THE CSC STORY

THE CSC STORY

WELCOME TO CSC

In the following pages, you will discover that there has never been another company quite like Computer Sciences Corporation.

The CSC story began in 1959 with two computer programmers named Fletcher Jones and Roy Nutt, one hundred dollars, and a revolutionary vision. Their faith in the potential of the emergent computer led to the CSC of today – a global technology powerhouse with proven experience and capability to deliver business results to clients.

Every day, more than 90,000 CSC employees go to work at CSC around the globe with one purpose in mind: to help large commercial and government organizations achieve their strategic goals and profit from the use of information technology.

That means we solve complex and difficult problems that are critical to the success – and even the survival – of our clients. We don't develop or manufacture technology. We apply it. And do so at scale and in sophisticated production environments. We help clients manage the complexity of their business processes, integrate those processes across divisions and companies, and allow our clients to focus on their core businesses.

CSC delivers Best Total Solutions™ by combining globally standardized, best-in-class components with industry, process, and client specific components. The result is consistent efficiency, effectiveness and positive business impact.

The brief history presented in this publication demonstrates how CSC has reinvented itself repeatedly in order to meet the challenges and opportunities of new markets and new technologies. From the pioneering days of computers in the 1960s, through timesharing in the 1970s, Systems Integration in the 1980s, and the Internet and outsourcing revolutions of the 1990s, we have served our clients with flexibility, effectiveness and integrity.

The twenty-first century has marked the start of a new chapter for CSC. It is a chapter characterized by new and expanded technological and market developments which are enabling our company to continue to grow and prosper.

The people of CSC look forward to a future that looks as bright as our past as we continue to "Experience. Results." with our clients.

Van B. Honeycutt
Chairman and Chief Executive Officer

Van Honeycutt was elected CSC chairman in 1995 after serving two years as president and chief operating officer. He joined CSC in 1975.

CSC constantly adjusts its business offerings to reflect the needs of our clients. Today, CSC's strengths include:

- **Information Technology/ Systems Integration**
- **Business Process Management/ Consulting**
- **Information Services**
- **e-Government**
- **Supply Chain Management/ Customer Relationship Management**
- **Outsourcing**

Fletcher Jones, [second from left], was the flamboyant visionary, while Roy Nutt [second from right] was the hands-on technologist. Their combined talents got CSC off the ground in 1959, when fewer than 4,000 computers existed in the world.

THE 1960s RISK-TAKERS AND VISIONARIES IN A NEW WORLD OF COMPUTERS

In 1959, two rising stars in the newly-emerging field of "computer science," Fletcher Jones and Roy Nutt, saw an opportunity; convinced they could develop better operating systems for the new machines, they quit their jobs, pooled $100, and started Computer Sciences Corporation.

Other software companies had sprung up to fill the same programming needs, but none could match CSC for flair or technical sophistication. During the next four years, CSC wrote system software for every major U.S. computer manufacturer. By 1963, CSC had become the world's largest independent computer services firm with revenues approaching US$4 million.

In a daring move, CSC tripled its revenues by acquiring in 1965 two International Telephone and Telegraph (ITT) engineering divisions that were twice the size of CSC. This acquisition allowed CSC to become one of the top U.S. government contractors.

It was the first of many times when CSC would "bet the company" on a new market opportunity or technology – and win.

The ITT acquisition was a huge success. By designing satellite and ground-based communications systems for the U.S. military, CSC played a major role in command, control and communications, the world's fastest-growing information systems market. These new capabilities enabled CSC to play an important role in support of the burgeoning U.S. space program.

INTO OUTER SPACE AND THE ATOMIC AGE

In 1961, CSC won a small contract with the U.S. National Aeronautics and Space Administration's Jet Propulsion Laboratory, supporting a computer system that collected telemetry data from unmanned lunar and interplanetary probes. Only three years later, the company competed successfully against such corporate giants as IBM and Univac to win a much larger contract with NASA's Goddard Space Flight Center.

In 1963, Nutt and Jones took CSC public, and less than six years later, the company became the first software company to be listed on the New York Stock Exchange. By 1964, annual revenues totaled US$4 million and employees numbered 230. William R. Hoover, who would eventually become CSC chairman and chief executive officer, joined the company that same year. CSC decided to expand its markets by serving users of computers rather than manufacturers.

