹⁾ Results for the six months ended September 30, 2018 reflect operations through the Separation date of May 31, 2018, not the full six-month period.

Note 7 - Leases

The Company has operating and finance leases for data centers, corporate offices, retail stores and certain equipment. Our leases have remaining lease terms of 1 to 13 years, some of which include options to extend the leases for up to 10 years, and some of which include options to terminate the leases within 1 to 3 years.

The components of lease expense were as follows:

(in millions)	Three Months Ended September 30, 2019	Six Months Ended September 30, 2019
Operating lease cost	\$ 164	\$ 340
Short-term lease cost	14	24
Variable lease cost	11	26
Sublease income	(10)	(19)
Total operating costs	<u>\$ 179</u>	<u>\$ 371</u>
Finance lease cost:		
Amortization of right-of-use assets	\$ 140	\$ 249
Interest on lease liabilities	17	34
Total finance lease cost	<u>\$ 157</u>	<u>\$ 283</u>

Cash payments made from variable lease costs and short-term leases are not included in the measurement of operating and finance lease liabilities, and as such, are excluded from the supplemental cash flow information stated below. In addition, for the supplemental non-cash information on operating and finance leases, please refer to Note 19 - "Cash Flows."

(in millions)	Six Months Ended September 30, 2019	
Cash paid for amounts included in the measurement of:		
Operating cash flows from operating leases	\$	340
Operating cash flows from finance leases	\$	34
Financing cash flows from finance leases	\$	279

DXC TECHNOLOGY COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - continued

Supplemental Balance Sheet information related to leases was as follows:

(in millions)	Balance Sheet Line Item	As of	
		September 30, 2019	
Assets:			
ROU operating lease assets	Operating right-of-use assets, net	\$	1,482
ROU finance lease assets	Property and Equipment, net		1,291
Total		\$	2,773
Liabilities:			
Current			
Operating lease	Current operating lease liabilities	\$	489
Finance lease	Short-term debt and current maturities of long-term debt		488
Total		\$	977
Non-current			
Operating lease	Non-current operating lease liabilities	\$	1,139
Finance lease	Long-term debt, net of current maturities		688
Total		\$	1,827

The following table provides information on the weighted average remaining lease term and weighted average discount rate for operating and finance leases:

Weighted Average remaining lease term:	Years
Operating leases	4.8
Finance leases	2.9
Weighted average remaining discount rate:	Rate
Operating leases	3.3%
Finance leases	5.4%

The following maturity analysis presents expected undiscounted cash payments for operating and finance leases on an annual basis as of September 30, 2019:

Fiscal year (in millions)	Operating Leases		Finance Leases
	Real Estate	Equipment	
Remainder of 2020	\$ 221	\$ 73	\$ 327
2021	366	88	391
2022	283	37	301
2023	213	14	169
2024	163	9	58
Thereafter	297	14	3
Total lease payments	1,543	235	1,249
Less: imputed interest	(138)	(12)	(73)
Total payments	\$ 1,405	\$ 223	\$ 1,176

DXC TECHNOLOGY COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - continued

Prior to fiscal 2020, required disclosure under ASC 840 for minimum fixed rentals under operating leases that have initial or remaining terms in excess of one year at March 31, 2019, was as follows:

Fiscal year (in millions)	Operating Leases	
	Real Estate	Equipment
2020	\$ 409	\$ 248
2021	288	119
2022	203	27
2023	159	4
2024	124	1
Thereafter	274	—
Minimum fixed rentals	1,457	399
Less: sublease rental income	(149)	—
Total rental payments	\$ 1,308	\$ 399

Prior to fiscal 2020, required disclosure under ASC 840 for future minimum lease payments to be made under finance leases as of March 31, 2019, was as follows:

Fiscal year (in millions)	Finance leases
2020	\$ 509
2021	310
2022	212
2023	128
2024	36
Thereafter	—
Total minimum lease payments	1,195
Less: Amount representing interest and executory costs	(68)
Present value of net minimum lease payments	\$ 1,127

Note 8 - Fair Value

Fair Value Measurements on a Recurring Basis

The following table presents the Company's assets and liabilities that are measured at fair value on a recurring basis, excluding pension assets and derivative assets and liabilities. See Note 9 - "Derivative and Hedging Activities" for information about the fair value of the Company's derivative assets and liabilities. There were no transfers between any of the levels during the periods presented.

(in millions)	Fair Value Hierarchy			
	September 30, 2019			
	Fair Value	Level 1	Level 2	Level 3
Assets:				
Money market funds and money market deposit accounts	\$ 6	\$ 6	\$ —	\$ —
Time deposits ⁽¹⁾	217	217	—	—
Other debt securities ⁽²⁾	54	—	50	4
Total assets	\$ 277	\$ 223	\$ 50	\$ 4
Liabilities:				
Contingent consideration	\$ 44	\$ —	\$ —	\$ 44
Total liabilities	\$ 44	\$ —	\$ —	\$ 44

(in millions)	March 31, 2019			
	March 31, 2019			
	Fair Value	Level 1	Level 2	Level 3
Assets:				
Money market funds and money market deposit accounts	\$ 6	\$ 6	\$ —	\$ —
Time deposits ⁽¹⁾	194	194	—	—
Other debt securities ⁽²⁾	53	—	49	4
Deferred purchase price receivable	574	—	—	574
Total assets	\$ 827	\$ 200	\$ 49	\$ 578
Liabilities:				
Contingent consideration	\$ 41	\$ —	\$ —	\$ 41
Total liabilities	\$ 41	\$ —	\$ —	\$ 41

⁽¹⁾ Cost basis approximated fair value due to the short period of time to maturity.

⁽²⁾ Other debt securities include available-for-sale investments with Level 2 inputs that have a cost basis of \$38 million and \$38 million, and unrealized gains of \$12 million and \$11 million, as of September 30, 2019 and March 31, 2019, respectively.

The fair value of money market funds, money market deposit accounts, and time deposits, included in cash and cash equivalents, are based on quoted market prices. The fair value of other debt securities, included in other long-term assets, is based on actual market prices. Fair value of the DPP, included in receivables, net, was determined by calculating the expected amount of cash to be received and is principally based on unobservable inputs consisting primarily of the face amount of the receivables adjusted for anticipated credit losses. The fair value of contingent consideration, included in other liabilities, is based on contractually defined targets of financial performance and other considerations.

Other Fair Value Disclosures

The carrying amounts of the Company's financial instruments with short-term maturities, primarily accounts receivable, accounts payable, short-term debt, and financial liabilities included in other accrued liabilities, are deemed to approximate their market values due to their short-term nature. If measured at fair value, these financial instruments would be classified in Level 2 or Level 3 of the fair value hierarchy.

The Company estimates the fair value of its long-term debt, primarily by using quoted prices obtained from third party providers such as Bloomberg, and by using an expected present value technique that is based on observable market inputs for instruments with similar terms currently available to the Company. The estimated fair value of the Company's long-term debt, excluding finance lease liabilities, was \$7.4 billion and \$5.6 billion as of September 30, 2019 and March 31, 2019, respectively, as compared with carrying value of \$7.3 billion and \$5.6 billion as of September 30, 2019 and March 31, 2019, respectively. If measured at fair value, long-term debt, excluding finance lease liabilities would be classified in Level 1 or Level 2 of the fair value hierarchy.

Non-financial assets such as goodwill, tangible assets, intangible assets and other contract related long-lived assets are recorded at fair value in the period they are initially recognized, and such fair value may be adjusted in subsequent periods if an event occurs or circumstances change that indicate that the asset may be impaired. The fair value measurements, in such instances, would be classified in Level 3. Other than the goodwill impairment losses discussed in Note 11 - "Goodwill," there were no significant impairments recorded during the fiscal periods covered by this report.

Note 9 - Derivative and Hedging Activities

In the normal course of business, the Company is exposed to interest rate and foreign exchange rate fluctuations. As part of its risk management strategy, the Company uses derivative instruments, primarily foreign currency forward and option contracts and interest rate swaps, to hedge certain foreign currency and interest rate exposures. The Company's objective is to reduce earnings volatility by offsetting gains and losses resulting from these exposures with losses and gains on the derivative contracts used to hedge them. The Company does not use derivative instruments for trading or any speculative purpose.

Derivatives Designated for Hedge Accounting

Cash flow hedges

The Company has designated certain foreign currency forward contracts as cash flow hedges to reduce foreign currency risk related to certain Indian Rupee, Euro and British Pound-denominated intercompany obligations and forecasted transactions. The notional amounts of foreign currency forward contracts designated as cash flow hedges as of September 30, 2019 and March 31, 2019 was \$576 million and \$277 million, respectively. As of September 30, 2019, the related forecasted transactions extend through March 2021.

For the three and six months ended September 30, 2019 and September 30, 2018, the Company performed an assessment at the inception of the cash flow hedge transactions and determined all critical terms of the hedging instruments and hedged items matched. The Company performs an assessment of critical terms on an on-going basis throughout the hedging period. During the three and six months ended September 30, 2019 and September 30, 2018, the Company had no cash flow hedges for which it was probable that the hedged transaction would not occur. As of September 30, 2019, \$3 million of the existing amount of gains related to the cash flow hedge reported in AOCI is expected to be reclassified into earnings within the next 12 months.

Net investment hedges

During fiscal 2019, the Company designated certain foreign currency forward contracts as net investment hedges. These contracts were de-designated and settled during the six months ended September 30, 2019, and as of September 30, 2019, there were none outstanding. As of September 30, 2018, there were no foreign currency forward contracts designated as net investment hedges.

The pre-tax gain on derivatives designated for hedge accounting recognized in income from continuing operations was \$1 million and \$3 million for the three and six months ended September 30, 2019. The pre-tax loss on derivatives designated for hedge accounting recognized in other comprehensive loss was \$2 million and \$12 million for the three and six months ended September 30, 2019, respectively.

Derivatives Not Designated for Hedge Accounting

The derivative instruments not designated as hedges for purposes of hedge accounting include certain short-term foreign currency forward contracts. Derivatives that are not designated as hedging instruments are adjusted to fair value through earnings in the financial statement line item to which the derivative relates.

Foreign currency forward contracts

The Company manages the exposure to fluctuations in foreign currencies by using short-term foreign currency forward contracts to hedge certain foreign currency denominated assets and liabilities, including intercompany accounts and forecasted transactions. The notional amount of the foreign currency forward contracts outstanding as of September 30, 2019 and March 31, 2019 were \$2.5 billion and \$2.5 billion, respectively.

DXC TECHNOLOGY COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - continued

The following table presents the pretax amounts impacting income related to foreign currency forward contracts:

(in millions)	Statement of Operations Line Item	For the Three Months Ended		For the Six Months Ended	
		September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Foreign currency forward contracts	Other expense (income), net	\$ (41)	\$ 11	\$ (22)	\$ 43

Fair Value of Derivative Instruments

All derivative instruments are recorded at fair value. The Company's accounting treatment for these derivative instruments is based on its hedge designation. The following tables present the fair values of derivative instruments included in the balance sheets:

Derivative Assets

(in millions)	Balance Sheet Line Item	As of	
		September 30, 2019	March 31, 2019
<i>Derivatives designated for hedge accounting:</i>			
Foreign currency forward contracts	Other current assets	\$ 7	\$ 38
Total fair value of derivatives designated for hedge accounting		<u>\$ 7</u>	<u>\$ 38</u>

Derivatives not designated for hedge accounting:

Foreign currency forward contracts	Other current assets	\$ 6	\$ 5
Total fair value of derivatives not designated for hedge accounting		<u>\$ 6</u>	<u>\$ 5</u>

Derivative Liabilities

(in millions)	Balance Sheet Line Item	As of	
		September 30, 2019	March 31, 2019
<i>Derivatives designated for hedge accounting:</i>			
Foreign currency forward contracts	Accrued expenses and other current liabilities	\$ 4	\$ 4
Total fair value of derivatives designated for hedge accounting:		<u>\$ 4</u>	<u>\$ 4</u>

Derivatives not designated for hedge accounting:

Foreign currency forward contracts	Accrued expenses and other current liabilities	\$ 2	\$ 9
Total fair value of derivatives not designated for hedge accounting		<u>\$ 2</u>	<u>\$ 9</u>

The fair value of foreign currency forward contracts represents the estimated amount required to settle the contracts using current market exchange rates and is based on the period-end foreign currency exchange rates and forward points which are classified as Level 2 inputs.

Other Risks for Derivative Instruments

The Company is exposed to the risk of losses in the event of non-performance by the counterparties to its derivative contracts. The amount subject to credit risk related to derivative instruments is generally limited to the amount, if any, by which a counterparty's obligations exceed the obligations of the Company with that counterparty. To mitigate counterparty credit risk, the Company regularly reviews its credit exposure and the creditworthiness of the counterparties. With respect to its foreign currency derivatives, as of September 30, 2019, there were eight counterparties with concentration of credit risk, and based on gross fair value, the maximum amount of loss that the Company could incur is approximately \$6 million.

The Company also enters into enforceable master netting arrangements with some of its counterparties. However, for financial reporting purposes, it is the Company's policy not to offset derivative assets and liabilities despite the existence of enforceable master netting arrangements. The potential effect of such netting arrangements on the Company's balance sheets is not material for the periods presented.

Non-Derivative Financial Instruments Designated for Hedge Accounting

The Company applies hedge accounting for foreign currency-denominated debt used to manage foreign currency exposures on its net investments in certain non-U.S. operations. To qualify for hedge accounting, the hedging instrument must be highly effective at reducing the risk from the exposure being hedged.

Net Investment Hedges

DXC seeks to reduce the impact of fluctuations in foreign exchange rates on its net investments in certain non-U.S. operations with foreign currency-denominated debt. For foreign currency denominated debt designated as a hedge, the effectiveness of the hedge is assessed based on changes in spot rates. For qualifying net investment hedges, all gains or losses on the hedging instruments are included in currency translation. Gains or losses on individual net investments in non-U.S. operations are reclassified to earnings from accumulated other comprehensive (loss) income when such net investments are sold or substantially liquidated.

DXC had designated \$1.9 billion as of September 30, 2019 and \$0 billion as of March 31, 2019 of foreign currency-denominated debt, as hedges of net investments in non-U.S. subsidiaries. The pre-tax impact of gain (loss) on foreign currency-denominated debt designated for hedge accounting recognized in other comprehensive income (loss) were \$76 million and \$66 million for the three and six months ended September 30, 2019, respectively.

Note 10 - Intangible Assets

Intangible assets consisted of the following:

(in millions)	As of September 30, 2019		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Software	\$ 4,195	\$ 2,438	\$ 1,757
Customer related intangible assets	5,759	1,445	4,314
Other intangible assets	255	33	222
Total intangible assets	\$ 10,209	\$ 3,916	\$ 6,293

(in millions)	As of March 31, 2019		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Software	\$ 3,864	\$ 2,235	\$ 1,629
Customer related intangible assets	5,389	1,139	4,250
Other intangible assets	85	25	60
Total intangible assets	\$ 9,338	\$ 3,399	\$ 5,939

The components of amortization expense were as follows:

(in millions)	Three Months Ended		Six Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Intangible asset amortization	\$ 239	\$ 214	\$ 475	\$ 440
Transition and transformation contract cost amortization ⁽¹⁾	59	73	126	129
Total amortization expense	\$ 298	\$ 287	\$ 601	\$ 569

⁽¹⁾ Transaction and transformation contract costs are included within other assets on the balance sheet.

Estimated future amortization related to intangible assets as of September 30, 2019 is as follows:

Fiscal Year	(in millions)
Remainder of 2020	\$ 568
2021	\$ 997
2022	\$ 915
2023	\$ 853
2024	\$ 780

Note 11 - Goodwill

The following table summarizes the changes in the carrying amount of goodwill, by segment, as of September 30, 2019.

(in millions)	GBS	GIS	Total
Goodwill, gross	\$ 5,300	\$ 5,068	\$ 10,368
Accumulated impairment losses	(701)	(2,061)	(2,762)
Balance as of March 31, 2019, net	\$ 4,599	\$ 3,007	\$ 7,606
Acquisitions	1,202	—	1,202
Foreign currency translation	(72)	(65)	(137)
Impairment losses	(2,625)	(262)	(2,887)
Goodwill, gross	6,430	5,003	11,433
Accumulated impairment losses	(3,326)	(2,323)	(5,649)
Balance as of September 30, 2019, net	\$ 3,104	\$ 2,680	\$ 5,784

The additions to goodwill were due to the acquisitions described in Note 3 - "Acquisitions". The foreign currency translation amount reflects the impact of currency movements on non-U.S. dollar-denominated goodwill balances.

Goodwill Impairment Analyses

The Company tests goodwill for impairment on an annual basis, as of the first day of the second fiscal quarter, and between annual tests if circumstances change, or if an event occurs that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

The Company performed its annual goodwill impairment assessment as of July 1, 2019. Subsequent to the measurement date, the Company experienced a decline in its stock price and market capitalization that represented an indicator of impairment as the observed declines were substantial and sustained. As a result, the Company performed a quantitative goodwill impairment test for all of its reporting units, consistent with its policy described in Note 1 - "Summary of Significant Accounting Policies." As part of the reconciliation to the Company's market capitalization, the Company concluded that the carrying values of its reporting units exceeded their estimated fair values and recognized a non-cash impairment charge of \$2,887 million, consisting of \$2,625 million and \$262 million in its GBS and GIS segments, respectively. Further declines in DXC's share price or other impairment indicators could result in additional impairment charges in the future. The goodwill impairment charge does not have an impact on the calculation of the Company's financial covenants under the Company's debt arrangements.

DXC TECHNOLOGY COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - continued

Note 12 - Debt

The following is a summary of the Company's debt:

(in millions)	Interest Rates	Fiscal Year Maturities	September 30, 2019	March 31, 2019
Short-term debt and current maturities of long-term debt				
Euro-denominated commercial paper ⁽¹⁾	(0.21)% - 2.76%	2020	\$ 687	\$ 694
Current maturities of long-term debt	Various	2020 - 2021	296	766
Current maturities of finance lease liabilities	1.06% - 17.70%	2020 - 2021	488	482
Short-term debt and current maturities of long-term debt			<u>\$ 1,471</u>	<u>\$ 1,942</u>
Long-term debt, net of current maturities				
AUD term loan	1.87% - 2.66% ⁽²⁾	2021	539	567
GBP term loan	1.57 - 1.63% ⁽³⁾	2022	553	583
EUR term loan	0.65% ⁽⁴⁾	2022	816	—
EUR term loan	0.80% ⁽⁵⁾	2023	816	—
USD term loan	3.29% - 3.67% ⁽⁶⁾	2025	492	—
\$500 million Senior notes	2.88%	2020	—	502
\$500 million Senior notes	3.08% - 3.69% ⁽⁷⁾	2021	498	498
\$274 million Senior notes	4.45%	2023	276	277
\$171 million Senior notes	4.45%	2023	172	172
\$500 million Senior notes	4.25%	2025	506	506
£250 million Senior notes	2.75%	2025	305	322
€650 million Senior notes	1.75%	2026	704	725
\$500 million Senior notes	4.75%	2028	508	508
\$234 million Senior notes	7.45%	2030	273	273
Lease credit facility	3.11% - 3.50%	2020 - 2023	18	25
Finance lease liabilities	1.06% - 17.70%	2020 - 2025	1,176	1,127
Borrowings for assets acquired under long-term financing	0.48% - 5.78%	2020 - 2025	697	462
Mandatorily redeemable preferred stock outstanding	6.00%	2023	62	62
Other borrowings	0.50% - 7.40%	2020 - 2022	71	109
Long-term debt			<u>8,482</u>	<u>6,718</u>
Less: current maturities			784	1,248
Long-term debt, net of current maturities			<u>\$ 7,698</u>	<u>\$ 5,470</u>

⁽¹⁾ At DXC's option, DXC can borrow up to a maximum of €1 billion or its equivalent in U.S. dollars.

⁽²⁾ Variable interest rate equal to the bank bill swap bid rate for a one-, two-, three- or six-month interest period plus 0.60% to 0.95% based on the published credit ratings of DXC.

⁽³⁾ Three-month LIBOR rate plus 0.80%.

⁽⁴⁾ At DXC's option, the EUR term loan bears interest at the Eurocurrency Rate for a one-, two-, three-, or six-month interest period, plus a margin between 0.40% and 0.9%, based on published credit ratings of DXC.

⁽⁵⁾ At DXC's option, the EUR term loan bears interest at the Eurocurrency Rate for a one-, two-, three-, or six-month interest period, plus a margin between 0.55% and 1.05%, based on published credit ratings of DXC.

⁽⁶⁾ At DXC's option, the USD term loan bears interest at the Eurocurrency Rate for a one-, two-, three-, or six-month interest period, plus a margin between 1.00% and 1.50%, based on published credit ratings of DXC or the Base Rate plus a margin between 0.00% and 0.50%, based on published credit ratings of DXC.

⁽⁷⁾ Three-month LIBOR plus 0.95%.

Senior Notes and Term Loans

Interest on the Company's term loans is payable monthly or quarterly in arrears at the election of the borrowers. The Company fully and unconditionally guarantees term loans issued by its 100% owned subsidiaries. Interest on the Company's senior notes is payable semi-annually in arrears, except for interest on the \$500 million Senior Notes due 2021 which is payable quarterly in arrears, and interest on the £250 million Senior Notes due 2025 and the €650 million Senior Notes due 2026 which are payable annually in arrears. Generally, the Company's notes are redeemable at the Company's discretion at the then-applicable redemption premium plus accrued interest.

Note 13 - Revenue

Revenue Recognition

The following table presents our revenues disaggregated by geography, based on the location of incorporation of the DXC entity providing the related goods or services:

(in millions)	Three Months Ended		Six Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
United States	\$ 1,806	\$ 1,863	\$ 3,657	\$ 3,750
United Kingdom	678	760	1,393	1,560
Australia	366	391	739	845
Other Europe	1,260	1,263	2,490	2,610
Other International	741	736	1,462	1,530
Total Revenues	\$ 4,851	\$ 5,013	\$ 9,741	\$ 10,295

The revenue by geography pertains to both of the Company's reportable segments. Refer to Note 20 - "Segment Information" for the Company's segment disclosures.

Remaining Performance Obligations

Remaining performance obligations represent the aggregate amount of the transaction price in contracts allocated to performance obligations not delivered, or partially undelivered, as of the end of the reporting period. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revaluations, adjustments for revenue that has not materialized and adjustments for currency. As of September 30, 2019, approximately \$25.9 billion of revenue is expected to be recognized from remaining performance obligations. We expect to recognize revenue on approximately 26% of these remaining performance obligations in fiscal 2020, with the remainder of the balance recognized thereafter.

Contract Balances

The following table provides information about the balances of the Company's trade receivables and contract assets and contract liabilities:

(in millions)	As of	
	September 30, 2019	March 31, 2019
Trade receivables, net	\$ 3,343	\$ 3,232
Contract assets	\$ 517	\$ 390
Contract liabilities	\$ 1,800	\$ 1,886

DXC TECHNOLOGY COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - continued

Change in contract liabilities were as follows:

(in millions)	Six Months Ended September 30, 2019	
Balance, beginning of period	\$	1,886
Deferred revenue		1,400
Recognition of deferred revenue		(1,416)
Currency translation adjustment		(48)
Other		(22)
Balance, end of period	\$	1,800

Note 14 - Restructuring Costs

The Company recorded restructuring costs of \$32 million and \$157 million, net of reversals, for the three months ended September 30, 2019 and September 30, 2018, respectively. For the six months ended September 30, 2019 and September 30, 2018, the Company recorded restructuring costs of \$174 million and \$342 million, net of reversals, respectively. The costs recorded during the three and six months ended September 30, 2019 were largely a result of the Fiscal 2020 Plan (defined below).

The composition of restructuring liabilities by financial statement line item is as follows:

(in millions)	As of September 30, 2019	
Accrued expenses and other current liabilities	\$	204
Other long-term liabilities		35
Total	\$	239

Summary of Restructuring Plans

Fiscal 2020 Plan

During fiscal 2020, management approved cost savings initiatives designed to reduce operating costs by re-balancing its workforce and facilities structures (the "Fiscal 2020 Plan"). The Fiscal 2020 Plan includes workforce optimization programs and facilities and data center rationalization.

Fiscal 2019 Plan

During fiscal 2019, management approved global cost savings initiatives designed to better align the Company's organizational structure with its strategic initiatives and continue the integration of the Enterprise Services business of Hewlett Packard Enterprise Company ("HPES") and other acquisitions (the "Fiscal 2019 Plan"). The Fiscal 2019 Plan includes workforce optimization and rationalization of facilities and data center assets. Costs incurred to date under the Fiscal 2019 Plan total \$497 million, comprising \$353 million in employee severance and \$144 million of facilities costs.

Fiscal 2018 Plan

In June 2017, management approved a post-HPES Merger (as defined below) restructuring plan to optimize the Company's operations in response to a continuing business contraction (the "Fiscal 2018 Plan"). The Fiscal 2018 Plan focuses mainly on optimizing specific aspects of global workforce, increasing the proportion of work performed in low cost offshore locations and re-balancing the pyramid structure. Additionally, this plan included global facility restructuring, including a global data center restructuring program. Costs incurred to date under the Fiscal 2018 Plan total \$772 million, comprising \$585 million in employee severance and \$187 million of facilities costs.

Other Prior Year Plans

In May 2016, the Company initiated a restructuring plan to realign the Company's cost structure and resources to take advantage of operational efficiencies following recent acquisitions. During the fourth quarter of fiscal 2017, the Company expanded the plan to strengthen the Company's competitiveness and to optimize the workforce by increasing work performed in low-cost locations (the "Fiscal 2017 Plan"). Costs incurred to date under the Fiscal 2017 Plan total \$215 million, comprising \$206 million in employee severance and \$9 million of facilities costs.

