

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended January 1, 1999

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. 1-4850

COMPUTER SCIENCES CORPORATION
(Exact name of registrant as specified in its charter)

Nevada
(State or Other Jurisdiction of
Incorporation or Organization)

95-2043126
(I.R.S. Employer
Identification No.)

2100 East Grand Avenue
El Segundo, California
(Address of Principal Executive Offices)

90245
(Zip Code)

Registrant's Telephone Number, Including Area Code: (310) 615-0311

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

158,812,508 shares of Common Stock, \$1.00 par value, were outstanding on January 29, 1999.

COMPUTER SCIENCES CORPORATION

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PART I, ITEM 1. FINANCIAL STATEMENTS
 COMPUTER SCIENCES CORPORATION
 CONSOLIDATED CONDENSED STATEMENTS OF INCOME (unaudited)

(In thousands except per-share amounts)	Third Quarter Ended		Nine Months Ended	
	January 1, 1999	Dec. 26, 1997	January 1, 1999	Dec. 26, 1997
Revenues	\$1,927,888	\$1,664,092	\$5,529,587	\$4,731,666
Costs of services	1,496,126	1,301,898	4,329,380	3,704,273
Selling, general and administrative	179,870	145,435	515,344	432,317
Depreciation and amortization	113,097	98,594	322,536	283,312
Interest expense	12,023	14,427	35,499	37,593
Interest income	(3,646)	(2,894)	(9,572)	(5,595)
Special charges (note A)				208,393
Total costs and expenses	1,797,470	1,557,460	5,193,187	4,660,293
Income before taxes	130,418	106,632	336,400	71,373
Taxes on income (note A)	43,400	37,500	112,000	(108,900)
Net income	\$ 87,018	\$ 69,132	\$ 224,400	\$ 180,273
Earnings per share (notes A and B):				
Basic	\$ 0.55	\$ 0.44	\$ 1.42	\$ 1.17
Diluted	\$ 0.54	\$ 0.44	\$ 1.39	\$ 1.14

[FN]
See accompanying notes.

COMPUTER SCIENCES CORPORATION
CONSOLIDATED CONDENSED BALANCE SHEETS

(In thousands)	January 1, 1999	April 3, 1998
	----- (unaudited)	-----
CURRENT ASSETS:		
Cash and cash equivalents	\$ 167,967	\$ 274,688
Receivables	1,860,085	1,456,330
Prepaid expenses and other current assets	272,678	251,618
	-----	-----
Total current assets	2,300,730	1,982,636
	-----	-----
EXCESS OF COST OF BUSINESSES ACQUIRED OVER RELATED NET ASSETS, NET		
	614,330	538,408
OTHER ASSETS		
	643,082	568,558
PROPERTY AND EQUIPMENT, at cost		
	2,200,743	1,944,799
Less accumulated depreciation and amortization	1,172,825	987,606
	-----	-----
Property and equipment, net	1,027,918	957,193
	-----	-----
Total assets	\$4,586,060	\$4,046,795
	=====	=====
CURRENT LIABILITIES:		
Short-term debt and current maturities of long-term debt	\$ 627,188	\$ 28,921
Accounts payable	294,365	317,787
Accrued payroll and related costs	343,312	299,062
Other accrued expenses	447,360	403,860
Deferred revenue	104,247	127,337
Income taxes payable	165,783	37,849
	-----	-----
Total current liabilities	1,982,255	1,214,816
	-----	-----
LONG-TERM DEBT, NET		
	198,613	736,054
	-----	-----
OTHER LONG-TERM LIABILITIES		
	105,040	94,650
	-----	-----
STOCKHOLDERS' EQUITY (note C):		
Common stock issued, par value \$1.00 per share	159,074	157,325
Additional paid in capital	720,067	660,971
Earnings retained for use in business	1,461,368	1,236,968
Accumulated other comprehensive income (note E)	(25,652)	(39,691)
Less common stock in treasury	(14,250)	(13,029)
Unearned restricted stock and other	(455)	(1,269)
	-----	-----
Total stockholders' equity	2,300,152	2,001,275
	-----	-----
Total liabilities and stockholders' equity	\$4,586,060	\$4,046,795
	=====	=====

[FN]
See accompanying notes.