This approach led the way to winning significant U.S. government work. In 1965, CSC unseated a company that was 1,000 times bigger – General Electric Co. – to win a contract with the U.S. Atomic Energy Commission, which had one of the government's largest computer operations. In 1966, CSC bested GE again, for an even bigger contract, to run one of the largest computer operations in the world for NASA's Marshall Space Flight Center.

A few years later, CSC expanded its association with the U.S. military by developing an anti-submarine warfare system for the U.S. Navy. The company also won a contract with AT&T's Bell Labs, beginning a partnership that would last for more than thirty years.

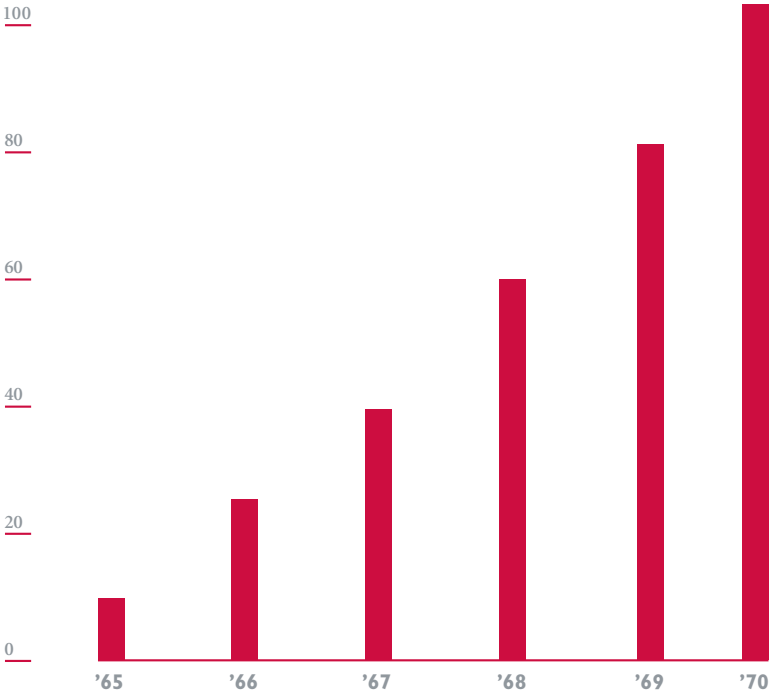
CSC GOES INTERNATIONAL

Almost from its inception, CSC looked beyond the U.S. borders for opportunities. In 1966 it formed Computer Sciences Canada Ltd. Under joint ownership with Canadian Pacific/Canadian National Railways, this company was soon conducting business from Vancouver to Toronto.

One year later, CSC entered Europe through a joint venture with N.V. Philips' Computer Industrie, one of Europe's largest computer manufacturers. This European company handled projects in Italy, Germany and the United Kingdom, as well as landing a major contract with the Dutch Navy.

During the next decade, CSC would expand into the rapidly developing markets of the Pacific Rim and Latin America.

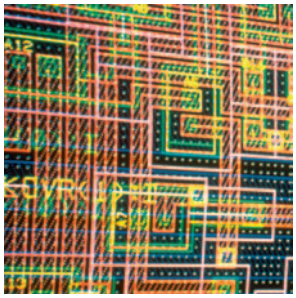
REVENUE CHART



CSC revenues grew eightfold from 1965 to 1970.
Fiscal year revenues in US$ millions.

Bill Hoover, chief of computer operations at NASA's Jet Propulsion Laboratory, joined CSC in 1964 and was elected president in 1969. He succeeded Fletcher Jones as chairman of the board in 1972.

THE 1970s: TIMESHARING RESHAPES CSC



During the late 1960s, CSC engineers watched station wagons idling in front of the company headquarters as couriers unloaded boxes of paper sent for processing by major aerospace companies. To dig business and government out from under these piles of paper, CSC began developing a remote processing system to link CSC computers with clients' terminals around the world.

This system was the forerunner of timesharing, the next big development in the computer industry. Timesharing allowed hundreds of clients at different sites simultaneously to run their jobs on the same computer.

Once again, Jones and Nutt were among the first to understand the rapid changes occurring in information technology, and they boldly reinvented their company to take advantage of newer circumstances.