Acquired Restructuring Liabilities

As a result of the merger of Computer Sciences Corporation ("CSC") and HPES ("HPES Merger"), DXC acquired restructuring liabilities under restructuring plans that were initiated for HPES under plans approved by the HPE Board of Directors.

DXC TECHNOLOGY COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - continued

Restructuring Liability Reconciliations by Plan

	Restructuring Liability as of March 31, 2019	Adoption of ASC 842 ⁽¹⁾	Costs Expensed, Net of Reversals ⁽²⁾	Costs Not Affecting Restructuring Liability ⁽³⁾	Cash Paid	Other ⁽⁴⁾	Restructuring Liability as of September 30, 2019
Fiscal 2020 Plan							
Workforce Reductions	\$ —	\$ —	\$ 182	\$ (7)	\$ (100)	\$ (4)	\$ 71
Facilities Costs	—	—	16	(8)	(6)	—	2
Total	\$ —	\$ —	\$ 198	\$ (15)	\$ (106)	\$ (4)	\$ 73
Fiscal 2019 Plan							
Workforce Reductions	\$ 138	\$ —	\$ (10)	\$ (5)	\$ (59)	\$ (3)	\$ 61
Facilities Costs	68	(53)	—	(1)	(7)	—	7
Total	\$ 206	\$ (53)	\$ (10)	\$ (6)	\$ (66)	\$ (3)	\$ 68
Fiscal 2018 Plan							
Workforce Reductions	\$ 59	\$ —	\$ (9)	\$ —	\$ (17)	\$ —	\$ 33
Facilities Costs	35	(36)	(1)	—	(2)	4	—
Total	\$ 94	\$ (36)	\$ (10)	\$ —	\$ (19)	\$ 4	\$ 33
Other Prior Year Plans							
Workforce Reductions	\$ 9	\$ —	\$ (1)	\$ —	\$ —	\$ —	\$ 8
Facilities Costs	1	(1)	—	—	—	—	—
Total	\$ 10	\$ (1)	\$ (1)	\$ —	\$ —	\$ —	\$ 8
Acquired Liabilities							
Workforce Reductions	\$ 51	\$ —	\$ 1	\$ —	\$ (5)	\$ —	\$ 47
Facilities Costs	18	—	(4)	—	(1)	(3)	10
Total	\$ 69	\$ —	\$ (3)	\$ —	\$ (6)	\$ (3)	\$ 57

⁽¹⁾ Represents restructuring liability recorded as an offset to right-of-use assets upon the adoption of ASC 842.

⁽²⁾ Costs expensed, net of reversals include \$14 million, \$10 million, and \$1 million of costs reversed from the Fiscal 2019 Plan, Fiscal 2018 Plan and Other Prior Year Plans, respectively.

⁽³⁾ Pension benefit augmentations recorded as a pension liability, asset impairments and restructuring costs associated with right-of-use assets.

⁽⁴⁾ Foreign currency translation adjustments.

Note 15 - Pension and Other Benefit Plans

The Company offers a number of pension and other post-retirement benefit ("OPEB") plans, life insurance benefits, deferred compensation and defined contribution plans. Most of the Company's pension plans are not admitting new participants; therefore, changes to pension liabilities are primarily due to market fluctuations of investments for existing participants and changes in interest rates.

Defined Benefit Plans

The Company sponsors a number of defined benefit and post-retirement medical benefit plans for the benefit of eligible employees. The benefit obligations of the Company's U.S. pension, U.S. OPEB, and non-U.S. OPEB represent an insignificant portion of the Company's pension and other post-retirement benefits. As a result, the disclosures below include the Company's U.S. and non-U.S. pension plans on a global consolidated basis.

The Company contributed \$23 million and \$33 million to the defined benefit pension and OPEB plans during the three and six months ended September 30, 2019, respectively. The Company expects to contribute an additional \$48 million during the remainder of fiscal 2020, which does not include certain salary deferral programs and future potential termination benefits related to the Company's potential restructuring activities.

During the three and six months ended September 30, 2019, the Company accrued \$6 million and \$17 million, respectively, of additional contractual termination benefits for certain employees as part of restructuring plans (see Note 14 - "Restructuring Costs"). These amounts are reflected in the projected benefit obligation and in the net periodic pension cost.

The components of net periodic pension income were:

(in millions)	Three Months Ended		Six Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Service cost	\$ 23	\$ 22	\$ 46	\$ 45
Interest cost	57	63	117	128
Expected return on assets	(154)	(138)	(315)	(287)
Amortization of prior service costs	(2)	(6)	(4)	(7)
Contractual termination benefit	6	—	17	—
Curtailement gain	—	—	—	(1)
Net periodic pension income	\$ (70)	\$ (59)	\$ (139)	\$ (122)

The service cost component of net periodic pension income is presented in cost of services and selling, general and administrative and the other components of net periodic pension income are presented in other income, net, except for contractual termination benefit which is included in restructuring, in the Company's statements of operations.

The weighted-average rates used to determine net periodic pension cost for the three and six months ended September 30, 2019 and September 30, 2018 were:

	September 30, 2019	September 30, 2018
Discount or settlement rates	2.4 %	2.3 %
Expected long-term rates of return on assets	5.8 %	5.3 %
Rates of increase in compensation levels	2.0 %	2.1 %

Deferred Compensation Plans

Effective as of the HPES Merger, DXC assumed sponsorship of the Computer Sciences Corporation Deferred Compensation Plan, which was renamed the "DXC Technology Company Deferred Compensation Plan" (the "DXC DCP") and adopted the Enterprise Services Executive Deferred Compensation Plan (the "ES DCP"). Both plans are non-qualified deferred compensation plans maintained for a select group of management, highly compensated employees and non-employee directors.

The DXC DCP covers eligible employees who participated in CSC's Deferred Compensation Plan prior to the HPES Merger. The ES DCP covers eligible employees who participated in the HPE Executive Deferred Compensation Plan prior to the HPES Merger. Both plans allow participating employees to defer the receipt of current compensation to a future distribution date or event above the amounts that may be deferred under DXC's tax-qualified 401(k) plan, the DXC Technology Matched Asset Plan. Neither plan provides for employer contributions. As of April 3, 2017, the ES DCP does not admit new participants.

Certain management and highly compensated employees are eligible to defer all, or a portion of, their regular salary that exceeds the limitation set forth in Internal Revenue Section 401(a)(17) and all or a portion of their incentive compensation. Non-employee directors are eligible to defer up to 100% of their cash compensation. The liability, which is included in other long-term liabilities in the Company's balance sheets, amounted to \$55 million as of September 30, 2019 and \$59 million as of March 31, 2019.

Note 16 - Income Taxes

The Company's effective tax rate from continuing operations ("ETR") was (5.8)% and 22.0% for the three months ended September 30, 2019 and September 30, 2018, respectively, and (8.6)% and 29.2% for the six months ended September 30, 2019 and September 30, 2018, respectively. For the three months ended September 30, 2019, the primary drivers of the ETR were the impact of the non-deductible goodwill impairment charge, the non-taxable gain on the arbitration award, the global mix of income, an increase in prior year U.S. federal research and development income tax credits, and an increase in unrecognized tax benefits primarily related to the disallowance of certain legacy CSC foreign restructuring expenses deducted on the U.S. federal tax return for tax year March 31, 2013. For the six months ended September 30, 2019, the primary drivers of the ETR were the impact of the non-deductible goodwill impairment charge, the non-taxable gain on the arbitration award, the global mix of income, an increase in unrecognized tax benefits primarily related to the disallowance of certain legacy CSC foreign restructuring expenses deducted on the U.S. federal tax return for tax year March 31, 2013 and an increase in prior year U.S. federal research and development income tax credits. For the three and six months ended September 30, 2018, the primary unfavorable drivers of the ETR were the global mix of income, the increase in the provisional transition tax, an increase in state tax expense due to remeasurement of deferred taxes, and the impact of U.S. proposed regulations on the ability to claim certain foreign tax credits. The primary favorable drivers of the ETR were due to the filing of the October 31, 2017 U.S. federal tax return and a decrease in valuation allowances on certain foreign subsidiary deferred tax assets.

The tax expense associated with discontinued operations for the six months ended September 30, 2019 was \$0 million as compared to \$18 million during the same period of the prior fiscal year. The primary driver of the variance in the tax expense for the six months ended September 30, 2019 and September 30, 2018 was the difference in income before tax for the respective periods.

As the result of the issuance of new U.S. Treasury regulations in the first quarter of fiscal 2020, the Company changed its permanent reinvestment assertion in the first quarter of fiscal 2020 with respect to certain foreign corporations, reducing the amount that will ultimately be repatriated to the U.S. by approximately \$506 million. With the exception of this change, DXC's prior permanent reinvestment assertion, that the Company will repatriate all current and accumulated earnings for all non-U.S. subsidiaries other than India, continues to apply. DXC does not believe this assertion change will have an adverse effect on the Company as U.S. cash needs will be satisfied from other sources of non-U.S. earnings.

In connection with the Separation of USPS, the Company entered into a tax matters agreement with Perspecta. Pursuant to the tax matters agreement, the Company generally will be responsible for tax liabilities arising prior to the Separation of USPS. Income tax liabilities transferred to Perspecta primarily relate to pre-HPES Merger periods, for which the Company is indemnified by HPE pursuant to the tax matters agreement between the Company and HPE. The Company is also liable to HPE for tax receivables and refunds which it receives from Perspecta related to pre-HPES Merger periods that were transferred to Perspecta. Pursuant to the tax matters agreement with Perspecta, the Company has recorded a tax indemnification receivable from Perspecta of \$77 million and a tax indemnification payable to Perspecta of \$64 million related to income tax and other tax liabilities. As a result of the HPES Merger, the Company continues to have a net receivable of \$18 million from HPE, comprised of a \$107 million tax indemnification receivable related to tax payables, a \$43 million tax indemnification receivable related to uncertain tax positions (net of related deferred tax benefits), and \$132 million of tax indemnification payable related to other tax receivables.

The IRS is examining CSC's federal income tax returns for fiscal 2008 through 2017. With respect to CSC's fiscal 2008 through 2010 federal tax returns, the Company previously entered into negotiations for a resolution through settlement with the IRS Office of Appeals. The IRS examined several issues for this audit that resulted in various audit adjustments. The Company and the IRS Office of Appeals have an agreement in principle as to some, but not all of these adjustments.

The Company has agreed to extend the statute of limitations associated with this audit through June 30, 2020.

In the first quarter of fiscal 2020, we filed for competent authority relief relating to certain legacy CSC foreign restructuring expenses deducted for the U.S. federal tax return for tax year March 31, 2013. The Company has agreed to extend the statute of limitations associated with this audit through March 31, 2020. In the second quarter of fiscal 2020, the Company received a Revenue Agent's Report with proposed adjustments to CSC's fiscal 2014 through 2017 federal returns. The Company has filed a protest for certain of these adjustments with the IRS Office of Appeals. The Company has agreed to extend the statute of limitations for the fiscal 2014 through fiscal 2016 through December 31, 2020. The Company expects to reach a resolution for all years no earlier than the third quarter of fiscal 2021 except agreed issues related to fiscal 2008 through 2010 federal tax returns, which are expected to be resolved within twelve months.

In addition, the Company may settle certain other tax examinations, have lapses in statutes of limitations, or voluntarily settle income tax positions in negotiated settlements for different amounts than the Company has accrued for unrecognized tax benefits. In the second quarter of fiscal 2020 the Company's liability for uncertain tax positions increased by \$43 million (excluding interest and penalties and related tax attributes) largely due to additions for U.S. federal research and development credits and certain legacy CSC foreign restructuring expenses deducted in the U.S. The Company may need to accrue and ultimately pay additional amounts for tax positions that previously met a more-likely-than-not standard if such positions are not upheld. Conversely, the Company could settle positions by payment with the tax authorities for amounts lower than those that have been accrued or extinguish a position through payment. The Company believes the outcomes that are reasonably possible within the next 12 months may result in a reduction in liability for uncertain tax positions of \$13 million to \$17 million, excluding interest, penalties and tax carry-forwards.

Note 17 - Stockholders' Equity

Share Repurchases

On April 3, 2017, DXC announced the establishment of a share repurchase program approved by the Board of Directors with an initial authorization of \$2.0 billion for future repurchases of outstanding shares of DXC common stock. On November 8, 2018, DXC's Board of Directors approved an incremental \$2.0 billion share repurchase authorization. An expiration date has not been established for this repurchase plan. Share repurchases may be made from time to time through various means, including in open market purchases, 10b5-1 plans, privately-negotiated transactions, accelerated stock repurchases, block trades and other transactions, in compliance with Rule 10b-18 under the Exchange Act as well as, to the extent applicable, other federal and state securities laws and other legal requirements. The timing, volume, and nature of share repurchases pursuant to the share repurchase plan are at the discretion of management and may be suspended or discontinued at any time.

DXC TECHNOLOGY COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - continued

As part of the share repurchase program, during the first quarter of fiscal 2020, DXC entered into an accelerated share repurchase ("ASR") agreement with a third-party financial institution by advancing \$200 million including a \$100 million prepayment. At inception, the ASR was initially settled by delivery of 1,849,194 shares of common stock to the Company. During the second quarter of fiscal 2020, DXC received an additional 1,805,350 shares of common stock. In total, 3,654,544 shares of common stock were repurchased under the ASR for \$200 million, resulting in an average price paid of \$54.73 per share.

The shares repurchased are retired immediately and included in the category of authorized but unissued shares. The excess of purchase price over par value of the common shares is allocated between additional paid-in capital and retained earnings. The details of shares repurchased are shown below:

Fiscal Period	Fiscal 2020			Fiscal 2019		
	Number of Shares Repurchased	Average Price Per Share	Amount (in millions)	Number of Shares Repurchased	Average Price Per Share	Amount (in millions) ⁽¹⁾
1st Quarter						
Open market purchases	5,510,415	\$ 54.44	\$ 300	3,779,194	\$ 85.86	\$ 324
ASR	1,849,194	54.08	100	—	—	—
1st Quarter Total	7,359,609	54.35	400	3,779,194	85.86	324
2nd Quarter						
Open market purchases	4,414,840	33.96	150	1,448,729	87.16	127
ASR	1,805,350	55.39	100	—	—	—
2nd Quarter Total	6,220,190	40.18	250	1,448,729	87.16	127
Total	13,579,799	\$ 47.86	\$ 650	5,227,923	\$ 86.22	\$ 451

⁽¹⁾ DXC recorded \$9 million as an accrued liability for shares purchased but not yet settled in cash as of September 30, 2018.

Accumulated Other Comprehensive Income (Loss)

The following table shows the changes in accumulated other comprehensive income (loss), net of taxes:

(in millions)	Foreign Currency Translation Adjustments	Cash Flow Hedges	Available-for-sale Securities	Pension and Other Post-retirement Benefit Plans	Accumulated Other Comprehensive (Loss)
Balance at March 31, 2019	\$ (517)	\$ (3)	\$ 9	\$ 267	\$ (244)
Current-period other comprehensive loss	(184)	2	2	—	(180)
Amounts reclassified from accumulated other comprehensive income (loss)	—	—	—	(4)	(4)
Balance at September 30, 2019	\$ (701)	\$ (1)	\$ 11	\$ 263	\$ (428)

DXC TECHNOLOGY COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - continued

(in millions)	Foreign Currency Translation Adjustments	Cash Flow Hedges	Available-for- sale Securities	Pension and Other Post- retirement Benefit Plans	Accumulated Other Comprehensive Income (Loss)
Balance at March 31, 2018	\$ (261)	\$ 9	\$ 9	\$ 301	\$ 58
Current-period other comprehensive loss	(408)	(30)	(1)	—	(439)
Amounts reclassified from accumulated other comprehensive loss	—	5	—	(6)	(1)
Balance at September 30, 2018	<u>\$ (669)</u>	<u>\$ (16)</u>	<u>\$ 8</u>	<u>\$ 295</u>	<u>\$ (382)</u>

Note 18 - Stock Incentive Plans

Equity Plans

The Compensation Committee of the Board of Directors (the "Board") has broad authority to grant awards and otherwise administer the DXC Employee Equity Plan. The plan became effective March 30, 2017 and will continue in effect for a period of 10 years thereafter, unless earlier terminated by the Board. The Board has the authority to amend the plan in such respects as it deems desirable, subject to approval of DXC's stockholders for material modifications.

RSUs represent the right to receive one share of DXC common stock upon a future settlement date, subject to vesting and other terms and conditions of the award, plus any dividend equivalents accrued during the award period. In general, if the employee's status as a full-time employee is terminated prior to the vesting of the RSU grant in full, then the RSU grant is automatically canceled on the termination date and any unvested shares and dividend equivalents are forfeited. Certain executives were awarded service-based "career share" RSUs for which the shares are settled over the 10 anniversaries following the executive's separation from service as a full-time employee, provided the executive complies with certain non-competition covenants during that period.

The Company also grants PSUs, which generally vest over a period of 3 years. The number of PSUs that ultimately vest is dependent upon the Company's achievement of certain specified financial performance criteria over a three-year period. If the specified performance criteria are met, awards are settled for shares of DXC common stock and dividend equivalents upon the filing with the SEC of the Annual Report on Form 10-K for the last fiscal year of the performance period. PSU awards include the potential for up to 25% of the shares granted to be earned after the first and second fiscal years if certain of the Company's performance targets are met early, subject to vesting based on the participant's continued employment through the end of the three-year performance period.

The terms of the DXC Director Equity Plan allow DXC to grant RSU awards to non-employee directors of DXC. Such RSU awards vest in full at the earlier of (i) the first anniversary of the grant date or (ii) the next annual meeting date, and are automatically redeemed for DXC common stock and dividend equivalents either at that time or, if an RSU deferral election form is submitted, upon the date or event elected by the director. Distributions made upon a director's separation from the Board may occur in either a lump sum or in annual installments over periods of 5, 10, or 15 years, per the director's election. In addition, RSUs vest in full upon a change in control of DXC.

The DXC Share Purchase Plan allows DXC's employees located in the United Kingdom to purchase shares of DXC's common stock at the fair market value of such shares on the applicable purchase date. There were 5,581 and 10,481 shares purchased under this plan during the three and six months ended September 30, 2019.

DXC TECHNOLOGY COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - continued

The Board has reserved for issuance shares of DXC common stock, par value \$0.01 per share, under each of the plans as detailed below:

	As of September 30, 2019	
	Reserved for issuance	Available for future grants
DXC Employee Equity Plan	34,200,000	19,790,522
DXC Director Equity Plan	230,000	33,451
DXC Share Purchase Plan	250,000	224,908
Total	34,680,000	20,048,881

Stock Options

	Number of Option Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value (in millions)
Outstanding as of March 31, 2019	2,318,768	\$ 30.40	4.80	\$ 79
Granted	—	\$ —		
Exercised	(301,909)	\$ 32.20		\$ 7
Canceled/Forfeited	(618)	\$ 48.60		
Expired	(91,442)	\$ 33.37		
Outstanding as of September 30, 2019	1,924,799	\$ 29.97	4.90	\$ 8
Vested and expected to vest in the future as of September 30, 2019	1,924,648	\$ 29.97	4.90	\$ 8
Exercisable as of September 30, 2019	1,922,449	\$ 29.94	4.90	\$ 8

Restricted Stock

	Employee Equity Plan		Director Equity Plan	
	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding as of March 31, 2019	2,809,775	\$ 67.27	75,750	\$ 46.31
Granted	2,656,777	\$ 48.56	68,200	\$ 35.70
Settled	(668,412)	\$ 49.70	(21,971)	\$ 63.82
Canceled/Forfeited	(486,330)	\$ 61.43	—	\$ —
Outstanding as of September 30, 2019	4,311,810	\$ 59.13	121,979	\$ 37.23

Share-Based Compensation

(in millions)	Three Months Ended		Six Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Total share-based compensation cost	\$ 30	\$ 19	\$ 48	\$ 41
Related income tax benefit	\$ 7	\$ 3	\$ 11	\$ 6
Total intrinsic value of options exercised	\$ 1	\$ 25	\$ 7	\$ 35
Tax benefits from exercised stock options and awards	\$ 1	\$ 14	\$ 10	\$ 19

As of September 30, 2019, total unrecognized compensation expense related to unvested DXC stock options and unvested DXC RSUs, net of expected forfeitures was \$1 million and \$163 million, respectively. The unrecognized compensation expense for unvested RSUs is expected to be recognized over a weighted-average period of 2.17 years.

Note 19 - Cash Flows

Cash payments for interest on indebtedness and income taxes and other select non-cash activities are as follows:

(in millions)	Six Months Ended	
	September 30, 2019	September 30, 2018
Cash paid for:		
Interest	\$ 178	\$ 149
Taxes on income, net of refunds ⁽¹⁾	\$ 130	\$ 74
Non-cash activities:		
Operating:		
ROU assets obtained in exchange for lease, net ⁽²⁾	\$ 142	\$ —
Prepaid assets acquired under long-term financing	\$ 14	\$ —
Investing:		
Capital expenditures in accounts payable and accrued expenses	\$ 92	\$ 28
Capital expenditures through finance lease obligations	\$ 380	\$ 396
Assets acquired under long-term financing	\$ 248	\$ 76
(Decrease) / increase in deferred purchase price receivable	\$ (204)	\$ 818
Financing:		
Dividends declared but not yet paid	\$ 55	\$ 54

⁽¹⁾ Income tax refunds were \$20 million and \$157 million for the six months ended September 30, 2019 and September 30, 2018, respectively.

⁽²⁾ Net of \$87 million change in lease classification from operating to finance lease.

Note 20 - Segment Information

DXC has a matrix form of organization and is managed in several different and overlapping groupings including services, industry and geographic region. As a result and in accordance with accounting standards, operating segments are organized by the type of services provided. DXC's chief operating decision maker ("CODM"), the chief executive officer, obtains, reviews, and manages the Company's financial performance based on these segments. The CODM uses these results, in part, to evaluate the performance of, and allocate resources to, each of the segments.

As a result of the Separation, USPS is no longer included as a reportable segment and its results have been reclassified to discontinued operations, net of taxes, for all periods presented. See Note 4 - "Divestitures". DXC now operates in two reportable segments as described below:

Global Business Services

GBS provides innovative technology solutions that help its clients address key business challenges and accelerate digital transformations tailored to each client's industry and specific objectives. GBS offerings include:

- *Enterprise, Cloud Applications and Consulting.* GBS provides industry, business process systems integration and technical delivery experience to maximize value from enterprise application portfolios. GBS also helps clients accelerate their digital transformations and business results with industry, business, technology and complex integration services.
- *Application Services.* GBS's comprehensive services helps clients modernize, develop, test and manage their applications.
- *Analytics.* GBS's portfolio of analytics services and robust partner ecosystem helps clients gain rapid insights and accelerate their digital transformation journeys.
- *Business Process Services.* GBS provides seamless digital integration and optimization of front and back office processes, including its Agile Process Automation approach.
- *Industry Software and Solutions.* GBS's industry-specific solutions enable businesses to quickly integrate technology, transform their operations and develop new ways of doing business. GBS's vertical-specific IP includes insurance, healthcare and life sciences, travel and transportation, and banking and capital markets solutions.

Global Infrastructure Services

GIS provides a portfolio of offerings that deliver predictable outcomes and measurable results while reducing business risk and operational costs for clients. GIS offerings include:

- *Cloud and Platform Services.* GIS helps clients maximize their private cloud, public cloud and legacy infrastructures, as well as securely manage their hybrid environments.
- *Workplace and Mobility.* GIS's workplace, mobility and Internet of Things ("IoT") services provides a consumer-like experience with enterprise security and instant connectivity for its clients.
- *Security.* GIS's security solutions help predict attacks, proactively respond to threats, ensure compliance and protect data, applications, infrastructure and endpoints.

DXC TECHNOLOGY COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - continued

Segment Measures

The following table summarizes operating results regularly provided to the CODM by reportable segment and a reconciliation to the financial statements:

(in millions)	GBS	GIS	Total Reportable Segments	All Other	Totals
Three Months Ended September 30, 2019					
Revenues	\$ 2,285	\$ 2,566	\$ 4,851	\$ —	\$ 4,851
Segment profit	\$ 359	\$ 243	\$ 602	\$ (73)	\$ 529
Depreciation and amortization ⁽¹⁾	\$ 39	\$ 252	\$ 291	\$ 25	\$ 316

Three Months Ended September 30, 2018					
Revenues	\$ 2,111	\$ 2,902	\$ 5,013	\$ —	\$ 5,013
Segment profit	\$ 400	\$ 473	\$ 873	\$ (74)	\$ 799
Depreciation and amortization ⁽¹⁾	\$ 16	\$ 305	\$ 321	\$ 31	\$ 352

(in millions)	GBS	GIS	Total Reportable Segments	All Other	Totals
Six Months Ended September 30, 2019					
Revenues	\$ 4,444	\$ 5,297	\$ 9,741	\$ —	\$ 9,741
Segment profit	\$ 725	\$ 583	\$ 1,308	\$ (127)	\$ 1,181
Depreciation and amortization ⁽¹⁾	\$ 67	\$ 527	\$ 594	\$ 54	\$ 648

Six Months Ended September 30, 2018					
Revenues	\$ 4,324	\$ 5,971	\$ 10,295	\$ —	\$ 10,295
Segment profit	\$ 803	\$ 947	\$ 1,750	\$ (148)	\$ 1,602
Depreciation and amortization ⁽¹⁾	\$ 36	\$ 586	\$ 622	\$ 66	\$ 688

⁽¹⁾ Depreciation and amortization as presented excludes amortization of acquired intangible assets of \$151 million and \$132 million for the three months ended September 30, 2019 and 2018, respectively, and \$289 million and \$267 million for the six months ended September 30, 2019 and 2018 respectively.