COMPUTER SCIENCES CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS (unaudited)

(In thousands, increase (decrease) in cash and cash equivalents)	Nine Months Ended	
	Jan. 1, 1999	Dec. 26, 1997
Cash flows from operating activities:		
Net income	\$ 224,400	\$ 180,273
Adjustments to reconcile net income to net cash provided by operating activities:		
Special items, net of income tax effects		7,057
Depreciation and amortization	322,536	283,312
Provision for losses on accounts receivable	5,364	3,588
Changes in assets and liabilities, net of effects of acquisitions:		
Increase in assets	(433,670)	(307,223)
Increase in liabilities	181,337	121,197
Net cash provided by operating activities	299,967	288,204
Investing activities:		
Purchases of property, plant and equipment	(304,925)	(236,397)
Acquisitions, net of cash acquired	(137,030)	(58,928)
Dispositions	37,947	
Outsourcing contracts	(59,054)	(111,947)
Purchased and internally developed software	(59,747)	(48,421)
Other investing cash flows	11,786	(10,752)
Net cash used in investing activities	(511,023)	(466,445)
Financing activities:		
Borrowings under commercial paper, net	49,068	96,743
Borrowings under lines of credit, net	26,899	15,072
Principal payments on long-term debt	(17,022)	(6,928)
Proceeds from stock option transactions	36,500	47,753
Other financing cash flows	3,363	11,546
Net cash provided by financing activities	98,808	164,186
Effect of exchange rate changes on cash and cash equivalents	5,527	(2,663)
Net decrease in cash and cash equivalents	(106,721)	(16,718)
Cash and cash equivalents at beginning of year	274,688	110,726
Cash and cash equivalents at end of period	\$ 167,967	\$ 94,008

[FN]
See accompanying notes.

COMPUTER SCIENCES CORPORATION
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (unaudited)

(A) CSC recognized a net special credit of \$1.7 million, or 1 cent per share, during the first quarter of fiscal 1998 as a result of developments at CSC Enterprises, a general partnership of which CSC, through one of its affiliates, is the managing general partner. As further described in Note 2 of the Company's Annual Report on Form 10-K for fiscal 1998, this net credit resulted from a tax benefit of \$135 million and an after-tax special charge of \$133.3 million.

During the first quarter of fiscal 1998, certain partners withdrew from CSC Enterprises. As a result of these withdrawals, CSC Enterprises took actions that caused CSC to recognize an increase in the tax basis of certain assets. As required by SFAS No. 109, this tax basis increase from the previous tax basis resulted in a deferred tax asset of \$135 million and a corresponding reduction of CSC's provision for income taxes. The tax basis increase is temporary and will be realized over time through an increase in depreciation and amortization expense for income tax purposes.

In connection with these developments, CSC Enterprises reviewed its operations, its market opportunities and the carrying value of its assets in accordance with SFAS No. 121, "Accounting for Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of." Based on this review, plans were initiated during the first quarter of fiscal 1998 to eliminate certain offerings and write down assets, primarily within its telecommunications operations. As a result of these plans, CSC recognized a pre-tax special charge of \$208.4 million (\$133.3 million after tax). This special charge included goodwill write-offs of \$56.3 million (\$35 million after-tax), contract termination costs of \$54.3 million (\$33.8 million after tax), deferred contract costs and other assets of \$33.1 million (\$20.5 million after tax), telecommunications software and accruals of \$35.8 million (\$22.3 million after tax), telecommunications property, equipment and intangible assets of \$18.9 million (\$11.7 million after tax), and other non-tax deductible costs of \$10 million.