INFONET

At the time, competitors' systems acted merely as remote – although very large – calculators for engineers. These systems provided either batch or interactive processing, but not both. CSC's proprietary system, called Infonet, offered both batch and interactive processing. In addition, the company made Infonet accessible to engineers, and to commercial and scientific users as well.

In 1972, CSC's Infonet was selected to provide timesharing services to the U.S. government via the largest remote computing contract awarded to that date. By 1975, Infonet had become a 100,000-mile network serving 125 cities and nearly every U.S. government

During the1970s, CSC developed the first automated air cargo system for London's Heathrow Airport and Paris' Charles de Gaulle Airport. CSC also developed and implemented advanced information technology to improve traffic flow through the Panama Canal.

agency. Two years later, AT&T selected CSC's network to serve Bell System units across the United States.

In 1978, CSC opened an Infonet satellite link between Chicago and Brussels, then added more links from Germany to Italy. That was followed by opening an Infonet center in Mexico City. CSC also began providing remote computing services to South Africa.

CSC extended Infonet to the Asia/Pacific region by forming Computer Sciences Australia and established an Infonet link in Taiwan. The company had spanned the globe. In the coming decade, the company would set up Infonet alliances in Japan, Singapore, South Korea, Hong Kong and Malaysia.

A GROWING EXPERTISE IN COMPLEX, "MISSION-CRITICAL" PROJECTS

As computers and their software became an indispensable component of large government systems, CSC led the way by providing solutions to extremely complex and important problems.

In 1970, CSC won the hotly-contested job of writing software for the U.S. Navy's Aegis program. It required weaving computers, communications, engineering and software into a single combat system, something that had never been attempted on this scale. CSC's software systems performed flawlessly, and the project was completed ahead of schedule.

During this decade, CSC modernized the U.S. Federal Aviation Administration by developing 1.2 million lines of code to run the systems used by air traffic controllers. And in 1977, NASA awarded CSC a support services contract for both the Kennedy Space Center and the Johnson Space Center.

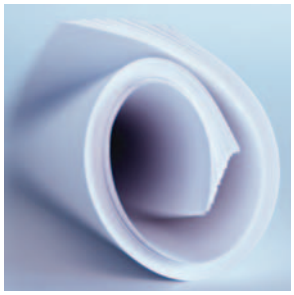
THE 1980s: SYSTEMS INTEGRATION AND SUPERCOMPUTING RESEARCH

Systems integration had been a CSC specialty since the early 1970s, but it became a major part of the company's offerings in the 1980s. This rapid development of a new core capability is one more example of how CSC's opportunistic, flexible culture enabled the company to quickly take a leadership role in this new field.

Systems integration, simply stated, is what clients need to help them select from the many choices of available technologies and equipment. The pieces are then tied together to make their systems work.

Systems integration projects took CSC engineers all over the world as the company became truly global in scope and practices. For example, in Saudi Arabia, CSC planned and created a nationwide computer information system in Arabic and English that connected more than 75,000 pieces of hardware.

Meanwhile, at the leading edge of technology, CSC engineers at Edwards Air Force Base in California designed and built a sophisticated flight testing system for the world's most advanced airplane: the B-2 stealth bomber.



One of CSC's breakthroughs in the 1980s was "paperless technology." CSC worked with California's Medicaid system to manage a daily torrent of 500,000 pieces of paper – while cutting their claim processing costs in half.

EXPLOITING NEW MARKETS

Once again, CSC found new ways to apply technology to new markets – this time in the area of credit reporting. In 1982, CSC purchased Associated Credit Services, a credit reporting firm. Over the next six years, CSC acquired more than a dozen other credit bureaus. In 1988, it combined databases with Equifax Inc., creating the largest national credit file in the United States.