DXC TECHNOLOGY COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) - continued

Reconciliation of Reportable Segment Profit to Consolidated Total

The Company's management uses segment profit as the measure for assessing performance of its segments. Segment profit is defined as segment revenue less costs of services, segment selling, general and administrative, depreciation and amortization, and other income (excluding the movement in foreign currency exchange rates on our foreign currency denominated assets and liabilities and the related economic hedges). The Company does not allocate to its segments certain operating expenses managed at the corporate level. These unallocated costs include certain corporate function costs, stock-based compensation expense, pension and OPEB actuarial and settlement gains and losses, restructuring costs, transaction, separation and integration-related costs and amortization of acquired intangible assets.

(in millions)	Three Months Ended		Six Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Profit				
Total profit for reportable segments	\$ 602	\$ 873	1,308	\$ 1,750
All other loss	(73)	(74)	(127)	(148)
Interest income	67	33	97	65
Interest expense	(104)	(83)	(195)	(168)
Restructuring costs	(32)	(157)	(174)	(342)
Transaction, separation and integration-related costs	(53)	(128)	(158)	(198)
Amortization of acquired intangible assets	(151)	(132)	(289)	(267)
Goodwill impairment losses	(2,887)	—	(2,887)	—
Gain on arbitration award	632	—	632	—
(Loss) income from continuing operations before income taxes	\$ (1,999)	\$ 332	\$ (1,793)	\$ 692

Management does not use total assets by segment to evaluate segment performance or allocate resources. As a result, assets are not tracked by segment and therefore, total assets by segment is not disclosed.

Note 21 - Commitments and Contingencies

Commitments

The Company signed long-term purchase agreements with certain software, hardware, telecommunication, and other service providers to obtain favorable pricing and terms for services, and products that are necessary for the operations of business activities. Under the terms of these agreements, the Company is contractually committed to purchase specified minimums over periods ranging from 1 to 6 years. If the Company does not meet the specified minimums, the

Company would have an obligation to pay the service provider all, or a portion, of the shortfall. Minimum purchase commitments as of September 30, 2019 were as follows:

Fiscal year (in millions)	Minimum Purchase Commitment ⁽¹⁾
Remainder of 2020	\$ 967
2021	1,685
2022	565
2023	454
2024	261
Thereafter	25
Total	\$ 3,957

⁽¹⁾ A significant portion of the minimum purchase commitments for fiscal 2020 and fiscal 2021 relate to the amounts committed under the HPE preferred vendor agreements.

In the normal course of business, the Company may provide certain clients with financial performance guarantees, and at times performance letters of credit or surety bonds. In general, the Company would only be liable for the amounts of these guarantees in the event that non-performance by the Company permits termination of the related contract by the Company's client. The Company believes it is in compliance with its performance obligations under all service contracts for which there is a financial performance guarantee, and the ultimate liability, if any, incurred in connection with these guarantees will not have a material adverse effect on its consolidated results of operations or financial position.

The Company also uses stand-by letters of credit, in lieu of cash, to support various risk management insurance policies. These letters of credit represent a contingent liability and the Company would only be liable if it defaults on its payment obligations on these policies. The following table summarizes the expiration of the Company's financial guarantees and stand-by letters of credit outstanding as of September 30, 2019:

(in millions)	Fiscal 2020	Fiscal 2021	Fiscal 2022 and Thereafter	Totals
Surety bonds	\$ 30	\$ 326	\$ 151	\$ 507
Letters of credit	126	55	385	566
Stand-by letters of credit	72	101	21	194
Totals	\$ 228	\$ 482	\$ 557	\$ 1,267

The Company generally indemnifies licensees of its proprietary software products against claims brought by third parties alleging infringement of their intellectual property rights, including rights in patents (with or without geographic limitations), copyrights, trademarks, and trade secrets. DXC's indemnification of its licensees relates to costs arising from court awards, negotiated settlements, and the related legal and internal costs of those licensees. The Company maintains the right, at its own cost, to modify or replace software in order to eliminate any infringement. The Company has not incurred any significant costs related to licensee software indemnification.

Contingencies

Vincent Forcier v. Computer Sciences Corporation and The City of New York: On October 27, 2014, the United States Attorney's Office for the Southern District of New York and the Attorney General for the State of New York filed complaints-in-intervention on behalf of the United States and the State of New York, respectively, against CSC and The City of New York, based on a *qui tam* complaint originally filed under seal in 2012 by Vincent Forcier, a former employee of CSC. The complaints allege that from 2008 to 2012 New York City and CSC, in its role as fiscal agent for New York City's Early Intervention Program ("EIP"), violated the federal and state False Claims Acts and various common law standards by allegedly orchestrating a billing fraud against Medicaid through the misapplication of default billing codes and the failure to exhaust private insurance coverage before submitting claims to Medicaid. The lawsuits seek treble statutory damages, other civil penalties and attorneys' fees and costs.

In June 2016, the Court dismissed Forcier's amended complaint in its entirety. With regard to the complaints-in-intervention, the Court dismissed the federal claims alleging misuse of default diagnosis codes when the provider had entered an invalid code, and the state claims alleging failure to reimburse Medicaid when claims were subsequently paid by private insurance. The Court allowed the remaining claims to proceed. In September 2016, the United States and the State of New York each filed amended complaints-in-intervention, asserting additional claims that the compensation provisions of CSC's contract with New York City rendered it ineligible to serve as a billing agent under state law.

CSC filed motions to dismiss and in August 2017, the Court granted in part and denied in part CSC's motions. In January 2018, CSC asserted a counterclaim against the State of New York on a theory of contribution and indemnification. The court denied the State's motion to dismiss CSC's counterclaim with respect to liability for claims not arising under the Federal False Claims Act. The Parties participated in a non-binding mediation in November 2017. No settlement has been reached to date, but negotiations are ongoing. Discovery has now commenced. The Company believes that these claims are without merit and intends to continue to defend itself vigorously.

Strauch Fair Labor Standards Act Collective Action: On July 1, 2014, several plaintiffs filed an action in the U.S. District Court for the District of Connecticut on behalf of themselves and a putative nationwide collective of CSC system administrators, alleging CSC's failure to properly classify these employees as non-exempt under the federal Fair Labor Standards Act ("FLSA"). Plaintiffs alleged similar state-law Rule 23 class claims pursuant to Connecticut and California statutes. Plaintiffs claimed double overtime damages, liquidated damages, and other amounts and remedies.

In 2015 the Court entered an order granting conditional certification under the FLSA of the collective of over 4,000 system administrators. Approximately 1,000 system administrators filed consents with the Court to participate in the FLSA collective. The class/collective action is currently made up of approximately 800 individuals who held the title of associate professional or professional system administrator.

In June 2017, the Court granted Rule 23 certification of a Connecticut state-law class and a California state-law class consisting of professional system administrators and associate professional system administrators. Senior professional system administrators were found not to qualify for Rule 23 certification under the state-law claims. CSC sought permission to appeal the Rule 23 decision to the Second Circuit Court of Appeals, which was denied.

In December 2017, a jury trial was held and a verdict was returned in favor of plaintiffs. On August 6, 2019, the Court issued an order awarding plaintiffs \$18.75 million in damages. In September 2019, Plaintiffs filed a motion seeking \$14.1 million in attorneys' fees and costs. The Court has yet to rule on this motion. The Company disagrees with the jury verdict and the damages award and is appealing the judgment of the Court.

Computer Sciences Corporation v. Eric Pulier, et al.: On May 12, 2015, CSC filed a civil complaint in the Court of Chancery of the State of Delaware against Eric Pulier, the former CEO of Service Mesh Inc. ("SMI"), which CSC had acquired in November 2013. The complaint asserted claims for fraud, breach of contract and breach of fiduciary duty, based on allegations that Mr. Pulier had engaged in fraudulent transactions with two employees of the Commonwealth Bank of Australia Ltd. ("CBA"). The Court dismissed CSC's claim for breach of the implied covenant of good faith, but allowed substantially all of the remaining claims to proceed. Mr. Pulier asserted counter-claims for breach of contract, fraud, negligent representation, rescission, and violations of the California Blue Sky securities law, all of which the Court dismissed in whole or in part, except for claims for breach of Mr. Pulier's retention agreement.

In July 2017, the Court granted a motion by the United States for a 90-day stay of discovery pending the completion of a criminal investigation by the U.S. Attorney's Office for the Central District of California. In September 2017, a federal grand jury returned an indictment against Mr. Pulier, charging him with conspiracy, securities and wire fraud, obstruction of justice, and other violations of federal law (*United States v. Eric Pulier*, CR 17-599-AB). The Government sought an extension of the stay which the Delaware Chancery Court granted.

In December 2018, the Government filed an application to dismiss the indictment against Mr. Pulier, which was granted, and the indictment was dismissed with prejudice. In March 2019, the Delaware Chancery Court lifted the stay and denied CSC's motion for a temporary restraining order and preliminary injunction with respect to certain of Mr. Pulier's assets.

In August 2019, the Company entered into an agreement with Mr. Pulier, resolving all claims and counterclaims in the Delaware litigation through the division of amounts previously held in escrow for post-closing disputes.

The Securities and Exchange Commission ("SEC") has filed a complaint against Mr. Pulier alleging various claims, including for fraud and falsifying books and records (*Securities and Exchange Commission v. Eric Pulier*, Case No. 2:17-cv-07124). The Court has set a trial date of December 1, 2020.

In February 2016, Mr. Pulier filed a complaint in Delaware Chancery Court seeking advancement of his legal fees and costs in the civil and criminal actions, pursuant to the terms of his agreements with SMI. The Court ruled that CSC Agility Platform - as the successor to SMI - is liable for advancing 80% of Mr. Pulier's fees and costs in the civil and criminal actions. Pursuant to agreements with SMI, Mr. Pulier is obligated to repay all amounts advanced to him if it should ultimately be determined that he is not entitled to indemnification.

The Company remains obligated to advance amounts for Mr. Pulier's legal fees and costs to defend the SEC action against him.

Kemper Corporate Services, Inc. v. Computer Sciences Corporation: In October 2015, Kemper Corporate Services, Inc. ("Kemper") filed a demand for arbitration against CSC with the American Arbitration Association ("AAA"), alleging that CSC breached the terms of a 2009 Master Software License and Services Agreement and related Work Orders (the "Agreement") by failing to complete a software translation and implementation plan by certain contractual deadlines. Kemper claimed breach of contract, seeking approximately \$100 million in damages. CSC answered the demand for arbitration denying Kemper's claims and asserting a counterclaim for unpaid invoices for services rendered by CSC.

A single arbitrator conducted an evidentiary hearing on the merits of the claims and counterclaims in April 2017. In October 2017, the arbitrator issued a partial final award, finding for Kemper on its breach of contract theory, awarding Kemper \$84.2 million in compensatory damages plus prejudgment interest, denying Kemper's claim for rescission as moot, and denying CSC's counterclaim. Kemper moved to confirm the award in federal district court in Texas.

CSC moved to vacate the award, and in August 2018, the Magistrate Judge issued its Report and Recommendation denying CSC's vacatur motion. In September 2018, the District Court summarily accepted the Report and Recommendation without further briefing and entered a Final Judgment in the case. The Company promptly filed a notice of appeal to the Fifth Circuit Court of Appeals. Following the submission of briefs, oral argument was held on September 5, 2019. A decision is now pending.

The Company is also pursuing coverage for the full scope of the award, interest, and legal fees and expenses, under the Company's applicable insurance policies.

Forsyth, et al. v. HP Inc. and Hewlett Packard Enterprise: On August 18, 2016, this purported class and collective action was filed in the U.S. District Court for the Northern District of California, against HP and HPE alleging violations of the Federal Age Discrimination in Employment Act (“ADEA”), the California Fair Employment and Housing Act, California public policy and the California Business and Professions Code. Former business units of HPE now owned by the Company may be proportionately liable for any recovery by plaintiffs in this matter.

Plaintiffs seek to certify a nationwide class action under the ADEA comprised of all U.S. residents employed by defendants who had their employment terminated pursuant to a work force reduction (“WFR”) plan and who were 40 years of age or older at the time of termination. The class seeks to cover those impacted by WFRs on or after December 2014. Plaintiffs also seek to represent a Rule 23 class under California law comprised of all persons 40 years of age or older employed by defendants in the state of California and terminated pursuant to a WFR plan on or after August 18, 2012.

In January 2017, defendants filed a partial motion to dismiss and a motion to compel arbitration of claims by certain named and opt-in plaintiffs who had signed release agreements as part of their WFR packages. In September 2017, the Court denied the partial motion to dismiss without prejudice, but granted defendants’ motions to compel arbitration for those named and opt-in plaintiffs. The Court has stayed the entire action pending arbitration for these individuals, and administratively closed the case.

A mediation was held in October 2018 with the 16 named and opt-in plaintiffs who were involved in the case at that time. A settlement was reached, which included seven plaintiffs who were employed by former business units of HPE that are now owned by the Company. In June 2019, a second mediation was held with 145 additional opt-in plaintiffs who were compelled to arbitration pursuant to their release agreements. No agreement was reached, but settlement negotiations are ongoing.

Former business units of the Company now owned by Perspecta may be proportionately liable for any recovery by plaintiffs in this matter.

Oracle America, Inc., et al. v. Hewlett Packard Enterprise Company: On March 22, 2016, Oracle filed a complaint against HPE in the Northern District of California, alleging copyright infringement, interference with contract, intentional interference with prospective economic relations, and unfair competition. The litigation relates in part to former business units of HPE that are now owned by the Company. The Company may be required to indemnify HPE for a portion of any recovery by Oracle in the litigation related to these business units.

Oracle’s claims arise primarily out of HPE’s prior relationship with a third-party maintenance provider named Terix Computer Company, Inc. (“Terix”). Oracle claims that Terix infringed its copyrights while acting as HPE’s subcontractor for certain customers of HPE’s multivendor support business. Oracle claims that HPE is liable for vicarious and contributory infringement arising from the alleged actions of Terix and for direct infringement arising from its own alleged conduct.

On June 14, 2018, the court heard oral argument on the parties’ cross-motions for summary judgment. On January 29, 2019, the court granted HPE’s motion for summary judgment and denied Oracle’s motion for summary judgment, resolving the matter in HPE’s favor. Oracle has appealed the judgment to the U.S. Court of Appeals for the Ninth Circuit. The parties have submitted their initial briefs in the appellate case, and briefing is expected to conclude in November 2019.

In re DXC Technology Company Securities Litigation: On December 27, 2018, a purported class action lawsuit was filed in the United States District Court for the Eastern District of Virginia against the Company and two of its current officers. The lawsuit asserts claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, and is premised on allegedly false and/or misleading statements, and alleged non-disclosure of material facts, regarding the Company’s business, operations, prospects and performance during the proposed class period of February 8, 2018 to November 6, 2018. The Company has moved to dismiss the claims in their entirety. On July 26, 2019, the court heard oral argument on the Company’s motion to dismiss, and a decision is now pending.

In March 2019, three related shareholder derivative lawsuits were filed in the District Court of the State of Nevada, in and for Clark County, against two of the Company's current officers and the members of the Company's board of directors, asserting claims for breach of fiduciary duty, waste of corporate assets, and unjust enrichment. The Company intends to file a motion to dismiss these actions.

On August 20, 2019, a purported class action lawsuit was filed in the Superior Court of the State of California, County of Santa Clara, against the Company and officers and directors of the Company, among other defendants. On September 16, 2019, a substantially similar purported class action lawsuit was filed in the United States District Court for the Northern District of California against the Company and officers and directors of the Company, among other defendants. On November 8, 2019, a third purported class action lawsuit was filed in the Superior Court of the State of California, County of San Mateo, against the Company and officers and directors of the Company, among other defendants. The three California lawsuits assert claims under Sections 11, 12 and 15 of the Securities Act of 1933, as amended, and are premised on allegedly false and/or misleading statements, and alleged non-disclosure of material facts, regarding the Company's prospects and expected performance. The putative class of plaintiffs in these cases includes all persons who acquired shares of the Company's common stock pursuant to the offering documents filed with the Securities and Exchange Commission in connection with the April 2017 transaction that formed DXC. The Company intends to file a motion to dismiss all claims asserted in these actions.

On October 2, 2019, a shareholder derivative lawsuit was filed in the District Court of the State of Nevada, in and for Clark County, asserting various claims, including for breach of fiduciary duty and unjust enrichment, and challenging certain sales of securities by officers under Rule 10b5-1 plans. The shareholder filed this action after making a demand on the board of directors, alleging breaches of fiduciary duty, corporate waste and disclosure violations, and demanding that the board take certain actions to evaluate the allegations and respond. The Company's board of directors analyzed the demand, and has determined to defer its decision on the demand pending developments in the securities and derivative lawsuits described above. The Company intends to file a motion to dismiss this action.

The Company believes that the lawsuits described above are without merit, and it intends to vigorously defend them.

Voluntary Disclosure of Certain Possible Sanctions Law Violations: On February 2, 2017, CSC submitted an initial notification of voluntary disclosure to the U.S. Department of Treasury, Office of Foreign Assets Control ("OFAC") regarding certain possible violations of U.S. sanctions laws pertaining to insurance premium data and claims data processed by two partially-owned joint ventures of Xchanging, which CSC acquired during the first quarter of fiscal 2017. A copy of the disclosure was also provided to Her Majesty's Treasury Office of Financial Sanctions Implementation in the United Kingdom. The Company is finalizing its internal investigation and plans to provide supplemental information to OFAC in early 2020.

Perspecta-related disputes: In October 2019, Perspecta Inc. ("Perspecta") submitted a demand for arbitration claiming that in June 2018 DXC breached certain obligations under the Separation and Distribution Agreement between Perspecta and DXC, and seeking at least \$120 million in alleged damages. In its arbitration demand, Perspecta also challenges \$39 million in invoices issued by DXC in June 2019 under its IT Services Agreement with Perspecta. DXC believes the invoices were properly issued and the amounts are owed by Perspecta. DXC believes that Perspecta's claims are without merit and intends to vigorously defend itself.

In addition to the matters noted above, the Company is currently subject in the normal course of business to various claims and contingencies arising from, among other things, disputes with customers, vendors, employees, contract counterparties and other parties, as well as securities matters, environmental matters, matters concerning the licensing and use of intellectual property, and inquiries and investigations by regulatory authorities and government agencies. Some of these disputes involve or may involve litigation. The financial statements reflect the treatment of claims and contingencies based on management's view of the expected outcome. DXC consults with outside legal counsel on issues related to litigation and regulatory compliance and seeks input from other experts and advisors with respect to matters in the ordinary course of business. Although the outcome of these and other matters cannot be predicted with certainty, and the impact of the final resolution of these and other matters on the Company's results of operations in a particular subsequent reporting period could be material and adverse, management does not believe based on information currently available to the Company, that the resolution of any of the matters currently pending against the Company will have a material adverse effect on the financial position of the Company or the ability of the Company to meet its financial obligations as they become due. Unless otherwise noted, the Company is unable to determine at this time a reasonable estimate of a possible loss or range of losses associated with the foregoing disclosed contingent matters.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

All statements and assumptions contained in this Quarterly Report on Form 10-Q and in the documents incorporated by reference that do not directly and exclusively relate to historical facts constitute "forward-looking statements." Forward-looking statements often include words such as "anticipates," "believes," "estimates," "expects," "forecast," "goal," "intends," "objective," "plans," "projects," "strategy," "target," and "will" and words and terms of similar substance in discussions of future operating or financial performance. These statements represent current expectations and beliefs, and no assurance can be given that the results described in such statements will be achieved.

Forward-looking statements include, among other things, statements with respect to our financial condition, results of operations, cash flows, business strategies, operating efficiencies or synergies, divestitures, competitive position, growth opportunities, share repurchases, dividend payments, plans and objectives of management and other matters. Such statements are subject to numerous assumptions, risks, uncertainties and other factors that could cause actual results to differ materially from those described in such statements, many of which are outside of our control. Important factors that could cause actual results to differ materially from those described in forward-looking statements include, but are not limited to:

- the integration of Computer Sciences Corporation's ("CSC") and Enterprise Services business of Hewlett Packard Enterprise Company's ("HPES") businesses, operations, and culture and the ability to operate as effectively and efficiently as expected, and the combined company's ability to successfully manage and integrate acquisitions generally;
- the ability to realize the synergies and benefits expected to result from the HPES Merger within the anticipated time frame or in the anticipated amounts;
- other risks related to the HPES Merger including anticipated tax treatment, unforeseen liabilities, and future capital expenditures;
- risks relating to the Luxoft Acquisition and the ability to achieve the expected results therefrom;
- the U.S. Public Sector business ("USPS") Separation and Mergers as described in Note 1 - "Summary of Significant Accounting Policies", could result in substantial tax liability to DXC and our stockholders;
- changes in governmental regulations or the adoption of new laws or regulations that may make it more difficult or expensive to operate our business;
- changes in senior management, the loss of key employees or the ability to retain and hire key personnel and maintain relationships with key business partners;
- the risk of liability or damage to our reputation resulting from security breaches or disclosure of sensitive data or failure to comply with data protection laws and regulations;
- business interruptions in connection with our technology systems;
- the competitive pressures faced by our business;
- the effects of macroeconomic and geopolitical trends and events;
- the need to manage third-party suppliers and the effective distribution and delivery of our products and services;
- the protection of our intellectual property assets, including intellectual property licensed from third parties;
- the risks associated with international operations;
- the development and transition of new products and services and the enhancement of existing products and services to meet customer needs, respond to emerging technological trends and maintain and grow our customer relationships over time;

- *the ability to succeed in our strategic objectives, including strategic alternatives material for our business;*
- *the execution and performance of contracts by us and our suppliers, customers, clients and partners;*
- *our credit rating and the ability to manage working capital, refinance and raise additional capital for future needs;*
- *the resolution of pending investigations, claims and disputes; and*
- *the other factors described in Part I Item 1A "Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended March 31, 2019 and in Part II, Item 1A of our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2019 and of this Quarterly Report on Form 10-Q.*

No assurance can be given that any goal or plan set forth in any forward-looking statement can or will be achieved, and readers are cautioned not to place undue reliance on such statements which speak only as of the date they are made. We do not undertake any obligation to update or release any revisions to any forward-looking statement or to report any events or circumstances after the date of this Quarterly Report on Form 10-Q or to reflect the occurrence of unanticipated events, except as required by law.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Introduction

The purpose of the MD&A is to present information that management believes is relevant to an assessment and understanding of our results of operations and cash flows for the second quarter and the first six months of fiscal 2020 and our financial condition as of September 30, 2019. The MD&A is provided as a supplement to, and should be read in conjunction with, our financial statements and accompanying notes.

The MD&A is organized in the following sections:

- Background
- Results of Operations
- Liquidity and Capital Resources
- Off-Balance Sheet Arrangements
- Contractual Obligations
- Critical Accounting Policies and Estimates

The following discussion includes a comparison of our results of operations and liquidity and capital resources for the second quarters and the first six months of fiscal 2020 and fiscal 2019.

Background

DXC Technology, a world leading independent, end-to-end IT services company, manages and modernizes mission-critical systems, integrating them with new digital solutions to produce better business outcomes. The Company's global reach and talent, innovation platforms, technology independence and extensive partner network enable more than 6,000 private and public-sector clients in 70 countries to thrive on change.

We generate revenue by offering a wide range of information technology services and solutions primarily in North America, Europe, Asia and Australia. We operate through two segments: GBS and GIS. We market and sell our services directly to clients through our direct sales force operating out of sales offices around the world. Our clients include commercial businesses of many sizes and in many industries and public sector enterprises.

Results of Operations

The following table sets forth certain financial data for the second quarters and first six months of fiscal 2020 and fiscal 2019:

(In millions, except per-share amounts)	Three Months Ended		Six Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Revenues	\$ 4,851	\$ 5,013	\$ 9,741	\$ 10,295
(Loss) income from continuing operations, before taxes	(1,999)	332	(1,793)	692
Income tax expense	116	73	154	202
(Loss) income from continuing operations	(2,115)	259	(1,947)	490
Income from discontinued operations, net of taxes	—	—	—	35
Net (loss) income	\$ (2,115)	\$ 259	\$ (1,947)	\$ 525
Diluted earnings per share:				
Continuing operations	\$ (8.19)	\$ 0.92	\$ (7.44)	\$ 1.69
Discontinued operations	\$ —	\$ —	\$ —	\$ 0.12

Fiscal 2020 Highlights

Financial highlights for the second quarters and first six months of fiscal 2020 include the following:

- Revenues for the second quarter and first six months of fiscal 2020 were \$4.9 billion and \$9.7 billion, respectively, a decrease of 3% and 5%, respectively, as compared to the same periods of the prior fiscal year.
- Loss from continuing operations and diluted EPS from continuing operations for the second quarter of fiscal 2020 were \$2,115 million and \$8.19, respectively, including the cumulative impact of certain items of \$(2,477) million, reflecting restructuring costs, transaction, separation and integration-related costs, amortization of acquired intangible assets, goodwill impairment losses, gain on arbitration award and a tax adjustment related to U.S. tax reform. This compares with income from continuing operations and diluted EPS from continuing operations of \$259 million and \$0.92, respectively, for the same period of the prior fiscal year.
- Loss from continuing operations and diluted EPS from continuing operations for the first six months of fiscal 2020 were \$1,947 million and \$7.44, respectively, including the cumulative impact of certain items of \$(2,781) million, reflecting restructuring costs, transaction, separation and integration-related costs, amortization of acquired intangible assets, goodwill impairment losses, gain on arbitration award and a tax adjustment related to U.S. tax reform. This compares with income from continuing operations and diluted EPS from continuing operations of \$490 million and \$1.69, respectively, for the same period of the prior fiscal year.
- Our cash and cash equivalents were \$2.9 billion as of September 30, 2019.
- We generated \$1,585 million of cash from operations during the first six months of fiscal 2020, as compared to cash generated of \$849 million during the first six months of fiscal 2019.
- We returned \$757 million to shareholders in the form of common stock dividends and share repurchases during the first six months of fiscal 2020, as compared to \$552 million during the first six months of fiscal 2019.