(B) Basic and diluted earnings per share are calculated as follows (in thousands except per share amounts):

	Third Quarter Ended	
	Jan. 1, 1999	Dec. 26, 1997
	-----	-----
Net income for basic and diluted EPS	\$ 87,018	\$ 69,132
	=====	=====
Common share information:		
Average common shares outstanding		
for basic EPS	158,536	155,502
Dilutive effect of stock options	3,462	3,092
	-----	-----
	161,998	158,594
	=====	=====
Basic EPS	\$ 0.55	\$ 0.44
Diluted EPS	0.54	0.44

	Nine Months Ended	
	Jan. 1, 1999	Dec. 26, 1997
Net income for basic and diluted EPS	\$224,400	\$180,273
	=====	=====
Common share information:		
Average common shares outstanding		
for basic EPS	157,965	154,662
Dilutive effect of stock options	3,776	3,294
	-----	-----
	161,741	157,956
	=====	=====
Basic EPS	\$ 1.42	\$ 1.17
Diluted EPS	1.39	1.14

In accordance with SFAS No. 128, the computation of diluted EPS did not include stock options which were antidilutive, as their exercise price was greater than the average market price of the Company's common stock during the year. The number of such options was 82,334 and 330,384 for the nine months ended January 1, 1999 and December 26, 1997, respectively.

- (C) No dividends were paid during the periods presented. At January 1, 1999 and April 3, 1998, there were 159,074,144 and 157,324,565 shares, respectively, of \$1.00 par value common stock issued, and 367,050 and 346,170 shares, respectively, of treasury stock.
- (D) Cash payments for interest on indebtedness were \$38.9 million and \$43.9 million for the nine months ended January 1, 1999 and December 26, 1997, respectively. Cash refunds received for taxes on income were \$48.8 million for the nine months ended January 1, 1999 and cash payments for taxes on income were \$16 million for the nine months ended December 26, 1997.
- (E) CSC adopted SFAS No. 130, "Reporting Comprehensive Income," as of the first quarter of fiscal 1999. SFAS No. 130 establishes new rules for the reporting and display of comprehensive income and its components. The adoption of this statement affects only financial disclosures and has no quantitative impact on CSC's net income or stockholders' equity.

The components of comprehensive income, net of tax, are as follows
(in thousands):

	Third Quarter Ended	
	Jan. 1, 1999	Dec. 26, 1997
Net income	\$ 87,018	\$ 69,132
Foreign currency translation adjustment	(6,556)	(150)
Comprehensive income	\$ 80,462	\$ 68,982

	Nine Months Ended	
	Jan. 1, 1999	Dec. 26, 1997
Net income	\$224,400	\$180,273
Foreign currency translation adjustment	14,039	(16,130)
Comprehensive income	\$238,439	\$164,143

Accumulated other comprehensive income presented on the accompanying consolidated condensed balance sheets consists of the accumulated foreign currency translation adjustment and the minimum pension liability adjustment.

- (F) CSC adopted the American Institute of Certified Public Accountants Statement of Position ("SOP") 97-2, "Software Revenue Recognition" as of the first quarter of fiscal 1999. SOP 97-2 supersedes SOP 91-1, "Software Revenue Recognition." The adoption of SOP 97-2 had no material impact on the Company's consolidated financial position or results of operations.
- (G) In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." This statement requires all derivatives to be recorded on the balance sheet at fair value and establishes accounting standards for hedging activities. The statement is effective for years beginning after June 15, 1999. The Company is currently evaluating this standard but does not expect the adoption of SFAS 133 to have a material impact on its consolidated financial position or results of operations.
- (H) The financial information reported, which is not necessarily indicative of the results for a full year, is unaudited but includes all adjustments which the Company considers necessary for a fair presentation. All such adjustments are normal recurring adjustments except as described in Note (A).