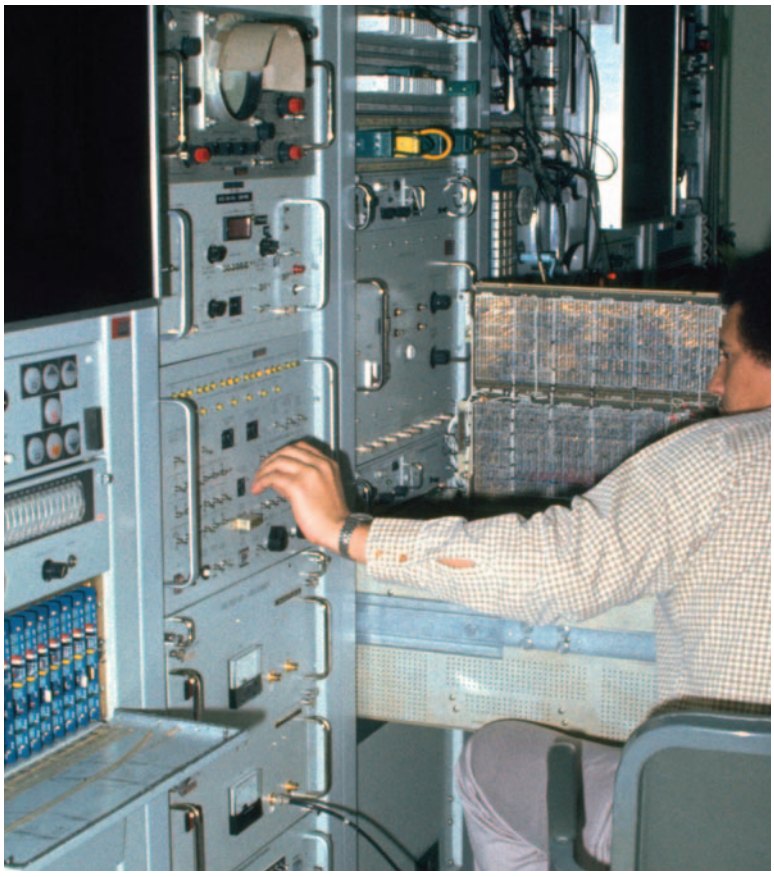
CSC built Europe's first automated teller machine system for Générale de Banque; automated the United Kingdom's tax withholding system, Europe's largest online government administration system; developed a back-office banking system for the Australian and New Zealand Banking Group; and automated the railroad management system for the Bureau des Wagons EUROP.

As a result, commercial credit, finance, and banking became profitable new industries for CSC as the firm contributed its IT experience to improve its clients' efficiency.

In the 1980s, CSC pursued an active program of acquisition, incorporating large and small companies to capture new technologies and expertise. For example, its 1986 purchase of Computer Partners, an information technology professional services firm, helped CSC to make important inroads into the consulting business.

CSC also continued to leverage its increasingly large portfolio of technological expertise by expanding its work for NASA's supercomputing research at the agency's Ames Research Center in California.

CSC built Europe's first automated teller machine system for Générale de Banque.



Global contract wins in 1993 for CSC included Australian Mutual Provident Society, the largest life insurance underwriter in the southern hemisphere, and a US$1.5 billion IT contract with British Aerospace (now known as BAE Systems).

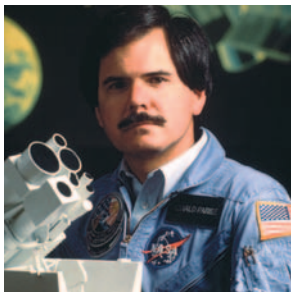
THE 1990s: CSC LEADS THE OUTSOURCING REVOLUTION

By the 1990s, computers were ubiquitous and provided a vital part of the infrastructure within every large enterprise, whether public or private. For many of these large organizations, running IT activities had become a distraction from their core business.

General Dynamics Corp. (GD) was one of the first companies to seek a more cost-effective way to manage information. In 1991, CSC and GD signed the largest outsourcing deal to that date, a US$3 billion, 10-year contract under which CSC acquired the information technology assets of GD, hired about 2,600 of the client's former IT staff and began providing much of the information technology needs for General Dynamics. Through the contract, CSC instantly grew by 25 percent.

Soon, other large clients were embracing outsourcing, and it was time for CSC to step boldly again to take advantage of these new opportunities.

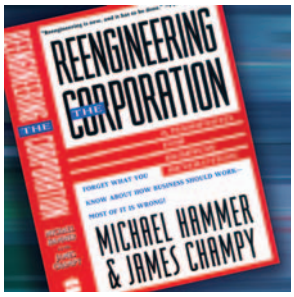
For example, CSC pioneered an innovative consortium of vendors to capture J.P. Morgan's worldwide information technology operation, which led to a US$2 billion contract in 1996. That same year, CSC signed a US$3 billion agreement with DuPont – among the largest outsourcing contracts of the decade.