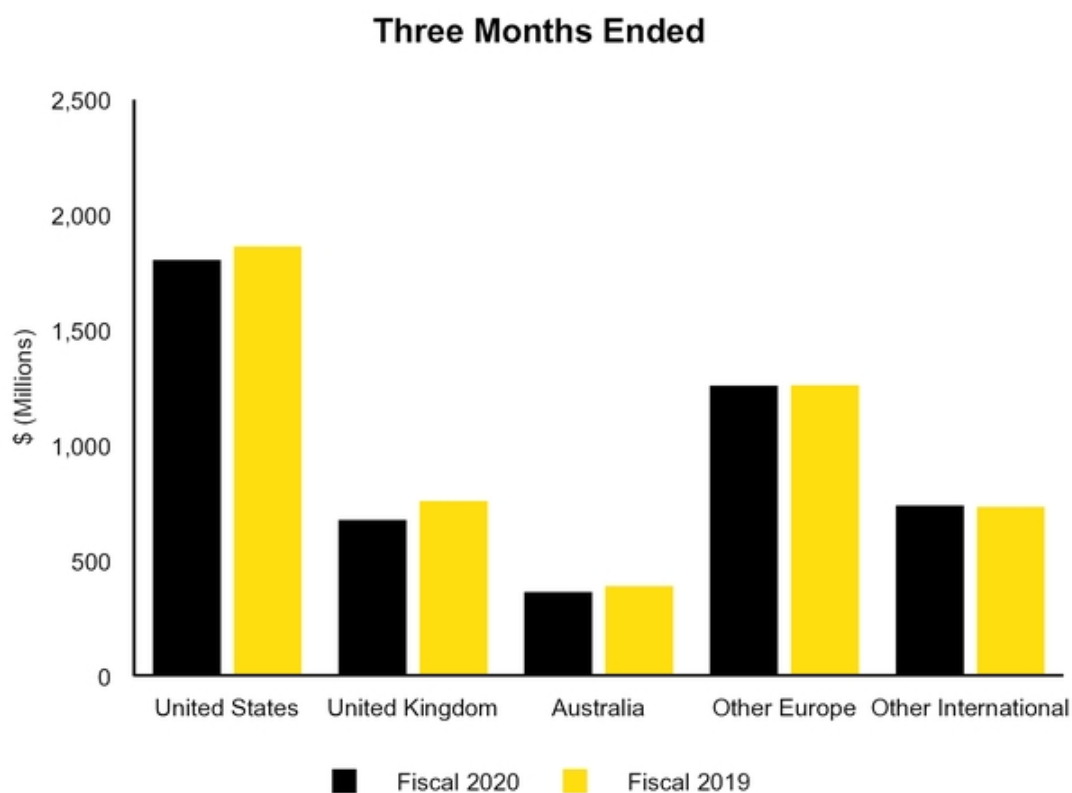
Revenues

(in millions)	Three Months Ended		Change	Percentage Change
	September 30, 2019	September 30, 2018		
GBS	\$ 2,285	\$ 2,111	\$ 174	8.2 %
GIS	2,566	2,902	(336)	(11.6)%
Total Revenues	\$ 4,851	\$ 5,013	\$ (162)	(3.2)%

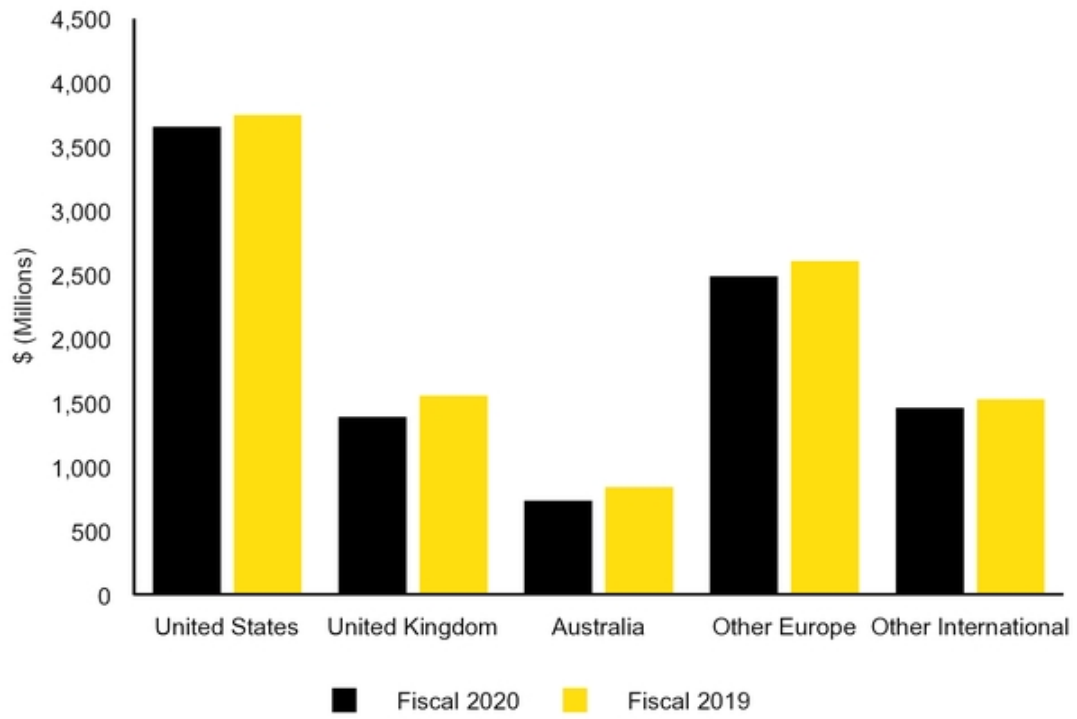
(in millions)	Six Months Ended		Change	Percentage Change
	September 30, 2019	September 30, 2018		
GBS	\$ 4,444	\$ 4,324	\$ 120	2.8 %
GIS	5,297	5,971	(674)	(11.3)%
Total Revenues	\$ 9,741	\$ 10,295	\$ (554)	(5.4)%

The decrease in revenues for the first six months of fiscal 2020 compared with fiscal 2019 of the same period reflects an ongoing decline in our traditional application maintenance business and legacy infrastructure services. Fiscal 2020 revenues included an unfavorable foreign currency exchange rate impact of 2.8%, primarily driven by the strengthening of the U.S. dollar against the Euro and British Pound.

During the second quarter and first six months of fiscal 2020 and fiscal 2019, the distribution of our revenues across geographies was as follows:



Six Months Ended



For the discussion of risks associated with our foreign operations, see Part 1, Item 1A "Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended March 31, 2019.

As a global company, over 62% of our revenues for the first six months of fiscal 2020 were earned internationally. As a result, the comparison of revenues denominated in currencies other than the U.S. dollar from period to period is impacted, and we expect will continue to be impacted, by fluctuations in foreign currency exchange rates. Constant currency revenues are a non-GAAP measure calculated by translating current period activity into U.S. dollars using the comparable prior period's currency conversion rates. This information is consistent with how management views our revenues and evaluates our operating performance and trends. The table below summarizes our constant currency revenues:

(in millions)	Three Months Ended			
	Constant Currency September 30, 2019	September 30, 2018	Change	Percentage Change
GBS	\$ 2,333	\$ 2,111	\$ 222	10.5 %
GIS	2,639	2,902	(263)	(9.1)%
Total	\$ 4,972	\$ 5,013	\$ (41)	(0.8)%

(in millions)	Six Months Ended			
	Constant Currency September 30, 2019	September 30, 2018	Change	Percentage Change
GBS	\$ 4,558	\$ 4,324	\$ 234	5.4 %
GIS	5,474	5,971	(497)	(8.3)%
Total	\$ 10,032	\$ 10,295	\$ (263)	(2.6)%

Global Business Services

GBS revenue was \$2,285 million in the second quarter and \$4,444 million in the first six months of fiscal 2020, an increase of 8.2% and 2.8%, respectively, compared to the corresponding periods in fiscal 2019. GBS revenue in constant currency increased 10.5% and 5.4% in the second quarter and first six months of fiscal 2020, respectively, as compared to the corresponding periods in fiscal 2019. The increase in GBS revenue in fiscal 2020 periods reflects the contributions from our Luxoft and other acquisitions further discussed in Note 3 - "Acquisitions".

For the second quarter and first six months of fiscal 2020, GBS contract awards were \$1.9 billion and \$4.3 billion, respectively, as compared to \$2.2 billion and \$4.2 billion in the corresponding periods of fiscal 2019.

Global Infrastructure Services

GIS revenue was \$2,566 million in the second quarter and \$5,297 million in the first six months of fiscal 2020, a decrease of 11.6% and 11.3%, respectively, compared to the corresponding periods in fiscal 2019. GIS revenue in constant currency decreased 9.1% and 8.3% in the second quarter and first six months of fiscal 2020, respectively, as compared to the corresponding periods in fiscal 2019. The decrease in GIS revenues in fiscal 2020 periods reflects declines in our traditional infrastructure businesses.

For the second quarter and first six months of fiscal 2020, GIS contract awards were \$1.9 billion and \$3.7 billion, respectively, as compared to \$2.5 billion and \$5.1 billion in the corresponding periods of fiscal 2019.

Costs and Expenses

Our total costs and expenses are shown in the tables below:

(in millions)	Three Months Ended				
	Amount		Percentage of Revenues		Percentage of Revenue Change
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018	
Costs of services (excludes depreciation and amortization and restructuring costs)	\$ 3,679	\$ 3,518	75.8 %	70.1 %	5.7 %
Selling, general, and administrative (excludes depreciation and amortization and restructuring costs)	489	569	10.1	11.4	(1.3)
Depreciation and amortization	467	484	9.6	9.7	(0.1)
Goodwill impairment losses	2,887	—	59.5	—	59.5
Restructuring costs	32	157	0.7	3.1	(2.4)
Interest expense	104	83	2.1	1.7	0.4
Interest income	(67)	(33)	(1.4)	(0.7)	(0.7)
Gain on arbitration award	(632)	—	(13.0)	—	(13.0)
Other income, net	(109)	(97)	(2.2)	(1.9)	(0.3)
Total costs and expenses	\$ 6,850	\$ 4,681	141.2 %	93.4 %	47.8 %

(in millions)	Six Months Ended				
	Amount		Percentage of Revenues		Percentage of Revenue Change
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018	
Costs of services (excludes depreciation and amortization and restructuring costs)	\$ 7,301	\$ 7,385	75.0 %	71.8 %	3.2 %
Selling, general, and administrative (excludes depreciation and amortization and restructuring costs)	996	1,009	10.2	9.8	0.4
Depreciation and amortization	937	955	9.6	9.3	0.3
Goodwill impairment losses	2,887	—	29.6	—	29.6
Restructuring costs	174	342	1.8	3.3	(1.5)
Interest expense	195	168	2.0	1.6	0.4
Interest income	(97)	(65)	(1.0)	(0.6)	(0.4)
Gain on arbitration award	(632)	—	(6.5)	—	(6.5)
Other income, net	(227)	(191)	(2.3)	(1.9)	(0.4)
Total costs and expenses	\$ 11,534	\$ 9,603	118.4 %	93.3 %	25.1 %

The 47.8% and 25.1% increase in costs and expenses as a percentage of revenue for the second quarter and first six months of fiscal 2020, respectively, primarily reflects our goodwill impairment losses, which were partially offset by the gain on arbitration award.

Costs of Services

Cost of services, excluding depreciation and amortization and restructuring costs ("COS"), was \$3.7 billion and \$7.3 billion for the second quarter and first six months of fiscal 2020, respectively. COS increased \$0.2 billion during the second quarter of fiscal 2020 and decreased \$0.1 billion during the first six months of fiscal 2020, as compared to the same periods of the prior fiscal year.

COS as a percentage of revenue increased 5.7% and 3.2% for the second quarter and first six months of fiscal 2020, respectively. These increases were driven by the decline in revenue exceeding associated cost reductions in our traditional infrastructure businesses.

Selling, General, and Administrative

Selling, general, and administrative expense, excluding depreciation and amortization and restructuring costs ("SG&A"), was \$489 million and \$996 million for the second quarter and first six months of fiscal 2020, respectively. SG&A decreased \$80 million and \$13 million during the second quarter and first six months of fiscal 2020, respectively, as compared to the same periods of the prior fiscal year. These decreases were driven by lower transaction, separation and integration-related costs.

Transaction, separation and integration-related costs of \$53 million and \$158 million were included in SG&A for the second quarter and first six months of fiscal 2020, respectively, as compared to \$128 million and \$198 million for the comparable periods of the prior fiscal year.

Depreciation and Amortization

Depreciation expense decreased \$28 million and amortization expense increased \$11 million for the three months ended September 30, 2019, compared to the three months ended September 30, 2018. For the first six months of fiscal 2020, depreciation expense decreased \$50 million and amortization expense increased \$32 million compared to the first six months of fiscal 2019.

The net decrease in depreciation for the second quarter and first six months of fiscal 2020 was primarily due to a \$56 million and \$111 million benefit, respectively, from a change in estimated useful lives of certain equipment described in Note 1 - "Summary of Significant Accounting Policies", offset by an increase in depreciation on assets placed into service as well as dissipation of the benefit from the conversion of assets from operating to finance leases.

The increases in amortization expense for the second quarter and first six months of fiscal 2020 were primarily due to increases in amortization related software as compared to the same periods in the prior fiscal year.

Goodwill Impairment Losses

DXC recognized goodwill impairment charges totaling \$2,887 million for the second quarter and first six months of fiscal 2020. The impairment charge was primarily as a result of a decline in market capitalization during the fiscal 2020 second quarter. See Note 11, "Goodwill" for additional information.

Restructuring Costs

During fiscal 2020, management approved global cost savings initiatives designed to reduce operating costs by re-balancing our workforce and facilities structures. During the second quarter and first six months of fiscal 2020, restructuring costs, net of reversals, were \$32 million and \$174 million, respectively, as compared to \$157 million and \$342 million during the same periods of the prior fiscal year. Restructuring costs for the second quarter of fiscal 2020 included \$23 million of reversals under the Fiscal 2020 Plan.

For an analysis of changes in our restructuring liabilities by restructuring plan, see Note 14 - "Restructuring Costs" to the financial statements.

Interest Expense and Interest Income

Interest expense for the second quarter and first six months of fiscal 2020 increased \$21 million and \$27 million, respectively, over the same periods in the prior fiscal year. The increase in interest expense in the second quarter and first six months of fiscal 2020 versus the same periods in fiscal 2019 was primarily due to an increase in borrowings and asset financing activities. See the "Capital Resources" caption below and Note 12 - "Debt" for additional information.

Interest income for the second quarter and first six months of fiscal 2020 increased \$34 million and \$32 million, respectively over the same periods in the prior fiscal year. The increase in interest income in the second quarter and first six months of fiscal 2020 versus the same periods in fiscal 2019 includes pre-award interest of \$34 million and post-award interest of \$2 million related to arbitration discussed below under the caption "Gain on Arbitration Award."

Gain on Arbitration Award

In September 2019, DXC received final arbitration award proceeds of \$666 million related to the HPE Enterprise Services merger completed in fiscal 2018. The arbitration award included \$632 million in damages that were recorded as a gain. The remaining \$34 million of the award related to pre-award interest. Dispute details are subject to confidentiality obligations.

Other Income, Net

Other income, net comprises non-service cost components of net periodic pension income, movement in foreign currency exchange rates on our foreign currency denominated assets and liabilities and the related economic hedges, equity earnings of unconsolidated affiliates and other miscellaneous gains and losses.

The \$12 million increase in other income, net for the second quarter of fiscal 2020 as compared to the same period of the prior fiscal year was due to a year-over-year increase of \$20 million in non-service components of net periodic pension income and a year-over-year favorable foreign currency impact of \$20 million. These increases were offset by a \$28 million decrease in other gains related to sales of non-operating assets.

The \$36 million increase in other income, net for the first six months of fiscal 2020 as compared to the same period of the prior fiscal year was due to a year-over-year increase of \$42 million in non-service components of net periodic pension income and a year-over-year favorable foreign currency impact of \$41 million. These increases were offset by a \$47 million decrease in other gains related to sales of non-operating assets.

Taxes

Our ETR from continuing operations was (5.8)% and 22.0% for the three months ended September 30, 2019 and September 30, 2018, respectively, and (8.6)% and 29.2% for the six months ended September 30, 2019 and September 30, 2018, respectively. For the three months ended September 30, 2019, the primary drivers of the ETR were the impact of the non-deductible goodwill impairment charge, the non-taxable gain on the arbitration award, the global mix of income, an increase in prior year U.S. federal research and development income tax credits, and an increase in unrecognized tax benefits primarily related to the disallowance of certain legacy CSC foreign restructuring expenses deducted on the U.S. federal tax return for tax year March 31, 2013. For the six months ended September 30, 2019, the primary drivers of the ETR were the impact of the non-deductible goodwill impairment charge, the non-taxable gain on the arbitration award, the global mix of income, an increase in unrecognized tax benefits primarily related to the disallowance of certain legacy CSC foreign restructuring expenses deducted on the U.S. federal tax return for tax year March 31, 2013 and an increase in prior year U.S. federal research and development income tax credits. For the three and six months ended September 30, 2018, the primary unfavorable drivers of the ETR were the global mix of income, the increase in the provisional transition tax, an increase in state tax expense due to remeasurement of deferred taxes, and the impact of U.S. proposed regulations on the ability to claim certain foreign tax credits. The primary favorable drivers of the ETR were due to the filing of the October 31, 2017 U.S. federal tax return and a decrease in valuation allowances on certain foreign subsidiary deferred tax assets.

Income from Discontinued Operations

The \$35 million of income from discontinued operations reflects the net income generated by USPS during the first quarter of fiscal 2019.

Earnings (Loss) Per Share

Diluted EPS from continuing operations for the second quarter and first six months of fiscal 2020 decreased \$9.11 and \$9.13, respectively, from the same periods in the prior fiscal year. This decrease reflects a decrease of \$2,374 million and \$2,437 million in income from continuing operations for the second quarter and first six months of fiscal 2020, respectively, over the same periods in the prior fiscal year.

Diluted EPS from continuing operations for the second quarter of fiscal 2020 includes \$0.11 per share of restructuring costs, \$0.18 per share of transaction, separation and integration-related costs, \$0.45 per share of amortization of acquired intangible assets, \$11.10 per share of goodwill impairment losses, \$(2.43) per share of arbitration award gains, and \$0.11 per share of tax adjustment related to prior restructuring charges.

Diluted EPS from continuing operations for the first six months of fiscal 2020 includes \$0.54 per share of restructuring costs, \$0.50 per share of transaction, separation and integration-related costs, \$0.85 per share of amortization of acquired intangible assets, \$10.91 per share of goodwill impairment losses, \$(2.39) per share of arbitration award gains, and \$0.11 per share of tax adjustment relating to prior restructuring charges.

Non-GAAP Financial Measures

We present non-GAAP financial measures of performance which are derived from the statements of operations of DXC. These non-GAAP financial measures include earnings before interest and taxes ("EBIT"), adjusted EBIT, non-GAAP income before income taxes, non-GAAP net income and non-GAAP EPS, constant currency revenues, net debt and net debt-to-total capitalization.

We present these non-GAAP financial measures to provide investors with meaningful supplemental financial information, in addition to the financial information presented on a GAAP basis. Non-GAAP financial measures exclude certain items from GAAP results which DXC management believes are not indicative of core operating performance. DXC management believes these non-GAAP measures allow investors to better understand the financial performance of DXC exclusive of the impacts of corporate-wide strategic decisions. DXC management believes that adjusting for these items provides investors with additional measures to evaluate the financial performance of our core business operations on a comparable basis from period to period. DXC management believes the non-GAAP measures provided are also considered important measures by financial analysts covering DXC, as equity research analysts continue to publish estimates and research notes based on our non-GAAP commentary, including our guidance around non-GAAP EPS targets.

Non-GAAP financial measures exclude certain items from GAAP results which DXC management believes are not indicative of operating performance such as the amortization of acquired intangible assets and transaction, separation and integration-related costs.

Incremental amortization of intangible assets acquired through business combinations may result in a significant difference in period over period amortization expense on a GAAP basis. We exclude amortization of certain acquired intangibles assets as these non-cash amounts are inconsistent in amount and frequency and are significantly impacted by the timing and/or size of acquisitions. Although DXC management excludes amortization of acquired intangible assets primarily customer related intangible assets, from its non-GAAP expenses, we believe that it is important for investors to understand that such intangible assets were recorded as part of purchase accounting and support revenue generation. Any future transactions may result in a change to the acquired intangible asset balances and associated amortization expense.

There are limitations to the use of the non-GAAP financial measures presented in this report. One of the limitations is that they do not reflect complete financial results. We compensate for this limitation by providing a reconciliation between our non-GAAP financial measures and the respective most directly comparable financial measure calculated and presented in accordance with GAAP. Additionally, other companies, including companies in our industry, may calculate non-GAAP financial measures differently than we do, limiting the usefulness of those measures for comparative purposes between companies.

Non-GAAP financial measures and the respective most directly comparable financial measures calculated and presented in accordance with GAAP include:

(in millions)	Three Months Ended		Change	Percentage Change
	September 30, 2019	September 30, 2018		
(Loss) income from continuing operations before income taxes	\$ (1,999)	\$ 332	\$ (2,331)	(702.1)%
Non-GAAP income from continuing operations before income taxes	\$ 492	\$ 749	\$ (257)	(34.3)%
Net (loss) income	\$ (2,115)	\$ 259	\$ (2,374)	(916.6)%
Adjusted EBIT	\$ 529	\$ 799	\$ (270)	(33.8)%

(in millions)	Six Months Ended		Change	Percentage Change
	September 30, 2019	September 30, 2018		
(Loss) income from continuing operations before income taxes	\$ (1,793)	\$ 692	\$ (2,485)	(359.1)%
Non-GAAP income from continuing operations before income taxes	\$ 1,083	\$ 1,499	\$ (416)	(27.8)%
Net (loss) income	\$ (1,947)	\$ 525	\$ (2,472)	(470.9)%
Adjusted EBIT	\$ 1,181	\$ 1,602	\$ (421)	(26.3)%

Reconciliation of Non-GAAP Financial Measures

Our non-GAAP adjustments include:

- Restructuring costs - reflects costs, net of reversals, related to workforce optimization and real estate charges.
- Transaction, separation and integration-related costs - reflects costs related to integration planning, financing and advisory fees associated with the HPES Merger and other acquisitions and costs related to the separation of USPS.
- Amortization of acquired intangible assets - reflects amortization of intangible assets acquired through business combinations.
- Goodwill impairment losses - reflects impairment losses on goodwill.
- Gain on arbitration award - reflects a gain related to the HPES merger arbitration award.
- Tax adjustment - for fiscal 2020 periods, reflects the impact of tax entries related to prior restructuring charges, and for fiscal 2019 periods, reflects the estimated non-recurring benefit of the Tax Cuts and Jobs Act of 2017. Income tax expense of non-GAAP adjustments is computed by applying the jurisdictional tax rate to the pre-tax adjustments on a jurisdictional basis.