PART I, ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
Third Quarter and First Nine Months of Fiscal 1999 versus
Third Quarter and First Nine Months of Fiscal 1998

Revenues

The Company derived its revenues for the third quarter and the first nine months from the following market sectors (dollars in millions):

	Third Quarter			Nine Months		
	FY99	FY98	Pct. Change	FY99	FY98	Pct. Change
U.S. Commercial	\$ 785	\$ 712	10.3%	\$2,248	\$1,997	12.6%
Europe	609	470	29.4	1,640	1,260	30.2
Other International	121	101	19.8	344	303	13.5
Total Commercial	1,515	1,283	18.0	4,232	3,560	18.9
U.S. Federal Government	413	381	8.6	1,298	1,172	10.8
Total	\$1,928	\$1,664	15.9%	\$5,530	\$4,732	16.9%

During the third quarter ended January 1, 1999, the Company's total revenue increased 15.9%, or \$264 million, over the same period last year. Commercial revenues grew 18.0%, or \$232 million over the same quarter of last year. U.S. federal revenues increased 8.6% or \$32 million over last year's third quarter.

During the third quarter of fiscal 1999, U.S. commercial revenues grew \$73 million over the same quarter last year. At \$785 million, U.S. commercial revenues were up 10.3%, or 15.8% excluding last year's revenues from activities in the Company's telecommunications and collections operations which were subsequently sold or phased out. Approximately 70% of the U.S. commercial growth was provided by information technology outsourcing contracts. The remainder was derived principally from demand for consulting and systems integration activities and continued expansion within the financial services and healthcare vertical markets.

European revenues grew \$139 million during the third quarter or 29.4% over the same period last year. A majority of the European growth was generated from CSC's German and United Kingdom operations, reflecting growth in European enterprise-wide solution activities, expansion of outsourcing business, and growth in consulting and systems integration services.

The third quarter growth of 19.8% in other international revenues resulted principally from growth in the Company's Australia and Asia operations, particularly expansion of CSC's financial services offerings.

U.S. federal government revenue increased 8.6% or \$33 million, principally due to increased task orders on numerous existing contracts, additional revenue from new contracts and from the acquisition of Information Technology Solutions, Inc. during last year's fourth quarter.

The Company's total revenue for the first nine months increased 16.9% or \$798 million. Since the beginning of fiscal 1999, the Company has announced over \$4 billion in U.S. commercial, federal and international awards. This total does not include the December 1998 award by the Internal Revenue Service, the value of which cannot be estimated at this time. The Company's continued growth has created a broad revenue base across numerous customers, industries, geographic regions and service offerings. The Company's revenues by market sector are as follows:

Revenue by Market Sector, as a percentage of total	Third Quarter		First Nine Months	
	FY99	FY98	FY99	FY98
U.S. Commercial	41%	43%	41%	42%
Europe	31	28	30	27
Other International	6	6	6	6
Total Commercial	78	77	77	75
U.S. Federal Government	22	23	23	25
Total Revenue	100%	100%	100%	100%

Costs and Expenses

The Company's costs and expenses as a percentage of revenue are as follows (dollars in millions, before special items):

	Dollar Amount		Percentage of Revenue			
	Third Quarter		Third Quarter		Nine Months	
	FY99	FY98	FY99	FY98	FY99	FY98
Costs of services	\$1,496	\$1,302	77.6%	78.2%	78.3%	78.3%
Selling, general & admin.	180	145	9.3	8.7	9.3	9.1
Depreciation and amort.	113	99	5.9	6.0	5.8	6.0
Interest expense, net	8	11	0.4	0.7	0.5	0.7
Total	\$1,797	\$1,557	93.2%	93.6%	93.9%	94.1%

Total costs and expenses improved as a percentage of revenue for the third consecutive quarter. The improvement for the third quarter is principally a result of the benefit of lower net interest expense due, in part, to the Company's lower borrowing requirements.

Within the components of costs and expenses as a percentage of revenue, increases in selling, general and administrative expenses offset lower costs of services. Higher selling, general and administrative expenses as a percentage of revenue were recorded in the Company's U.S. outsourcing operations as a result of the Company's pursuit of new business opportunities. Lower costs of services as a percentage of revenue were attributable to improved performance by both U.S. federal and commercial operations.