In 1990, Dr. Ron Parise, a senior scientist at CSC's Space Observatories department, became a payload specialist astronaut aboard the space shuttle Columbia's Astro-1 mission. He flew the Endeavour's Astro-2 mission five years later. CSC began supporting the shuttle program in 1970, and helped to write the software and design the equipment that simulated shuttle flights.

HEALTHCARE, CONSULTING, AND THE INTERNET

CSC continued to move into new commercial business areas. the company expanded its role in the healthcare industry through internal growth and acquisitions, such as the 1996 acquisition of



CSC has made substantial contributions to thought leadership in the field of information technology. In 1993, James A. Champy, chairman and CEO of CSC Index, the management consulting division of CSC, published *Reengineering the Corporation: A Manifesto for Business Revolution*. It sold more than 2.5 million copies and spent more than a year on the *New York Times* bestseller list.

With companies including Rolls Royce, DEC, Compaq and Merrill Lynch, CSC helped clients create viable e-business models, develop customer-focused Web sites, and integrate those systems with back-office systems such as accounting, procurement and fulfillment.

American Practice Management, a leading management consulting firm in the healthcare industry. By the mid-1990s, CSC had become one of the healthcare industry's top five information systems and consulting companies.

As the world grew more tightly interconnected, CSC's global reach grew through continued acquisitions, including Ouroumoff Consultants, one of France's top ten management consulting firms. Added to that acquisition was Ploenzke AG, Germany's largest computer services firm.

During the last half of the decade, the Internet had begun to change the way the world conducted business. With its strengths in systems integration, business process outsourcing and business process management, and IT consulting, CSC was able to use its global reach to deliver total e-Business solutions to large enterprises. This approach kept CSC well away from the dotcom meltdown that occurred at the turn of the millennium.

In just ten years, CSC had grown and prospered, adding 28,000 professionals through acquisition and technology partnerships, bringing its rapidly growing staff to 57,000 and its revenues to more than $9.1 billion.

THE TWENTY-FIRST CENTURY: E-BUSINESS, E-GOVERNMENT, GLOBAL INFORMATION SECURITY AND BEYOND

Outsourcing had become CSC's largest line of service in less than 10 years, representing more than half of the company's annual revenue. Today, the company's global range of outsourcing clients is spread across 15 countries on six continents.

The twenty-first century saw new opportunities arise for CSC's core competency: using innovative technology experience to solve complex business problems and deliver tangible results. CSC was ready…and willing…to substantially transform itself again to capitalize on these opportunities.

Business Process Outsourcing, using CSC's proprietary e4℠ approach, allowed clients to integrate their business processes using industry-standard technologies – a revolution in efficiency.

By now, the Internet had become omnipresent in business and industry. CSC took a position with regard to e-Business that was unique within the technology industry. Unlike other companies, CSC had established global scope, knowledge of computing and technology, as well as a deep understanding of business processes. By applying these existing capabilities to clients' needs, CSC moved clients into e-Business at scale, thereby transforming entire enterprises in a fundamental manner.

Global Information Security Services, the first of its kind in the commercial marketplace, also became increasingly important to CSC clients during turbulent geo-political times. CSC's longtime experience in providing information security to the U.S. Intelligence community played a vital role in expanding this market.

In March 2003, CSC acquired DynCorp, one of the largest employee-owned outsourcing firms based in the United States. The addition of DynCorp's 26,000 employees strengthened CSC's substantial existing capabilities to support the newly-formed U.S. Department of Homeland Security. The combination of CSC and DynCorp created an organization that ranked as the third largest U.S. federal information technology contractor and a top ten U.S. Department of Defense contractor.

CSC conducts business around the world, fulfilling our mission to provide clients and governments with solutions crafted to meet their specific challenges and to enable them to profit from the advanced use of technology. We strive to build long-term client relationships based on mutual trust and respect.

CSC also advanced its role in e-Government, helping governments in North America, Europe, and Australia to provide better service to their citizens.

LEADING THE WAY WITH NEW TECHNOLOGIES

As information technology advanced during the decade, CSC helped clients make the most of the new breakthroughs, and reinvented itself yet another time. These new technologies included integrating legacy systems with new mobile technologies and business processes, Enterprise Application Integration, and even e-HPC.com, a service that provides access to the latest super-computing technology over the Internet.