A reconciliation of reported results to non-GAAP results is as follows:

	Three Months Ended September 30, 2019								
(in millions, except per-share amounts)	As Reported	Restructuring Costs	Transaction, Separation and Integration-Related Costs	Amortization of Acquired Intangible Assets	Goodwill Impairment Losses	Gain on Arbitration Award	Tax Adjustment	Non-GAAP Results	
Costs of services (excludes depreciation and amortization and restructuring costs)	\$ 3,679	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,679
Selling, general, and administrative (excludes depreciation and amortization and restructuring costs)	489	—	(53)	—	—	—	—	—	436
(Loss) income from continuing operations before income taxes	(1,999)	32	53	151	2,887	(632)	—	—	492
Income tax expense	116	4	5	34	—	—	(29)	—	130
Net (loss) income	(2,115)	28	48	117	2,887	(632)	29	—	362
Less: net income attributable to non-controlling interest, net of tax	4	—	—	—	—	—	—	—	4
Net (loss) income attributable to DXC common stockholders	\$ (2,119)	\$ 28	\$ 48	\$ 117	\$ 2,887	\$ (632)	\$ 29	\$ —	\$ 358
Effective Tax Rate	(5.8)%								26.4%
Basic EPS from continuing operations	\$ (8.19)	\$ 0.11	\$ 0.19	\$ 0.45	\$ 11.16	\$ (2.44)	\$ 0.11	\$ —	\$ 1.38
Diluted EPS from continuing operations	\$ (8.19)	\$ 0.11	\$ 0.18	\$ 0.45	\$ 11.10	\$ (2.43)	\$ 0.11	\$ —	\$ 1.38
Weighted average common shares outstanding for:									
Basic EPS	258.71	258.71	258.71	258.71	258.71	258.71	258.71	258.71	258.71
Diluted EPS	258.71	260.03	260.03	260.03	260.03	260.03	260.03	260.03	260.03

Six Months Ended September 30, 2019

(In millions, except per-share amounts)	As Reported	Restructuring Costs	Transaction, Separation and Integration-Related Costs	Amortization of Acquired Intangible Assets	Goodwill Impairment Losses	Arbitration Award Gain	Tax Adjustment	Non-GAAP Results
Costs of services (excludes depreciation and amortization and restructuring costs)	\$ 7,301	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 7,301
Selling, general, and administrative (excludes depreciation and amortization and restructuring costs)	996	—	(158)	—	—	—	—	838
(Loss) income from continuing operations before income taxes	(1,793)	174	158	289	2,887	(632)	—	1,083
Income tax expense	154	32	27	65	—	—	(29)	249
Net (loss) income	(1,947)	142	131	224	2,887	(632)	29	834
Less: net income attributable to non-controlling interest, net of tax	9	—	—	—	—	—	—	9
Net (loss) income attributable to DXC common stockholders	\$ (1,956)	\$ 142	\$ 131	\$ 224	\$ 2,887	\$ (632)	\$ 29	\$ 825
Effective Tax Rate	(8.6)%							23.0%
Basic EPS from continuing operations	\$ (7.44)	\$ 0.54	\$ 0.50	\$ 0.85	\$ 10.98	\$ (2.40)	\$ 0.11	\$ 3.14
Diluted EPS from continuing operations	\$ (7.44)	\$ 0.54	\$ 0.50	\$ 0.85	\$ 10.91	\$ (2.39)	\$ 0.11	\$ 3.12
Weighted average common shares outstanding for:								
Basic EPS	262.83	262.83	262.83	262.83	262.83	262.83	262.83	262.83
Diluted EPS	262.83	264.61	264.61	264.61	264.61	264.61	264.61	264.61

Three Months Ended September 30, 2018

(in millions, except per-share amounts)	As Reported	Restructuring Costs	Transaction, Separation and Integration-Related Costs	Amortization of Acquired Intangible Assets	Non-GAAP Results
Costs of services (excludes depreciation and amortization and restructuring costs)	\$ 3,518	\$ —	\$ —	\$ —	\$ 3,518
Selling, general, and administrative (excludes depreciation and amortization and restructuring costs)	569	—	(128)	—	\$ 441
Income from continuing operations before income taxes	332	157	128	132	749
Income tax expense	73	41	30	32	176
Income from continuing operations	259	116	98	100	573
Income from discontinued operations, net of tax	—	—	—	—	—
Net income	259	116	98	100	573
Less: net (loss) attributable to non-controlling interest, net of tax	(3)	—	—	—	(3)
Net income attributable to DXC common stockholders	\$ 262	\$ 116	\$ 98	\$ 100	\$ 576
Effective Tax Rate	22.0%				23.5%
Basic EPS from continuing operations	\$ 0.93	\$ 0.41	\$ 0.35	\$ 0.36	\$ 2.05
Diluted EPS from continuing operations	\$ 0.92	\$ 0.41	\$ 0.34	\$ 0.35	\$ 2.02
Weighted average common shares outstanding for:					
Basic EPS	281.37	281.37	281.37	281.37	281.37
Diluted EPS	285.78	285.78	285.78	285.78	285.78

Six Months Ended September 30, 2018

(in millions, except per-share amounts)	As Reported	Restructuring Costs	Transaction, Separation and Integration-Related Costs	Amortization of Acquired Intangible Assets	Tax Adjustment	Non-GAAP Results
Costs of services (excludes depreciation and amortization and restructuring costs)	\$ 7,385	\$ —	\$ —	\$ —	\$ —	\$ 7,385
Selling, general, and administrative (excludes depreciation and amortization and restructuring costs)	1,009	—	(198)	—	—	\$ 811
Income from continuing operations before income taxes	692	342	198	267	—	1,499
Income tax expense (benefit)	202	82	46	65	(33)	362
Income from continuing operations	490	260	152	202	33	1,137
Income from discontinued operations, net of tax	35	—	—	—	—	35
Net income	525	260	152	202	33	1,172
Less: net income attributable to non-controlling interest, net of tax	4	—	—	—	—	4
Net income attributable to DXC common stockholders	\$ 521	\$ 260	\$ 152	\$ 202	\$ 33	\$ 1,168

Effective Tax Rate	29.2%	24.1%
--------------------	-------	-------

Basic EPS from continuing operations	\$ 1.72	\$ 0.92	\$ 0.54	\$ 0.71	\$ 0.12	\$ 4.01
Diluted EPS from continuing operations	\$ 1.69	\$ 0.90	\$ 0.53	\$ 0.70	\$ 0.11	\$ 3.94
Weighted average common shares outstanding for:						
Basic EPS	282.89	282.89	282.89	282.89	282.89	282.89
Diluted EPS	287.53	287.53	287.53	287.53	287.53	287.53

A reconciliation of net income to adjusted EBIT is as follows:

(in millions)	Three Months Ended		Six Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Net (loss) income	\$ (2,115)	\$ 259	\$ (1,947)	\$ 525
Income from discontinued operations, net of taxes	—	—	—	(35)
Income tax expense	116	73	154	202
Interest income	(67)	(33)	(97)	(65)
Interest expense	104	83	195	168
EBIT	(1,962)	382	(1,695)	795
Restructuring costs	32	157	174	342
Transaction, separation and integration-related costs	53	128	158	198
Amortization of acquired intangible assets	151	132	289	267
Goodwill impairment losses	2,887	—	2,887	—
Gain on arbitration award	(632)	—	(632)	—
Adjusted EBIT	\$ 529	\$ 799	\$ 1,181	\$ 1,602

Liquidity and Capital Resources

Cash and Cash Equivalents and Cash Flows

As of September 30, 2019, our cash and cash equivalents were \$2.9 billion, of which \$1.2 billion was held outside of the U.S. A substantial portion of funds can be returned to the U.S. from funds advanced previously to finance our foreign acquisition initiatives. As a result of the Tax Cuts and Jobs Act of 2017, and after the mandatory one-time income inclusion (deemed repatriation) of the historically untaxed earnings of our foreign subsidiaries, we expect a significant portion of the cash and cash equivalents held by our foreign subsidiaries will no longer be subject to U.S. income tax consequences upon subsequent repatriation to the United States. However, a portion of this cash may still be subject to foreign income tax consequences upon future remittance. Therefore, if additional funds held outside the U.S. are needed for our operations in the U.S., we plan to repatriate these funds.

Cash and cash equivalents ("cash") were \$2.9 billion for March 31, 2019 and September 30, 2019. The following table summarizes our cash flow activity:

(in millions)	Six Months Ended		Change
	September 30, 2019	September 30, 2018	
Net cash provided by operating activities	\$ 1,585	\$ 849	\$ 736
Net cash used in investing activities	(2,047)	(48)	(1,999)
Net cash provided by (used in) financing activities	480	(686)	1,166
Effect of exchange rate changes on cash and cash equivalents	(37)	(64)	27
Net decrease in cash and cash equivalents	\$ (19)	\$ 51	\$ (70)
Cash and cash equivalents at beginning-of-year	2,899	2,729	
Cash and cash equivalents at the end-of-period	\$ 2,880	\$ 2,780	

Net cash provided by operating activities during the first six months of fiscal 2020 was \$1,585 million as compared to \$849 million during the comparable period of the prior fiscal year. The year-over-year increase of \$736 million was due to an increase of net income, net of adjustments of \$749 million, which includes cash received on arbitration award of \$668 million, offset by a decrease in working capital movements of \$(13) million.

Net cash used in investing activities during the first six months of fiscal 2020 was \$2,047 million as compared to \$48 million during the comparable period of the prior fiscal year. The increase of \$1,999 million was predominately due to an increase in cash paid for acquisitions of \$1,878 million, an increase in purchases of property and equipment of \$59 million, and short-term investing of \$75 million. The increase is partially offset by cash paid for business dispositions of \$65 million in the second quarter of fiscal 2019.

Net cash provided by (used in) financing activities during the first six months of fiscal 2020 was \$480 million as compared to \$(686) million during the comparable period of the prior fiscal year. The \$1,166 million increase was primarily due to additional borrowings on long-term debt of \$1,715 million and a decrease in payments on long-term debt of \$1,517 million. This was partially offset by borrowings for the USPS spin transaction of \$1,114 million and proceeds from bond issuance of \$753 million in the prior fiscal year, and additional repurchase of common stock and advance payment for accelerated share repurchase of \$203 million.

Capital Resources

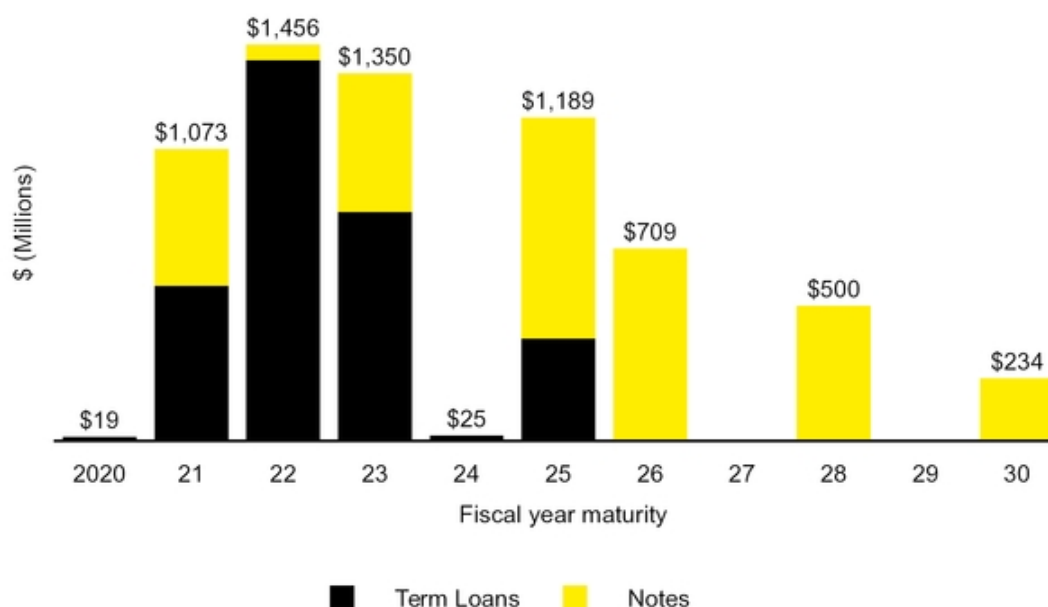
See Note 21 - "Commitments and Contingencies" for a discussion of the general purpose of guarantees and commitments. The anticipated sources of funds to fulfill such commitments are listed below and under the subheading "Liquidity."

The following table summarizes our total debt:

(in millions)	As of	
	September 30, 2019	March 31, 2019
Short-term debt and current maturities of long-term debt	\$ 1,471	\$ 1,942
Long-term debt, net of current maturities	7,698	5,470
Total debt	\$ 9,169	\$ 7,412

The \$1.8 billion increase in total debt during the first six months of fiscal 2020 was primarily attributed to the new term loan credit agreement in an aggregate principal of \$2.1 billion, consisting of three tranches: (i) \$500 million maturing on fiscal 2025; (ii) €750 million maturing on fiscal 2022; and (iii) €750 million maturing on fiscal 2023. The proceeds from the new borrowing was used to finance the Luxoft acquisition. Additionally, during the first six months of fiscal 2020, we repaid the \$500 million Senior Notes due 2020. We were in compliance with all financial covenants associated with our borrowings as of September 30, 2019 and September 30, 2018.

The maturity chart below summarizes the future maturities of long-term debt principal for fiscal years subsequent to September 30, 2019 and excludes maturities of borrowings for assets acquired under long-term financing and finance lease liabilities. For more information on our debt, see Note 12 - "Debt" to the financial statements.



The following table summarizes our capitalization ratios:

(in millions)	As of	
	September 30, 2019	March 31, 2019
Total debt	\$ 9,169	\$ 7,412
Cash and cash equivalents	2,880	2,899
Net debt ⁽¹⁾	\$ 6,289	\$ 4,513
Total debt	\$ 9,169	\$ 7,412
Equity	8,870	11,725
Total capitalization	\$ 18,039	\$ 19,137
Debt-to-total capitalization	50.8%	38.7%
Net debt-to-total capitalization ⁽¹⁾	34.9%	23.6%

⁽¹⁾ Net debt and Net debt-to-total capitalization are non-GAAP measures used by management to assess our ability to service our debts using only our cash and cash equivalents. We present these non-GAAP measures to assist investors in analyzing our capital structure in a more comprehensive way compared to gross debt based ratios alone.

Net debt-to-total capitalization as of September 30, 2019 increased as compared to March 31, 2019, due to the increase in total debt attributed to the Luxoft acquisition.

As of September 30, 2019, our credit ratings were as follows:

Rating Agency	Rating	Outlook	Short Term Ratings
Fitch	BBB+	Stable	F-2
Moody's	Baa2	Stable	P-2
S&P	BBB	Stable	-

See Note 21 - "Commitments and Contingencies" for a discussion of the general purpose of guarantees and commitments. The anticipated sources of funds to fulfill such commitments are listed below.

Liquidity

We expect our existing cash and cash equivalents, together with cash generated from operations, will be sufficient to meet our normal operating requirements for the next 12 months. We expect to continue to use cash generated by operations as a primary source of liquidity, however, should we require funds greater than that generated from our operations to fund discretionary investment activities, such as business acquisitions, we have the ability to draw on our multi-currency revolving credit facility or raise capital through the issuance of capital market debt instruments such as commercial paper, term loans, and bonds. In addition, we also currently utilize and will further utilize our cross currency cash pool for liquidity needs. However, there is no guarantee that we will be able to obtain debt financing, if required, on terms and conditions acceptable to us, if at all, in the future.

Our exposure to operational liquidity risk is primarily from long-term contracts which require significant investment of cash during the initial phases of the contracts. The recovery of these investments is over the life of the contract and is dependent upon our performance as well as customer acceptance.

The following table summarizes our total liquidity:

(in millions)	As of	
	September 30, 2019	
Cash and cash equivalents	\$	2,880
Available borrowings under our revolving credit facility		4,000
Total liquidity	\$	6,880

Share Repurchases

During the first quarter of fiscal 2018, our Board of Directors authorized the repurchase of up to \$2.0 billion of our common stock and during the third quarter of fiscal 2019, our Board of Directors approved an incremental \$2.0 billion share repurchase authorization. This program became effective on April 3, 2017 with no end date established. During the six months ended September 30, 2019, we repurchased 13,579,799 shares of our common stock at an aggregate cost of \$650 million. The repurchase included 3,654,544 shares under the accelerated share repurchase ("ASR") agreement at an average price of \$54.73 per share. See Note 17 - "Stockholders' Equity" to the financial statements.

Dividends

During the six months ended September 30, 2019, our Board of Directors declared aggregate cash dividends to our stockholders of \$0.42 per share, or approximately \$111 million. Future dividends are subject to customary board review and approval prior to declaration.

Off-Balance Sheet Arrangements

In the normal course of business, we are party to arrangements that include guarantees, the receivables securitization facility and certain other financial instruments with off-balance sheet risk, such as letters of credit and surety bonds. We also use performance letters of credit to support various risk management insurance policies. No liabilities related to these arrangements are reflected in our condensed consolidated balance sheets. There have been no material changes to our off-balance-sheet arrangements reported under Part II, Item 7 of our Annual Report on Form 10-K other than as disclosed below and in Note 6 - "Sale of Receivables" and Note 21 - "Commitments and Contingencies" to the financial statements in this Quarterly Report on Form 10-Q.

Contractual Obligations

With the exception of the new term loan credit agreement in an aggregate principal of \$2.1 billion, consisting of three tranches: (i) \$500 million maturing on fiscal 2025; (ii) €750 million maturing on fiscal 2022; and (iii) €750 million maturing on fiscal 2023, and repayment of the \$500 million Senior Notes due 2020 as discussed above under the subheading "Capital Resources," there have been no material changes, outside the ordinary course of business, to our contractual obligations since March 31, 2019. For further information see "Contractual Obligations" in Item 7 of Part II of our Annual Report on Form 10-K for the fiscal year ended March 31, 2019.

Critical Accounting Policies and Estimates

The preparation of consolidated financial statements in accordance with U.S. GAAP requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities. These estimates may change in the future if underlying assumptions or factors change. Accordingly, actual results could differ materially from our estimates under different assumptions, judgments or conditions. We consider the following policies to be critical because of their complexity and the high degree of judgment involved in implementing them: revenue recognition, income taxes, business combinations, defined benefit plans and valuation of assets. We have discussed the selection of our critical accounting policies and the effect of estimates with the audit committee of our board of directors. During the three months and six months ended September 30, 2019, there were no changes to our accounting estimates from those described in our fiscal 2019 Annual Report on Form 10-K except as mentioned in Note 1 - "Summary of Significant Accounting Policies".

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For quantitative and qualitative disclosures about market risk affecting DXC, see "Quantitative and Qualitative Disclosures About Market Risk" in Item 7A of Part II of our Annual Report on Form 10-K for the fiscal year ended March 31, 2019. Our exposure to market risk has not changed materially since March 31, 2019.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated, as of the end of the period covered by this Quarterly Report on Form 10-Q, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based on that evaluation, our Chief Executive Officer and Chief Operating Officer concluded that our disclosure controls and procedures were effective as of September 30, 2019.

Changes in Internal Control Over Financial Reporting

During the first quarter of fiscal 2020, we adopted ASC 842 effective April 1, 2019, as described in Note 2 - "Recent Accounting Pronouncements" and Note 7 - "Leases" to the financial statements. We implemented a new lease accounting system and redesigned certain processes and controls pertaining to our lease portfolio.

There were no changes in our internal control over financial reporting during the three months ended September 30, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS

See Note 21 - "Commitments and Contingencies" to the financial statements under the caption "Contingencies" for information regarding legal proceedings in which we are involved.

Item 1A. RISK FACTORS

Our operations and financial results are subject to various risks and uncertainties, which may materially and adversely affect our business, financial condition, and results of operations, and the actual outcome of matters as to which forward-looking statements are made in this Quarterly Report on Form 10-Q. In such case, the trading price for DXC common stock could decline, and you could lose all or part of your investment. Past performance may not be a reliable indicator of future financial performance and historical trends should not be used to anticipate results or trends in future periods. Future performance and historical trends may be adversely affected by the aforementioned risks, and other variables and risks and uncertainties not currently known or that are currently expected to be immaterial may also materially and adversely affect our business, financial condition, and results of operations or the price of our common stock in the future. Other than as described below, there have been no material changes in the three months ended September 30, 2019 to the risk factors described in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended March 31, 2019 and in Part II, Item 1A of our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2019.

We may not succeed in our strategic objectives, which could adversely affect our business, financial condition, results of operations and cash flows.

We recently announced a number of senior leadership changes as well as updates to our strategic priorities including an initiative to assist DXC customers across a broader range of their information technology needs, which we refer to as “the stack”. We may not be able to implement our strategic priorities in accordance with our expectations for a variety of reasons including failure to execute on our plans in a timely fashion, lack of adequate skills, ineffective management, inadequate incentives, customer resistance to new initiatives, inability to control costs or maintain competitive offerings. We also cannot be certain that executing on our strategy will generate the benefits we expect. If we fail to execute successfully on our strategic priorities, or if we pursue strategic priorities that prove to be unsuccessful, our business, financial position, results of operations and cash flows may be materially and adversely affected.

Strategic alternatives we are considering may not achieve the results we expect, could result in operating difficulties, harm to one or more of our businesses and negative impacts our financial condition, results of operations and cash flows.

We recently announced our intention to explore strategic alternatives for our US state and local healthcare BPS business, our horizontal BPS business and our workplace & mobility business. Among the alternatives we may consider for those businesses are potential divestiture transactions. Any such transactions may involve significant challenges and risks, including:

- the potential loss of key customers, suppliers, vendors and other key business partners;
- declining employee morale and retention issues affecting employees, which may result from changes in compensation, or changes in management, reporting relationships, future prospects or perceived expectations;
- difficulty making new and strategic hires of new employees;
- diversion of management time and a shift of focus from operating the businesses to transaction execution considerations;
- the need to provide transition services, which may result in stranded costs and the diversion of resources and focus;
- the need to separate operations, systems (including accounting, management, information, human resource and other administrative systems), technologies, products and personnel, which is an inherently risky and potentially lengthy and costly process;
- the inefficiencies and lack of control that may result if such separation is delayed or not implemented effectively, and unforeseen difficulties and expenditures that may arise as a result including potentially significant stranded costs;
- our desire to maintain an investment grade credit rating may cause us to use cash proceeds if any from any divestitures or other strategic alternatives that we might otherwise have used for other purposes in order to reduce our financial leverage;
- the inability to obtain necessary regulatory approvals or otherwise satisfy conditions required in order consummate any such transactions; and
- our dependence on accounting, financial reporting, operating metrics and similar systems, controls and processes of divested businesses could lead to challenges in preparing our consolidated financial statements or maintaining effective financial control over financial reporting.

At any given time, we may be engaged in discussions or negotiations with respect to one or more strategic alternatives, and any of these strategic alternatives could be material to our business, financial condition, results of operations and cash flows. In addition, we may explore a divestiture or spin-off or other transaction involving one or more of these businesses and ultimately determine not to proceed with any transaction or other strategic alternative for commercial, financial, strategic or other reasons. As a result, we may not realize benefits expected from exploring one or more strategic alternatives or may realize benefits further in the future and those benefits may ultimately be significantly smaller than anticipated, which could adversely affect our business, financial condition, operating results and cash flows. Any such transactions may also require us to amortize expenses related to intangible assets or write-off goodwill, which could adversely affect our financial condition and results of operations.

We could suffer additional losses due to asset impairment charges.

We acquired a substantial quantity of goodwill and other intangibles as a result of the HPES Merger increasing our exposure to this risk.

We test our goodwill for impairment during the second quarter of every year and on an interim date should events or changes in circumstances indicate that it is more likely than not that the fair value of a reporting unit is below its carrying amount. If the fair value of a reporting unit is revised downward due to declines in business performance or other factors, or if the Company suffers further declines in share price, an impairment could result and a non-cash charge could be required. We test intangible assets with finite lives for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. This assessment of the recoverability of finite-lived intangible assets could result in an impairment and a non-cash charge could be required. For example, during the three months ended September 30, 2019, we recorded a non-cash goodwill impairment charge of \$2,887 million which is discussed in Note 11 - "Goodwill."

We also test certain equipment and deferred cost balances associated with contracts when the contract is materially underperforming or is expected to materially underperform in the future, as compared to the original bid model or budget. If the projected cash flows of a particular contract are not adequate to recover the unamortized cost balance of the asset group, the balance is adjusted in the tested period based on the contract's fair value. Either of these impairments could materially affect our reported net earnings.

Our ability to provide customers with competitive services is dependent on our ability to attract and retain qualified personnel.

Our ability to grow and provide our customers with competitive services is partially dependent on our ability to attract and retain highly motivated people with the skills necessary to serve our customers. The markets we serve are highly competitive and competition for skilled employees in the technology outsourcing, consulting, and systems integration and enterprise services markets is intense for both onshore and offshore locales. The loss of personnel could impair our ability to perform under certain contracts, which could have a material adverse effect on our consolidated financial position, results of operations and cash flows. Additionally, the inability to adequately develop and train personnel and assimilate key new hires or promoted employees could have a material adverse effect on relationships with third parties, our financial condition and results of operations and cash flows.

We also must manage leadership development and succession planning throughout our business. Any significant leadership change and accompanying senior management transition, such as our recent change in Chief Executive Officer, Chief Human Resources Officer and the hiring of new leaders in key roles, involves inherent risk and any failure to ensure a smooth transition could hinder our strategic planning, execution and future performance. While we strive to mitigate the negative impact associated with changes to our senior management team, such changes may cause uncertainty among investors, employees, customers, creditors and others concerning our future direction and performance. If we fail to effectively manage our leadership changes, including ongoing organizational and strategic changes, our business, financial condition, results of operations, cash flows and reputation, as well as our ability to successfully attract, motivate and retain key employees, could be harmed.

In addition, uncertainty around future employment opportunities, facility locations, organizational and reporting structures, and other related concerns may impair our ability to attract and retain qualified personnel. If employee attrition is higher than, it may adversely impact our ability to realize the anticipated benefits of our strategic priorities.

If we do not hire, train, motivate, and effectively utilize employees with the right mix of skills and experience in the right geographic regions and for the right offerings to meet the needs of our clients, our financial performance and cash flows could suffer. For example, if our employee utilization rate is too low, our profitability, and the level of engagement of our employees could decrease. If that utilization rate is too high, it could have an adverse effect on employee engagement and attrition and the quality of the work performed, as well as our ability to staff projects. If we are unable to hire and retain enough employees with the skills or backgrounds needed to meet current demand, we may need to redeploy existing personnel, increase our reliance on subcontractors or increase employee compensation levels, all of which could also negatively affect our profitability. In addition, if we have more employees than necessary with certain skill sets or in certain geographies, we may incur increased costs as we work to rebalance our supply of skills and resources with client demand in those geographies.

If we are unable to maintain and grow our customer relationships over time, our operating results and cash flows will suffer. Failure to comply with customer contracts or government contracting regulations or requirements could adversely affect our business, results of operations and cash flows.

We devote significant resources to establish relationships with our customers and implement our offerings and related services, particularly in the case of large enterprises that often request or require specific features or functions specific to their particular business profile. Accordingly, our operating results depend in substantial part on our ability to deliver a successful customer experience and persuade customers to maintain and grow our relationship with us over time. If we are not successful in implementing an offering or delivering a successful customer experience, including achieving cost and staffing levels that meet our customers' expectations, customers could terminate or elect not to renew their agreements with us and our operating results may suffer.