Compared with the corresponding period of the prior year, there were no material changes in the elements of costs and expenses for the first nine months ended January 1, 1999.

Special Items

As previously reported, the results of operations for the first quarter ended June 27, 1997 included a net special credit of \$1.7 million, or 1 cent per share (diluted), resulting from developments at CSC Enterprises, a general partnership which operates certain credit services operations and carries out other business strategies through acquisition and investment. This net credit resulted from a tax benefit of \$135 million and a special charge of \$208.4 million (\$133.3 million after tax), as described in Note A of the Consolidated Condensed Financial Statements (see Part I, Item I).

Income Before Taxes

Income before taxes increased to \$130.4 million, up \$23.8 million, or 22.3% compared with the same quarter last year. The resulting margin was 6.8% compared to 6.4% for last year's third quarter and was 6.1% versus 5.9% (before special items) for the first nine months of fiscal 1999 and fiscal 1998, respectively.

Net Income

Net income was \$87 million for the third quarter of fiscal 1999, up \$17.9 million, or 25.9% over last year's earnings. This year's third quarter diluted earnings per share of 54 cents increased 22.7% over last year's third quarter diluted earnings per share of 44 cents. On a year to date basis, diluted earnings per share were \$1.39, up 26 cents, or 23.0% over the same period last year, excluding last year's net special credit of \$1.7 million or 1 cent per share.

Cash Flows

Cash provided by operating activities was \$300 million for the nine months ended January 1, 1999, compared with \$288.2 million during the same period last year. The increase of \$11.8 million resulted from higher earnings and non-cash depreciation and amortization expenses and was partially offset by changes in working capital.

The Company's cash expenditures for investing activities totaled \$511 million for the most recent nine months versus \$466.4 million during the same period of last year. The increase principally relates to several acquisitions including KPMG Peat Marwick SA (France), SYS-AID (Netherlands) and CSA Holdings Ltd. (Singapore) and increases in property, plant and equipment. The increase was substantially offset by reduced investments in outsourcing assets and by proceeds received in the first quarter of 1999 in connection with the sale of the Company's collection business.

Cash provided by financing activities was \$98.8 million for the most recent nine months versus \$164.2 million for the same period last year. The decrease is principally due to the Company having lower borrowing requirements than the prior year.

Financial Condition

During the first nine months of fiscal 1999, the Company's capital outlays included \$501 million of business investments in the form of fixed asset purchases, acquisitions and outsourcing contracts. These amounts were funded from operating cash flows, additional borrowings and existing cash, which decreased from \$274.7 million to \$168 million. The Company's debt-to-total capitalization ratio improved to 26.4% at January 1, 1999 from 27.7% at fiscal 1998 year end.

The Company has an option to require a subsidiary of Equifax Inc. to purchase the Company's credit reporting business as further described in Note 11 of the Company's Annual Report on Form 10-K for fiscal 1998. The exercise price of this put option is equal to the appraised value of the business.

It is management's opinion that the Company will be able to meet its liquidity and cash needs for the next twelve months through a combination of cash flows from operating activities, cash balances, unused borrowing capacity and other financing activities, including the issuance of debt and/or equity securities, and/or the exercise of the put option described above.

New Accounting Pronouncements

The Company has adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income," as of the first quarter of fiscal 1999. The adoption of this statement affects only financial disclosures and has no quantitative impact on the Company's consolidated financial position or results of operations.

The Company has adopted the American Institute of Certified Public Accountants Statement of Position ("SOP") 97-2, "Software Revenue Recognition" as of the first quarter of fiscal 1999. SOP 97-2 supersedes SOP 91-1, "Software Revenue Recognition." The adoption of SOP 97-2 had no material impact on the Company's consolidated financial position or results of operations.