Business Process Management was another new field in which CSC took a leadership role. BPM allows non-technical users to automate and modify the business processes they manage, enabling them to respond quickly to changes in the enterprise, without having to spend months reworking application software. This approach significantly improves a firm's agility and provides an important competitive advantage.

While these technologies and businesses would be unfamiliar to founders Fletcher Jones and Roy Nutt, they would recognize in today's CSC the same opportunistic, flexible spirit with which they started the company. Seizing opportunities by identifying and embracing new technologies early, leveraging existing company resources and expertise, CSC applies its capabilities to client problems with precision and integrity.

CSC continues its thought leadership and intellectual firepower. Howard Smith, chief technology officer for CSC in Europe, wrote the definitive book, *Business Process Management: The Third Wave*, published in December 2002. It demonstrated how managing processes at the intersection of business and IT is a determinative factor of success. The book became a business best-seller.

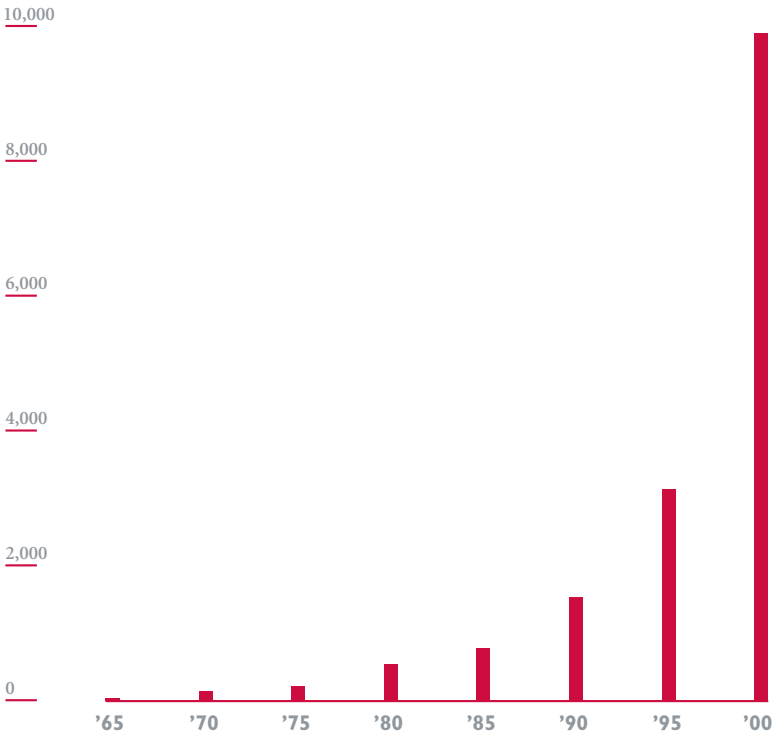
LOOKING FORWARD

After more than 40 years, CSC continues to reinvent itself to provide innovative solutions for customers around the world by applying leading technologies and CSC's own advanced capabilities. These include systems design and integration; IT and business process outsourcing; applications software development; Web and application hosting; and management consulting.

CSC remains the only IT firm with single, global organizations for worldwide infrastructure and applications management, and one of a very few companies that can deliver end-to-end solutions to global clients.

As the future unfolds, CSC will continue to translate change into opportunity for business and government.

REVENUE CHART



CSC increased revenue by 8.6% to US$11.4 billion, and grew faster than the industry in FY 2002.

Computer Sciences Corporation

Worldwide CSC Headquarters

The Americas
2100 East Grand Avenue
El Segundo, California 90245
United States
+1.310.615.0311

European Group
The Royal Pavilion
Wellesley Road
Aldershot
Hampshire GU11 1PZ
United Kingdom
+44(0)1252.534000

Australia/New Zealand
26 Talavera Road
Macquarie Park NSW 2113
Australia
+61(0)2.9034.3000

Asia
139 Cecil Street
#08-00 Cecil House
Singapore 069539
Republic of Singapore
+65.6221.9095

http://www.csc.com

e4 is a service mark of Computer Sciences Corporation.
Best Total Solution is a trademark of Computer Sciences Corporation.
Copyright © 2003 Computer Sciences Corporation. All rights reserved.
Printed in USA 10M 10/03 AP