Contracts with customers may include unique and specialized performance requirements. In particular, our contracts with federal, state, provincial, and local governmental customers are generally subject to various procurement regulations, contract provisions, and other requirements relating to their formation, administration, and performance, including the maintenance of necessary security clearances. Contracts with U.S. government agencies are also subject to audits and investigations, which may include a review of performance on contracts, pricing practices, cost structure, and compliance with applicable laws and regulations.

Any failure on our part to comply with the specific provisions in customer contracts or any violation of government contracting regulations or other requirements could result in the imposition of various civil and criminal penalties, which may include termination of contracts, forfeiture of profits, suspension of payments, and, in the case of government contracts, fines and suspension from future government contracting. Such failures could also cause reputational damage to our business. In addition, we may be subject to qui tam litigation brought by private individuals on behalf of the government relating to government contracts, which could include claims for treble damages. Further, any negative publicity with respect to customer contracts or any related proceedings, regardless of accuracy, may damage our business by harming our ability to compete for new contracts.

If our customer contracts are terminated, or our ability to compete for new contracts is adversely affected, our financial performance could suffer.

We are defendants in pending litigation that may have a material and adverse impact on our profitability and liquidity.

As noted in Note 21 - "Commitments and Contingencies", we are currently party to a number of disputes that involve or may involve litigation or arbitration, including securities class actions and other lawsuits in which we and certain of our officers and directors have been named as defendants. The result of these lawsuits and any other future legal proceedings cannot be predicted with certainty. Regardless of their subject matter or merits, such legal proceedings may result in significant cost to us, which may not be covered by insurance, may divert the attention of management or may otherwise have an adverse effect on our business, financial condition and results of operations. Negative publicity from litigation, whether or not resulting in a substantial cost, could materially damage our reputation and could have a material adverse effect on our business, financial condition, results of operations, and the price of our common stock. In addition, such legal proceedings may make it more difficult to finance our operations.

Our credit rating and ability to manage working capital, refinance and raise additional capital for future needs may impact our ability to compete, results of operations and cash flows.

We currently maintain investment grade credit ratings with Moody's Investors Service, Fitch Rating Services, and Standard & Poor's Ratings Services. Our credit ratings are based upon information furnished by us or obtained by a rating agency from its own sources and are subject to revision, suspension or withdrawal by one or more rating agencies at any time. Rating agencies may review the ratings assigned to us due to developments that in some cases are beyond our control, including potential new standards requiring the agencies to reassess rating practices and methodologies. Ratings agencies may consider changes in credit ratings based on changes in expectations about future profitability and cash flows even if short-term liquidity expectations are not negatively impacted. If changes in our credit ratings were to occur, it could result in higher interest costs under certain of our credit facilities. It would also cause our future borrowing costs to increase and limit our access to capital markets. For example, we currently fund a portion of our working capital requirements in the U.S. and European commercial paper markets. Any downgrade below our current rating would, absent changes to current market liquidity, substantially reduce or eliminate our ability to access that source of funding and could otherwise negatively impact the perception of our company by lenders and other third parties. In addition, certain of our major contracts provide customers with a right of termination in certain circumstances in the event of a rating downgrade below investment grade.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Unregistered Sales of Equity Securities

None during the period covered by this report.

Use of Proceeds

Not applicable.

Issuer Purchases of Equity Securities

The following table provides information on a monthly basis for the quarter ended September 30, 2019, with respect to the Company's purchase of equity securities:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs
July 1, 2019 to July 31, 2019	—	\$—	—	\$2,123,936,464
August 1, 2019 to August 31, 2019	6,220,190	\$40.18	6,220,190	\$1,874,024,787
September 1, 2019 to September 30, 2019	—	\$—	—	\$1,874,024,787

On April 3, 2017, DXC announced the establishment of a share repurchase plan approved by the Board of Directors with an initial authorization of \$2.0 billion for future repurchases of outstanding shares of DXC common stock. On November 8, 2018, DXC's Board of Directors approved an incremental \$2.0 billion share repurchase authorization. An expiration date has not been established for this repurchase plan.

On June 13, 2019, DXC entered into an ASR agreement with a third-party financial institution by advancing \$200 million including a \$100 million prepayment. At inception, the ASR was initially settled by delivery of 1,849,194 shares of common stock to the Company. During the second quarter of fiscal 2020, DXC received an additional 1,805,350 shares of common stock. In total, 3,654,544 shares of common stock were repurchased under the ASR for \$200 million.

Share repurchases may be made from time to time through various means, including in open market purchases, 10b5-1 plans, privately-negotiated transactions, accelerated stock repurchases, block trades and other transactions, in compliance with Rule 10b-18 under the Exchange Act as well as, to the extent applicable, other federal and state securities laws and other legal requirements. The timing, volume, and nature of share repurchases pursuant to the share repurchase plan are at the discretion of management and may be suspended or discontinued at any time.

ITEM 3. DEFAULT UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

The following exhibits are filed with this report.

Exhibit Number	Description of Exhibit
2.1	Agreement and Plan of Merger, dated as of May 24, 2016, by and among Computer Sciences Corporation, Hewlett Packard Enterprise Company, Everett SpinCo, Inc. (now known as DXC Technology Company) and Everett Merger Sub, Inc. (incorporated by reference to Exhibit 2.1 to Hewlett Packard Enterprise Company's Current Report on Form 8-K (filed May 26, 2016) (file no. 001-37483)).
2.2	First Amendment to Agreement and Plan of Merger, dated as of November 2, 2016, by and among Computer Sciences Corporation, Hewlett Packard Enterprise Company, Everett SpinCo, Inc. (now known as DXC Technology Company), New Everett Merger Sub Inc. and Everett Merger Sub Inc. (incorporated by reference to Exhibit 2.1 to Hewlett Packard Enterprise Company's Current Report on Form 8-K (filed November 2, 2016) (file no. 001-37483)).
2.3	Second Amendment to Agreement and Plan of Merger, dated as of December 6, 2016, by and among Hewlett Packard Enterprise Company, Computer Sciences Corporation, Everett SpinCo, Inc. (now known as DXC Technology Company), Everett Merger Sub Inc. and New Everett Merger Sub Inc. (incorporated by reference to Exhibit 2.3 to Amendment No. 1 to Form 10 of Everett SpinCo, Inc. (filed December 7, 2016) (file no. 000-55712)).
2.4	Separation and Distribution Agreement, dated May 24, 2016, between Hewlett Packard Enterprise Company and Everett SpinCo, Inc. (now known as DXC Technology Company) (incorporated by reference to Exhibit 2.2 to Hewlett Packard Enterprise Company's Current Report on Form 8-K (filed May 26, 2016) (file no. 001-37483)).
2.5	First Amendment to the Separation and Distribution Agreement, dated November 2, 2016, by and between Hewlett Packard Enterprise Company and Everett SpinCo, Inc. (now known as DXC Technology Company) (incorporated by reference to Exhibit 2.2 to Hewlett Packard Enterprise Company's Current Report on Form 8-K (filed November 2, 2016) (file no. 001-37483)).
2.6	Second Amendment to the Separation and Distribution Agreement, dated December 6, 2016, by and between Hewlett Packard Enterprise Company and Everett SpinCo, Inc. (now known as DXC Technology Company) (incorporated by reference to Exhibit 2.6 to Everett SpinCo, Inc.'s Amendment No. 1 to Form 10 (filed December 7, 2016) (file no. 000-55712)).
2.7	Third Amendment to the Separation and Distribution Agreement, dated January 27, 2017, by and between Hewlett Packard Enterprise Company and Everett SpinCo, Inc. (now known as DXC Technology Company) (incorporated by reference to Exhibit 2.7 to Everett SpinCo Inc.'s Form 10 (filed February 14, 2017) (file no. 000-55712)).
2.8	Fourth Amendment to the Separation and Distribution Agreement, dated March 31, 2017, by and between Hewlett Packard Enterprise Company and Everett SpinCo, Inc. (now known as DXC Technology Company) (incorporated by reference to Exhibit 2.6 to DXC Technology Company's Current Report on Form 8-K (filed April 6, 2017) (file no. 001-38033)).
2.9	Employee Matters Agreement, dated as of March 31, 2017, by and among the Computer Sciences Corporation, Hewlett Packard Enterprise Company and Everett SpinCo, Inc. (now known as DXC Technology Company) (incorporated by reference to Exhibit 2.1 to DXC Technology Company's Current Report on Form 8-K (filed April 6, 2017) (file no. 001-38033)).
2.10	Tax Matters Agreement, dated as of March 31, 2017, by and among the Computer Sciences Corporation, Hewlett Packard Enterprise Company and Everett SpinCo, Inc. (now known as DXC Technology Company) (incorporated by reference to Exhibit 2.2 to DXC Technology Company's Current Report on Form 8-K (filed April 6, 2017) (file no. 001-38033)).
2.11	Intellectual Property Matters Agreement, dated as of March 31, 2017, by and among Hewlett Packard Enterprise Company, Hewlett Packard Enterprise Development LP and Everett SpinCo, Inc. (now known as DXC Technology Company) (incorporated by reference to Exhibit 2.3 to DXC Technology Company's Current Report on Form 8-K (filed April 6, 2017) (file no. 001-38033)).
2.12	Transition Services Agreement, dated as of March 31, 2017, by and between Hewlett Packard Enterprise Company and Everett SpinCo, Inc. (now known as DXC Technology Company) (incorporated by reference to Exhibit 2.4 to DXC Technology Company's Current Report on Form 8-K (filed April 6, 2017) (file no. 001-38033)).
2.13	Real Estate Matters Agreement, dated as of March 31, 2017, by and between Hewlett Packard Enterprise Company and Everett SpinCo, Inc. (now known as DXC Technology Company) (incorporated by reference to Exhibit 2.5 to DXC Technology Company's Current Report on Form 8-K (filed April 6, 2017) (file no. 001-38033)).
2.14	Agreement and Plan of Merger, dated as of October 11, 2017, by and among DXC Technology Company, Ultra SCInc., Ultra First VMS Inc., Ultra Second VMS LLC, Ultra KMS Inc., Vencore Holding Corp., KGS Holding Corp., The SI Organization Holdings LLC and KGS Holding LLC (incorporated by reference to Exhibit 2.1 to DXC Technology Company's Current Report on Form 8-K (filed October 13, 2017) (file no. 001-38033)).
2.15	Separation and Distribution Agreement dated as of May 31, 2018, by and between DXC Technology Company and Perspecta Inc. (incorporated by reference to Exhibit 2.1 to DXC Technology Company's Current Report on Form 8-K (filed June 6, 2018) (file no. 001-38033)).

- 2.16 [Employee Matters Agreement dated as of May 31, 2018, by and between DXC Technology Company and Perspecta Inc. \(incorporated by reference to Exhibit 2.2 to DXC Technology Company's Current Report on Form 8-K \(filed June 6, 2018\) \(file no. 001-38033\)\)](#)
- 2.17 [Tax Matters Agreement dated as of May 31, 2018, by and between DXC Technology Company and Perspecta Inc. \(incorporated by reference to Exhibit 2.3 to DXC Technology Company's Current Report on Form 8-K \(filed June 6, 2018\) \(file no. 001-38033\)\)](#)
- 2.18 [Intellectual Property Matters Agreement dated as of May 31, 2018, by and between DXC Technology Company and Perspecta Inc. \(incorporated by reference to Exhibit 2.4 to DXC Technology Company's Current Report on Form 8-K \(filed June 6, 2018\) \(file no. 001-38033\)\)](#)
- 2.19 [Transition Services Agreement dated as of May 31, 2018, by and between DXC Technology Company and Perspecta Inc. \(incorporated by reference to Exhibit 2.5 to DXC Technology Company's Current Report on Form 8-K \(filed June 6, 2018\) \(file no. 001-38033\)\)](#)
- 2.20 [Real Estate Matters Agreement dated as of May 31, 2018, by and between DXC Technology Company and Perspecta Inc. \(incorporated by reference to Exhibit 2.6 to DXC Technology Company's Current Report on Form 8-K \(filed June 6, 2018\) \(file no. 001-38033\)\)](#)
- 2.21 [Non-U.S. Agency Agreement dated as of May 31, 2018, by and between DXC Technology Company and Perspecta Inc. \(incorporated by reference to Exhibit 2.7 to DXC Technology Company's Current Report on Form 8-K \(filed June 6, 2018\) \(file no. 001-38033\)\)](#)
- 2.22 [Merger Agreement, dated January 6, 2019, by and among DXC Technology Company, Luna Equities, Inc. and Luxoft Holding, Inc \(incorporated by reference to Exhibit 99.1 to Luxoft Holding, Inc's Report of Foreign Private Issuer on Form 6-K \(filed January 7, 2019\) \(file no. 001-35976\)\)](#)
- 3.1 [Articles of Incorporation of DXC Technology Company, as filed with the Secretary of State of the State of Nevada on March 31, 2017 \(incorporated by reference to Exhibit 3.3 to DXC Technology Company's Current Report on Form 8-K \(filed April 6, 2017\) \(file no. 001-38033\)\)](#)
- 3.2 [Amended and Restated Bylaws of DXC Technology Company, effective March 15, 2018 \(incorporated by reference to Exhibit 3.1 to DXC Technology Company's Current Report on Form 8-K \(filed March 15, 2018\) \(file no. 001-38033\)\)](#)
- 4.1 [First Supplemental Indenture, dated as of March 27, 2017, between Everett SpinCo, Inc. \(now known as DXC Technology Company\) and U.S. Bank National Association, as trustee \(incorporated by reference to Exhibit 4.2 to DXC Technology Company's Current Report on Form 8-K \(filed March 27, 2017\) \(file no. 001-38033\)\)](#)
- 4.2 [Second Supplemental Indenture, dated as of August 9, 2017, between DXC Technology Company and U.S. Bank National Association, as trustee \(incorporated by reference to Exhibit 4.1 to DXC Technology Company's Current Report on Form 8-K \(filed August 9, 2017\) \(file no. 001-38033\)\)](#)
- 4.3 [Third Supplemental Indenture, dated as of August 9, 2017, between DXC Technology Company and U.S. Bank National Association, as trustee \(incorporated by reference to Exhibit 4.2 to DXC Technology Company's Current Report on Form 8-K \(filed August 9, 2017\) \(file no. 001-38033\)\)](#)
- 4.4 [Fourth Supplemental Indenture, dated as of August 17, 2017, between DXC Technology Company and U.S. Bank National Association, as trustee \(incorporated by reference to Exhibit 4.2 to DXC Technology Company's Current Report on Form 8-K \(filed August 17, 2017\) \(file no. 001-38033\)\)](#)
- 4.5 [Fifth Supplemental Indenture, dated as of February 7, 2018, between DXC Technology Company and U.S. Bank National Association, as trustee \(incorporated by reference to Exhibit 4.5 to DXC Technology Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2017 \(filed February 9, 2018\) \(file no. 001-38033\)\)](#)
- 4.6 [Sixth Supplemental Indenture, dated March 15, 2018, among DXC Technology Company, U.S. Bank National Association, as trustee, and Elavon Financial Services DAC, UK Branch, as paying agent \(incorporated by reference to Exhibit 4.1 to DXC Technology Company's Current Report on Form 8-K \(filed March 15, 2018\) \(file no. 001-38033\)\)](#)
- 4.7 [Seventh Supplemental Indenture, dated September 26, 2018, among DXC Technology Company, U.S. Bank National Association, as trustee, and Elavon Financial Services DAC, UK Branch, as paying agent \(incorporated by reference to Exhibit 4.1 to DXC Technology Company's Current Report on Form 8-K \(filed September 26, 2018\) \(file no. 001-38033\)\)](#)
- 4.8 [Form of DXC Technology Company's 4.750% Senior Notes due 2027 \(included in Exhibit 4.2\) \(incorporated by reference to Exhibit 4.2 to DXC Technology Company's Current Report on Form 8-K \(filed March 27, 2017\) \(file no. 001-38033\)\)](#)
- 4.9 [Form of DXC Technology Company's 2.875% Senior Notes due 2020 \(included in Exhibit 4.3\) \(incorporated by reference to Exhibit 4.2 to DXC Technology Company's Current Report on Form 8-K \(filed August 9, 2017\) \(file no. 001-38033\)\)](#)
- 4.10 [Form of DXC Technology Company's 4.45% Senior Notes due 2022 \(included in Exhibit 4.2\) \(incorporated by reference to Exhibit 4.1 to DXC Technology Company's Current Report on Form 8-K \(filed August 9, 2017\) \(file no. 001-38033\)\)](#)
- 4.11 [Form of DXC Technology Company's 4.250% Senior Notes due 2024 \(included in Exhibit 4.3\) \(incorporated by reference to Exhibit 4.2 to DXC Technology Company's Current Report on Form 8-K \(filed August 9, 2017\) \(file no. 001-38033\)\)](#)
- 4.12 [Form of DXC Technology Company's 4.750% Senior Notes due 2027 \(included in Exhibit 4.3\) \(incorporated by reference to Exhibit 4.2 to DXC Technology Company's Current Report on Form 8-K \(filed August 9, 2017\) \(file no. 001-38033\)\)](#)
- 4.13 [Form of DXC Technology Company's Senior Floating Rate Notes due 2021 \(included in Exhibit 4.4\) \(incorporated by reference to Exhibit 4.2 to DXC Technology Company's Current Report on Form 8-K \(filed August 17, 2017\) \(file no. 001-38033\)\)](#)

4.14	Form of DXC Technology Company's 7.45% Senior Notes due 2029 (included in Exhibit 4.5) (incorporated by reference to Exhibit 4.5 to DXC Technology Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2017 (filed February 9, 2018) (file no. 001-38033))
4.15	Form of DXC Technology Company's 2.750% Senior Notes due 2025 (included in Exhibit 4.6) (incorporated by reference to Exhibit 4.1 to DXC Technology Company's Current Report on Form 8-K (filed March 15, 2018) (file no. 001-38033))
4.16	Form of DXC Technology Company's 1.750% Senior Notes due 2026 (included in Exhibit 4.7) (incorporated by reference to Exhibit 4.1 to DXC Technology Company's Current Report on Form 8-K (filed September 26, 2018) (file no. 001-38033))
4.17	Indenture dated as of September 18, 2012, between Computer Sciences Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.1 to Computer Sciences Corporation's Current Report on Form 8-K (filed September 19, 2012) (file no. 001-04850))
4.18	First Supplemental Indenture dated as of September 18, 2012, between Computer Sciences Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.2 to Computer Sciences Corporation's Current Report on Form 8-K (filed September 19, 2012) (file no. 001-04850))
4.19	Form of Computer Sciences Corporation's 4.450% Senior Notes due 2022 (included in Exhibit 4.19) (incorporated by reference to Exhibit 4.2 to Computer Sciences Corporation's Current Report on Form 8-K (filed September 19, 2012) (file no. 001-04850))
10.1	Third Amendment to the Purchase and Sale Agreement dated as of August 21, 2019, among DXC Technology Company, as Servicer, DXC Technology Services LLC, as Existing Originator, Alliance-One Services, Inc., Computer Sciences Corporation, CSC Consulting, Inc., CSC Cybertek Corporation, Mynd Corporation, and PDA Software Services LLC, as New Originators, and DXC Receivables LLC (f/k/a CSC Receivables LLC), as Buyer
10.2	Sixth Amendment to the Receivables Purchase Agreement dated as of August 21, 2019, among DXC Receivables LLC (f/k/a CSC Receivables LLC), as Seller, DXC Technology Company, as Servicer, PNC Bank, National Association, as Administrative Agent, and the persons from time to time party thereto as Purchasers and Group Agents
10.3	Second Amended and Restated Performance Guaranty dated as of August 21, 2019, made by DXC Technology Company, as Performance Guarantor, in favor of PNC Bank, National Association, as Administrative Agent, for the benefit of the Purchasers
10.4*	Employment Agreement with Michael J. Salvino (incorporated by reference to Exhibit 10.1 to DXC Technology Company's Current Report on Form 8-K (filed September 12, 2019) (file no. 001-38033))
10.5*	Addendum to Employment Agreement with J. Michael Lawrie (incorporated by reference to Exhibit 10.2 to DXC Technology Company's Current Report on Form 8-K (filed September 12, 2019) (file no. 001-38033))
10.6*	Retention Agreement with Paul N. Saleh
31.1	Section 302 Certification of the Chief Executive Officer
31.2	Section 302 Certification of the Chief Financial Officer
32.1	Section 906 Certification of Chief Executive Officer
32.2	Section 906 Certification of Chief Financial Officer
101	Interactive Data Files
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.LAB	XBRL Taxonomy Extension Labels
101.PRE	XBRL Taxonomy Extension Presentation
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

*Management contract or compensatory plan or agreement

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DXC TECHNOLOGY COMPANY

Dated: November 12, 2019

By: /s/ Neil A. Manna

Name: **Neil A. Manna**

Title: **Senior Vice President, Corporate Controller Principal Accounting Officer**

**THIRD AMENDMENT TO THE
PURCHASE AND SALE AGREEMENT**

This THIRD AMENDMENT TO THE PURCHASE AND SALE AGREEMENT (this "Amendment"), dated as of August 21, 2019 (such date, the "Third Amendment Effective Date"), is entered into by and among the following parties:

- (i) DXC TECHNOLOGY COMPANY, as Servicer (the "Servicer");
- (ii) DXC TECHNOLOGY SERVICES LLC, as existing Originator under the Agreement described below (the "Existing Originator");
- (iii) THE VARIOUS PARTIES LISTED ON THE SIGNATURE PAGES HERETO AS NEW ORIGINATORS, as New Originators (collectively, the "New Originator" and each, an "New Originator", and together with the Existing Originator, the "Originators"); and
- (iv) DXC RECEIVABLES LLC (F/K/A CSC RECEIVABLES LLC), as Buyer under the Agreement described below (the "Buyer").

Capitalized terms used but not otherwise defined herein (including such terms used above) have the respective meanings assigned thereto in the Agreement described below.

BACKGROUND

A. The Originators, the Servicer and the Buyer entered into that certain Purchase and Sale Agreement, dated as of December 21, 2016 (as amended, restated, supplemented or otherwise modified through the date hereof, the "Agreement").

B. Concurrently herewith, the Servicer, the Buyer, as seller, the Committed Purchasers, the Group Agents and the Administrative Agent are entering into that certain Sixth Amendment to the Receivables Purchase Agreement, dated as of the date hereof (the "Receivables Purchase Agreement Amendment").

C. Each of the New Originators desire to join the Agreement as Originator thereunder on the Third Amendment Effective Date.

D. The parties hereto desire to amend the Agreement as set forth herein.

NOW, THEREFORE, with the intention of being legally bound hereby, and in consideration of the mutual undertakings expressed herein, each party to this Amendment hereby agrees as follows:

SECTION 1. Amendments to the Agreement. The Agreement is hereby amended as follows:

(a) With respect to each New Originator, any reference in the Agreement to the "Closing Date" or "the date hereof" shall be deemed to be a reference to "August 21, 2019".

(b) With respect to each New Originator, any reference in the Agreement to the "Cut-off Date" shall be deemed to be a reference to "August 20, 2019".

(c) The Agreement is hereby amended to incorporate the changes shown on the marked pages of the Agreement attached hereto as Exhibit A.

SECTION 2. Joinder of New Originators. Each New Originator hereby agree that it shall be bound by all of the terms, conditions and provisions of, and shall be deemed to be a party to (as if it were an original signatory to), the Agreement and each of the other relevant Transaction Documents. From and after the later of the date hereof and the date that each New Originator has complied with all of the requirements of Section 4.3 of the Agreement, each New Originator shall be an Originator for all purposes of the Agreement and all other Transaction Documents. Each New Originator hereby acknowledges that it has received copies of the Agreement and the other Transaction Documents and that each of the Administrative Agent and each Group Agent hereby acknowledges that this Amendment shall be deemed to satisfy the requirements of Section 4.3(b) of the Agreement.

SECTION 3. Authorization to File Financing Statements. Upon the effectiveness of this Amendment, each of the New Originators and the Buyer hereby authorizes the Administrative Agent to file (at the expense of the Buyer) one or more UCC-1 financing statements in the form of Exhibit B hereto.

SECTION 4. Representations and Warranties of the Originators and Servicer. Each Originator and the Servicer hereby represent and warrant to each of the parties hereto as of the date hereof as follows:

(a) *Representations and Warranties.* The representations and warranties made by such Person in the Agreement and each of the other Transaction Documents to which it is a party are true and correct as of the date hereof (unless such representations or warranties relate to an earlier date, in which case as of such earlier date).

(b) *Enforceability.* The execution and delivery by it of this Amendment, and the performance of its obligations under this Amendment, the Agreement (as amended hereby) and the other Transaction Documents to which it is a party are within its organizational powers and have been duly authorized by all necessary action on its part, and this Amendment, the Agreement (as amended hereby) and the other Transaction Documents to which it is a party are (assuming due authorization and execution by the other parties thereto) its valid and legally binding obligations, enforceable in accordance with its terms, except (x) the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws from time to time in effect relating to creditors' rights, and (y) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(c) *No Event of Default; No Purchase and Sale Termination Event.* No Event of Termination, Unmatured Event of Termination, Non-Reinvestment Event, Unmatured Non-Reinvestment Event, Purchase and Sale Termination Event or Unmatured Purchase and Sale Termination Event has occurred and is continuing, or would occur as a result of this Amendment or the transactions contemplated hereby.

SECTION 5. Effect of Amendment; Ratification. All provisions of the Agreement and the other Transaction Documents, as expressly amended and modified by this Amendment, shall remain in full force and effect. After this Amendment becomes effective, all references in the Agreement (or in any other Transaction Document) to "this Purchase and Sale Agreement", "this Agreement", "hereof", "herein" or words of similar effect referring to the Agreement shall be deemed to be references to the Agreement as amended by this Amendment. This Amendment shall not be deemed, either expressly or impliedly, to waive, amend or supplement any provision of the Agreement other than as set forth herein. The Agreement, as amended by this Amendment, is hereby ratified and confirmed in all respects.