Year 2000 Readiness Disclosure

Since its inception, CSC has dealt with ongoing significant changes in the information technology industry. As a result, resources are constantly being employed to modify, upgrade and enhance systems and infrastructure on behalf of clients and for internal needs. The Year 2000 issue represents another one of these changes. It is the result of computer systems that represent years as a two-digit rather than a four-digit field. Any of such systems that utilize date sensitive data may not properly recognize a date field of 00 as the year 2000, but as some other date, typically the year 1900. This could result in possible system failure, miscalculations, or data corruption thereby affecting normal business activity.

The Company has established a two-phase program to ensure that its proprietary products, internal computer systems, and facilities are Year 2000 ready. The initial phase, which included planning, inventory and assessment, has been completed for all of the Company's existing business. The final phase, which consists of correction, testing, deployment and acceptance, is in process and is expected to be substantially completed by mid calendar 1999. In order to launch this program, monitor progress and coordinate the Company's Year 2000 activities, the Year 2000 Assurance Office was established with this charter and reports directly to the Chairman, President, and Chief Executive Officer.

The Company expects that its Year 2000 compliance efforts will not have a material effect on its overall financial position or overall trends in results of operations. The Company's current estimates of the total fiscal 1999 and 2000 operating costs associated with making its proprietary products, internal systems and infrastructure Year 2000 ready as well as estimates of staff for contingency planning and monitoring, including the cost of Company personnel diverted to Year 2000 assignments, total approximately \$44 million, of which approximately \$19 million has been incurred to date. In addition, related capital expenditures for fiscal 1999 and 2000 are estimated to be approximately \$13 million, of which approximately \$5 million has been incurred to date. Currently, the Company estimates that it is approximately 65% complete with the activities necessary to correct Year 2000 issues. This estimated completion percentage does not include the contingency planning and ancillary efforts.

Some of the capital expenditures represent equipment replacements that have been or will be accelerated due to Year 2000 issues. The operating costs described above are generally not incremental, but reflect the reallocation of existing resources. The Company has not deferred any significant information technology projects as a result of the Year 2000 efforts.

The Company has completed an assessment of its obligations and responsibilities to its customers in respect of Year 2000 issues arising from contractual engagements for computer goods and services, including obligations arising from the licensing of the Company's proprietary software products. As a result of this assessment, it is management's opinion that these obligations will not have a material effect on the Company.

The Company has initiated formal communications with all of its crucial suppliers to determine whether they are or will be Year 2000 ready. By mid calendar 1999, the Company expects to have identified and replaced any such suppliers who will not be Year 2000 ready. The Company is also contacting property owners to determine the readiness of its leased facilities with respect to facility infrastructure systems.

In the opinion of Company management, the most reasonably likely worst case scenario includes the possibility that the Company and/or its crucial suppliers are unable to complete their Year 2000 readiness efforts prior to the onset of failures, the effects of which could have a material adverse impact on the Company's operations. The Company could also be impacted materially by any significant economic, financial market or infrastructure disruption attributable to the Year 2000 issue.

The Company is currently developing contingency plans with respect to the most reasonably likely worst case scenarios and expects to have finalized such plans by mid-1999. These plans will include the use of exercises and drills with various relevant scenarios. As a result of lessons learned from the exercises, the contingency plans may be modified. The Company also expects to establish a Year 2000 command center linked to each business unit's Year 2000 contingency center which will be connected to internal and client-support help desks.

The discussion above contains forward-looking statements which should be read in conjunction with the following section.

Forward-Looking Statements

All statements contained in this quarterly report, or in any document filed by the Company with the Securities and Exchange Commission, or in any press release or other written or oral communication by or on behalf of the Company, that do not directly and exclusively relate to historical facts constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements represent the Company's expectations and beliefs, and no assurance can be given that the results described in such statements will be achieved.

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

PART I, ITEM 3. QUANTITATIVE AND QUALITATIVE
DISCLOSURES ABOUT MARKET RISK

For a discussion of the Company's market-risk sensitive financial instruments as of April 3, 1998, see "Market Risk" in the Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," of the Company's Annual Report on Form 10-K for the fiscal year then ended. For the nine months ended January 1, 1999, there has been no significant change in related market risk factors.

Part II. Other Information

Item 6. Exhibits and Reports on Form 8-K

a. Exhibits

3.1	Restated Articles of Incorporation, effective October 31, 1988	(c)
3.2	Amendment to Restated Articles of Incorporation, effective August 10, 1992	(j)
3.3	Amendment to Restated Articles of Incorporation, effective July 31, 1996	(m)
3.4	Certificate of Amendment of Certificate of Designations of Series A Junior Participating Preferred Stock, effective August 1, 1996	(o)
3.5	Bylaws, amended and restated effective May 4, 1998	(g)
10.1	1978 Stock Option Plan, amended and restated effective March 31, 1988*	(n)
10.2	1980 Stock Option Plan, amended and restated effective March 31, 1988*	(n)
10.3	1984 Stock Option Plan, amended and restated effective March 31, 1988*	(n)
10.4	1987 Stock Incentive Plan*	(b)
10.5	Schedule to the 1987 Stock Incentive Plan for United Kingdom personnel*	(b)
10.6	1990 Stock Incentive Plan*	(h)
10.7	1992 Stock Incentive Plan, amended and restated effective August 9, 1993*	(n)
10.8	Schedule to the 1992 Stock Incentive Plan for United Kingdom personnel*	(q)
10.9	1995 Stock Incentive Plan*	(k)
10.10	1998 Stock Incentive Plan*	(v)
10.11	Form of Stock Option Agreement*	(u)
10.12	Form of Restricted Stock Agreement*	(u)
10.13	Annual Management Incentive Plan, effective April 2, 1983*	(a)
10.14	Supplemental Executive Retirement Plan, amended and restated effective February 27, 1998*	(u)
10.15	Deferred Compensation Plan, amended and restated effective February 2, 1998*	(s)
10.16	Severance Plan for Senior Management and Key Employees, amended and restated effective February 18, 1998	(t)
10.17	Severance Agreement with Van B. Honeycutt, effective February 2, 1998	(s)
10.18	Form of Indemnification Agreement for Officers	(e)
10.19	Form of Indemnification Agreement for Directors	(d)
10.20	1997 Nonemployee Director Stock Incentive Plan	(r)
10.21	Form of Restricted Stock Unit Agreement	(g)
10.22	1990 Nonemployee Director Retirement Plan, amended and restated effective February 2, 1998	(s)

10.23	Information Technology Services Agreements with General Dynamics Corporation, dated as of November 4, 1991	(i)
10.24	Rights Agreement dated February 18, 1998	(t)
10.25	\$350 million Credit Agreement dated as of September 6, 1995	(k)
10.26	First Amendment to \$350 million Credit Agreement dated September 23, 1996	(p)
27	Financial Data Schedule	
28	Revenues by Market Sector	
99.1	Annual Report on Form 11-K for the Matched Asset Plan of the Registrant for the fiscal year ended December 31, 1997	(g)
99.2	Annual Report on Form 11-K for the Hourly Savings Plan of CSC Outsourcing, Inc. for the fiscal year ended December 31, 1997	(g)
99.3	Annual Report on Form 11-K for the CUTW Hourly Savings Plan of CSC Outsourcing, Inc. for the fiscal year ended December 31, 1997	(g)

Notes to Exhibit Index:

*Management contract or compensatory plan or agreement

(a)-(g) These exhibits are incorporated herein by reference to the Company's Annual Report on Form 10-K for the fiscal years ended on the respective dates indicated below:

(a) March 30, 1984	(e) March 31, 1995
(b) April 1, 1988	(f) March 28, 1997
(c) March 31, 1989	(g) April 3, 1998
(d) April 3, 1992	