SECTION 6. Effectiveness. This Amendment shall become effective as of the Third Amendment Effective Date upon (a) receipt by the Buyer and the Administrative Agent's receipt of counterparts to this Amendment executed by each of the parties hereto, (b) the effectiveness of the Receivables Purchase Agreement Amendment and (c) a copy of a separate Subordinated Note in favor of each New Originator, duly executed by the Buyer.

SECTION 7. Severability. Any provisions of this Amendment which are prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 8. Transaction Document. This Amendment shall be a Transaction Document for purposes of the Receivables Purchase Agreement.

SECTION 9. Counterparts. This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute but one and the same instrument. Delivery of an executed counterpart of a signature page to this Amendment by facsimile or e-mail transmission shall be effective as delivery of a manually executed counterpart hereof.

SECTION 10. GOVERNING LAW AND JURISDICTION.

(a) THIS AMENDMENT, INCLUDING THE RIGHTS AND DUTIES OF THE PARTIES HERETO, SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, BUT WITHOUT REGARD TO ANY OTHER CONFLICTS OF LAW PROVISIONS THEREOF).

(b) EACH PARTY HERETO HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY NEW YORK STATE OR FEDERAL COURT SITTING IN NEW YORK CITY, NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AMENDMENT, AND EACH PARTY HERETO HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. THE PARTIES HERETO HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT THEY MAY EFFECTIVELY DO SO, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING. THE PARTIES HERETO AGREE THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

SECTION 11. Section Headings. The various headings of this Amendment are included for convenience only and shall not affect the meaning or interpretation of this Amendment, the Agreement or any provision hereof or thereof.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first written above.

DXC RECEIVABLES LLC,
as Buyer

By: /s/ H.C. Charles Diao
Name: H.C. Charles Diao
Title: President and Treasurer

DXC TECHNOLOGY COMPANY,
as Servicer

By: /s/ H.C. Charles Diao
Name: H.C. Charles Diao
Title: Senior Vice President, Treasury and Corporate Development

DXC TECHNOLOGY SERVICES LLC,
as the Existing Originator

By: /s/ H.C. Charles Diao
Name: H.C. Charles Diao
Title: President and Treasurer

ALLIANCE-ONE SERVICES, INC.,
as a New Originator

By: /s/ Phillip Charles Ratcliff
Name: Phillip Charles Ratcliff
Title: President

COMPUTER SCIENCES CORPORATION,
as a New Originator

By: /s/ H.C. Charles Diao
Name: H.C. Charles Diao
Title: President and Treasurer

CSC CONSULTING, INC.,
as a New Originator

By: /s/ H.C. Charles Diao
Name: H.C. Charles Diao
Title: President and Treasurer

CSC CYBERTEK CORPORATION,
as a New Originator

By: /s/ H.C. Charles Diao
Name: H.C. Charles Diao
Title: President and Treasurer

MYND CORPORATION,
as a New Originator

By: /s/ H.C. Charles Diao
Name: H.C. Charles Diao
Title: President and Treasurer

PDA SOFTWARE SERVICES LLC,
as a New Originator

By: /s/ H.C. Charles Diao
Name: H.C. Charles Diao
Title: President and Treasurer

Acknowledged by:

PNC BANK, NATIONAL ASSOCIATION
as Administrative Agent

By: /s/ Christopher Blaney
Name: Christopher Blaney
Title: Senior Vice President

PNC BANK, NATIONAL ASSOCIATION,
as Group Agent for its Purchaser Group

By: /s/ Christopher Blaney
Name: Christopher Blaney
Title: Senior Vice President

WELLS FARGO, NATIONAL ASSOCIATION,
as Group Agent for its Purchaser Group

By: /s/ Eero Maki
Name: Eero Maki
Title: Managing Director

MUFG BANK, LTD.,
as Group Agent for its Purchaser Group

By: /s/ Eric Williams
Name: Eric Williams
Title: Managing Director

FIFTH THIRD BANK,
as Group Agent for its Purchaser Group

By: /s/ Brian J. Gardner
Name: Brian J. Gardner
Title: Managing Director

MIZUHO BANK, LTD.,
as Group Agent for its Purchaser Group

By: /s/ Richard A. Burke

Name: Richard A. Burke
Title: Managing Director

THE TORONTO DOMINION BANK,
as Group Agent for its Purchaser Group

By: /s/ Bradley Purkis
Name: Bradley Purkis
Title: Managing Director

Exhibit A
[Amendments to the Purchase and Sale Agreement]

Exhibit B
[UCC-1 Financing Statements to be filed]

**SIXTH AMENDMENT TO THE
RECEIVABLES PURCHASE AGREEMENT**

This SIXTH AMENDMENT TO THE RECEIVABLES PURCHASE AGREEMENT (this "Amendment"), dated as of August 21, 2019, is entered into by and among the following parties:

- (i) DXC RECEIVABLES LLC (F/K/A CSC RECEIVABLES LLC), a Delaware limited liability company, as Seller (the "Seller");
- (ii) DXC TECHNOLOGY COMPANY, a Nevada corporation, as Servicer (the "Servicer");
- (iii) PNC BANK, NATIONAL ASSOCIATION, as a Committed Purchaser, as Group Agent for its Purchaser Group and as Administrative Agent (in such capacity, the "Administrative Agent");
- (iv) WELLS FARGO BANK, NATIONAL ASSOCIATION, as a Committed Purchaser and as Group Agent for its Purchaser Group;
- (v) MUFG BANK, LTD. (F/K/A THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.), as a Committed Purchaser and as Group Agent for its Purchaser Group;
- (vi) FIFTH THIRD BANK, as a Committed Purchaser and as Group Agent for its Purchaser Group;
- (vii) MIZUHO BANK, LTD., as a Committed Purchaser and as Group Agent for its Purchaser Group; and
- (viii) THE TORONTO DOMINION BANK, as a Committed Purchaser and as Group Agent for its Purchaser Group.

Capitalized terms used but not otherwise defined herein (including such terms used above) have the respective meanings assigned thereto in the Receivables Purchase Agreement described below.

BACKGROUND

A. The parties hereto (other than the Originator) have entered into a Receivables Purchase Agreement, dated as of December 21, 2016 (such date, the "Original Closing Date") (as amended, restated, supplemented or otherwise modified through the date hereof, the "Receivables Purchase Agreement").

B. Concurrently herewith, the Seller, as buyer, the Servicer, DXC Technology Services LLC, as originator, and Alliance-One Services, Inc., Computer Sciences Corporation, CSC Consulting, Inc., CSC Cybertek Corporation, Mynd Corporation and PDA Software Services LLC, as new originators (collectively, the "New Originators"), are entering into that certain Third Amendment to the Purchase and Sale Agreement, dated as of the date hereof.

C. Concurrently herewith, the parties hereto and PNC Capital Markets LLC, as Structuring Agent, are entering into that certain Fifth Amended and Restated Fee Letter, dated as of the date hereof.

D. Concurrently herewith, DXC Technology Company, as performance guarantor, in favor of the Administrative Agent on behalf of the secured parties, is entering into the Second Amended and Restated Performance Guaranty, dated as of the date hereof.

E. The parties hereto desire to amend the Receivables Purchase Agreement as set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. Non Ratable Investment. Notwithstanding the requirements set forth in Sections 2.01 and 2.02 in the Receivables Purchase Agreement, the Seller hereby requests on a one-time basis that in connection with this Amendment, each Purchaser and each Group Agent, as applicable, makes a non-ratable investment on the date hereof in the applicable amount set forth on Exhibit A hereto. For administrative convenience, the Seller hereby requests that each Purchaser and each Group Agent, as applicable, fund the investment requested hereto to the applicable account(s) set forth on Exhibit A hereto.

SECTION 2. Notice of Investment Request. In connection with this Amendment, the Seller is delivering an Investment Request on the date hereof. Notwithstanding the notice requirement requiring the Seller to provide an Investment Request at least three (3) Business Days prior to each Investment as set forth in Section 2.02 of the Receivables Purchase Agreement, the Administrative Agent and each Group Agent agrees to fund such Investment on a one-time basis on the date hereof as specified in the Investment Request.

SECTION 3. Amendments to the Receivables Purchase Agreement.

(a) The Receivables Purchase Agreement is hereby amended to incorporate the changes shown on the marked pages of the Receivables Purchase Agreement attached hereto as Exhibit B.

(b) Exhibit F of the Receivables Purchase Agreement is hereby replaced in its entirety with the exhibit attached hereto as Exhibit F.

SECTION 4. Representations and Warranties of the Seller and Servicer. Each of the Seller and the Servicer hereby represents and warrants, as to itself, to the Administrative Agent, each Purchaser and each Group Agent, as follows:

(a) *Representations and Warranties*. Immediately after giving effect to this Amendment, the representations and warranties made by such Person in the Transaction Documents to which it is a party are true and correct as of the date hereof (unless stated to relate solely to an earlier date, in which case such representations or warranties were true and correct as of such earlier date).

(b) *Enforceability*. This Amendment and each other Transaction Document to which it is a party, as amended hereby, constitute the legal, valid and binding obligation of such Person enforceable against such Person in accordance with its respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity, regardless of whether enforceability is considered in a proceeding in equity or at law.

(c) *No Termination Event*. No event has occurred and is continuing, or would result from the transactions contemplated hereby, that constitutes an Event of Termination, Non-Reinvestment Event, Unmatured Event of Termination or Unmatured Non-Reinvestment Event.

SECTION 5. Effect of Amendment. All provisions of the Receivables Purchase Agreement and the other Transaction Documents, as expressly amended and modified by this Amendment, shall remain in full force and effect. After this Amendment becomes effective, all references in the Receivables Purchase Agreement (or in any other Transaction Document) to "this Receivables Purchase Agreement", "this Agreement", "hereof", "herein" or words of similar effect referring to the Receivables Purchase Agreement shall be deemed to be references to the Receivables Purchase Agreement as amended by this Amendment. This Amendment shall not be deemed, either expressly or impliedly, to waive, amend or supplement any provision of the Receivables Purchase Agreement other than as set forth herein.

SECTION 6. Effectiveness. This Amendment shall become effective as of the date hereof upon receipt by the Administrative Agent of each of the documents, agreements (in fully executed form), opinions of counsel, lien search results, UCC filings, certificates and other deliverables listed on the closing memorandum attached as Exhibit C hereto, in each case, in form and substance acceptable to the Administrative Agent.

SECTION 7. Counterparts. This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute but one and the same instrument. Delivery of an executed counterpart of a signature page to this Amendment by facsimile or e-mail transmission shall be effective as delivery of a manually executed counterpart hereof.

SECTION 8. GOVERNING LAW. THIS AMENDMENT, INCLUDING THE RIGHTS AND DUTIES OF THE PARTIES HERETO, SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, BUT WITHOUT REGARD TO ANY OTHER CONFLICTS OF LAW PROVISIONS THEREOF).

SECTION 9. Section Headings. The various headings of this Amendment are included for convenience only and shall not affect the meaning or interpretation of this Amendment, the Receivables Purchase Agreement or any provision hereof or thereof.

[Signature Pages Follow.]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment by their duly authorized officers as of the date first above written.

DXC RECEIVABLES LLC,
as Seller

By: /s/ H.C. Charles Diao
Name: H.C. Charles Diao
Title: President and Treasurer

DXC TECHNOLOGY COMPANY,
as Servicer

By: /s/ H.C. Charles Diao
Name: H.C. Charles Diao
Title: Senior Vice President, Treasury and Corporate Development

PNC BANK, NATIONAL ASSOCIATION,
as Administrative Agent

By: /s/ Christopher Blaney
Name: Christopher Blaney
Title: Senior Vice President

PNC BANK, NATIONAL ASSOCIATION,
as a Committed Purchaser

By: /s/ Christopher Blaney
Name: Christopher Blaney
Title: Senior Vice President

PNC BANK, NATIONAL ASSOCIATION,
as Group Agent for its Purchaser Group

By: /s/ Christopher Blaney
Name: Christopher Blaney
Title: Senior Vice President

WELLS FARGO, NATIONAL ASSOCIATION,
as a Committed Purchaser

By: /s/ Eero Maki
Name: Eero Maki
Title: Managing Director

WELLS FARGO, NATIONAL ASSOCIATION,
as Group Agent for its Purchaser Group

By: /s/ Eero Maki
Name: Eero Maki
Title: Managing Director

MUFG BANK, LTD.,
as a Committed Purchaser

By: /s/ Eric Williams
Name: Eric Williams
Title: Managing Director

MUFG BANK, LTD.,
as Group Agent for its Purchaser Group

By: /s/ Eric Williams
Name: Eric Williams
Title: Managing Director

FIFTH THIRD BANK,
as a Committed Purchaser

By: /s/ Brian J. Gardner
Name: Brian J. Gardner
Title: Managing Director

FIFTH THIRD BANK,
as Group Agent for its Purchaser Group

By: /s/ Brian J. Gardner
Name: Brian J. Gardner
Title: Managing Director

MIZUHO BANK, LTD.,
as a Committed Purchaser

By: /s/ Richard A. Burke
Name: Richard A. Burke
Title: Managing Director

MIZUHO BANK, LTD.,
as Group Agent for its Purchaser Group

By: /s/ Richard A. Burke
Name: Richard A. Burke
Title: Managing Director

THE TORONTO DOMINION BANK,
as a Committed Purchaser

By: /s/ Bradley Purkis
Name: Bradley Purkis
Title: Managing Director

THE TORONTO DOMINION BANK,
as Group Agent for its Purchaser Group

By: /s/ Bradley Purkis

Exhibit A

Funds Flow Memorandum

Exhibit B

Amendments to the Receivables Purchase Agreement

Exhibit C

Closing Memorandum

Exhibit F

Form of Information Package

SECOND AMENDED AND RESTATED PERFORMANCE GUARANTY

This SECOND AMENDED AND RESTATED PERFORMANCE GUARANTY, dated as of August 21, 2019 (this “Performance Guaranty”), is made by DXC TECHNOLOGY COMPANY, a Nevada corporation (“Performance Guarantor” or “DXC”), in favor of PNC BANK, NATIONAL ASSOCIATION, as Administrative Agent (as defined below) (the “Guaranteed Party”) for the benefit of the Secured Parties.

WITNESSETH

WHEREAS, DXC Receivables LLC (f/k/a CSC Receivables LLC), a Delaware limited liability company (the “Seller”), as buyer, DXC, as servicer (in such capacity, together with its successors and assigns, the “Servicer”), Alliance-One Services, Inc., a Delaware corporation (“Alliance-One”), CSC Consulting, Inc., a Massachusetts corporation (“CSC Consulting”), CSC Cybertek Corporation, a Texas corporation (“CSC Cybertek”), Mynd Corporation, a South Carolina corporation (“Mynd”), PDA Software Services LLC, a Delaware limited liability company (“PDA Software”), DXC Technology Services LLC, a Delaware limited liability company (“DXC Technology Services”), and Computer Sciences Corporation, a Nevada corporation (“CSC”), have entered into that certain Purchase and Sale Agreement, dated as of December 21, 2016, as amended by that certain First Amendment to the Purchase and Sale Agreement, dated as of August 22, 2018, as further amended by that certain Second Amendment to the Purchase and Sale Agreement, dated as of September 24, 2018, as further amended by that certain Third Amendment to the Purchase and Sale Agreement, dated as of August 21, 2019 (and as may be further amended, restated, supplemented or otherwise modified from time to time, the “Purchase and Sale Agreement”). Each entity from time to time party to the Purchase and Sale Agreement as an originator thereunder is herein referred to as an “Originator” and, collectively, as the “Originators.” Pursuant to the Purchase and Sale Agreement, the Originators have sold and will from time to time continue to sell Receivables and Related Rights to the Seller;

WHEREAS, the Seller, as seller, DXC, as Servicer, the Persons from time to time party thereto as Purchasers (the “Purchasers”) and the Administrative Agent have entered into that certain Receivables Purchase Agreement, dated as of December 21, 2016, as amended by that certain First Amendment to the Receivables Purchase Agreement, dated as of January 24, 2017, as further amended by that certain Second Amendment to the Receivables Purchase Agreement, dated as of September 15, 2017, as further amended by that certain Third Amendment to the Receivables Purchase Agreement, dated as of August 22, 2018, as further amended by that certain Fourth Amendment to the Receivables Purchase Agreement, dated as of September 24, 2018, as further amended by that certain Fifth Amendment to the Receivables Purchase Agreement, dated as of June 25, 2019, as further amended by that certain Sixth Amendment to the Receivables Purchase Agreement, dated as of August 21, 2019 (and as may be further amended, restated, supplemented or otherwise modified from time to time, the “Receivables Purchase Agreement”), pursuant to which (i) the Purchasers have made and may continue to make Investments from time to time, (ii) the Seller has granted to the Administrative Agent (on behalf of the Secured Parties) a security interest in the Sold Assets and Seller Collateral and (iii) the Servicer services the Pool Receivables;

WHEREAS, DXC is the performance guarantor under that certain Performance Guaranty, dated as of December 21, 2016, made by CSC in favor of the Guaranteed Party for the benefit of the Secured Parties, as amended by that certain Guarantor Assumption Agreement and Joinder, dated as of April 3, 2017, pursuant to which CSC assigned and the Performance Guarantor assumed all rights, obligations and liabilities as performance guarantor under the Existing Guaranty (as defined below), as further confirmed and acknowledged by DXC pursuant to that certain Confirmation and Acknowledgment, dated as of August 22, 2018, as amended and restated by that certain Amended and Restated Performance Guaranty, dated as of September 24, 2018 (and as amended, restated or otherwise modified from time to time, the “Existing Guaranty”);

WHEREAS, as of the date hereof, Performance Guarantor is the direct or indirect owner of 100% of the issued and outstanding Capital Stock of the Seller and of each Originator; provided, however, that with respect to CSC Consulting, CSC owns CSC Consulting’s common stock and Class B preferred shares but The Bank of Tokyo-Mitsubishi UFJ, Ltd., Cayman Branch (“BTMU Cayman”), owns CSC Consulting’s Class A participating preferred shares;

WHEREAS, Performance Guarantor’s execution and delivery of this Performance Guaranty are requirements to the continued effectiveness of the Receivables Purchase Agreement;

WHEREAS, Performance Guarantor has determined that its execution and delivery of this Performance Guaranty is in its best interests because, *inter alia*, Performance Guarantor (individually) and Performance Guarantor and its Affiliates (collectively) will derive substantial direct and indirect benefit from (i) each Originator’s sales of Receivables to the Seller from time to time under the Purchase and Sale Agreement, (ii) the financial accommodations made by the Purchasers to the Seller from time to time under the Receivables Purchase Agreement and (iii) the other transactions contemplated under the Purchase and Sale Agreement and the Receivables Purchase Agreement; and

WHEREAS, the Guaranteed Party, for the benefit of the Secured Parties, and Performance Guarantor desires to amend and restate the Existing Guaranty on the terms and conditions set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Performance Guarantor hereby agrees as follows:

1. Performance Guarantor hereby unconditionally and irrevocably undertakes and assures for the benefit of the Administrative Agent (including, without limitation, as assignee of the Seller’s rights, interests and claims under the Purchase and Sale Agreement), the Purchasers and each of the other Secured Parties the due and punctual performance and observance by each Originator (together with their respective successors and assigns, collectively, the “Covered Entities”, and each, a “Covered Entity”) of the terms, covenants, indemnities, conditions, agreements, undertakings and obligations on the part of such Covered Entity to be performed or observed by it under the Purchase and Sale Agreement, the Receivables Purchase Agreement and each of the other Transaction Documents to which such Covered Entity is a party, including, without limitation, any agreement or obligation of such Covered Entity to pay any indemnity or make any payment in respect of any applicable dilution adjustment or repurchase obligation under

any such Transaction Document, in each case on the terms and subject to the conditions set forth in the applicable Transaction Documents as the same shall be amended, restated, supplemented or otherwise modified and in effect from time to time (all such terms, covenants, indemnities, conditions, agreements, undertakings and obligations on the part of the Covered Entities to be paid, performed or observed by them being collectively called the “Guaranteed Obligations”). Without limiting the generality of the foregoing, Performance Guarantor agrees that if any Covered Entity shall fail in any manner whatsoever to perform or observe any of its Guaranteed Obligations when the same shall be required to be performed or observed under any applicable Transaction Document, then Performance Guarantor will itself duly and punctually perform or observe any of such Guaranteed Obligations capable of performance by Performance Guarantor, or cause to be performed or observed, such Guaranteed Obligations. Performance Guarantor agrees that its obligations under this Performance Guaranty shall be irrevocable. It is expressly acknowledged that this Performance Guaranty is a guarantee of performance only and is not a guarantee of the payment of any Pool Receivables, and there shall be no recourse to Performance Guarantor for any non-payment or delay in payment of any Pool Receivables solely by reason of the bankruptcy, insolvency or lack of creditworthiness of the related Obligor or the uncollectability of any such Pool Receivables or for any Guaranteed Obligations the payment of which could otherwise constitute recourse to Performance Guarantor or any Covered Entity for uncollectible Pool Receivables.

2. Performance Guarantor absolutely, unconditionally and irrevocably agrees to pay promptly on demand all costs and expenses of the Guaranteed Party, if any (including, without limitation, reasonable and documented counsel fees and out of pocket expenses) in connection with enforcement (whether through negotiation, legal proceedings or otherwise) of its rights under this Performance Guaranty or any other Transaction Document (the “Expense Obligations”).
3. Performance Guarantor agrees to pay the Guaranteed Obligations and Expense Obligations, regardless of any applicable law now or hereafter in effect in any jurisdiction affecting any terms of any Transaction Document or the rights of the Guaranteed Party with respect thereto, and notwithstanding a discharge in bankruptcy of all or any part of the Covered Entities’ obligations under the Transaction Documents. The liability of Performance Guarantor hereunder shall be an absolute and primary obligation of payment and the Guaranteed Party shall not be required to first (i) proceed against any Covered Entity; (ii) proceed against or exhaust any security held from any Covered Entity; or (iii) pursue any other remedies it may have, including remedies against other guarantors.
4. Performance Guarantor unconditionally and irrevocably waives promptness, diligence, notice of acceptance hereof, and all other notices and demands of any kind to which Performance Guarantor may be entitled as a guarantor (other than as expressly provided in this Performance Guaranty), including, without limitation, demands of payment and notices of nonpayment, default, protest and dishonor to any Covered Entity. Performance Guarantor further hereby waives notice of, consents to, and irrevocably waives any defenses it may now have or hereafter acquire in any way relating to any or all of the following: (a) any agreement or arrangement for payment, extension or subordination, of the whole or any part of any Covered Entity’s obligations under the Transaction Documents, (b) the modification, amendment, waiver or consent to departure of any of the terms of the Transaction Documents, including, without limitation, in the time, place or manner of payment or any increase in the Guaranteed Obligations resulting from the extension of additional credit to any Covered Entity or otherwise, (c) the forbearance by the Guaranteed Party in the exercise of any rights against any Covered Entity, (d) the change in location or release of any collateral of any Covered Entity (if any) or the taking of a security interest in any additional or substituted collateral of any Covered Entity (if any), (e) any lack of validity or enforceability of any Transaction Document or any agreement or instrument relating thereto, (f) any defense arising by reason of any claim or defense based upon an election of remedies by the Guaranteed Party that in any manner impairs, reduces, releases or otherwise adversely affects the subrogation, reimbursement, exoneration, contribution or indemnification rights of Performance Guarantor or other rights of Performance Guarantor to proceed against any Covered Entity, (g) any defense based on the right of set-off or counterclaim against or in respect of the obligations owed by any Covered Entity under the Transaction Documents, or (h) any other circumstance (including, without limitation, any statute of limitations) or any existence of or reliance on any representation by the Guaranteed Party that might otherwise constitute a defense available to, or a discharge of any Covered Entity or any other guarantor or surety. The only defenses Performance Guarantor shall have under this Performance Guaranty are the defenses described in Section 12 and the payment in full of the Guaranteed Obligations and Expense Obligations.
5. This Performance Guaranty will continue to be effective or will be reinstated, as the case may be, if at any time any payment made to the Guaranteed Party of any of the Guaranteed Obligations is rescinded or must be returned upon the occurrence of any bankruptcy proceeding of any Covered Entity, as if such payment had not been made.
6. This Performance Guaranty is a continuing guaranty and shall continue in full force and effect until terminated pursuant to the last sentence of this Section 6. Upon the Final Payout Date, this Performance Guaranty shall automatically terminate (subject to the reinstatement provisions set forth in Section 5 of this Performance Guaranty).
7. Performance Guarantor hereby unconditionally and irrevocably agrees not to exercise any rights that it may now have or hereafter acquire against any Covered Entity that arise from the existence, payment, performance or enforcement of this Performance Guaranty, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution or indemnification and any right to participate in any claim or remedy of the Guaranteed Party against such Covered Entity, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, unless and until all of the Guaranteed Obligations and Expense Obligations shall have been paid in full in cash. If any amount shall be paid to Performance Guarantor in violation of the immediately preceding sentence at any time prior to the payment in full in cash of the Guaranteed Obligations and Expense Obligations, such amount shall be received and held in trust for the benefit of the Guaranteed Party, and shall forthwith be paid or delivered to the Guaranteed Party in the same form as so received (with any necessary endorsement or assignment) to be credited and applied to the Guaranteed Obligations and Expense Obligations, as applicable, and all other amounts payable under this Performance Guaranty.
8. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, PERFORMANCE GUARANTOR AND THE GUARANTEED PARTY HEREBY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS PERFORMANCE GUARANTY. Any assignee of the Guaranteed Party permitted by the Transaction Documents and all subsequent assignees permitted by the Transaction Documents shall have all of the rights of the Guaranteed Party hereunder and may enforce this Performance Guaranty with the same force and effect as if such Guaranty were given to such assignee in the first instance. The invalidity, illegality or unenforceability of any provision of this Performance Guaranty shall not affect the validity, legality or enforceability of any of its other provisions. THIS PERFORMANCE GUARANTY, INCLUDING

THE RIGHTS AND DUTIES OF THE PARTIES HERETO, SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. This Performance Guaranty shall be binding on Performance Guarantor and its successors and assigns.