- (h) Incorporated herein by reference to the Registrant's Registration Statement on Form S-8 filed on August 15, 1990.
- (i) Incorporated herein by reference to the Registrant's Current Report on Form 8-K dated November 4, 1991.
- (j) Incorporated herein by reference to the Registrant's Proxy Statement for its August 10, 1992 Annual Meeting of Stockholders.
- (k) Incorporated herein by reference to the Registrant's Quarterly Report on Form 10-Q filed on November 13, 1995.
- (l) Incorporated herein by reference to the Registrant's Current Report on Form 8-K dated April 28, 1996.
- (m) Incorporated herein by reference to the Registrant's Proxy Statement for its July 31, 1996 Annual Meeting of Stockholders.
- (n) Incorporated herein by reference to the Registrant's Quarterly Report on Form 10-Q filed on August 12, 1996.
- (o) Incorporated herein by reference to the Registrant's Current Report of Form 8-K dated August 1, 1996.
- (p) Incorporated herein by reference to the Registrant's Quarterly Report on Form 10-Q filed on November 12, 1996.
- (q) Incorporated herein by reference to the Registrant's Quarterly Report on Form 10-Q filed on February 10, 1997.
- (r) Incorporated herein by reference to the Registrant's Proxy Statement for its August 11, 1997 Annual Meeting of Stockholders.
- (s) Incorporated herein by reference to the Registrant's Quarterly Report on Form 10-Q filed on February 9, 1998.
- (t) Incorporated herein by reference to the Registrant's Solicitation/Recommendation Statement on Schedule 14D-9 filed on February 26, 1998.
- (u) Incorporated herein by reference to Amendment No. 2 to the Registrant's Solicitation/Recommendation Statement on Schedule 14D-9 filed on March 2, 1998.
- (v) Incorporated herein by reference to the Registrant's Quarterly Report on Form 10-Q filed on August 14, 1998

b. Reports on Form 8-K:

There were no reports on Form 8-K filed during the third quarter of fiscal 1999.

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.

COMPUTER SCIENCES CORPORATION

Date: February 12, 1999

By: /s/ Scott M. Delanty

Scott M. Delanty
Vice President and Controller
Chief Accounting Officer

INDEX TO EXHIBITS

Exhibit Number -----	Description of Exhibit -----
27	Financial Data Schedule
28	Revenues by Market Sector

Apr-02-1999
Apr-04-1998
Jan-01-1999
9-MOS
167,967
0
1,934,155
74,070
0
2,300,730
2,200,743
1,172,825
4,586,060
1,982,255
198,613
159,074
0
0
2,141,078
4,586,060
0
5,529,587
0
4,324,016
515,344
5,364
25,927
336,400
112,000
224,400
0
0
0
224,400
1.42
1.39

COMPUTER SCIENCES CORPORATION
 REVENUES BY MARKET SECTOR
 (In millions)

	Fiscal Period Ended		% of Total	
	Jan. 1, 1999	Dec. 26, 1997	Jan. 1, 1999	Dec. 26, 1997
THIRD QUARTER				
Global commercial:				
U.S. commercial	\$ 785.5	\$ 712.3	41%	43%
Europe	608.5	470.4	31	28
Other International	120.5	100.6	6	6
Total	1,514.5	1,283.3	78	77
U.S. federal government:				
Department of Defense	244.5	251.1	13	15
Civil agencies	168.9	129.7	9	8
Total	413.4	380.8	22	23
Total revenues	\$1,927.9	\$1,664.1	100%	100%
NINE MONTHS				
Global commercial:				
U.S. commercial	\$2,247.9	\$1,996.9	41%	42%
Europe	1,640.0	1,260.0	30	27
Other International	343.9	303.1	6	6
Total	4,231.8	3,560.0	77	75
U.S. federal government:				
Department of Defense	810.2	772.1	14	16
Civil agencies	487.6	399.6	9	9
Total	1,297.8	1,171.7	23	25
Total revenues	\$5,529.6	\$4,731.7	100%	100%