9. PERFORMANCE GUARANTOR AND THE GUARANTEED PARTY HEREBY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY NEW YORK STATE OR FEDERAL COURT SITTING IN NEW YORK CITY, NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS PERFORMANCE GUARANTY OR THE TRANSACTIONS CONTEMPLATED HEREBY. PERFORMANCE GUARANTOR AND THE GUARANTEED PARTY WAIVE, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING. THE PARTIES HERETO AGREE THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. PERFORMANCE GUARANTOR CONSENTS TO THE SERVICE OF ANY AND ALL PROCESS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES OF SUCH PROCESS DIRECTED TO UNDERSIGNED AT ITS ADDRESS SET FORTH BELOW.

10. Performance Guarantor represents and warrants to each Secured Party as of the date hereof, on each Settlement Date and on the day of each Investment, Release and delivery of an Information Package:

(a) Organization and Good Standing. Performance Guarantor is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Nevada. Performance Guarantor is duly qualified to do business as a foreign corporation in good standing in all other jurisdictions which require such qualification, except to the extent that failure to so qualify would not have a Material Adverse Effect.

(b) Power and Authority; Due Authorization. Performance Guarantor has all necessary corporate power and authority to (i) execute and deliver this Performance Guaranty and the other Transaction Documents to which it is a party and (ii) perform its obligations under this Performance Guaranty and the other Transaction Documents to which it is a party and the execution, delivery and performance of, and the consummation of the transactions provided for in, this Performance Guaranty and the other Transaction Documents to which it is a party have been duly authorized by Performance Guarantor by all necessary corporate action.

(c) Binding Obligations. This Performance Guaranty and each of the other Transaction Documents to which it is a party constitutes legal, valid and binding obligations of Performance Guarantor, enforceable against Performance Guarantor in accordance with their respective terms, except (i) as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) as such enforceability may be limited by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(d) No Conflict or Violation. The execution, delivery and performance of, and the consummation of the transactions contemplated by, this Performance Guaranty and each other Transaction Document to which Performance Guarantor is a party, and the fulfillment of the terms hereof and thereof will not (i) conflict with, result in any breach of any of the terms or provisions of, or constitute (with or without notice or lapse of time or both) a default under, the organizational documents of Performance Guarantor or any material indenture, sale agreement, credit agreement, loan agreement, security agreement, mortgage, deed of trust or other material agreement or instrument to which Performance Guarantor is a party or by which it or any of its property is bound, (ii) result in the creation or imposition of any material Adverse Claim (other than Permitted Adverse Claims) upon any of its properties pursuant to the terms of any such indenture, credit agreement, loan agreement, agreement, mortgage, deed of trust or other material agreement or instrument, other than this Performance Guaranty and the other Transaction Documents or (iii) conflict with or violate any Applicable Law, except in each case to the extent that any such conflict, breach, default, Adverse Claim or violation could not reasonably be expected to have a Material Adverse Effect.

(e) Litigation and Other Proceedings. There is no action, suit, proceeding or investigation pending, or to Performance Guarantor's actual knowledge threatened, against Performance Guarantor before any Governmental Authority: (i) asserting the invalidity of this Performance Guaranty or any of the other Transaction Documents to which Performance Guarantor is a party or any of the transactions contemplated hereby or thereby; or (ii) except as publicly disclosed in reports filed under the Exchange Act prior to the date hereof, which individually or in the aggregate for all such actions, suits, proceedings and investigations, could reasonably be expected to have a Material Adverse Effect.

(f) No Consents. Performance Guarantor is not required to obtain the consent of any other party or any consent, license, approval, registration, authorization or declaration of or with any Governmental Authority in connection with the execution, delivery, or performance of this Performance Guaranty or any other Transaction Document to which it is a party that has not already been obtained, except (i) where the failure to obtain such consent, license, approval, registration, authorization or declaration could not reasonably be expected to have a Material Adverse Effect or (ii) filings with the SEC to the extent required by Applicable Law.

(g) Compliance with Applicable Law. Performance Guarantor (i) has maintained in effect all qualifications required under Applicable Law applicable to Performance Guarantor and (ii) has complied with all Applicable Laws applicable to Performance Guarantor, except to the extent the failure to maintain such qualifications or comply with such Applicable Laws could not reasonably be expected to have a Material Adverse Effect.

(h) Accuracy of Information. All certificates, reports, statements, documents and other information furnished to the Administrative Agent or any other Secured Party by Performance Guarantor pursuant to any provision of this Performance Guaranty or any other Transaction Document, or in connection with or pursuant to any amendment or modification of, or waiver under, this Performance Guaranty or any other Transaction Document, taken together with any information contained in the public filings made by Performance Guarantor with the SEC pursuant to the 1934 Act, is, at the time the same are so furnished, complete and correct in all material respects on the date the same are furnished to the Administrative Agent or such other Secured Party, and does not contain any material misstatement of fact or omit to state a material fact or any fact necessary to make the statements contained therein not materially misleading in light of the circumstances under which such statements were made; provided, that, with respect to projected financial information provided by or on behalf of Performance Guarantor,

Performance Guarantor represents only that such information was prepared in good faith by management of Performance Guarantor on the basis of assumptions believed by such management to be reasonable as of the time made.

(i) Other Transaction Documents. Each representation and warranty made by Performance Guarantor under each other Transaction Document to which it is a party is true and correct in all material respects as of the date when made.

(j) Investment Company Act. Performance Guarantor is not an “investment company,” or a company “controlled” by an “investment company,” within the meaning of the Investment Company Act.

(k) Anti-Corruption Laws and Sanctions. Performance Guarantor has implemented and maintains in effect policies and procedures designed to promote and achieve compliance by Performance Guarantor, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and Performance Guarantor, its Subsidiaries and to the knowledge of Performance Guarantor its directors, officers, employees and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. None of (i) Performance Guarantor, any Subsidiary of Performance Guarantor or to the knowledge of Performance Guarantor any of the directors or officers of Performance Guarantor, (ii) to the knowledge of Performance Guarantor or such Subsidiary, any director or officer of any Subsidiary of Performance Guarantor or (iii) to the knowledge of Performance Guarantor, any employee or agent of Performance Guarantor or any Subsidiary that will act in any capacity in connection with or benefit from the facility established under the Transaction Documents, is a Sanctioned Person.

(l) Financial Condition. The audited consolidated balance sheet of Performance Guarantor and its consolidated Subsidiaries as of April 1, 2019 and the related audited statements of income and shareholders’ equity of Performance Guarantor and its consolidated Subsidiaries for the fiscal year then ended, copies of which have been furnished to the Administrative Agent and the Group Agents, present fairly in all material respects the consolidated financial position of Performance Guarantor and its consolidated Subsidiaries for the period ended on such date, all in accordance with GAAP consistently applied.

(m) Solvency. Performance Guarantor is Solvent.

(n) Separateness. Performance Guarantor is aware that the Administrative Agent and the other Secured Parties have entered into the Receivables Purchase Agreement in reliance on the Seller being a separate entity from Performance Guarantor and Performance Guarantor’s other Affiliates (including, without limitation, the Covered Entities) and has taken such actions and implemented such procedures as are necessary on its part to ensure that Performance Guarantor and each of its Affiliates (including, without limitation, the Covered Entities) will take all steps necessary to maintain the Seller’s identity as a separate legal entity from Performance Guarantor and its Affiliates (including, without limitation, the Covered Entities) and to make it manifest to third parties that the Seller is an entity with assets and liabilities distinct from those of Performance Guarantor and its Affiliates (including, without limitation, the Covered Entities).

(o) ERISA. Except as disclosed in reports filed under the Exchange Act by Performance Guarantor prior to the date hereof:

(i) No ERISA Event has occurred or is reasonably expected to occur (other than for premiums payable under Title IV of ERISA), that would reasonably be expected to result in a liability to Performance Guarantor or its ERISA Affiliates of more than \$250,000,000 over the amount previously reflected for any such liabilities, in accordance with GAAP, on the financial statements delivered pursuant to Section 8.02(b)(v) of the Receivables Purchase Agreement;

(ii) Schedule B (Actuarial Information) to Performance Guarantor’s most recently completed annual report (Form 5500 Series) for each Pension Plan, copies of which have been filed with the Internal Revenue Service and furnished to the Administrative Agent, is complete and, to the best knowledge of Performance Guarantor, accurate, and since the date of such Schedule B there has been no change in the funding status of any such Pension Plan except any change that would not reasonably be expected to have a material adverse effect on the business, financial condition or operations of Performance Guarantor and its Subsidiaries, taken as a whole;

(iii) As of the most recent valuation date for each Multiemployer Plan for which the actuarial report is available, the potential liability to Performance Guarantor or any of its ERISA Affiliates for a complete withdrawal from such Multiemployer Plan, when aggregated with such potential liability for a complete withdrawal for all Multiemployer Plans, based on information available pursuant to Section 4221(e) of ERISA, does not exceed \$250,000,000;

(iv) Performance Guarantor and each of its ERISA Affiliates are in compliance with all applicable provisions and requirements of ERISA and the regulations and published interpretations thereunder with respect to each Employee Benefit Plan, and have performed all their obligations under each Employee Benefit Plan except for any such failure to perform or comply that would not reasonably be expected to have a material adverse effect on the business, financial condition or operations of Performance Guarantor and its Subsidiaries, taken as a whole;

(v) Each Employee Benefit Plan that is intended to qualify under Section 401(a) of the Code has received a determination letter from the Internal Revenue Service that the Employee Benefit Plan is so qualified (or a timely application for such a determination letter is pending), and to the best of Performance Guarantor’s knowledge, the Employee Benefit Plan has not been operated in any way that would result in the Employee Benefit Plan no longer being so qualified except as would not reasonably be expected to have a material adverse effect on the business, financial condition or operations of Performance Guarantor and its Subsidiaries, taken as a whole; and

(vi) Neither Performance Guarantor nor any ERISA Affiliate has been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is insolvent, in reorganization or has been terminated or has been determined to be in “endangered” or

“critical” status, within the meaning of Title IV of ERISA, and, to the best knowledge of Performance Guarantor, no Multiemployer Plan is reasonably expected to be insolvent, in reorganization or to be terminated or to be determined to be in “endangered” or “critical” status within the meaning of Title IV of ERISA, in each case, resulting in liability to Performance Guarantor or its ERISA Affiliates of more than \$250,000,000.

(p) Preliminary Statements. The statements set forth in the preliminary statements to this Performance Guaranty are true and correct.

(q) Reaffirmation of Representations and Warranties. On the date of each Investment, on the date of each Release, on each Settlement Date and on the date each Information Package is delivered to the Administrative Agent or any Group Agent under the Receivables Purchase Agreement, Performance Guarantor shall be deemed to have certified that (i) all representations and warranties of Performance Guarantor hereunder are true and correct in all material respects (unless such representation or warranty contains a materiality qualification and, in such case, such representation or warranty shall be true and correct as made) on and as of such day as though made on and as of such day, except for representations and warranties which apply as to an earlier date (in which case such representations and warranties shall be true and correct in all material respects (unless such representation or warranty contains a materiality qualification and, in such case, such representation or warranty shall be true and correct as made) as of such date) and (ii) no Event of Termination, Non-Reinvestment Event, Unmatured Event of Termination or Unmatured Non-Reinvestment Event has occurred and is continuing or will result from such Investment or Release.

11. Performance Guarantor covenants and agrees that, from the date hereof until the Final Payout Date, Performance Guarantor will observe and perform all of the following covenants:

(a) Ownership and Control. Performance Guarantor shall continue to own, directly or indirectly, 100% of the issued and outstanding Capital Stock and other equity interests of each Originator and the Seller; provided, however, that with respect to CSC Consulting, CSC shall continue to own only CSC Consulting’s common stock and Class B preferred shares but not CSC Consulting’s Class A participating preferred shares. Without limiting the generality of the foregoing, Performance Guarantor shall not permit the occurrence of any Change in Control.

(b) Existence. Performance Guarantor shall keep in full force and effect its existence and rights as a corporation under the laws of the State of Nevada, and shall obtain and preserve its qualification to do business in each jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of this Performance Guaranty, the other Transaction Documents and the Sold Assets and Seller Collateral except to the extent the failure to maintain such qualification could not reasonably be expected to have a Material Adverse Effect.

(c) Compliance with Laws. Performance Guarantor will comply with all Applicable Laws to which it may be subject, except to the extent any non-compliance would not reasonably be expected to have a Material Adverse Effect.

(d) Sale of Assets. Performance Guarantor will not, and will not permit any Covered Entity to, directly or indirectly sell, transfer, assign, convey or lease whether in one or a series of transactions, all or substantially all of its assets (other than in accordance with the Transaction Documents), unless (i) the Guaranteed Party has received 30 days’ prior notice thereof, (ii) no Event of Termination, Unmatured Event of Termination, Non-Reinvestment Event or Unmatured Non-Reinvestment Event has occurred and is continuing or would result immediately after giving effect thereto, (iii) the Guaranteed Party has received executed copies of all documents, certificates and opinions (including, without limitation, opinions relating to bankruptcy and UCC matters) as the Guaranteed Party shall reasonably request, (iv) if Performance Guarantor is not the surviving entity, the surviving entity provides an acknowledgment or reaffirmation of its obligations hereunder and under the other Transaction Documents to which it (or the applicable non-surviving entity) was a party, and (v) Performance Guarantor has promptly executed (if necessary) and delivered all further instruments and documents, and has taken all further actions, that may be necessary or desirable, or that the Guaranteed Party may reasonably request, to enable the Guaranteed Party (on behalf of the Secured Parties) to exercise and enforce their respective rights and remedies under this Performance Guaranty.

(e) Actions Contrary to Separateness. Performance Guarantor will not take any action inconsistent with the terms of Section 8.03 of the Receivables Purchase Agreement.

12. Except as otherwise provided in this Performance Guaranty, Performance Guarantor shall be under no greater obligation or greater liability under this Performance Guaranty in relation to any Guaranteed Obligation than Performance Guarantor would have been under the Transaction Documents if Performance Guarantor had been named as an Originator in the Transaction Documents and any defenses available to an Originator in respect of its obligations under the Transaction Documents or otherwise shall be available to Performance Guarantor, and Guaranteed Party may not recover under the Transaction Documents, this Performance Guaranty or otherwise for the same loss more than once. For the avoidance of doubt, this Section shall not be construed as superseding or derogating from the agreements and waivers set forth in Sections 3 or 4 above.

13. Unless otherwise defined herein, capitalized terms defined in the Receivables Purchase Agreement and used herein shall have the meanings given to them in the Receivables Purchase Agreement.

14. Performance Guarantor acknowledges that each Secured Party may assign its rights, remedies, powers and privileges under this Performance Guaranty to the extent permitted in the Receivables Purchase Agreement. Performance Guarantor agrees that the Guaranteed Party and the Secured Parties shall have the right to enforce this Performance Guaranty and to exercise directly all of its rights, remedies, powers and privileges under this Performance Guaranty (including the right to give or withhold any consents or approvals to be given or withheld by it under this Performance Guaranty) and Performance Guarantor agrees to cooperate fully with the Guaranteed Party and the Secured Parties in the exercise of such rights, remedies, powers and privileges.

15. No amendment or waiver of any provision of this Performance Guaranty shall be effective unless the same shall be in writing and signed by the Guaranteed Party and Performance Guarantor, and no consent to any departure by Performance Guarantor herefrom, shall in any event be effective unless the same shall be in writing and signed by the Guaranteed Party, and then such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

16. All notices and other communications hereunder shall, unless otherwise stated herein, be in writing and unless otherwise stated shall be made by email or letter to each party hereto, at its address set forth under its name on Schedule III of the Receivables Purchase

Agreement or at such other address as shall be designated by such party in a written notice to the other parties hereto. All notices, requests and demands shall be deemed to have been duly given or made (a) when dispatched by email during the recipient's normal business hours when the confirmation showing the completed transmission has been received, or (b) if mailed via a reputable international courier, when it has been left at the relevant address or five (5) Business Days after being delivered to such reputable international courier, in an envelope addressed to the applicable person at that address and to the attention of the person(s) set forth above. Each party to this Performance Guaranty shall promptly inform the other parties hereto of any changes in their respective addresses, email address specified herein.

17. This Performance Guaranty is the product of mutual negotiations by the parties thereto and their counsel, and no party shall be deemed the draftsperson of this Performance Guaranty or any provision hereof or to have provided the same. Accordingly, in the event of any inconsistency or ambiguity of any provision of this Performance Guaranty, such inconsistency or ambiguity shall not be interpreted against any party because of such party's involvement in the drafting thereof.
18. The Administrative Agent and the other Secured Parties may at any time during the continuance of an Event of Termination, setoff, appropriate and apply (without presentment, demand, protest or other notice which are hereby waived) any deposits and any other indebtedness held or owing by such Person (including by any branches or agencies of such Person) to, or for the account of, Performance Guarantor against the obligations owing by Performance Guarantor hereunder (even if contingent or unmatured); provided that such Person shall notify Performance Guarantor promptly following such setoff
19. On the date hereof, the Existing Guaranty shall be amended, restated and superseded in its entirety by this Performance Guaranty. Performance Guarantor acknowledges and agrees that (i) this Performance Guaranty does not constitute a novation or termination of the Existing Guaranty as in effect immediately prior to the effectiveness of this Performance Guaranty and (ii) the obligations of Performance Guarantor under the Existing Guaranty as in effect immediately prior to the effectiveness of this Performance Guaranty are in all respects continuing (as amended and restated hereby) with only the terms thereof being modified as provided in this Performance Guaranty. Each reference to the Existing Guaranty or the "Performance Guaranty" in any Transaction Document shall be deemed to be a reference to this Performance Guaranty as amended and restated hereby.

[Signature page follows.]

Dated Effective as of the date first written above.

DXC TECHNOLOGY COMPANY, a Nevada corporation

By /s/ Paul N. Saleh
Name: Paul N. Saleh
Title: Executive Vice President and Chief Financial Officer

By /s/ William L. Deckelman, Jr.
Name: William L. Deckelman, Jr.
Title: Executive Vice President, General Counsel and Secretary

NOTICE ADDRESS:
DXC TECHNOLOGY COMPANY
1775 Tysons Boulevard
Tysons, VA 22102
USA
Attention: Executive Vice President, General Counsel and Secretary

PNC BANK, NATIONAL ASSOCIATION

By /s/ Christopher Blaney
Name: Christopher Blaney
Title: Senior Vice President

September 23, 2019

Paul Saleh
2219 Arynness Drive
Vienna, VA 22181

Dear Paul,

This letter sets forth the terms of your retention agreement with DXC Technology Company (the "Company") subject to DXC Board Approval.

1. If you remain employed with the Company through May 1, 2020 (the "First Retention Date"), then, on or as soon as administratively practicable (but in any event within 30 days) after the First Retention Date, the Company will pay you a cash lump sum in the amount of \$2,000,000, less applicable tax withholdings (the "First Retention Payment"). In addition, if you remain employed with the Company through November 1, 2020 (the "Second Retention Date"), then on or as soon as administratively practicable (but in any event within 30 days) after the Second Retention Date, the Company will pay you an additional cash lump sum in the amount of \$1,000,000, less applicable tax withholdings (together with the First Retention Payment, the "Total Retention Payment"). If the Company terminates your employment prior to the Second Retention Date without Cause, and provided you sign and do not revoke a general release of claims on a form to be provided by the Company, then the Company will pay you any portion of the Total Retention Payment that has not yet been paid to you on or as soon as administratively practicable (but in any event within 30 days) after the date of termination of your employment with the Company (your "Termination Date").
2. If you remain employed with the Company through the Second Retention Date, then, upon any termination of your employment with the Company on or after the Second Retention Date, other than termination by the Company for Cause, any Covered Equity Awards (as defined below) which you own as of the Second Retention Date and which do not otherwise vest upon such termination in accordance with their terms will continue to vest after your Termination Date, on the same vesting dates and in accordance with the same terms and conditions as though you had continued to remain employed with the Company.

"Covered Equity Awards" means any (i) outstanding PSUs granted to you under the Company's 2017 Omnibus Incentive Plan (or any successor thereto) (the "Plan"), as to which at least one (1) year in the applicable performance period has or will have elapsed as of the Second Retention Date; and (ii) outstanding time-based restricted stock units (RSUs) granted to you under the Plan, as to which at least one (1) year in the applicable vesting period has or will have elapsed as of the Second Retention Date. Any other equity or equity-based incentive awards you own as to which at least one year in the applicable performance or vesting period has not or will not have elapsed as of the Second Retention Date will not be Covered Equity Awards and will be governed by their respective terms, without regard to the special vesting terms set forth in this letter.

3. If the Company terminates your employment prior to the Second Retention Date without Cause, and provided you sign and do not revoke a general release of claims on a form to be provided by the Company, then, in addition to any amounts to which you may be entitled to under paragraph 1 above, (i) any Covered Equity Awards which you own as of your Termination Date and which do not otherwise vest upon such termination in accordance with their terms will be treated as described in paragraph 2; (ii) the Company will pay you, as soon as administratively practicable but in any event within 30 days after your Termination Date, a lump sum cash payment, less applicable withholding taxes, equal to your monthly base salary rate as in effect as of your Termination Date multiplied by 12 or the number of whole months remaining between your Termination Date and the Second Retention Date if less; (iii) you will remain eligible to receive a non-prorated annual bonus for the fiscal year in which your Termination Date occurs, on the same terms and subject to achievement of the applicable performance goals for such year, as though you had continued to remain employed through the end of such year; and (iv) if you elect to continue coverage under the Company's group health (medical or dental) plan under COBRA, the Company will reimburse you for up to 12 months of your applicable COBRA premiums.

Notwithstanding the foregoing, if such termination occurs during the period you are covered under the Company's Severance Plan for Senior Management and Key Employees (the "Severance Plan"), you will receive the greater of the severance benefits under the Severance Plan or the severance benefits described above (but not both).

4. For purposes hereof, "Cause" shall mean: (A) fraud, misappropriation, embezzlement or other act of material misconduct against the Company or any of its affiliates; (B) conviction of a felony involving a crime of moral turpitude; (C) willful and knowing violation of any rules or regulations of any governmental or regulatory body material to the business of the Company; or (D) substantial and willful failure to render services in accordance with the terms of your employment (other than as a result of illness, accident or other physical or mental incapacity), provided that (X) a demand for performance of services has been delivered to you in writing by the CEO at least 60 days prior to termination identifying the manner in which the CEO believes that you have failed to perform and (Y) you have thereafter failed to remedy such failure to perform.
5. You may resign your employment with the Company for any reason (or no reason) prior to the Second Retention Date, provided you give the Company a minimum of six months' advance written notice. The Company may waive the notice period and deem your termination of employment effective as of any earlier date in its sole discretion, and you will not be entitled to any further compensation or benefits from the Company after your Termination Date other than those that may be provided in any other agreements between you and the Company or any Company plans in which you participate, in accordance with the terms thereof.
6. The Company may terminate your employment with or without Cause prior to the Second Retention Date, provided that, if it terminates your employment without Cause, it gives you a minimum number of months' advance notice equal to the lesser of the number of months remaining between the date of such notice and the Second Retention Date or 12 months. In lieu of such notice period, the Company may terminate your employment effective as of any earlier date, provided it pays you (in addition to any other benefits you may be entitled to receive

hereunder or under any other arrangement with the Company) the value of the compensation and benefits you would have otherwise been entitled to receive had your employment continued for the remainder of such notice period, in a lump sum cash payment on or as soon as administratively practicable (but in any event within 30 days) after your Termination Date.

7. Nothing herein shall restrict the parties from negotiating and agreeing to new terms of employment that may supersede the terms of this Paragraph 7 for periods after the Second Retention Date. Following the Second Retention Date, your employment will be "at will" and may be terminated at any time, for any reason (or no reason) by either you or the Company, without regard to the notice periods described in paragraphs 5 or 6 above.
8. You agree and acknowledge that this letter agreement contains the entire agreement between you and the Company regarding the subject matter hereof and may not be changed or modified except in writing by you and an authorized representative of the Company.

Paul, if this letter accurately sets forth the terms of your retention agreement, please sign below and return this agreement to me.

Sincerely yours,

/s/ Michael Salvino

Michael Salvino
Chief Executive Officer

AGREED AND ACKNOWLEDGED:

/s/ Paul Saleh

Paul Saleh

Date: Sept 23, 2019

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael J. Salvino, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of DXC Technology Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2019

/s/ Michael J. Salvino

Michael J. Salvino President and Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Paul N. Saleh, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of DXC Technology Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2019

/s/ Paul N. Saleh

Paul N. Saleh
Executive Vice President and Chief Financial Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Michael J. Salvino, President and Chief Executive Officer of DXC Technology Company (the "Company"), hereby certify that, to my knowledge:

(1) The Company's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2019, (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 12, 2019

/s/ Michael J. Salvino

Michael J. Salvino
President and Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Paul N. Saleh, Executive Vice President and Chief Financial Officer of DXC Technology Company (the "Company"), hereby certify that, to my knowledge:

(1) The Company's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2019, (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 12, 2019

/s/ Paul N. Saleh

Paul N. Saleh
Executive Vice President and Chief Financial Officer